STRATA-X ENERGY

Annual Report

For Year Ended
30 June 2020

Company Period Highlights

- **As announced on 15 July 2020, Strata-X Energy and Real Energy have agreed to merge and rename the merged company Pure Energy.**
- **Post merger, Pure Energy will own 100% of Project Venus.**
- **The first pilot well for Project Venus, Venus-1, a new vertical well is to be drilled to approximately 650 metres – drilling expected to commence in October 2020.**
- **Strata-X and Real Energy Ltd, 50/50 joint venture partners officially granted a highly prospective 154km2 tenement in the Walloon CSG fairway in Queensland Australia called 'Project Venus'. MHA Petroleum Consultants, independent qualified reserve and resource certifiers, have certified 329 Bcf net to Strata-X's 50% ownership of Project Venus.**[(1)]
- **Strata-X executed Heads of Agreement with BotsGas Pty Ltd ('BotsGas') for a farmin program designed to de-risk the Serowe CSG Project and, if successful, prove sufficient reserves to secure a foundation Gas Sales Agreement (GSA).**

ASX disclosure note - 5.28.2 – Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Traded on the Australian Securities Exchange (ASX) under the symbol "SXA" and on the TSX Venture Exchange (TSX.V) under the symbol "SXE"

STRATA-X ENERGY LTD
ARBN - 160 885 343

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Stock Exchanges

TSX Venture Exchange (TSX-V)

Australian Securities Exchange (ASX)

Auditor

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Directors

Mr. Ron Prefontaine –
Executive Chairman (CEO)

Mr. Bohdan (Don) Romaniuk –
Non Executive Director

Mr. Greg Hancock –
Non Executive Director

Mr. Duncan Cornish –
Non Executive Director

Company Management

Mr. David Hettich –
Chief Financial Officer

Company Secretaries

Shaun Maskerine – Canada

Duncan Cornish – Australia

Head Office

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Disclaimer

The following Management Discussion and Analysis (the "MD&A") for Strata-X Energy Ltd. (hereinafter, "Strata-X Energy", "Company" or "Strata-X") prepared as of 25 September 2020, should be read together with the interim condensed consolidated financial statements for the period ended 30 June 2020 and related notes appended thereto, which are prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. All amounts are stated in United States dollars unless otherwise indicated. Statements in this report that are not historical facts are forward looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Certain information contained in this MD&A constitutes "forward-looking information" within the meaning of applicable Canadian securities legislation. The use of any of the words "anticipate", "continue", "estimate", "intend", "potential", "expect", "may", "will", "project", "proposed", "should", "believe" and similar expressions are intended to identify forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. The Company believes that the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon. Such information speaks only as of the date of this MD&A or such other date indicated herein. In particular, this MD&A contains forward-looking information pertaining to the following: expectations regarding growth of the Company; the timing and location of drilling or other operational activities; oil and natural gas production estimates and targets; oil and natural gas production levels and sources of their growth; estimates of resource potential of targets, including without limitation, statements regarding BOE/d production capabilities; quantity of reserves and resources relating to the Company and its assets and its value; capital expenditure programs and estimates relating to timing, cost and cash flow generation related to these programs; size of the Company's oil and natural gas reserves and resources; the performance characteristics of the Company's oil and natural gas properties; projections of market prices for oil and natural gas and exploration, development and production costs; supply and demand for oil and natural gas; expectations regarding the ability to raise capital and continually add to reserves through exploration and development and, if applicable, acquisitions; treatment under governmental regulatory regimes and tax laws; and, the use of financing funds by the Company.

With respect to forward-looking information contained in this document, the Company has made assumptions regarding, among other things: timing and ability of the Company to obtain all necessary environmental and regulatory approvals relating to operations; the recoverability of the Company's oil and natural gas reserves and resources; interest rates; exchange rates and the futures prices of oil and natural gas; operating and capital costs; the Company's ability to generate sufficient cash flow from operations and to access capital markets to meet its future obligations; the Company's ability to attract and retain qualified personnel; the ability of the Company to successfully market its oil and natural gas products and the continuing demand for oil and natural gas; and stability of general economic and financial market conditions.

The Company's actual results could differ materially from those anticipated in such forward-looking information as a result of the risk factors set forth below and in the Company's annual information form dated 24 September 2018 including: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves and resources; risks and uncertainties associated with the Company's oil and natural gas and development program; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and exploration and development programs; adverse claims made in respect of the Company's properties or assets; failure to engage or retain key personnel; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; risks and uncertainties relating to hydraulic fracturing and the enactment of, or changes to, regulations and legislation in relation to hydraulic fracturing; imprecision in estimating capital expenditures and operating expenses; the expiry of leases and the loss of drilling prospects due to the expiry of leases; fluctuations in foreign exchange rates and stock market volatility; general economic and business conditions in North America and elsewhere; environmental risks and hazards; risks inherent in the exploration, development and production of oil and natural gas which may create liabilities to the Company in excess of the Company's insurance coverage, if any; uncertainties associated with changes in legislation including, but not limited to, changes in income tax laws and to oil and natural gas royalty frameworks; ability to obtain regulatory approvals; risks and uncertainties associated with liquidity and capital resources and requirements; and other factors referenced at "Risk Factors' in the Company's annual information form dated 24 September 2018.

These factors are not, and should not be construed as being exhaustive. In addition, information relating to "reserves" or "resources" is deemed to be forward-looking information, as it involves an implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A to conform to actual results or to changes in the Company's expectations except as otherwise required by applicable Canadian securities legislation.

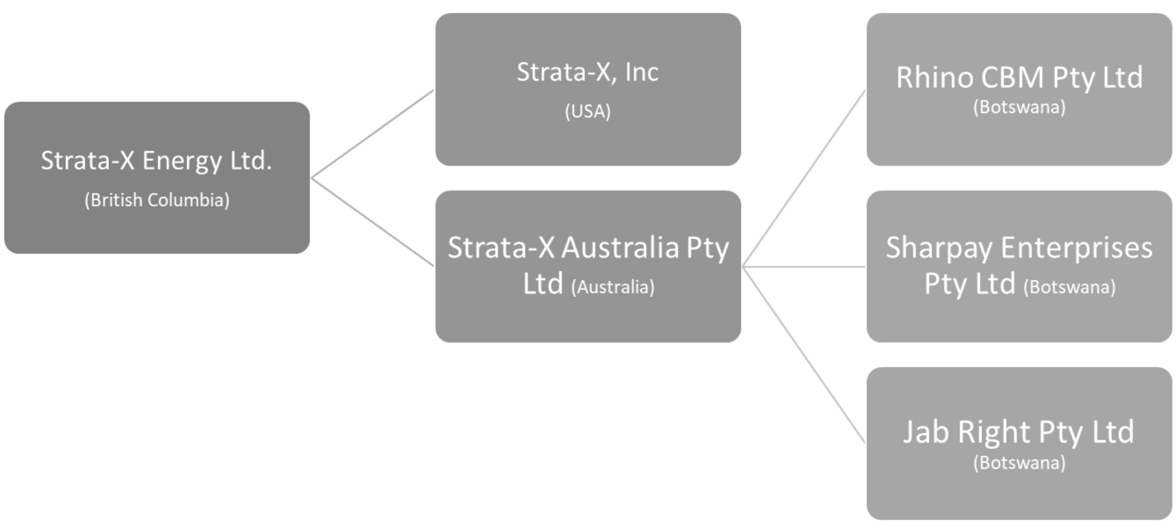
On 15 July 2020, Strata-X Energy Limited (ASX:SXA, TSXV: SXE) ("Strata-X" or the "Company") and Real Energy Corporation Limited (ASX: RLE) ("Real Energy") with onshore domestic gas appraisal and development in Queensland and Botswana, announced that they had entered into an arm's length binding Scheme Implementation Agreement dated July 15, 2020 ("SIA") to pursue a nil premium merger whereby Real Energy shareholders will receive one (1) new Strata-X share for three (3) Real Energy shares that they own.

The combination of Strata-X and Real Energy will be renamed Pure Energy Corporation Limited ('Pure Energy') and represents a compelling opportunity to create a material gas business from the significant 100% owned gas resources contained within projects located in the Surat and Cooper Basins in Queensland and the Republic of Botswana.

Strata-X Energy Ltd, together with its wholly-owned subsidiaries, Strata-X, Inc. and Strata-X Australia Pty Ltd, is an independent oil and gas exploration company listed on the TSX Venture Exchange (TSX-V) under the symbol "SXE" and the Australian Securities Exchange (ASX) under the symbol "SXA". Incorporated in British Columbia, Canada, Strata-X Energy has a diversified portfolio of high growth potential petroleum projects. The Company's strategy is to discover and develop oil and gas prospects with relatively low entry costs, a meaningful acreage position and a large working interest to provide shareholders the opportunity for substantial growth.

In January 2017, Rhino CBM (Proprietary) Limited ("Rhino") was incorporated in accordance with the Companies Act of the Republic of Botswana for the purpose of facilitating a coal seam gas ("CSG") exploration and development project known to the Company as the 'Serowe Gas Project' or 'Serowe CSG Project'. In January 2018, the Rhino licenses were transferred to two new 100% Company owned Botswana subsidiaries, known as Sharpay Enterprises Pty Ltd and Jab Right Pty Ltd, to hold the CSG prospecting licenses in the Republic of Botswana. The shell company Rhino is not currently being used by the Company.

The corporate structure of the Company is as follows:



Company Outlook

The Company retains a 50% interest in Project Venus, a highly prospective 154 km2 Queensland, Australia coal seam gas tenement and a majority controlling interest in the 1,129,000 acre Serowe CSG Project located in the heart of the Kalahari Basin. Project Venus and the Serowe CSG Project have a prospective resource net to the Company of 329 Bcf(1) and 6.08 Tcf(2) respectively. These two projects are expecetd to be the growth drivers for the Company in 2020 and beyond.

The Company plans to fast-track development of Project Venus to prove commercial gas flows, a precursor to reserves certification. Project Venus is (1) uniquely located near gas pipelines connecting the tenement to major east coast (Australia) markets, (2) surrounded by major CSG fields, and (3) well suited for fast track development, thereby offering the potential for early cash flows.

In March 2020, the Company executed a Heads of Agreement ("HOA") with Botsgas Pty Ltd and in April 2020 revised the HOA due to operational complexities surrounding the COVID-19 pandemic. The revised HOA calls for Botsgas to pay SXA A$300,000 by 30 June 2020 (which occurred), enter definitive agreements with Strata-X by November 2020, and thereafter fund USD$4.6 million of joint venture expenditures within 2 years.

Once field work begins, the initial focus will be to drill and production-test within the Company identified high-graded area. In 2019, the Company drilled a 476 metre well that encountered 18 metres of net coal with 12 metres interpreted as high gas saturated bright coals.

The Company has been seeking commercial market opportunities to sell its gas. Botswana and the Southern African region are moving to generate more electricity from lower emission natural gas, while stemming the widespread use of expensive imported diesel fuel. Along these lines, the initial market opportunities for the Company's gas will be gas-to-electric power plants and diesel-to-gas conversions at large industrial facilities.

The strategy and outlook of the Company is subject to material change given the aforementioned proposed merger with Real Energy Pty Ltd.

For the quarter ended 30 June 2020, the Company invested AUD$4,100 into Project Venus and AUD$104,000 into the Serowe CSG Project mainly on consulting and expenses related to well planning and tenement management. During the reporting period the Company incurred AUD$120,400 in ongoing corporate costs and no director fees were incurred.

*Information originally appears in the Company's NI 51-101 Report for FYE 2020 which is available for review at www.strata-x.com

Tenements

Project	Location	% Interest	Net Acres
Venus	Queensland, Australia	50%	19,000
Serowe CSG	R. Botswana	100%	1,129,000
Illinois Oil	Illinois, USA	100%	1,400
Total			**1,149,400**

During the quarter ended 30 June 2020, the Company elected to cease maintianing an active tenement program over the Eagle Project in California, reducing its overall tenement position by 770 net acres. There are no further changes to the Company's tenement holdings expected in calendar year 2020.

Corporate Financial & Other Information

Reporting Currency

The functional reporting currency of Strata-X Energy Ltd is the Australian dollar (AUD).

Corporate Events

The Company completed a private placement ("Placement") with Botsgas Pty Ltd for 5,000,000 Units issued by the Company at a price of A$0.06 per Unit for gross proceeds of A$300,000. Each Unit consists of one CDI and one half of one option. Each option will be unquoted and exercisable into one CDI at an exercise price of A$0.07 up until 31 May 2022 ("Option"). Each Placement CDI will represent one common share of Strata-X and will rank equally with existing CDIs. All CDIs issued pursuant to the Placement are to be fully tradable and listed on the ASX, subject to the necessary approvals by the TSX-V and ASX, respectively.

Share Data

As of 30 June 2020, Strata-X had 112,538,318 shares outstanding, including 90,116,731 CDIs.

Production Information

During the period, the Company produced minor (less than 100 barrels) amounts of oil for the sole purpose of maintaining its tenement rights over the Illinois, USA properties. The lack of production is attributable to the majority of the Company's Illinois (United States) wells being offline pending maintenance workovers to re-establish production.

Person Compiling Information

Technical information contained herein is based on the information compiled by the Company's Executive Chairman, Ron Prefontaine. Mr. Prefontaine has over 41 years' experience in the petroleum industry and is a graduate of the University of British Columbia with a degree in Geophysics. Mr. Prefontaine consents to the inclusion in this document of the matters based on this information, in the form and context in which they appear.

As announced on 15 July 2020, Strata-X Energy Limited and Real Energy Corporation Limited (ASX: RLE) ("Real Energy") (collectively the "Companies") have entered into an arm's length binding Scheme Implementation Agreement dated July 15, 2020 ("SIA") to pursue a nil premium merger whereby Real Energy shareholders will receive one (1) new Strata-X share for three (3) Real Energy shares that they own.

The combination of Strata-X and Real Energy will be renamed Pure Energy Corporation Limited ('Pure Energy') and represents a compelling opportunity to create a material gas business from the significant 100% owned gas resources contained within projects located in the Surat and Cooper Basins in Queensland and the Republic of Botswana.

PURE ENERGY'S GAS PROJECTS OFFER SIGNIFICANT COMPANY GROWTH POTENTIAL (POST-MERGER)

Pure Energy's Project Venus is located within the Walloon CSG fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin.(1)

In addition, the merged entity's 100% owned broader asset portfolio in Australia and the Republic of Botswana will present further upside potential. Pure Energy will have a total 11.8 TCF(1,2,3) of Prospective Gas Resources with 770 BCF of 3C(2) and 353 BCF of 2C(2,3) Contingent Gas Resources. Stated Prospective Resource figures are from a report dated 10 December 2019 by Timothy Hower, Senior Advisor at MHA Petroleum Consultants for Project Venus along with Prospective and Contingent Resources for the Serowe CSG Project by the same author in a report dated 10 May 2019 and for the Windorah Gas Project in a report dated 5 June 2015 from Paul Szatkowski, Senior VP of DeGolyer and MacNaughton.

Pure Energy's gas projects have several common attributes:

1. Wells are drilled that prove the gas resources are present including third party certifications.
2. The primary technical risk is finding completion methods to prove commercial gas flows.
3. Over the next 12 months, Pure Energy plans to use innovative well completion and non-frack reservoir enhancement methods with the goal to prove commercial gas flows.
4. Proving commercial gas flows is the precursor to predictable increases in reserves and the potential for substantial company growth.
5. All three gas projects have ready gas markets.

The merger of Strata-X Energy and Real Energy into Pure Energy has as its goal the creation of the next ASX energy growth stock. Given the significant resources in the three gas projects, the Companies believe that by directing the necessary efforts to unlocking those resources, this goal is achievable.

Pure Energy targets lower emissions and joining the Hydrogen Economy

Pure Energy's vision is to lower emissions initially through substitution of methane for coal and diesel. Pure Energy is also investigating the feasibility of building a methane to hydrogen plant in Gladstone. Looking ahead, one of Pure Energy's goals is converting methane to hydrogen and value-add graphite products using a hybrid methane pyrolysis method.

Merger to reduce administration costs and combine technical and management expertise

The removal of duplicate administrative functions and listing costs delivers significant cost savings to the merged entity. Scott Brown, Real Energy's current Managing Director is the nominated Managing Director for Pure Energy. Strata-X Energy's current Executive Chairman, Ron Prefontaine, a 41-year veteran and one of the pioneers of CSG in Australia, is the nominated Chairman of Pure Energy.

More information about the proposed merger can be found in a presentation posted to both Companies' websites.

*(3) **WINDORAH GAS PROJECT –** LR 5.25.1 – The Contingent Resources are reported as at 31 July 2019. LR 5.re are currently no reserves in the permit. Estimates for contingent resources have not been adjusted for development risk LR 5.25.5 – The contingent resources are reported as 100% share. LR 5.25.6 - The stochastic method was used to estimate contingent resources in ATP 927P. The stochastic method is based on assigning a statistical distribution to each of the various parameters of the volumetric calculation of recoverable hydrocarbons (in this instance gas) and varying them in a Monte Carlo simulation. LR 5.27.3 – Arithmetic summation has been used in each category to determine Contingent Resources LR 5.33.1 – The contingent resources are reported for Authority to Prospect (ATP927P) in the State of Queensland. LR 5.33.2 – The existence of a significant moveable hydrocarbons are determined by the results of 4 petroleum wells and the flow of gas to surface from these wells. LR 5.33.3 – The analytical procedures used to estimate the contingent resources are based on the Petroleum Resource Management System (PRMS). The key contingent that prevents the contingent resource from being classified as petroleum reserves are production rates and recoverable volumes. Based on the correlations between wells and volumetric calculations, there appears to be sufficient reservoir to provide the recoverable volumes. However, it appears that fracture stimulations may not currently be contacting sufficient reservoir to provide commercial recoveries. LR 5.33.5 The Contingent Resources relate to unconventional petroleum resources with an area of approximately 1,718 sq kilometres in which 4 petroleum wells have been drilled. LR 5.41 - The contingent Resources for Queenscliff area are prepared by DeGolyer & MacNaughton, al leading international consulting firm in June 2015 and for Tamarama are are prepared by Aeon Petroleum Consultants, an independent petroleum engineering firm, whose principals are James R. Weaver, P.E. and Stephen E. Dunbar. LR 5.42 - The information contained in this release pertaining to the ATP927P contingent resources estimates are based on, and fairly represent, information prepared under the supervision of Mr James Weaver, CEO of Aeon Petroleum Consultants. Mr Weaver is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion in this release of the contingent resources and prospective resources estimates related information in the form and context in which that information is presented. **ATP 927P Prospective Resources** and Queenscliff area contingent resources estimates are based on, and fairly represent, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton in 5 June 2015. Mr Szatkowski is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules. The prospective resources figures have been adjusted on a pro-rata basis for the reduced area of ATP927P after the renewal in September 2019.*

Features of Project Venus – Queensland Australia

- **Strata-X Energy Ltd ("Strata-X") and Real Energy Ltd ("Real") 50/50 joint venturers on a highly prospective Surat Basin (Australia) Coal Seam Gas (CSG) tenement targeting Walloon coals.**
- **Project Venus has a 329 Bcf Prospective Resource net to Strata-X. (1)**
- **The tenement is surrounded by major CSG producing tenements and covers 154 km2 approximately 9 km west of Miles, Queensland.**
- **A gas pipeline connected to east coast gas markets passes through the tenement offering the potential for early cash flows once the significant gas resources are progressively converted to reserves.**
- **First well over Project Venus, the Venus-1 well scheduled to commence operations in October 2020.**

Project Venus is located within the main Walloon CSG fairway in the Surat Basin, Queensland. It is immediately adjacent to gas infrastructure and is prospective for CSG over the entire area of ATP 2051. A recent independent review of the data within and around the permit certified a Prospective Gas Resource of 658 BCF (694 PJ) gross, 329 BCF (347 PJ) net to Strata-X in the Walloon coal seams in ATP 2051.(1) Given the location of the Venus Project adjacent to gas infrastructure, the JV plans to expedite appraisal and conversion of resources to reserves to fast track development.

To test the underlying Juandah coals of Project Venus, Real and Strata-X plan to drill the Venus-1 well, with operations expected to commence in October 2020. Roma, Australia-based drilling contractor Silver City, has been selected to drill the Venus-1 well. The well is planned to be drilled to 400 metres, cased, then drilled out to a total depth of approximately 680 metres, leaving the highly gas saturated Juandah coal seams open and uncased. Shortly after the Silver City drill rig is demobilized, a Wellpro coil tubing unit will be mobilised and carry out a short-term initial water influx test. After this, about 40 different intervals of highly gas saturated Juandah coal seams (prognoses total 26 metres of very gassy coals) will be abrasive jetted. Abrasive jetting is a non-frack coil tubing deployed reservoir stimulation method, designed to improve water influx and ultimately gas flows from the targeted gassy coals. To compare the before and after stimulation results, a second short-term controlled water influx test will be carried out.

The post stimulation water influx rate and other data are needed to design production equipment and facilities. Venus-1 will be equipped with a downhole pump, surface facilities and water handling methods as required to carry out a controlled drawdown flow test over several months.The Venus Pilot drilling and set-up is planned for October, with the subsequent production test expected to continue into early 2021. The proposed production test is designed to prove initial gas breakout and increasing gas flows over the controlled draw-down period, as required to model and predict future gas flow rates and potentially commercial gas flow rates.

Once commercial gas flow rates are achieved in the pilot program, the Project Venus JV can commence progressively converting the 658 BCF (694 PJ) Prospective Gas Resource to reserves with the goal to fast track development of the project thereby offering the potential for early cash flows.

Real and Strata-X formed a 50:50 joint venture for Project Venus where Real will be the administrative and commercial operator while Strata-X, at least for the initial phase to predictable reserves certification, will be the technical operator.

(1) Prospective LR 5.25.1 – The Prospective resources are reported as at 10 December 2019 LR 5.25.2 – The petroleum resources are Prospective Resources in accordance with SPE-PRMS. LR5.25.3 – There are currently no reserves in the permit. Estimates for prospective resources have not been adjusted for development risk LR 5.25.5 – The Prospective resources are reported as 100% - Strata-X's share is 50%. Gross royalty over Project Venus is 10%. LR 5.25.6 - The prospective resources volumes were obtained by deterministic method, calculating the potentially recoverable portion of the gas-in-place using the overall prospect area, the mapped net coal thickness, raw gas content and coal density, as well as a range of estimates of the gas recovery factor of the coals. The review was carried out in accordance with the standards in the Canadian Oil and Gas Evaluation Handbook as amended from time to time, maintained by the Society of Petroleum Evaluation Engineers. This leads to a Best Estimate of prospective resources in the subject areas of 658 Bcf, a Low Estimate of 526 Bcf, and a High Estimate of 789 Bcf (all numbers are gross 100% volumes). There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. LR 5.28.1 – The Prospective Resources estimate is based on best estimate and low and high estimate. LR 5.28.2 - Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons. Prospective Resource assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards. LR 5.35.1 – The Prospective Resources are reported for the area ATP2051 (previously PLR2019-1-11) in the State of Queensland. LR 5.35.2 – The existence of a significant moveable hydrocarbons are determined by the results of previous petroleum wells in and around the permit area and review of seismic data. LR 5.35.3 – The changes of the Prospective Resources being converted to a higher PRMS designation (i.e contingent resource or reserves) is high and there is a high degree of confidence in leading to development status however there are the usual risks associated with a gas resource of this type- see Cautionary Statement above.

Features of Serowe CSG Project – Republic of Botswana

- **Serowe CSG Project is a 1,129,000 acre (4,572 KM2) coal bed methane project, with a Prospective Gas Resource of 6.08 Tcf. [(2)]**

- **Strata-X executed a (revised) Heads of Agreement with BotsGas Pty Ltd ('Botsgas') for a staged farm-in program designed to de-risk the Serowe CSG Project and, if successful, prove sufficient reserves to secure a foundation Gas Sales Agreement (GSA).**

- **Subject to execution of a JOA by November 2020, BotsGas will fund up to USD$4.6 million of Serowe CSG Project development costs.**

- **Full EIA approved on the Botswana Serowe CSG project that grants Strata-X the right to drill and test up to 75 additional wells (95 Total) over the 2.38 Tcf Prospective Resource high-grade area.**

The Serowe CSG Project is located in the Kalahari Basin CSG fairway in Botswana Africa. In total, the Project spans 1,129,000 acres in the heart of the Kalahari CSG Fairway with all tenements' primary exploration terms extending to 2025 and in perpetuity when commercial production is established. Of the Project holdings, 330,000 acres (1,475sq. km) are located within the Company's interpreted CSG high-grade area.

In early March 2020, Strata-X in an effort to realize its considerable shareholder value in the Serowe CSG Project, executed a Heads of Agreement to develop the project with Australia based BotsGas Pty Ltd. Due to execution complexities surrounding the COVID-19 pandemic, Strata-X and Botsgas agreed to a revised structure for BotsGas to farmin to the Serowe CSG Project in April 2020.

Under the Revised HOA, the parties will proceed directly to negotiating and entering into a joint operating agreement for the development of the Project with BotsGas receiving a 49% interest and Strata-X retaining a 51% interest (and the role of Operator). None of the terms as outlined in the Previous Agreement carry over to the Revised HOA.

In conjunction with the Revised HOA, BotsGas made a A$300,000 investment into the Company through a private placement of ASX CHESS Depository Interests (with attaching options) at an issue price of A$0.06 ("Placement"). Separate from and in addition to the Placement, BotsGas paid Strata-X the sum of AUD$300,000 on 30 June 2020 ("JV Funds"). SXA is entitled to use this sum for the Serowe CSG Project. Any work produced from such expenditure will remain the property of Strata-X until such time as the parties enter into the Joint Operating Agreement.

Both the Placement and JV Funds are conditions precedent to entering into a Joint Operating Agreement ("JOA") which is due to be executed no later than 30 November 2020. Upon execution of the JOA the Company will transfer to BotsGas a 49% interest in the Botswana Tenements. Strata-X will retain a 51% interest of the Botswana Tenements upon commencement of the Joint Operating Agreement.

Pursuant to the Joint Operating Agreement, BotsGas must solely fund USD$4.6 million of joint venture expenditure within 2 years of the Joint Venture Payment being made to SXA ("Expenditure Deadline"). Strata-X will be the Operator of the Project under the Joint Operating Agreement and will determine the joint venture budgets and use of funds in consultation with the management committee.

If BotsGas does not meet the USD$4.6 million funding obligation by the Expenditure Deadline, then its interest in the Botswana Tenements will be reduced to the percentage of the expenditure target which has been satisfied. For example, if the expenditure met is only USD$3.8 million (ie. 82% of the targeted expenditure), the earned interest will be reduced to 40%. The Expenditure Deadline can be extended by the Company by an additional 6 months if insufficient cash calls have been made by the Company during the initial two-year period. Future cash calls will otherwise be funded by Strata-X and BotsGas in accordance with the terms of the Joint Operating Agreement.

If a Joint Operating Agreement is not entered into by 30 November 2020 because BotsGas does not wish to proceed with the JV, then the Revised HOA may be terminated. In such event, the Placement and Joint Venture Payment remain to the benefit of the Company.

The main focus of the BotsGas farmin will be Strata-X's high-grade area of the Botswana CBM Fairway. This area is interpreted to contain, on average, 10 metres net Serowe bright-coal seams over a 50 metre interval with high gas saturations up to 100%. A third party has certified 2.38 TCF prospective gas resource within Strata-X's tenements in the high-grade area.(1) This interpretation is re-enforced by the results of the Company's 19B-1 well drilled in 2019 by Strata-X and data from a nearby historic core hole, which bubbled free gas from the target bright-coals. The 19B-1 well intersected 18 metres of net coal with 12 metres of multi seam bright coals having up to 100% gas saturations. After the drilling of 19B-1, an area immediately surrounding the well was certified to contain 2C Contingent Resources of 23 Bcf of natural gas.

Illinois Basin

The Company drilled the Blue Spruce # 1 which reached a total depth of 3,280 feet and encountered multiple oil and gas shows in the targeted shallow Mississippian formations of the Illinois Basin, USA. In a report dated 30 June 2019, Strata-X's independent engineer, Chapman Petroleum Engineering Ltd (Chapman), confirmed 2C Resources of 1.282 million barrels of light oil net to the Company on the Blue Spruce project. Given the primary focus of Strata-X is on its coal seam gas projects, the Company is reviewing its options for the development of the Blue Spruce Waterflood and Illinois assets, which may include farming out its development or asset sales.

Summary of Annual Results

Historical annual information is as follows:

	30 June 2020	30 June 2019	30 June 2018
Revenue, net of royalties	$9,546	$47,263	$72,049
Expenses	$(1,878,837)	$(15,735,236)	$(2,259,101)
Other income and net finance expense	$129,146	$(1,228)	$(38,592)
Impairment of oil and gas properties	$(1,011,259)	$(13,920,025)	$0
Net Loss	$(1,740,145)	$(15,689,200)	$(2,225,644)
Basic & diluted net loss per share (1)	$(0.02)	$(0.19)	$(0.03)
Assets	$2,524,026	$2,926,423	$16,542,166
Liabilities	$1,231,079	$1,437,444	$1,355,010

(1) Basic and diluted net loss per share has been retrospectively restated to reflect the 5:3 share consolidation that was effective 16 July 2018 and the 3:1 share consolidation that was effective 23 November 2016.

Historical quarterly information is as follows:

	30 June 2020	31 March 2020	31 Dec 2019	30 Sep 2019	30 June 2019	31 March 2019	31 Dec 2018	30 Sep 2018
Total Assets	$2,524,026	$3,254,651	$3,318,110	$2,783,723	$2,926,423	$4,253,372	$4,091,042	$17,417,205
Revenue, net of Royalties	$3,596	$nil	$nil	$5,950	$11,782	$5,475	$13,349	$16,657
Net Loss	$(1,209,960)	$(243,094)	$(189,409)	$(97,682)	$(1,570,355)	$(238,014)	$(13,663,135)	$(217,696)
Basic & diluted net income (loss) per share (2)	$(0.01)	$(0.00)	($0.00)	($0.00)	($0.03)	($0.00)	($0.12)	($0.00)

(2) Basic and diluted net loss per share has been retrospectively restated to reflect the 5:3 share consolidation that was completed effective 16 July 2018 and the 3:1 share consolidation that was effective 23 November 2016.

Results of Operations

As noted above, total revenue for the quarter ended 30 June 2020 was $3,596 compared to $11,782 for the quarter ended 30 June 2019. The decrease is due to decreased oil production.

Production and operating expenses for the quarter ended 30 June 2020 were $7,864 compared to $23,607 for the same quarter last year due to decreased operational activity.

General and administrative expenses for the quarter ended 30 June 2020 increased by $26,736 to $330,916 from $304,180 the same quarter last year. The increase is due to increased expenses related to ongoing operating and merger activities.

Liquidity and Capital Resources

The consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $(1,740,145) for the year ended 30 June 2020.

Management has been and continues to be active in seeking additional means to sustain the Company's financial position during the current economic environment including but not limited to investigating potential partnership, merger and/or joint venture opportunities and acquiring and disposing of oil and natural gas properties. In addition, the Company continues to focus on moving forward with the Serowe CSG Project.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due depends on the success of the Company's exploration and development of its oil and gas properties, as well as the ability of the Company to obtain additional financing or equity to fund the exploration and development of those oil and gas properties. As discussed in the notes to the consolidated financial statements, in July 2018, September 2018, February 2019, December 2019, January 2020 and May 2020, the Company was successful in completing private placements generating approximately A$2,470,608(USD$1,765,000) after placement costs. The Company is actively engaged in farm-out discussions with third parties to sell a non-operated position in the tenements of the Serowe CSG Project. The Company cannot provide any assurance that sufficient cash flows will be generated from operating activities or that proceeds from other activities noted above will be able to sustain the Company's financial position.

The consolidated financial statements do not reflect adjustments that would be necessary if the “going concern” assumption were not appropriate. In particular, adjustments would be required to the carrying value of the assets and liabilities, the reported profits and losses, and the balance sheet classifications used.

As part of the Serowe CSG Project, the Company has committed to certain yearly milestones for exploratory activity as well as proposed minimum remaining expenditures in the amount of USD$385,000 by 31 December 2020.

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at 30 June 2020 and as at the date hereof, a total of 112,538,318 common shares and CDIs were issued and outstanding with a resulting share capital of $52,754,083. The Company has 15,666,667 warrants and 4,889,000 stock options outstanding with 4,889,000 options exercisable as of 30 June 2020 and as at the date hereof.

The Company has established a Stock Option Plan (Plan) for the benefit of directors, officers, employees and consultants of the Company. Pursuant to the Plan, 10% of the issued and outstanding common shares have been reserved for options to be granted to the Company’s directors, officers, employees and consultants. The vesting period and the exercise price of the options shall be determined by the Board of Directors. The period during which an option is exercisable shall be determined by the Board of Directors at the time of grant, but subject to the rules of the stock exchange or other applicable regulatory body.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions

The Company had the following related party transactions, other than those transactions disclosed elsewhere in the consolidated financial statements.

Total compensation paid to key management personnel which consists of incentive share based compensation related to the granting and vesting of options during the period was $24,630 (2019 - $382,180) for the year ended 30 June 2020.

Total salary expense for employees, directors and management included in general and administrative expenses on the statement of loss for 2020 is $380,591 (2019 - $279,605).

As at 30 June 2020, there is $63,522 (2019 - $67,004) due to related parties. Amounts due to related parties bear no interest and have no specific terms of repayment.

Note Payable, Related Party

The Company held a note payable with a maximum borrowing amount of $200,000 (USD $138,060). The lender is an entity that is controlled by the chairman of the Board of Directors of the Company. The note bears interest at 7.5% per annum, is unsecured, and can be repaid at any time with no penalty but was due on December 31, 2018. The Company received an extension to January 1, 2020. During the year ended June 30, 2020 $nil of this note was repaid (2019 – $130,000). An additional $100,000 was advanced during the June 30, 2020 year end, and the outstanding balance of the note was converted to common shares valued at $170,000 as part of the private placement completed on January 2, 2020.

Summary of Significant Accounting Policies

The notes to the Company’s 30 June 2019 annual consolidated financial statements describe the accounting policies and methods of computation used in preparing the Company’s annual financial statements. The Company continues to assess the impact of adopting the pronouncements of the IASB as described in the Company’s 30 June 2020 annual financial statements.

Financial Risk Management

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There have been no changes to these policies during the year ended 30 June 2020.

Market risk

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. There have been no significant changes to the Company's market risks.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. Management does not believe this risk is significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the U.S. dollar against the Canadian dollar, the Australian dollar and the Botswana pula will not adversely affect the financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management does not believe this risk is significant as minimal working capital balances are maintained in foreign currencies.

Credit risk

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary. The Company's maximum exposure to credit risk is equal to the carrying value of these financial assets being $1,022,141 at 30 June 2020 (30 June 2019 - $722,320). It is Management's opinion that the level of credit risk is low due to the credit-worthiness of the counterparties involved and that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. As of 30 June 2020, 97% (30 June 2019 – 97%) of carrying value relates to amounts held in chartered banks.

COVID-19

In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the year ended June 30, 2020. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Critical Accounting Estimates

The timely preparation of financial statements requires Management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following paragraphs discuss management's most critical assumptions, estimates and judgments in the preparation of the consolidated financial statements.

Key sources of estimation uncertainty

Recorded amounts for impairment, depletion and depreciation of oil and gas properties, the provision for decommissioning liabilities and the recognition of deferred tax assets due to changes in expected future cash flows are based on estimates. These estimates include proved and probable reserves, production rates, future oil and natural gas prices, future development costs, remaining lives and periods of future benefits of the related assets and other relevant assumptions. The Company's reserve estimates are evaluated annually pursuant to the parameters and guidelines stipulated under *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities*.

The calculation of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

The amounts recorded relating to the fair value of stock options issued and stock purchase warrants issued are based on estimates of the future volatility of the Company's share price, expected lives of the options or warrants, expected dividends, expected forfeiture rates, risk-free interest rates and other relevant assumptions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. The availability of tax pools and other deductions are subject to audit and interpretation of taxation authorities.

Control Certification

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure information required to be disclosed by the Company is accumulated and communicated to management to allow for timely decisions regarding required disclosures. The Company carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures as of 30 June 2020. The evaluation was carried out under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures as at year-end, that the Company's disclosure controls and procedures are ineffective to ensure that information required to be disclosed by the Company is (i) recorded, processed, summarized and reported within the time periods specified by Canadian securities law and (ii) accumulated and communicated to the Company's Management, including its Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. It should be noted that while the Company's Chief Executive Officer and the Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will necessarily prevent all error and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The Company identified the following ongoing material weakness that applies to both disclosure controls and procedures and internal control over financial reporting:

> Due to the limited size of the Company, Strata-X does not have sufficient resources for reviewing the financial statements and cannot maintain adequate segregation of duties as is necessary to absolutely ensure complete and accurate financial reporting. Specifically, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information that is integral to the preparation of financial reports and is also responsible for day-to-day accounting. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatement in the Company's consolidated financial statements that would not be prevented or detected and, as such, has been determined to be a material weakness in internal controls over financial reporting, which also affects the Company's disclosure controls and procedures.

As of the date of this report, Management has not yet developed a plan to remediate the material weakness. Management has concluded that, taking into account the present state of the Company's development, the Company does not have sufficient size and scale to warrant, and cannot reasonably justify, the expenditure for curing the material weakness given Management's view of the perceived risk in the material weakness.

Internal Controls over Financial Reporting

The Company's Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, a system of internal controls over financial reporting to provide reasonable assurances regarding the reliability of the Company's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS. As at the financial year-end of the Company, such officers have evaluated, or caused to be evaluated under their supervision, the Company's internal controls over financial reporting and have determined that such internal control system is ineffective for the foregoing purposes. The

Company is required to disclose herein any change in its internal controls over financial reporting during the period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No change in the Company's internal controls over financial reporting was identified during such period that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. It should be noted that a control system, including the Company's disclosure and internal control procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors and fraud.

Current Changes in Accounting Policies

The following standard was adopted in the current year:

IFRS 16 Leases ("IFRS 16")

The Company adopted IFRS 16 effective 1 July 2019, using the modified retrospective approach. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company recognized a right-of-use asset and lease liability for a real estate lease previously classified as an operating lease under IAS 17. The depreciation expense on the right-of-use asset and the finance charge on the lease liability substantially replace the lease-related expense previously recognized over the term of the lease under IAS 17. The new standard does not change the amount of cash transferred between the lessor and lessee, but changes the presentation of the cash flows on the Company's condensed interim consolidated statement of cash flows.

Other Company Information

Additional disclosure information for Strata-X Energy Ltd. can be located in its Annual Information Form and Audited Financials for the year ended 30 June 2020. All documents are available on SEDAR and the Company's website.

Ron Prefontaine

CEO, Executive Chairman

David Hettich

Chief Financial Officer

The Directors of Strata-X (Canadian entity) and the entities it controls, Strata-X, Inc (United States of America entity) and Strata-X Australia Ply Ltd (Australian entity) (collectively "Company" or "Strata-X") at the end of, or during, the fiscal year ended 30 June 2020.

Directors and Secretaries

The following persons were directors and secretaries of Strata-X Energy Limited during the financial year and up to the date of this report, unless otherwise stated:

Ron Prefontaine - (Executive Chairman)

Ron Prefontaine has over 35 years of experience in the oil and gas industry. He received his Bachelor of Science in Geophysics from the University of British Columbia in 1979 and worked in Calgary until he was head hunted by Santos in 1981. At Santos, he worked on their Cooper, Surat, Bowen and Canning Basin projects until 1984. Over the next 10 years he held senior and management positions for Pancontinential Petroleum and Oil Company of Australia.

Between 1994 and 2001, while consulting to the industry, he acquired several petroleum permits in his private companies which he sold or farmed out to Oilex, Arrow Energy, Bow Energy and QGC. He served as an Executive Director of Arrow Energy until 2005 and was a co-founder and Managing Director of Bow Energy. Arrow Energy was taken over in 2010 for $3.5 billion, while Bow was taken over in 2011 for $550 million.

Mr. Prefontaine's strengths are the early recognition of growth assets and the management of corporate growth. In 2009 Ron received a lifetime achievement award in recognition of his services to the Australian petroleum industry.

During the past three years Mr. Prefontaine has not served as a director of any other ASX listed entity.

Bohdan (Don) Romaniuk - (Non-Executive Director)

Bohdan (Don) Romaniuk is an attorney, economist and business executive and serves as an independent director for Strata-X Energy. He has held a number of senior executive positions in both small and very large enterprises over a business career spanning nearly 30 years. Mr Romaniuk has extensive Board and Audit Committee experience with both public and private companies and continues to serve as Chairman of the Board and Audit Committee of Acceleware Corp., a TSXV-listed company engaged in developing and supplying high performance computing applications for the oil & gas and computer engineering markets.
He remains active in several private business ventures focused on developing technology for stem cell research and related medical and commercial applications.

On 3 October 2012, Mr Romaniuk was appointed a part-time Commissioner of the Alberta Utilities Commission pursuant to an Order-in-Council of the Government of Alberta. Mr. Romaniuk has a BA (Hon.) in Economics from the University of Alberta, an MA in Economics and Ph.D. (a.b.d.) in Economics from Queen's University in Kingston, Ontario and an LL.B from the University of Toronto.
Mr Romaniuk has not served as a director of any other ASX listed entities in the last 3 years. Mr. Romaniuk is a member of the Audit and Risk Management Committee and Remuneration Committee.

Greg Hancock - (Non-Executive Director)

Greg Hancock BA (Econs) BEd (Hons) F.Fin is a Non-Executive Director. Mr. Hancock has extensive experience in corporate finance, capital markets and stockbroking in both Australia and the United Kingdom. In this time he has specialised in mining and natural resources and has a background in the finance and management of small companies. He was a founding shareholder and first Chairman of Cooper Energy Ltd, an exploration and production oil and gas company listed in Australia and served as Non-Executive Director until 2011. He is Non-Executive Chairman of AusQuest Ltd, an Australian mining exploration company with projects in Peru, Burkina Faso and Western Australia. He is Non-Executive Director of Zeta Petroleum PLC, which is an independent oil and gas exploration and development company with a regional focus in Eastern Europe.

Mr Hancock is a director of the following listed companies:

- Ausquest Ltd (ASX:AQD)
- Zeta Petroleum Plc (ASX:ZTA)
- BMG Resources Ltd (ASX:BMG)
- Golden State Mining Ltd (ASX:GSM)
- Cobra Resources Plc (LSE:COBR)
- King Island Scheelite (ASX:KIS)

Mr. Hancock is a member of the Audit and Risk Management Committee and Remuneration Committee.

Duncan Cornish – Director and Company Secretary (Australia)

Mr. Cornish is an accomplished and highly regarded corporate administrator and manager. He has many years' experience in pivotal management roles in capital raisings and stock exchange listings for numerous companies on the ASX, AIM Market of the London Stock Exchange and the Toronto Stock Exchange. Highly skilled in the areas of company financial reporting, company regulatory, secretarial and governance areas, business acquisition and disposal due diligence, he has worked with Ernst & Young and PricewaterhouseCoopers both in Australia and the UK.

Mr. Cornish is currently Company Secretary and CFO of other listed companies on the ASX and TSX-V where he has assisted in their listing and capital raising. He is supported by a small experienced team of accountants and administrators.

Tim Hoops - (Managing Director) Resigned Effective 15 November 2019

Tim Hoops has over 35 years' experience in the petroleum industry and has been President of Peak Resource Management Inc., a private oil and gas exploration company, since 1986. He was also President and Director of Kestrel Energy Inc., a NASDAQ listed company, from 1992 to 2005, and a director of Victoria Petroleum NL (now Senex Energy Ltd), an ASX listed company, from 1988 to 2008.

Mr. Hoops served as a key member of the asset acquisition team of Santa Fe Energy which operated in the Green River Basin, Wyoming and the Paradox Basin, Colorado/Utah. He was Exploration Manager at Royal Resources and managed the company's exploration activities in the Canning Basin from 1984 to 1986 and previously worked for Amoco Production Company.
Mr. Hoops' strengths include the early recognition of growth petroleum assets, resource valuation and project management. He has a Bachelor of Science in Geological Engineering from the Colorado School of Mines and a Master of Science in Global Energy management from the University of Colorado. He is also a member of the American Association of Petroleum Geologists, Rocky Mountain Association of Geologists and is a Wyoming Certified Petroleum Geologist.
Mr Hoops has not served as a director of any other ASX listed entities in the last 3 years. Mr. Hoops is a member of the Remuneration Committee.

Shaun Maskerine - Company Secretary (Canada)

Mr. Maskerine has over 14 years' experience in the administration and development of public companies including direct involvement in numerous listings, capital raisings and transactions. He has extensive experience in the areas of corporate compliance, corporate secretarial work and governance of listed companies. Mr. Maskerine has been a director and held many senior positions in companies on both the Toronto Venture Exchange and the ASX and is currently a director and corporate secretary of other listed companies on the Toronto Venture Exchange.

Interests in Securities

As at the date of this report, the interests of the directors in the securities of Strata-X Energy Limited are show in the table below.

	Common Shares (TSX-V) and CDIs (ASX)	Unlisted Options (TSX-V/ASX)
Ronald Prefontaine	16,011,951	1,990,000
Bohdan Romaniuk	767,826	400,000
Greg Hancock	40,000	370,000
Duncan Cornish	1,041,557	821,334

Principal Activities

The principal activity of the Company during the period was oil and gas exploration, development and production. No significant change in the nature of this activity occurred during the financial period.

Operating Results

For the year ended 30 June 2020, the loss for the consolidated entity after providing for income tax was AUD$(1,740,145)

Dividends

No dividends have been declared, provided, paid or recommended in respect to the year ending 30 June 2020.

Review of Operations

Detailed comments on operations and exploration programs up to the date of this report are included separately in the Annual Report under Review of Operations.

Capital Structure

On 3-Dec-19, 320,000 Unlisted Options exercisable at C$1.50 each expired.

On 3-Dec-19 the Company completed tranche 1 of a private placement that consisted of 11,100,000 CDIs (representing 11,100,000 Common Shares) and 5,550,000 free attaching Unlisted Options (A$0.07 @ 31-Dec-22) to raise A$555,000 at a price of A$0.05 per CDI.

On 3-Jan-20 the Company completed tranche 2 of the private placement that consisted of 6,900,000 CDIs (representing 6,900,000 Common Shares) and 3,450,000 free attaching Unlisted Options (A$0.07 @ 31-Dec-22) to raise A$345,000 at a price of A$0.05 per CDI.

On 9-Jan-20, 2,328,750 Unlisted Options exercisable at A$0.1167 each expired.

On 8-May-20 the Company completed a private placement that consisted of 5,000,000 CDIs (representing 5,000,000 Common Shares) and 2,500,000 free attaching Unlisted Options (A$0.07 @ 31-May-22) to raise A$300,000 at a price of A$0.06 per CDI.

On 3-Jun-20, the following Unlisted Options were cancelled following the resignation of a staff member:

- 10,000 Unlisted Options (C$1.70 @ 25-Sep-22)
- 10,000 Unlisted Options (C$1.50 @ 21-May-23)
- 40,000 Unlisted Options (C$0.60 @ 11-Sep-20)

During the year ended 30 June 2020 there was a net movement (transmutations) of 1,407,000 Common Shares (TSX-V) to CDIs (ASX).

As at 30 June 2020 the Company had a total of 112,538,318 Common Shares (TSX-V) and CDIs (ASX) and 22,545,674 Unlisted Options on issue.

At 30 June 2020, the split between Common Shares (TSX-V) and CDIs (ASX) was:

Common Shares (TSX-V)	90,116,731
CDIs (ASX)	22,421,587
Total	**112,538,318**

Subsequent to 30 June 2020 there was a net movement (transmutations) of 3,094,000 Common Shares (TSX-V) to CDIs (ASX).

On 11-Sep-20, 640,000 Unlisted Options exercisable at C$0.60 each expired.

As at the date of this report the Company had a total of 112,538,318 Common Shares (TSX-V) and CDIs (ASX) and 21,905,674 Unlisted Options on issue.

Currently, the split between Common Shares (TSX-V) and CDIs (ASX) is:

Common Shares (TSX-V)	93,210,731
CDIs (ASX)	19,327,587
Total	**112,538,318**

Financial position

The net assets of the Company have decreased by AUD$402,397 from AUD$2,926,423 at 30 June 2019 to AUD$2,524,026 at 30 June 2020.

During the period, the Company has invested in oil and gas exploration, development and production of projects located in the USA, Australia and the Republic of Botswana.

Treasury policy

The Company does not have a formally established treasury function. Senior management in consultation with the Board is responsible for implementing appropriate capital management policies and procedures. The Company does not currently undertake hedging of any kind.

Liquidity and funding

The ability of the Company to continue as a going concern and to realize the carrying value of its proved and probable reserves and discharge its liabilities when due depends on the success of the Company's exploration and development of its oil and gas properties, as well as the ability of the Company to obtain additional financing or equity to fund the exploration and development of those oil and gas properties.

Significant changes in the state of affairs

In addition to the changes in capital structure described above, any significant changes in the state of affairs of the Company during the financial year are set out in the Review of Operations contained in this Annual Report.

After Balance Date Events

On 15 September 2020, the Company announced that it was undertaking a non-brokered private placement to sophisticated and institutional investors in Australia of up to 11,666,667 Units ("Units") in the Company at a price of A$0.06 per Unit for gross proceeds of up to A$700,000 ("Placement"). Each Unit consists of one Chess Depository Unit ("CDI") and one half of one option. Each option will be unquoted and exercisable into one CDI at an exercise price of A$0.12 up until 30 September, 2022 ("Option"). Completion of the Placement is due on (or before) 7 October 2020.

No other events have occurred since 30 June 2020 that would materially affect the operation of the Company, the results of the Company or the state of affairs of the Company not otherwise disclosed in the Company's financial statements.

Rounding off of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class order amounts in the Director's Report and Financial Statement are rounded off to the nearest thousand dollars, unless otherwise indicated.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years have been discussed where appropriate in the Annual Report under Review of Operations.

There are no further developments of which the Directors are aware which could be expected to affect the results of the consolidated entity's operations in subsequent financial years.

Business Results

The prospects of the Company in progressing their exploration projects may be affected by a number of factors. These factors are similar to most exploration companies moving through exploration phase and attempting to get projects into development. Some of these factors include (a more comprehensive review of risk factors to the Company can be found in its TSX Annual Information Filing for Fiscal Year 2020 available at www.sedar.com):

Exploration and development

The future value of Strata-X will depend on its ability to find and develop oil and gas resources that are economically recoverable within Strata-X's granted exploration permits. Hydrocarbon exploration and development is inherently highly speculative and involves a significant degree of risk. There can be no assurance that Strata-X's planned exploration, appraisal and development activities will be successful. Even if oil and gas resources are identified, there is no guarantee that it will be economic to extract these resources or that there will be commercial opportunities available to monetise these resources. The proposed exploration and drilling program could experience cost overruns that reduce the Company's ability to complete the planned exploration and drilling program in the time expected.

Oil and gas exploration may involve drilling operations and exploration activities which do not generate a positive return on investment. This may arise from dry wells or technical drilling failures, but also from wells that are productive but do not produce sufficient revenues to return a profit after accounting for drilling, operating and other associated costs. The production from successful wells may also be adversely affected by various operating conditions, including insufficient storage or transportation capacity, or other geological and mechanical conditions. In addition, managing drilling hazards or environmental damage and pollution caused by exploration and development operations could greatly increase the associated cost and correspondingly reduce the profitability of individual wells.

Operational Risk

Oil and gas exploration and development activities involve numerous operational risks. These include encountering unusual or unexpected geological formations, mechanical breakdowns or failures, human errors and other unexpected events which occur in the process of drilling and operating oil and gas wells.

The occurrence of any of these risks could result in substantial financial losses to Strata-X due to injury or loss of life, damage to or destruction of property, natural resources or equipment, environmental damage or pollution, clean-up responsibilities and regulatory investigation, amongst other types of loss, harm or damage. Damages occurring to third parties as a result of such events may give rise to claims against Strata-X which may not be covered fully by insurance or at all.

Even where Strata-X is insured, such incidents or damage to property or equipment could delay Strata-X's operations with the result that it might fail to meet its stated objectives.

Strata-X has limited operating history and there can be no assurances that it will be able to commission or sustain successful operations and commercial exploitation of its projects.

The Directors and Management of Strata-X will, to the best of their knowledge, experience and ability, endeavor to anticipate, identify and manage the risks inherent in the activities of the Company, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of Strata-X and its business operations. The ability of the Directors and Management to do so may be affected by matters outside their control and no assurance can be given that the Directors and Management of Strata-X will be successful in these endeavors.

Changes in Commodity Prices

Strata-X's possible future revenues will be derived mainly from the sale of oil and gas. Consequently, Strata-X's potential future earnings, profitability, and growth are likely to be closely related to the price of oil and gas. Oil and gas prices historically have been volatile and are likely to continue to be volatile in the future.

Historically, oil and gas prices have fluctuated in response to changes in the supply of and demand for oil and gas, economic uncertainty, and a variety of additional factors beyond the control of Strata-X. Such influencing factors include general economic conditions, government regulation and sanctions, access to regional and global markets, the actions of the Organization of Petroleum Exporting Countries (OPEC), political instability in the Middle East and elsewhere and the availability of alternative fuel sources.

In the event that Strata-X becomes a producer, any substantial and extended decline in the market price of oil and gas could have an adverse effect on Strata-X's future revenues, profitability, cash flow from operations, carrying value of future reserves, and borrowing capacity amongst other measures of its financial performance and economic viability. If the market price of oil and gas sold by Strata-X were to fall below the costs of production and remain at such a level for any sustained period, Strata-X would experience losses and might have to curtail or suspend some or all of its proposed activities. In such circumstances, Strata-X would also have to assess the economic impact of any sustained lower commodity prices on the feasibility of advancing its projects to production and the commercial recoverability of any existing reserves.

Title Risk

In the United States when the initial land grants (patents) were made in the USA, the sovereign (government) did not always reserve the minerals. Thus, in some patents, the patentee obtained some or all of the undivided rights to the minerals in addition to the surface of the land. Over time, the minerals may have been severed, by grant or reservation in deed, from the surface rights.

Securing all of the oil and gas rights to a particular tract of land requires that the Company determine mineral ownership and then conduct negotiations to acquire leases from these owners.
Independently verifying that the parties with whom a company is dealing are the correct and sole holders of the mineral rights and analyzing the full rights and restrictions applying to the interest held by those parties, requires that a company obtain detailed title opinions from qualified title attorneys licensed to practice in the state in which the property is located (Title Attorney Opinion). This is typically a lengthy and potentially expensive process. In particular, given the passage of time since the original land grants from the

government, the ownership of most land will have passed both through inheritances to numerous descendants and through conveyances to third parties, resulting in a high probability of fractional ownership.

Accordingly, the final title opinions may contain numerous qualifications and curative requirements. It is therefore customary that such title opinions are not rendered until the company proposes to conduct a drilling operation or expend significant amounts of money on a particular lease or leases. Strata-X has adopted this customary approach and, accordingly, will not obtain title opinions on its leases until the drilling of a well is proposed. As a consequence there is a possibility that third parties may hold or claim mineral rights adverse to the claim of the lessors under the leases that have been taken. This is an acceptable risk that companies are willing to take, as long as adequate industry standard leasing procedures were followed.

Accordingly, Strata-X may need to obtain an opinion prepared by a qualified title attorney for each project prior to the commencement of the drilling of a well or undertaking a significant expansion. In the event that, at such time, marketable title cannot be determined for the drill site, then drilling on that tract within the prospect may be delayed until marketable title can be obtained, either by meeting the curative requirements or by acquiring additional leases. In the event that it is not possible to cure the defect or acquire an additional lease or leases, Strata-X's activities may be materially adversely affected.

For title risk involve with the Company's Serowe CSG project located in the Republic of Botswana, please see Risk Factors - Geopolitical, Regulatory and Sovereign Risk

Hydraulic Fracturing

Due to significant current public debate surrounding the environmental impacts of hydraulic fracturing, the industry is subject to substantial public and regulatory scrutiny and to rigorous public environmental approval and monitoring processes. The implementation of future regulations or approval processes in the oil and gas industry may lead to additional cost or require changes in how the Company proposes to operate or explore and as a result may have an adverse effect on the financial performance of the Company.

Environmental Risk

Strata-X's operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection in the United States, Australia and Botswana. Such regulation can increase the cost of planning, designing, installing and operating industrial facilities for use by operators. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial requirements, and the imposition of injunctions to force future compliance (such as requiring companies to make substantial modifications to their physical plant to reduce air emission sources). Additionally, some environmental laws provide for joint and several strict liability (meaning that the liabilities can be assessed 100% against any party deemed to be involved, and that the mere fact of violation is sufficient to assess a penalty without regard to fault or to any potentially mitigating circumstances which might usually apply) for remediation of releases of hazardous substances.

American State statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. In addition, there are state statutes, rules and regulations governing conservation matters, including the unitisation or pooling of oil and gas properties, establishment of maximum rates of production from oil and gas wells and the spacing, plugging and abandonment of such wells. Such statutes and regulations may limit the rate at which oil and gas could otherwise be produced from Strata-X's properties and may restrict the number of wells that may be drilled on a particular lease or in a particular field. Additionally, some states and local governments are considering restrictions or complete bans on the use of hydrofracturing when completing oil and gas wells.

Companies involved in the production of hydrocarbons may generate wastes, including hazardous wastes that are subject to the US Resource Conservation and Recovery Act (RCRA) and comparable state statutes. The Environmental Protection Agency has limited the available options which can be used for the disposal of certain wastes that are designated as hazardous substance under RCRA (Hazardous Wastes). Furthermore, it is possible that certain wastes generated by oil and gas operations which may be currently exempt from treatment as a Hazardous Waste could in the future be designated as Hazardous Wastes and, therefore, be subject to more rigorous and costly operating and disposal requirements. Such changes could have a material adverse effect on Strata-X if and when its production begins to grow.

Geopolitical, Regulatory and Sovereign Risk

Exploration for and development, exploitation, production and sale of oil and natural gas is subject to extensive laws and regulations, including complex tax laws and environmental laws and regulations. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could adversely affect Strata-X.

In particular, in the United States each state generally imposes a production or severance tax with respect to the production and sale of oil, natural gas and natural gas liquids within its jurisdiction. Additionally, some local governments also impose property taxes on oil and natural gas interests, production equipment, and production revenues. This may have an adverse effect on Strata-X particularly if it achieves commercial production.

Our international operations may be adversely affected by economic and geopolitical developments. Strata-X has international operations which may be adversely affected by political and economic developments, including the following: renegotiation, modification or nullification of existing contracts, such as may occur pursuant to future regulations enacted as a result of changes in Israel's antitrust, export and natural gas development policies, or the hydrocarbons law enacted in 2006 by the government of Equatorial Guinea, which can result in an increase in the amount of revenues that the host government receives from production (government take) or otherwise decrease project profitability; loss of revenue, property and equipment as a result of actions taken by host nations, such as expropriation or nationalization of assets or termination of contracts; disruptions caused by territorial or boundary disputes in certain international regions; changes in drilling or safety regulations; laws and policies of the US and foreign jurisdictions affecting trade, foreign investment, taxation and business conduct; US and international monetary policies impacting foreign exchange or repatriation restrictions in countries in which we conduct business; war, piracy, acts of terrorism or civil unrest; and other hazards arising out of foreign governmental sovereignty over areas in which we conduct operations. Such political and economic developments could have a negative impact on our results of operations and cash flows and reduce the fair values of our properties, resulting in impairment charges.

Certain regions, such as the Middle East and Africa, continue to experience varying degrees of political instability, public protests and terrorist attacks. We operate in regions of the world that have experienced such incidents or are in close proximity to areas where violence has occurred. Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, as well as military or other actions taken in response to these acts, could cause instability in the global financial and energy markets. Continued or escalated civil and political unrest and acts of terrorism in the regions in which we operate could result in curtailment of our operations. In the event that regions in which we operate experience civil or political unrest or acts of terrorism, especially in areas where such unrest leads to regime change, our operations in such regions could be materially impaired.

Competitor Risk

Strata-X faces competition from established entities having greater financial and technical resources which may hinder the Company’s ability to compete for future business opportunities, acquire and exploit additional attractive natural resource properties or procure equipment or services, necessary to conduct its operations in line with its stated objectives. Many of Strata-X’s competitors not only explore for, and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that Strata-X can compete effectively with these companies.

Occupational Health and Safety Risk

The oil and gas industry is subject to occupational health and safety laws and regulations which change from time to time and may result in increased compliance costs or the potential for liability. It is Strata-X’s intention to mitigate this risk by operating to the highest occupational health and safety standards.

Market Risk

The market price of the Company’s common shares can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the United States of America and Australian resources sector, Canadian and Australian listed entities and exploration companies in particular.

There are a number of factors (both national and international) that may affect the market price and neither Strata-X nor its Directors have control over those factors.

Factors that could affect the trading price that are unrelated to Strata-X's performance include domestic and global commodity prices and economic outlook, fiscal and monetary policies, currency movements, and market perceptions of the attractiveness of particular industries. The shares carry no guarantee in respect of profitability, dividends, return on capital, price or degree of liquidity.

General Economic Conditions

Changes in the general economic climate in which Strata-X operates may adversely affect its financial performance, its exploration and development activities, and its ability to fund those activities. Factors that may contribute to that economic climate include changes in global and/or domestic economic conditions, the general level of economic activity, movements in interest rates and inflation, currency exchange rates and other economic factors. The price of commodities and level of activity within the natural resource industry will also be of particular relevance to Strata-X. Neither Strata-X nor its Directors warrant the future performance of the Company or any return on an investment in Strata-X.

Environmental Issues

The Company operations are subject to significant environmental regulation under the laws of the operating jurisdictions. The Company has a policy of complying with its environmental obligations and at the date of this report, is not aware of any breach of such regulations.

Director's Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board		Audit & Risk Management Committee		Remuneration Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Ronald Prefontaine	3	3	N/A		N/A	
Duncan Cornish[(1)]	1	1	N/A		N/A	
Bohdan Romaniuk	3	3	1	1	N/A	
Greg Hancock	3	3	1	1	N/A	
Tim Hoops[(2)]	2	2	N/A		N/A	

Notes:

(1) *Mr Cornish was appointed as a director of the Corporation on December 31, 2019*
(2) *Mr. Hoops resigned as a director of the Corporation on November 14, 2019*

Indemnification and Insurance of Directors, Officers and Auditor

Each of the Directors, Company Secretaries, Chief Financial Officer and Officers of Strata-X Energy Limited has entered into a Deed with the Company whereby Strata-X has provided certain contractual rights of access to books and records of the Company.

Strata-X Energy Limited has insured all of the Directors and Officers of the consolidated entity. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid.

Strata-X has not indemnified or insured its auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Acquisition of Securities

Strata-X Energy Limited was incorporated in the Province of Alberta, Canada in 2007. During 2012 the shareholders of the Company passed a special resolution to approve a continuation of the Company out of Alberta and into the province of British Columbia, Canada.

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers).

Summary of Canadian Legal Requirements Respecting the Acquisition of Securities of the Corporation

Applicable Canadian laws, like their Australian equivalent, are very technical. Accordingly, shareholders should consult their own Canadian legal advisors with respect to Canadian legal requirement matters, rather than relying upon this general summary.

In general, subject to compliance with applicable Canadian securities laws, a holder of shares in the capital of a corporation incorporated under the British Columbia Business Corporations Act (BCBCA) is entitled to transfer his, her or its shares to anyone else upon compliance with the provisions of the BCBCA and the articles of the corporation.

Canadian securities laws impose certain limitations on the acquisition of securities. The issuance to the public and trading of securities in Canada is regulated at the provincial/territorial level by securities legislation administered by the relevant provincial or territorial securities commission.

Takeover bids are regulated primarily by provincial and territorial securities legislation and, to a limited extent, the corporate statutes under which the target company is incorporated. Under provincial or territorial securities regulations, an offer to acquire shares of an issuer by a “control person” of that issuer may constitute a formal take-over bid. Under the Securities Act (British Columbia), a “control person” is generally defined as any person, company or combination of persons or companies whose holdings represent a sufficient number of securities of the issuer to materially affect the control of that issuer. A holding of more than 20%, in the absence of evidence to the contrary, is deemed to materially affect control of the issuer. In addition, any offer to acquire voting or equity securities where such securities together with the offeror’s securities represent an aggregate of 20% or more of the outstanding securities of that class will constitute a take-over bid.
Unless an exemption from formal take-over bid requirements under applicable Canadian securities legislation can be obtained, persons or companies seeking to make a take-over bid must comply with detailed rules governing bids prescribed by applicable provincial or territorial securities laws. For example, under the applicable securities legislation, exempt bids include bids made over the facilities of the TSX-V and a bid for not more than 5% of the outstanding securities of a class of securities, so long as the aggregate number of securities of that class acquired by the offeror and any person acting jointly or in concert with the offeror in the previous twelve months is not greater than 5% of the class and the bid is for a price not in excess of the market price for those securities.

Auditor’s Independence Declaration

The Auditor’s Independence Declaration is included later in this Annual Financial Report, see table of contents for page number.

Corporate Governance

In recognizing the need for the highest standards of corporate behaviour and accountability, the Directors of Strata-X support and have adhered to the principles of corporate governance. Strata-X Energy Ltd’s Corporate Governance Statement can be found in this Annual Report.

This Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors,**Ronald Prefontaine – Executive Director**

25 September 2020

The CEO and CFO of the Consolidated Entity declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the (Australian) Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.

2. The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the directors.

Ron Prefontaine
Executive Director (CEO)

David Hettich
Chief Financial Officer

STRATA-X ENERGY

25 September 2020

The directors of the Consolidated Entity declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the (Australian) Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the year ended on that date.

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4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the directors.

Ron Prefontaine
Executive Director

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 14 September 2020.

The total number of securities on issue is:

Security Type	No. Securities
Common Shares (listed on the TSX-V)	19,327,587
CHESS Depository Interests (CDI's) (listed on the ASX)	93,210,731
Total	**112,538,318**

Unlisted Options[1]	21,905,674

Note 1: Unlisted Options have various vesting conditions, expiry dates and exercise prices.

(a) Distribution of Equity Securities

The number of holders, by size of holding, in each class of security is:

	Common Shares (TSX-V)		CHESS Depository Interests (CDIs)	
	No. Holders	**No. Shares**	**No. Holders**	**No. CDIs**
1 - 1,000	0	0	21,144	55
1,001 - 5,000	0	0	258,580	102
5,001 - 10,000	0	0	378,197	49
10,001 - 100,000	66,019	2	4,908,175	139
100,001 and over	19,261,568[2]	5	87,644,635	92
Total	**19,327,587**	**7**	**93,210,731**	**437**

Note 2: This figure includes 13,722,258 Common Shares (TSX-V) held by CDS & Co., who represents all beneficial holders of uncertificated Common Shares held through brokerage accounts. More detailed information concerning the breakdown of these beneficial holders is not readily available.

The number of CDI holders holding less than a marketable parcel (8,064 CDIs) is 185.

	Unlisted Options	
	No. Holders	**No. Options**
1 - 1,000		
1,001 - 5,000		
5,001 - 10,000		
10,001 - 100,000		
100,001 and over		
Total		

(b) 20 largest holders

COMMON SHARES

The names of the 20 largest holders of Common Shares (TSX-V) as at 14 September 2020 are:

		No. Common Shares	% of total Common Shares	% of total CDI's and Common Shares
1	CDS & CO(3)	13,722,258	71.0%	12.2%
2	EXCHANGES CONTROL FOR CLASS C01	3,511,223	18.2%	3.1%
3	R & M OIL AND GAS LLLP	1,200,000	6.2%	1.1%
4	LUBOMYR MARKEVYCH	717,400	3.7%	0.6%
5	DAVID W FISCHER + MARGARET E RAY JT TEN	110,687	0.6%	0.1%
6	TERRY PREFONTAINE	40,000	0.2%	0.04%
7	CODY EXPLORATION LLC	26,019	0.1%	0.02%
Total of 20 Largest Holders		**19,327,587**	**100%**	**17.2%**
Total Common Shares (TSX-V)		**19,327,587**		

Note 3: CDS & Co. represents all beneficial holders of uncertificated Common Shares held through brokerage accounts. More detailed information concerning the breakdown of these beneficial holders is not readily available.

CHESS Depository Interests

The names of the 20 largest holders of ASX CHESS Depository Interests (CDIs) as at 14 September 2020 are:

		No. CDIs	% of total CDIs	% of total CDIs and Common Shares
1	MR RONALD PREFONTAINE & MRS ANNABEL FRANCES PREFONTAINE*	12,191,775	13.1%	10.8%
2	SIXTH ERRA PTY LTD*	10,849,999	11.6%	9.6%
3	BERENES NOMINEES PTY LTD*	7,020,287	7.5%	6.2%
4	BOTSGAS PTY LTD	5,000,000	5.4%	4.4%
5	KABILA INVESTMENTS PTY LIMITED	3,716,667	4.0%	3.3%
6	MIKE COLLINS SUPER PTY LTD	3,702,983	4.0%	3.3%
7	CLAYMORE CAPITAL PTY LTD	3,441,737	3.7%	3.1%
8	SCINTILLA STRATEGIC INVESTMENTS LIMITED	2,528,576	2.7%	2.2%
9	MR TIMOTHY LEE HOOPS	2,199,222	2.4%	2.0%
10	MR JAMES JOSEPH CROZIER	1,720,172	1.8%	1.5%
11	MOORE AND BADGERY PTY LTD	1,600,000	1.7%	1.4%
12	EST DEBRA ANN WEST	1,522,464	1.6%	1.4%
13	MS LORRAINE JOY CHERRY & MR JASON ROBERT CHERRY	1,500,000	1.6%	1.3%
14	MR RONALD PREFONTAINE	1,430,000	1.5%	1.3%
15	FINN AIR HOLDINGS PTY LTD	1,260,000	1.4%	1.1%
16	MR ROBERT JOHN ANNELLS & MRS KIMBERLEY JANE HODGE	1,200,000	1.3%	1.1%
17	GUY JONES PTY LTD	1,200,000	1.3%	1.1%
18	MR CRAIG GRAEME CHAPMAN	1,191,400	1.3%	1.1%
19	PREPET PTY LTD	1,120,438	1.2%	1.0%
20	ARC DE TRIOMPHE SECURITIES PTY LTD	1,106,809	1.2%	1.0%
Total of 20 Largest Holders		**65,502,529**	**70.3%**	**58.2%**
Total CDIs		**93,210,731**	**100.00%**	

** Holdings have been merged*

Substantial Holders

Holders of which the Company is aware that hold a substantial number of Shares and/or CDIs includes:

Name of Holder	No. Shares/CDI’s
MR RONALD PREFONTAINE (and associated entities)	16,011,951
SIXTH ERRA PTY LTD	10,849,999
BERENES NOMINEES PTY LTD	7,020,287
BOTSGAS PTY LTD	5,000,000

(c) Voting Rights

All ordinary shares (Common Shares (TSX-V) and CHESS Depository Interests) carry one vote per share without restriction. Options and Warrants do not carry voting rights.

(d) Restricted Securities

The Company has no restricted securities on issue.

(e) Business Objectives

The consolidated entity has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.

Strata-X Energy Limited is listed on the TSX Venture Exchange (**TSX-V**). On 8 March 2013 the Company was admitted to the Australian Securities Exchange (**ASX**).

The Board of Directors of Strata-X Energy Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Strata-X Energy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Strata-X Energy Limited's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council's (the **Council**) "Corporate Governance Principles and Recommendations, 3rd Edition", which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Act ethically and responsibly
Principle 4	Safeguard integrity in corporate reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of security holders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website (www.asx.com.au).

The Board is of the view that with the exception of the departures from the ASX Guidelines as set out below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and Recommendations	Summary of the Company's Position
Principle 1 – Lay Solid Foundations for Management and Oversight	
Recommendation 1.5 – Companies should establish a Diversity Policy	The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its Directors, officers and employees. Due to its size and nature of operations, the Company does not currently have a Diversity Policy. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background. While the Company does not presently comply with Recommendation 1.5, the Company may consider adopting a Diversity Policy in the future as it grows in size and complexity. The Company believes that given the size and nature of its operations, non-compliance with these recommendations will not be detrimental to the Company.
Recommendation 1.6 – Evaluating the performance of the board, its committees and individual directors	While the Company does not presently comply with this recommendation, the Company believes that given the size and scale of its operations, non-compliance with this recommendation will not be detrimental to the Company.
Principle 2 – Structure the Board to Add Value	
Recommendation 2.1 – Have a Nomination Committee	While the Company does not presently comply with this recommendation, the Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company. The Board as a whole is able to address these issues and is guided by the Nominations Committee Charter. The Company will review this position annually and determine whether a Nominations Committee needs to be established.
Recommendation 2.2 – Skills Matrix	The Company has not developed a board skills matrix. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report. While the Company does not presently comply with this recommendation, the Company believes that its Board has an appropriate broad range of technical, industry, corporate and operational skills given the size and scale of its operations. The Company believes that non-compliance by the Company with this recommendation will not be detrimental to the Company.
Recommendation 2.4 – The majority of the Board should be independent directors	The Company currently has four directors. Two directors, Mr Romaniuk and Mr Hancock, are considered to be independent directors as defined in the ASX Guidelines, which is not a majority. The Company does not consider Mr Prefontaine and Mr Cornish to be independent directors as defined in the ASX Guidelines on the basis that they are both employed by the Company in an executive capacity and, together with his associated entities, Mr Prefontaine is a substantial shareholder in the Company. The Company believes that non-compliance by the Company with this recommendation will not be detrimental to the Company.
Recommendation 2.5 – The chair should be an independent Director	Mr Ronald Prefontaine is the Executive Chairman. The Company does not consider Mr Prefontaine to be an independent director as defined in the ASX Guidelines on the basis that he is employed by the Company in an executive capacity and, together with his associated entities, is a substantial shareholder in the Company. The Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company.
Principle 4 – Safeguard Integrity in Corporate Reporting	
Recommendation 4.1 – An Audit Committee should have at least three members	The Company's Audit & Risk Management Committee currently has only two members, Mr Romaniuk and Mr Hancock, The Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company.
Principle 7 - Recognise and Manage Risk	

ASX Principles and Recommendations	Summary of the Company's Position
Recommendation 7.1 – A Committee that oversees risk should have at least three members	The Company's Audit & Risk Management Committee currently has only two members, Mr Romaniuk and Mr Hancock. The Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company.
Recommendation 7.2 – The Board should review the entity's risk management framework at least annually and disclose whether such a review has taken place	The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. Under the policy, the Board delegates day-to-day management of operating risk to Management, which is responsible for identifying, assessing, monitoring and managing risks. Management is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. The Company believes that given the size and scale of its operations, non-compliance (by not conducting a formal annual review) by the Company with this recommendation will not be detrimental to the Company.
Principle 8 – Remunerate Fairly and Responsibly	
Recommendation 8.1 – A Remuneration Committee should have at least three members	The Company's Remuneration Committee currently has only two members, Mr Romaniuk and Mr Hancock. The Company believes that given the size and scale of its operations, non-compliance by the Company with this recommendation will not be detrimental to the Company.

Board

The Board has adopted a formal Board Charter that outlines the roles and responsibilities of Directors and senior executives. The Board Charter has been made publicly available on Strata-X Energy Limited's website.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent Director as a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements.

An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may affect a Director's independence are considered each time the Board meets.
In accordance with the Council's definition of independence above, and the materiality thresholds set, the following directors are not considered to be independent:

Name	Position	Reason for Non-compliance
Ronald Prefontaine	Chairman	Ronald Prefontaine is employed by the Company in an executive capacity and is a substantial shareholder in the Company.

Duncan Cornish	Non-executive Director and Company Secretary	Duncan Cornish is employed by the Company in an executive capacity (Company Secretary).

Strata-X Energy Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Strata-X Energy Limited due to their considerable industry and corporate experience.

Bohdan Romaniuk and Greg Hancock are both considered to be independent.

There are procedures in place, agreed to by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in Office
Ronald Prefontaine	13 years, 3 months
Bohdan Romaniuk	10 years, 1 month
Greg Hancock	5 years, 2 months
Duncan Cornish	9 months

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders. The company secretaries work directly with the chair on the functioning of all board and committee procedures.

Written agreements are entered in to with each director clearly setting out their roles and responsibilities. The responsibilities of the management including the chief executive officer and chief financial officer are contained in letters of appointment and job descriptions given to each executive.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report is detailed in the director's report.

Diversity

The Company is committed to workplace diversity and ensuring a diverse mix of skills amongst its Directors, officers and employees. The Company strives to attract the best person for the position regardless of gender, age, ethnicity or cultural background.

Due to its size and nature of operations, the Company does not currently have a Diversity Policy, however, it may consider adopting a Diversity Policy in the future as it grows in size and complexity.

As at 30 June 2020, the proportion of women in the whole organisation is a follows:

	Male	Female
Board Members	100%	0%
Officers	100%	0%
Other	100%	0%

Code of Conduct

Strata-X has a published code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibilities to the environment and the community.

Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information until it has been released to the market and adequate time has passed for this to be reflected in the security's prices, and during certain pre-determined windows.
The Company's policy regarding dealings by Directors in the Company's shares is that Directors should never engage in short term trading and should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market; or for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by the Company of (ASX) Quarterly Operations and Cash Flow Reports or such shorter period as may be approved of by the Chairman after receipt of notice of intention to buy or sell by a Director to other members of the Board.

Directors will generally be permitted to engage in trading (subject to due notification being given to the Chairperson and Secretary) for a period commencing one (1) business day after the release of (ASX) Quarterly Operations and Cash Flow Reports to the market and for a period commencing one (1) business day following the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public.

Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter approved by the Board. The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

- executive remuneration and incentive plans;
- the remuneration packages for Management, Directors and the Managing Director;
- non-executive Director remuneration;
- the Company's recruitment, retention and termination policies and procedures for senior management;
- incentive plans and share allocation schemes;
- superannuation arrangements; and
- remuneration of members of other committees of the Board.

The members of the Remuneration Committee at the date of this report are:

- Greg Hancock
- Bohdan Romaniuk

For additional details of Directors' attendance at Remuneration Committee meetings and to review the qualifications of the members of the Remuneration Committee, please refer to the Directors' Report.

Nomination Committee

Due to the size and scale of operations, Strata-X Energy Limited does not have a separately established Nomination Committee. The full Board carries out the functions of the Nomination Committee.

Audit & Risk Management Committee

The Board has established an Audit & Risk Management Committee. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Company to the Audit & Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The members of the Audit & Risk Management Committee at the date of this report are:

- Bohdan Romaniuk (Chairman)
- Greg Hancock

For additional details of Directors' attendance at Audit & Risk Management Committee meetings and to review the qualifications of the members of the Audit & Risk Management Committee, please refer to the Directors' Report.

The Audit & Risk Management Committee Charter has been made publicly available on the Company's website.

The Managing Director has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on a sound system of financial risk management and internal compliance and control.

The Chief Financial Officer has made the following certifications to the Board:

- That the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial position and performance of the Group and are in accordance with relevant accounting standards;
- The integrity of the reports is founded on sound system of financial risk management and internal compliance and control.

The Group ensures that its external auditors are available (by telephone) at the AGM to answer any questions with regard to the efficacy of the financial statement audit and the associated independent audit report.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

Risk Management

Material business risks are considered informally as the Company's business evolves, plus formally at each Board meeting.

The Company has adopted a formal framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs as the Company's activities expand. The Board believes the current approach to risk management is appropriate given the size and scale of its operations. Further detail of the Company Risk Management Policies can be found within the Corporate Governance Policy available on the Company website (www.strata-x.com).

Recommendation 7.2 requires that the Board review the Company's risk management framework and disclose whether such a review has taken place. Business risks are considered regularly by the Board and management at management and Board meetings. A formal report to the Board as to the effectiveness of the management of the Company's material business risks has not been formally undertaken.

The Audit and Risk Management Committee Charter is set out in the Company's Corporate Governance Charter which is available from the corporate governance section of the Group's website.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

Performance Evaluation

The Remuneration Committee considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board. The board has not established formal evaluation criteria for the review of itself or its committees and has not undertaken a specific performance evaluation. Key executives are reviewed periodically against the business objectives and their own contractual obligations, including their personal KPIs.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and key Executives fairly and appropriately with reference to employment market and other relevant conditions. To assist in achieving this objective, the Remuneration Committee and the Board links the nature and amount of Executive Director's and Officer's emoluments to the Company's financial and operations performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key Executives
- attraction of quality management to the Company
- performance incentives which allow Executives to share the rewards of the success of Strata-X Energy Limited

For details on the amount of remuneration and all monetary and non-monetary components for each of the Directors and Named Executives during the period, please refer to the Company's 2020 Notice of Annual and Special Meeting. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Strata-X Energy Limited and the performance of the individual during the period.
There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Company does not currently have a policy of implementing a ban on hedging economic risk of options.

Continuous Disclosure Policy

Detailed compliance procedures for TSX and ASX Listing Rule disclosure requirements have been adopted by the Company and can be found within Strata-X Energy Limited's Corporate Governance Charter on the Strata-X Energy Limited website (www.strata-x.com) in the Corporate Governance section.

Communications

The Company has designed a disclosure system to ensure it complies with the TSX and ASX's continuous disclosure rules and that information is made available to all investors equally, promoting effective communications with shareholders and encouraging shareholder participation at general shareholder meetings. The Company also offers shareholders the option to receive announcements and other notices from the Company electronically.

In addition to corporate and project information generally available on the Company's website, in the Investors section of the Company's website the following information is made available:

- TSX-V News Releases and ASX Announcements
- Corporate Presentations
- Quarterly Financial and Activity Reports
- Half-yearly and Annual Reports
- Capital Structure

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at: www.strata-x.com.

STRATA-X ENERGY LTD.
Consolidated Financial Statements
Years Ended June 30, 2020 and 2019
(Expressed in Australian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STRATA-X ENERGY LTD.

Opinion

We have audited the consolidated financial statements of Strata-X Energy Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at June 30, 2020 and 2019;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that during the year ended June 30, 2020, the Company incurred a net loss of $1,740,145 and has an accumulated deficit of $85,450,388 since inception and expects to incur losses from operations for the foreseeable future. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

Without modifying our opinion, we draw attention to Note 2(d) of the consolidated financial statements, which explains that effective January 1, 2020, the Company changed its presentation currency from the United States dollar to the Australian dollar. As part of this presentation currency change, the Company has presented a third consolidated statement of financial position as at July 1, 2018. The consolidated financial statements of the Company as at June 30, 2018 and for the year then ended (prior to the adjustments due to the presentation currency change) were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on September 24, 2018.

As part of our audits of the years ended June 30, 2020 and 2019, we also audited the adjustments described in Note 2(d) to the consolidated statement of financial position as at July 1, 2018. In our opinion such adjustments were appropriate and properly applied. We were not engaged to audit, review or apply procedures to the consolidated financial statements for the year ended June 30, 2018 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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Other Information
Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude 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 auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 24, 2020

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STRATA-X ENERGY LTD.

Consolidated Statements of Financial Position
As at
(Expressed in Australian Dollars)

	June 30, 2020	June 30, 2019	July 1, 2018
		(Note 2(d))	(Note 2(d))
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 555,063	$ 380,738	$ 400,143
Restricted cash (Note 3)	299,423	-	-
Accounts receivable	559	2,605	24,076
Prepaids and other	-	32,214	25,433
Total current assets	855,045	415,557	449,652
Other assets (Note 5)	167,096	306,763	290,811
Exploration and evaluation assets (Note 6)	1,500,663	1,260,388	838,355
Property and equipment (Note 7)	1,222	943,715	14,963,348
Total assets	$ 2,524,026	$ 2,926,423	$ 16,542,166
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued liabilities	$ 173,235	$ 270,639	$ 368,967
Derivative warrant liabilities (Note 12)	-	133,864	-
Note payable, related party (Note 10)	-	70,000	199,988
Amounts due to related parties (Note 17)	63,522	67,004	11,479
Total current liabilities	236,757	541,507	580,434
Accrued liabilities	91,335	89,812	85,142
Note payable, bank (Note 9)	74,460	-	-
Decommissioning liabilities (Note 11)	828,527	806,125	689,434
Total liabilities	1,231,079	1,437,444	1,355,010
SHAREHOLDERS' EQUITY:			
Share capital (Note 12)	52,744,083	52,029,863	50,397,174
Prepaid share capital reserve	-	-	282,000
Share based compensation reserve (Note 12)	2,322,307	2,270,121	2,131,214
Warrant reserve (Note 12)	2,079,188	1,501,823	1,501,823
Contributed surplus	30,059,773	30,059,773	30,059,773
Accumulated other comprehensive loss	(462,016)	(673,817)	(1,175,244)
Deficit	(85,450,388)	(83,698,784)	(68,009,584)
Total shareholders' equity	1,292,947	1,488,979	15,187,156
Total liabilities and shareholders' equity	$ 2,524,026	$ 2,926,423	$ 16,542,166

Going Concern (Note 1)
Commitments (Notes 6 and 8)

Approved on behalf of the Board

Director Director

The accompanying notes are an integral part of these consolidated financial statements

STRATA-X ENERGY LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended June 30
(Expressed in Australian Dollars)

	2020	2019
		(Note 2(d))
Oil and gas revenue, net of royalties (Note 16)	$ 9,546	$ 47,263
Expenses		
Production and operating	7,870	78,946
General and administrative (Notes 8 and 16)	842,002	1,025,174
Depletion, depreciation and amortization (Notes 7 and 8)	17,706	711,091
Impairment of oil and gas properties (Note 7)	1,011,259	13,920,025
Total expenses	1,878,837	15,735,236
Net operating loss	(1,869,291)	(15,687,973)
Gain on revaluation of derivative liabilities (Note 12)	12,462	5,065
Gain on lease termination (Note 8)	10,360	-
Gain on sale of property and equipment (Note 7)	69,228	-
Gain on write off of accounts payable	50,950	-
Net finance expense (Note 10)	(13,854)	(6,293)
Loss for the year	(1,740,145)	(15,689,200)
Other comprehensive income		
Exchange differences in translating foreign operations	211,801	501,427
Other comprehensive income for the year	211,801	501,427
Net loss and comprehensive loss	$ (1,528,344)	$ (15,187,773)
Loss per common share, basic and diluted (Note 13)	$ (0.02)	$ (0.19)

The accompanying notes are an integral part of these consolidated financial statements

STRATA-X ENERGY LTD.
Consolidated Statements of Changes in Shareholders' Equity
For the years ended June 30, 2020 and 2019
(Expressed in Australian Dollars)

	Share Capital	Share based Compensation Reserve	Warrants Reserve	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, 1 July 2019	$ 52,029,863	$ 2,270,121	$ 1,501,823	$ 30,059,773	$ (673,817)	$ (83,698,784)	$ 1,488,979
Adjustment on adoption of IFRS 16 (Note 3)	-	-	-	-	-	(11,459)	(11,459)
Reclassification of warrant derivatives	-	-	351,021	-	-	-	351,021
Private placement, 2 December 2019 (Note 12)	325,381	-	-	-	-	-	325,381
Private placement, 2 January 2020 (Note 12)	230,793	-	114,207	-	-	-	345,000
Private placement, 8 May 2020 (Note 12)	187,863	-	112,137	-	-	-	300,000
Share issuance costs	(29,817)	-	-	-	-	-	(29,817)
Share-based compensation (Note 12)	-	52,186	-	-	-	-	52,186
Net loss and other comprehensive income	-	-	-	-	211,801	(1,740,145)	(1,528,344)
Balance, 30 June 2020	$ 52,744,083	$ 2,322,307	$ 2,079,188	$ 30,059,773	$ (462,016)	$ (85,450,388)	$ 1,292,947

	Share Capital	Prepaid Share Capital Reserve	Share based Compensation Reserve	Warrants Reserve	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, 1 July 2018	$ 50,397,174	$ 282,000	$ 2,131,214	$ 1,501,823	$ 30,059,773	$ (1,175,244)	$ (68,009,584)	$ 15,187,156
Private placement, 16 July 2018 (Note 12)	555,500	(282,000)	-	-	-		-	273,500
Private placement, 4 September 2018 (Note 12)	810,000	-	-	-	-	-	-	810,000
Private placement, 25 February 2019 (Note 12)	361,071	-	-	-	-	-	-	361,071
Share issuance costs	(93,882)	-	-	-	-	-	-	(93,882)
Share-based compensation	-	-	138,907	-	-	-	-	138,907
Net loss and other comprehensive loss	-	-	-	-	-	501,427	(15,689,200)	(15,187,773)
Balance, 30 June 2019	$ 52,029,863	$ -	$ 2,270,121	$ 1,501,823	$ 30,059,773	$ (673,817)	$ (83,698,784)	$ 1,488,979

The accompanying notes are an integral part of these consolidated financial statements

STRATA-X ENERGY LTD.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019
(Expressed in Australian Dollars)

	2020	2019 (Note 2(d))
Cash and cash equivalents provided by (used in):		
Operating activities:		
Loss for the year	$ (1,740,145)	$ (15,689,200)
Adjustments for:		
Depletion, depreciation, and amortization	17,706	711,091
Impairment of oil and gas properties	1,011,259	13,920,025
Share-based compensation	52,186	138,907
Gain on sale of property and equipment	(69,228)	-
Gain on lease termination	(10,360)	-
Gain on revaluation of derivative liabilities	(12,462)	(5,065)
Unrealized loss on foreign exchange	241,570	(48,972)
Operating cash flows before changes in non-cash working capital	(509,474)	(973,214)
Changes in non-cash working capital (Note 14(a))	(17,400)	107,273
Net cash used in operating activities:	(526,874)	(865,941)
Investing activities:		
Exploration and evaluation assets expenditures	(369,174)	(501,776)
Property and equipment expenditures	(1,838)	(2,796)
Proceeds from sale of property and equipment	69,228	-
Proceeds from maturity of investment	148,945	-
Net cash used in investing activities:	(152,839)	(504,572)
Financing activities:		
Proceeds from issuance of share capital	1,030,000	1,573,000
Payment of share issuance costs	(29,817)	(83,382)
Lease payments	(18,805)	-
Proceeds from note payable, bank	74,460	-
Proceeds from note payable, related party	100,000	-
Repayment of note payable, related party	-	(129,988)
Net cash provided by financing activities:	1,155,838	1,359,630
Increase (decrease) in cash and cash equivalents	476,125	(10,883)
Cash and cash equivalents, beginning of year	380,738	400,143
Effect of exchange rate translation	(2,377)	(8,522)
Cash and cash equivalents, end of year	$ 854,486	$ 380,738
Cash and cash equivalents	555,063	380,738
Restricted cash	299,423	-
	$ 854,486	$ 380,738

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Business and Going Concern

Nature of Business

Strata-X Energy Ltd. (the "Company") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act of Alberta on June 18, 2007. Through its subsidiaries, the Company's business activities are directed primarily toward the acquisition, exploration and development of oil and gas properties in the states of California and Illinois within the United States and in the Republic of Botswana in Africa. The headquarters of the Company is located at 1620 Market Street, Suite #3W, Denver, Colorado 80202.

Strata-X Energy, Ltd. is a publicly traded company on the TSX-Venture Exchange under the symbol "SXE.V", and on the Australian Securities Exchange under the symbol "ASX.SXA".

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company incurred a net loss of $1,740,145 for the year ended June 30, 2020 (2019 - $15,689,200) and has an accumulated deficit of $85,450,388 as of June 30, 2020 (2019 - $83,698,784). In addition, the Company incurred negative operating cash flows before changes in non-cash working capital of $509,087 for the year ended June 30, 2020 (2019 - $973,214).

Management has been and continues to be active in seeking additional means to sustain the Company's financial position during the current economic environment including but not limited to investigating potential partnership, merger and/or joint venture opportunities and acquiring and disposing of oil and natural gas properties. In addition, the Company continues to focus on development of the CSG Project (Note 6). The Company currently holds 100% of the working interests in the CSG Project and continues to hold active discussions with third parties to sell a non-operated position in the tenements in the project. Management anticipates the need for further financing and/or equity funding to fund future exploration and development of the Company's various oil and gas properties including the CSG Project (Note 6).

In addition, in March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the year ended June 30, 2020. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

1. Nature of Business and Going Concern (continued)

Going Concern (continued)

The Company cannot provide any assurance that sufficient cash flows will be generated from operating activities or that proceeds from other activities noted above will be able to sustain the Company's financial position.

The above-noted factors describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management considers the Company a going concern and has prepared the consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Effective July 1, 2019, the Company adopted IFRS 16 Leases retrospectively with no restatement of comparative periods, as permitted by the transition provisions of the standard. This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(Expressed in Australian Dollars)

2. **Basis of Presentation (continued)**

a) Statement of Compliance (continued)

The Company recognized a right-of-use asset and lease liability for a real estate lease previously classified as an operating lease under IAS 17. The depreciation expense on the right-of-use asset and the finance charge on the lease liability substantially replace the lease-related expense previously recognized over the term of the lease under IAS 17. The new standard does not change the amount of cash transferred between the lessor and lessee, but changes the presentation of the cash flows presented on the Company's consolidated statement of cash flows

The following table summarizes the adjustments to opening balances resulting from the initial adoption of IFRS 16:

	As previously reported Under IAS 17 June 30, 2019	IFRS 16 transition adjustments	Balance at July 1, 2019
Assets			
Right-of-use asset	$ -	$ 70,030	$ 70,030
Total impact on assets		$ 70,030	
Liabilities			
Current portion of lease liability	$ -	$ 38,958	$ 38,958
Long-term portion of lease liability	$ -	$ 42,531	$ 42,531
Deficit	$ (83,698,784)	$ (11,459)	$ (83,710,243)
Total impact on liabilities and shareholders' equity		$ 70,030	

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of September 24, 2020, the date of the Board of Directors approval of the consolidated financial statements.

b) Reporting entity

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Strata-X, Inc. and SXE Innovations, LLC ("SXE") domiciled in the United States, Strata-X Australia PTY Ltd. domiciled in Queensland, Australia and Rhino CBM (Proprietary) Limited ("Rhino"), Sharpay Enterprises Proprietary Limited ("Sharpay") and Jab Right Proprietary Limited ("Jab Right") domiciled in the Republic of Botswana, Africa.

As at June 30, 2020, SXE, Rhino and Jab Right are inactive. Sharpay currently holds the tenements for the CSG Project (Note 6).

c) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which were measured at fair value.

(Expressed in Australian Dollars)

2. **Basis of Presentation (continued)**

d) Change in Functional and Reporting Currency

Effective January 1, 2020, the Company changed its presentation currency from US dollars to the Australian dollar to better reflect the Company's ongoing transactions and market focus. Under IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the change in presentation currency from US dollars to Australian dollars represents a voluntary change in accounting policy and is applied retrospectively with 2019 comparatives. The consolidated statements of loss and comprehensive loss and consolidated statements of cash flows for each year have been translated into the presentation currency using the average exchange rate prevailing during each year. All assets and liabilities have been translated using the exchange rate prevailing on the consolidated statements of financial position dates. Equity transactions have been translated at the exchange rate in effect on the date of the specific transaction.

Effect of Change in Reporting and Functional Currency

As a result of a change in currency of the Company's financing activities, the Company determined its primary economic environment in which it operates has changed. As a result, the functional currency for the Company's parent company changed from the Canadian dollar to the Australian dollar effective January 1, 2020 and has been accounted for prospectively from this date. The functional currencies of the Company's subsidiaries remain the same. The functional currency of the Company's United States subsidiary, Strata-X Inc. and Australian subsidiary, Strata-X Australia PTY Ltd., are United States and Australian dollars, respectively. The functional currency of SXE, a wholly owned subsidiary of Strata-X Inc., is the United States dollar. The functional currency of Rhino, Sharpay and Jab Right, wholly-owned subsidiaries of Strata-X Australia PTY Ltd., is the Botswana Pula.

The change in presentation currency resulted in the following impact on the July 1, 2018 opening consolidated statement of financial position:

	Reported at July 1, 2018, in USD	Presentation currency change	Reported at July 1, 2018, in AUD
Total current assets	$ 332,967	$ 116,685	$ 449,652
Total assets	$12,249,475	$4,292,691	$16,542,166
Total current liabilities	$ 429,811	$ 150,623	$ 580,434
Total liabilities	$ 1,003,385	$ 351,625	$ 1,355,010
Equity	$11,246,090	$3,941,066	$15,187,156

(Expressed in Australian Dollars)

2. **Basis of Presentation (continued)**

d) Change in Functional and Presentation Currency (continued)

Effect of Change in Reporting and Functional Currency (continued)

The change in presentation currency resulted in the following impact on the June 30, 2019 consolidated statement of financial position:

	Reported at June 30, 2019, in USD	Presentation currency change	Reported at June 30, 2019, in AUD
Total current assets	$ 291,627	$ 123,930	$ 415,557
Total assets	$2,043,244	$ 883,179	$2,926,423
Total current liabilities	$ 379,938	$ 161,569	$ 541,507
Total liabilities	$1,008,886	$ 428,558	$1,437,444
Equity	$1,034,358	$ 452,621	$1,488,979

e) Management's Significant Accounting Judgments, Estimates and Assumptions

The timely preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following paragraphs discuss management's most critical assumptions, estimates and judgments in the preparation of the consolidated financial statements.

Key sources of estimation uncertainty

Recorded amounts for impairment, depletion and depreciation of oil and gas properties, the provision for decommissioning liabilities and the recognition of deferred tax assets due to changes in expected future cash flows are based on estimates. These estimates include proved and probable reserves, production rates, future oil and natural gas prices, future development costs, remaining lives and periods of future benefits of the related assets and other relevant assumptions. The Company's reserve estimates are evaluated annually pursuant to the parameters and guidelines stipulated under *National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities*.

The calculation of decommissioning liabilities depends on estimates of current risk-free interest rates, future restoration and reclamation expenditures and the timing of those expenditures.

2. **Basis of Presentation (continued)**

e) Management's Significant Accounting Judgments, Estimates and Assumptions (continued)

The amounts recorded relating to the fair value of stock options issued and fair values determined for share purchase warrants issued as part of a unit and finder warrants are based on estimates of the future volatility of the Company's share price, expected lives of the options or warrants, expected dividends, expected forfeiture rates, risk-free interest rates and other relevant assumptions.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. The availability of tax pools and other deductions are subject to audit and interpretation of taxation authorities.

Critical judgments in applying accounting policies

The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events or circumstances and the determination of the area's technical feasibility and commercial viability, which, in turn, is dependent on future oil and natural gas prices, future capital expenditures and environmental and regulatory restrictions.

The determination of Cash Generating Units ("CGUs") requires judgment in defining the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash flows from other assets or groups of assets. CGUs are determined primarily by similar geological structure, shared infrastructure and geographical proximity.

For the purposes of depletion, the Company allocates its oil and natural gas assets to components with similar lives and depletion methods. The groupings of assets are subject to management's judgment and are performed on the basis of geographical proximity and similar reserve life.

The Company is party to various joint interest, operating and other agreements in conjunction with its oil and gas activities. The revenues and expenses allocated between partners are governed by the terms of these agreements and are subject to interpretation and audit by the appropriate parties.

Judgments are required to assess when impairment indicators, or impairment reversal indicators, exist and impairment testing is required for property and equipment and exploration and evaluation assets. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future oil and natural gas prices, recent land sales, future costs, discount rates, and other relevant assumptions.

Judgments are made by management to determine the probability of the Company utilizing certain tax pools and assets which, in turn, is dependent on estimates of proved and probable reserves, production rates, future oil and natural gas prices and tax rates.

2. Basis of Presentation (continued)

e) Management's Significant Accounting Judgments, Estimates and Assumptions (continued)

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, substantive potential voting rights are taken into consideration. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing consolidated financial statements. The consolidated accounts are prepared using uniform accounting policies.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts on deposit with banks, term deposits and other similar short-term highly liquid investments with maturities of 90 days or less at the date of issue.

Restricted Cash

As at June 30, 2020, cash amounting to $299,423 was restricted for use by the Company and its subsidiaries. The Company is required to use this cash on expenditures related to the Joint Venture agreement with BotsGas PTY Ltd. (Note 6).

3. **Summary of Significant Accounting Policies (continued)**

Exploration and Evaluation Assets

Pre-license expenditures incurred before the Company has obtained legal rights to explore an area are expensed.

Exploration and evaluation costs include the costs of acquiring licenses, exploratory drilling, geological and geophysical activities, acquisition of mineral and surface rights and technical studies and general and administrative and overhead directly related to exploration activities. Exploration and evaluation costs are capitalized as exploration and evaluation assets and accumulated in cost centres by exploration area when the technical feasibility and commercial viability of extracting oil and natural gas reserves have yet to be determined. Exploration and evaluation assets are measured at cost and are not depleted or depreciated until after these assets are reclassified to property and equipment. Exploration and evaluation assets, net of any impairment loss, are transferred to property and equipment when proved and/or probable reserves are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether proved and/or probable reserves have been discovered.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are also assessed for impairment upon their reclassification to property and equipment. When an exploration and evaluation asset is determined not to be technically feasible or commercially viable, or the Company decides not to continue with its activity, the unrecoverable exploration and evaluation costs are charged to profit or loss as impairment of oil and gas properties.

Exchanges, swaps, farm-ins or farm-outs that involve only exploration and evaluation assets are accounted for at cost. Any gains or losses from the divestiture of exploration and evaluation assets are recognized in profit or loss.

Property and Equipment

a) Oil and Gas Properties

All costs directly associated with the development of oil and natural gas interests are capitalized on a field basis, as oil and natural gas interests if they extend or enhance the recoverable reserves of the underlying assets and are measured at cost less accumulated depletion and depreciation and net impairment losses. Development costs include expenditures for fields where technical feasibility and commercial viability has been determined. These costs include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning costs, transfers from exploration and evaluation assets and general and administrative costs directly attributable to the development of oil and natural gas interests.

Costs of replacing parts of property and equipment are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. The carrying amount of any replaced or sold component is derecognized. The costs of day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

3. **Summary of Significant Accounting Policies (continued)**

Property and Equipment (continued)

Exchanges, swaps or disposals of property and equipment are measured at fair value unless the transaction lacks commercial substance or neither the fair value of the asset received, nor the asset given up can be readily estimated. When fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. Any gains or losses from the divestiture of property and equipment are recognized in profit or loss.

b) Computer Equipment and Software

Computer equipment and software is stated at cost less accumulated depreciation. Depreciation of computer equipment and software is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years.

Depletion and Depreciation of Oil and Gas Properties

Oil and natural gas interests are depleted using the unit-of-production method based on the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs to bring those reserves into production (“unit-of-production” method). Production and reserves of natural gas are converted to equivalent barrels of crude oil on the basis of six thousand cubic feet of gas to one barrel of oil. Changes in estimates used in prior periods, such as estimates of proved and probable reserves that affect the unit-of-production calculations do not give rise to prior period adjustments and are dealt with on a prospective basis.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Impairment of Long-Lived Assets

The carrying amounts of the Company’s long-lived assets are reviewed for indicators of impairment at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated. These indicators include, but are not limited to, extended decreases in prices or margins for oil and natural gas commodities or products, a significant downward revision in estimated reserves or an upward revision in future development costs and changes in the development plans for producing and exploration projects. If indicators of impairment exist, then the asset’s recoverable amount is estimated.

For the purpose of assessing impairments, exploration and evaluation assets and property and equipment are grouped into respective CGUs, each of which is typically defined as a geographical field of development.

Exploration and evaluation assets are assessed for impairment when (i) sufficient data exists to determine technical feasibility and commercial viability and they are reclassified to property and equipment, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Indicators of impairment may include the decision to no longer pursue the evaluation project, an expiry of the rights to explore in an area, or failure to receive regulatory approval. If, at any time, it is determined that the Company has no future exploration plans and commercial production cannot be achieved in relation to an area, the associated costs are written down to the estimated recoverable amount, or fully de-recognized and the amount of the write-down is expensed in profit or loss.

3. **Summary of Significant Accounting Policies (continued)**

Impairment of Long-Lived Assets (continued)

The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use. Fair value is defined as the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Unless otherwise indicated, the recoverable amount used in assessing impairment losses is fair value less costs of disposal. Fair value less costs of disposal is determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs, including future development costs. The cash flows are discounted at an appropriate discount rate, which would be applied by a willing market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the CGU in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior years or periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation if no impairment loss had been recognized.

Decommissioning Provisions

Decommissioning provisions are recognized for decommissioning and restoration obligations associated with the Company's oil and natural gas interests and are recorded in the period a well or related asset is drilled, constructed or acquired. The best estimate of the expenditure required to settle the present obligation at the statement of financial position date is recorded on a discounted basis using a determined pre-tax risk-free interest rate. The future cash flow estimates are adjusted to reflect the risks specific to the liability. The value of the obligation is added to the carrying amount of the associated exploration and evaluation or property and equipment asset and is depleted or depreciated over the useful life of the asset. The provision is accreted over time through charges to finance expense with actual expenses charged against the accumulated liability. Changes in the future undiscounted cash flows or the discount rate are recognized as changes in the decommissioning provision and related asset. Actual decommissioning expenditures are charged against the liability as the costs are incurred. Any differences between the recorded provision and the actual costs incurred are recorded as a gain or loss in profit or loss.

3. Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of each subsidiary at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The financial statements of entities that have a functional currency different from the presentation currency are translated into Australian dollars at the exchange rate at the date of the statement of financial position for assets and liabilities, and at the average rate for revenues and expenses. All resulting changes are recognized as other comprehensive income.

Share-Based Compensation

The Company has a Stock Option Plan as described in Note 12 and stock options granted to directors, officers, employees and consultants of the Company are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the options at the grant date using the Black-Scholes option pricing model.

In addition, the Company may grant certain finders warrants in conjunction with equity issues. The Company measures share-based payments to non-employees at the fair value of goods and services received at the date of receipt of the good or service. If the fair value of the goods and services cannot be reliably measured, the value of the equity instrument granted will be used and measured using the Black-Scholes option pricing model.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost or share issue cost is expensed over the vesting period to profit or loss or equity, respectively, with a corresponding increase in contributed surplus. When stock options or warrants are exercised, the cash proceeds along with the amount previously recorded as share based compensation reserve or warrant reserve are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options or warrants that vest. When stock options or warrants are cancelled, they are treated as if they have vested on the date of cancellation and any cost not yet recognized in profit or loss is expensed immediately.

Joint Arrangements

A portion of the Company’s oil and natural gas activities is conducted under joint operating agreements. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. Accordingly, these consolidated financial statements reflect only the Company’s proportionate interest in such activities.

3. **Summary of Significant Accounting Policies (continued)**

Revenue Recognition

The Company recognizes revenue under IFRS 15 *Revenue from Contracts with Customers*, using the IFRS 15 five step model as follows:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price, which is the total consideration provided by the customer;
- allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- recognize revenue when the relevant criteria are met for each performance obligation.

Revenue from the sale of oil and gas is recognized when title passes to an external party and is measured at the fair value of the consideration received or receivable based on volumes delivered to customers at contractual delivery points and rates.

Equity Instruments

The Company's common shares, warrants and stock options are classified as equity instruments, except for those warrants classified as liabilities as defined below. Incremental costs directly attributable to the issue of common shares, warrants and stock options are recognized as a deduction from equity, net of any tax effects.

The Company recognizes a prepaid reserve when funds have been received in advance of the common shares being issued and the Company has an obligation to only issue the common shares.

Warrants enable shares of the Company to be acquired in the future at fixed prices. Warrants are issued in exchange for goods or services related to finders fees on private placements. Accordingly, these share-based payments have been recorded as equity.

When the Company issues warrants with an exercise price in a currency other than the functional currency, the fair value of the warrants is recorded as a liability and the liability is revalued at each reporting period date.

Consideration received on the sale of a unit consisting of a common share and warrant classified as equity are allocated, within equity, to its respective equity accounts on a reasonable basis. The Company accounts for the issuance of units using the relative fair value method. Under the relative fair value method the total proceeds of the instrument are allocated to the components in proportion to their relative fair values.

3. **Summary of Significant Accounting Policies**

Financial Instruments

Financial assets

a) Recognition and measurement of financial assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

b) Classification of financial assets

The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

(ii) Financial assets measured at fair value through other comprehensive income

A financial asset measured at fair value through other comprehensive income ("FVTOCI") is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

(iii) Financial assets measured at fair value through profit or loss

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

3. **Summary of Significant Accounting Policies (continued)**

Financial Instruments (continued)

Financial assets

c) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in the consolidated statement of income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive loss.

Financial liabilities

a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expires. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income (loss).

3. **Summary of Significant Accounting Policies (continued)**

Financial Instruments (continued)

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has or those events have an impact on the estimated future cash flows of the financial asset or group of financial assets.

Loss per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed similar to basic loss per share, except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants if dilutive, using the treasury stock method. Under the treasury stock method, the number of additional shares is calculated by assuming that the outstanding stock options and warrants are exercised and that the proceeds from such exercises are used to acquire shares of common stock at the average market price during the period.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses and unused tax credits can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(Expressed in Australian Dollars)

3. **Summary of Significant Accounting Policies (continued)**

Finance Expense

Finance expense includes accretion of the discount on decommissioning provisions and interest on the note payable, related party.

Future Changes in Accounting Policies

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

4. **Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenditures. Segment results, assets and capital expenditures include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, and for which discrete financial information is available. All geographic segments are regularly reviewed by management in order to assess performance and allocate resources. As discussed in Note 6, the Company has begun exploration activity in the Republic of Botswana, Africa.

The Company operates in one industry segment, being the oil and gas industry, in several geographic locations. Segmented information by geographic location is as follows:

As at and for the year ended June 30, 2020:

	Canada	United States	Australia	Botswana	Total
Revenues	$ -	$ 9,546	$ -	$ -	$ 9,546
Income (Loss)	$ (547,192)	$ (1,197,859)	$ 5,000	$ (94)	$ (1,740,145)
Non-current Assets	$ -	$ 199,466	$ -	$ 1,469,515	$ 1,668,981
Total Assets	$ 3,048	$ 307,192	$ 736,568	$ 1,477,218	$ 2,524,026
Total Liabilities	$ 16,414	$ 1,155,778	$ 59,664	$ (777)	$ 1,231,079

(Expressed in Australian Dollars)

4. Segment Reporting (continued)

As at and for the year ended June 30, 2019:

	Canada	United States	Australia	Botswana	Total
Revenues	$ -	$ 47,263	$ -	$ -	$ 47,263
Income (Loss)	$ (386,931)	$ (15,296,442)	$ -	$ (5,827)	$ (15,689,200)
Non-current Assets	$ -	$ 1,257,074	$ -	$ 1,253,792	$ 2,510,866
Total Assets	$ 11,734	$ 1,578,274	$ 70,776	$ 1,265,639	$ 2,926,423
Total Liabilities	$ 205,990	$ 1,087,293	$ 144,161	$ -	$ 1,437,444

5. Other Assets

Other assets consist of restricted amounts held by certificates of deposit and amounts held in interest-bearing accounts at state banks as the Company is required by state agencies in California and North Dakota to use the funds for potential future remediation of certain properties in these states. The amounts have been classified as non-current as the Company does not expect to complete the remediation in the next 12 months. One certificate of deposit for $148,945 with a foreign exchange loss of $9,278 matured during the year ended June 30, 2020 and was not reinvested as no further remediation obligation exists for the property in question.

(Expressed in Australian Dollars)

6. **Exploration and Evaluation Assets**

	June 30, 2020		June 30, 2019	
	Venus Project	**CSG Project**	Venus Project	CSG Project
Balance, beginning of year	**$ -**	**$ 1,260,388**	$ -	$ 838,355
Additions	**40,151**	**277,175**	-	353,641
Foreign Exchange Movement		**(77,051)**	-	68,392
Balance, end of year	**$ 40,151**	**$ 1,460,512**	**$ -**	**$ 1,260,388**

The amount capitalized relates to exploratory activities for the CSG Project in Botswana, Africa and the Venus Project in Queensland, Australia, including license acquisition costs and other related costs.

As at June 30, 2020 and 2019, the Company determined there were no indicators of impairment or indications that impairment losses on exploration and evaluation assets recognized in prior periods should be reversed.

CSG Project

In December 2016, the Company entered into a farm-in agreement ("Agreement") with an arms-length company ("Farmco") for a 3 stage farm-in over an expected term of 3 years to earn up to 75% of the Serowe coal seam gas project ("CSG Project") located in the Kalahari Basin CSG Fairway in Botswana, Africa. The three stages of the farm-in agreement were defined by Milestone Dates per the Agreement, with the Stage 1 Milestone Date being March 2018, with an option for extension.

In January 2018, the Company pre-empted a third party offer to buy out Farmco's remaining 25% interest in the CSG Project. The pre-emption offer was on similar terms to the third party offer, including an initial deposit of USD $25,000 to Farmco along with execution of a purchase and sale agreement ("PSA") that required a payment to Farmco of USD $125,000 and the granting of an overriding royalty interest to Farmco of 0.875%. The Company paid Farmco USD $400,000 in 2018 per the terms of the agreement. With this transaction, the Company has secured 100% of the working interests in the project.

In early 2018, the Republic of Botswana re-issued the prospecting licenses covering the CSG Project. The renewed licenses are set to concurrently expire in 2020, with two 2-year options for renewal.

As part of the license renewal, the Company has committed to certain yearly milestones for exploratory activity as well as proposed minimum expenditures as follows, of which the amount for calendar year 2019 was spent:

Year ending December 31,		
2019	USD $	250,000
2020	USD $	385,000

6. Exploration and Evaluation Assets (continued)

Heads of Agreement (Farmin)

On April 26, 2020, the Company entered into the Heads of Agreement (Farmin) with BotsGas Pty Ltd ("BTG") to Farmin to the Tenements and Retention Licenses held by BTG's Subsidiary, Sharpay Enterprises Pty Ltd. The Company will obtain the Tenements and Retention Licenses once BTG purchases 5,000,000 CHESS Depository Interest's (CDI's) in the Company for an issue price of $0.06 per CDI, for a total value of $300,000, with the issue of 2,500,000 attaching options having an exercise price of $0.07 per share and an expiry date of 24 months form the date of issue, and otherwise issued on the terms and conditions as agreed between the parties.

As at June 30, 2020, the Company issued the CDI's and attaching options to BTG, and BTG has paid the Company the $300,000 discussed above (the "Joint Venture Payment") in clear and immediately available funds which the Company must use for expenditures related to the Serowe CSG Project undertaken on the Tenements. The Company must obtain BTG's prior written consent prior to spending the Joint Venture Payment. BTG must not unreasonably withhold its consent in respect of any requests of the Company under this clause.

Venus Project

In October 2019, the Company entered into a joint venture with an arms-length company for purposes of acquiring acreage located in the Surat Basin, Queensland, Australia ("Venus Project"). The joint venture partner would be the administrative and commercial operator, and the Company would be the technical operator of the joint venture.

On March 23, 2020, the State of Queensland, granted authority to prospect authorizing the holders to the rights to explore for petroleum in accordance with the terms. The initial work program relinquishes on March 22, 2024, and $18.95 million of expenditures have been approved over the life of the work program. A minimum of $400,000 on Hydraulic fracturing of one well must be completed in both year 1 and year 2, and A minimum of $800,000 on Hydraulic fracturing of one well must be completed in both year 3 and year 4 for a total minimum expenditure of $2.4 million over the life of the work program. The initial work program was approved for a term of 6 years.

(Expressed in Australian Dollars)

7. Property and Equipment

	Cost						
	Balance at June 30 2018	Additions	Change in Decommissioning Provision	Balance at June 30 2019	Change in Decommissioning Provision	Additions	Balance at June 30 2020
Oil and gas properties	$ 17,644,066	$ 2,796	$ 116,691	$ 17,763,553	$ 22,402	$ 1,838	$ 17,787,793
Computer equipment and software	27,058	-	-	27,058	-	-	27,058
	$ 17,671,124	$ 2,796	$ 116,691	$ 17,790,611	$ 22,402	$ 1,838	$ 17,814,851

	Accumulated Depletion, Depreciation, Amortization and Impairment								
	Balance at June 30 2018	Depletion & Depreciation	Impairment	Foreign Exchange Movement	Balance at June 30 2019	Depletion & Depreciation	Impairment	Foreign Exchange Movement	Balance at June 30 2020
Oil and gas properties	$ 2,682,759	$ 710,592	$ 13,920,025	$ (491,990)	$ 16,821,386	$ -	$ 1,011,259	$ (44,852)	$ 17,787,793
Computer equipment and software	25,017	499	-	(6)	25,510	-	-	326	25,836
	$ 2,707,776	$ 711,091	$ 13,920,025	$ (491,996)	$ 16,846,896	$ -	$ 1,011,259	$ (44,526)	$ 17,813,629

	Net Book Value	
	Balance at June 30 2019	Balance at June 30 2020
Oil and gas properties	$ 942,167	$ -
Computer equipment and software	1,548	1,222
	$ 943,715	$ 1,222

During the year ended June 30, 2020, the Company sold an overriding royalty interest (ORRI) in and to various oil and gas leases in Illinois for total proceeds and gain of $69,228.

(Expressed in Australian Dollars)

7. **Property and Equipment (continued)**

(a) Impairment

The Company assesses many factors when determining if an impairment test should be performed. As at June 30, 2019, the Company completed assessments of impairment indicators for the Company's CGUs and determined that impairment indicators existed. Indicators identified include management's intent to no longer further develop these properties, continued limited capital investment opportunities in the exploration and development of oil and gas properties within the United States, as well as a decrease in the forecast commodity prices and an increased shift of the Company's capital development focus to the CSG Project (Note 6). Given these factors, and the limited production opportunities, management has determined that at this time its best estimate of the recoverable value of its California and Illinois CGUs is $nil.

Accordingly, the Company recognized impairment losses of $1,011,259 during the year ended June 30, 2020 and the amount has been included in impairment of oil and gas properties in the statement of loss. As valuation techniques require management's judgment and estimates of the recoverable amount, it is classified within level 3 of the fair value hierarchy.

CGU		**June 30, 2020**
California	**$**	**267,184**
Illinois		**744,075**
Total impairment losses	**$**	**1,011,259**

As at June 30, 2019, recoverable amounts for the California and Illinois CGUs were less than the Company's carrying value for these oil and gas properties. Accordingly, the Company recognized impairment losses of $13,920,025 at June 30, 2019 and the amount has been included in impairment of oil and gas properties in the statement of loss.

CGU		**June 30, 2019**
California	**$**	**125,815**
Illinois		**13,794,210**
Total impairment losses	**$**	**13,920,025**

As noted above, an impairment test was carried out at June 30, 2019 with respect to the Company's oil and natural gas properties. The Company used level 3 fair value measurements to determine recoverable amounts. Key assumptions used include the discount rate, forecast commodity price and reserve quantities. The recoverable amounts of the CGUs were estimated at the fair value less costs of disposal based on the net present value of the before tax cash flows from proved developed oil reserves discounted at a rate of 19% per annum. In determining the appropriate reserve base and discount rate, the Company considered acquisition metrics of recent transactions completed on assets similar to those in the specific CGU and the underlying composition of reserve categories and risk profile residing in the CGU. The primary source of cash flows from proved developed oil reserves was based on management's internal update at June 30, 2019 of the Company's oil reserves and related cash flows, which were prepared pursuant to an independent reserve evaluation completed as at June 30, 2019.

(Expressed in Australian Dollars)

8. Leases

The Company entered into a rental agreement in February 2018 for office premises to May 31, 2021. In December 2019, the Company negotiated a cancellation of the rental agreement to be effective January 31, 2020. As a result, the right of use asset was reduced by $52,324, the lease liability was reduced by $62,684 and a net gain was recognized of $10,360. As of June 30, 2020, the right of use asset and the lease liability was zero.

Right-of-use assets		
Recognition at July 1, 2019	$	70,030
Depreciation		(17,706)
Derecognition on termination of lease		(52,324)
At June 30, 2020	$	-

Lease Obligations		
Recognition at July 1, 2019	$	81,489
Accretion		4,025
Lease payments		(22,830)
Derecognition on termination of lease		(62,684)
At June 30, 2020	$	-

9. Note Payable, Bank

In April 2020, the Company's subsidiary, Strata-X, Inc. entered into a promissory note agreement with a lender for $74,460. The loan was issued pursuant to the Paycheck Protection Program ("PPP") administered by the Small Business Administration in the United States, and bears interest at 1.00% with monthly payment of principal and interest beginning in November 2020 with a maturity date in April 2022. All or a portion of the loan may be forgiven if Strata-X, Inc. uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP.

10. Note Payable, Related Party

The Company held a note payable with a maximum borrowing amount of $200,000 (USD $138,060). The lender is an entity that is controlled by the chairman of the Board of Directors of the Company. The note bears interest at 7.5% per annum, is unsecured, and can be repaid at any time with no penalty but was due on December 31, 2018. The Company received an extension to January 1, 2020. During the year ended June 30, 2020 $nil of this note was repaid (2019 – $130,000). An additional $100,000 was advanced during the June 30, 2020 year end, and the outstanding balance of the note was converted to common shares valued at $170,000 as part of the private placement completed on January 2, 2020.

11. Decommissioning Liabilities

The future decommissioning liabilities are determined by management and are based on the Company's net ownership interest, the estimated future costs to reclaim and abandon the wells, and the estimated timing of when the costs will be incurred.

		June 30, 2020		June 30, 2019
Balance, beginning of year	**$**	**806,125**	$	689,434
Accretion expense		**9,203**		12,581
Change in inflation and discount rate		**13,199**		104,110
Balance, end of year	**$**	**828,527**	**$**	**806,125**

(Expressed in Australian Dollars)

12. **Share Capital**

Authorized:

Unlimited number of common shares without nominal or par value
Unlimited number of preferred shares without nominal or par value

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares and determine the designation, rights, privileges, restrictions and conditions attached to each series of shares.

Common shares issued and outstanding:

	Number		Amount
Balance at June 30, 2019	89,538,318	$	52,029,863
Private placement, December 2, 2019	11,100,000		325,381
Private placement, January 2, 2020	6,900,000		230,793
Private placement, May 8, 2020	5,000,000		187,863
Share issuance costs	-		(29,817)
Balance at June 30, 2020	112,538,318	$	52,744,083

	Number		Amount
Balance at June 30, 2018	53,894,984	$	50,397,174
Private placement, July 16, 2018	11,110,000		555,500
Private placement, September 4, 2018	16,200,000		810,000
Private placement, February 25, 2019	8,333,334		361,071
Share issuance costs	-		(93,882)
Balance at 30 June 2019	89,538,318	$	52,029,863

12. **Share Capital (continued)**

Common Stock Offerings

On July 16, 2018, the Company completed a private placement of 10,900,000 CDI or common shares as the first tranche of an overall capital raise. The second tranche closed on September 4, 2018 with the placement of an additional 16,200,000 CDI, or common shares. Gross proceeds of $1,355,000 were realized from the placements, and placement costs of $69,122 were incurred including 210,000 common shares issued to the broker as finder fees with a value of $10,500.

On February 25, 2019, the Company completed a private placement of 8,333,334 units. Each unit consists of one CDI and one half of a warrant. Each CDI is equivalent to and exchangeable for one common share of stock of the Company. Each warrant is exercisable into one CDI, or common share, at an exercise price of $0.06 per share. The warrants expire on February 25, 2021. The gross proceeds of $361,071 and $138,929 were allocated to the common shares and derivative warrant liability, respectively. Placement costs of $24,760 were incurred. The fair value of the 4,166,667 warrants on February 25, 2019 of $0.04 per warrant was determined using the Black Scholes model using the following assumptions: share price of $0.064; expected dividend rate of 0%; expected volatility of 188%; risk free rate of 1.78%; and expected life of 2.0 years.

On December 2, 2019, the Company completed a private placement of 11,100,000 units. Each unit consists of one CDI and one half of a warrant. Each CDI is equivalent to and exchangeable for one common share of stock of the Company. Each warrant is exercisable into one CDI, or common share, at an exercise price of $0.05 per share. The warrants expire on December 31, 2022. The gross proceeds of $325,381 and $229,619 were allocated to the common shares and derivative warrant liability, respectively. Placement costs of $24,760 were incurred. The fair value of the 5,550,000 warrants on December 2, 2019 of $0.03 per warrant was determined using the Black Scholes model using the following assumptions: share price of $0.06; expected dividend rate of 0%; expected volatility of 142%; risk free rate of 1.59%; and expected life of 3.0 years.

On January 2, 2020, the Company completed the second tranche of the private placement initially issued on December 2, 2019 with a private placement of 6,900,000 units. Each unit consists of one CDI and one half of a warrant. Each CDI is equivalent to and exchangeable for one common share of stock of the Company. Each warrant is exercisable into one CDI, or common share, at an exercise price of $0.05 per share. The warrants expire on December 31, 2022. The gross proceeds of $230,793 and $114,207 were allocated to the common shares and warrant reserves, respectively. Placement costs of $5,057 were incurred. The fair value of the 3,450,000 warrants on January 2, 2020 of $0.06 per warrant was determined using the relative fair value method using the Black Scholes model with the following assumptions: share price of $0.055; expected dividend rate of 0%; expected volatility of 140%; risk free rate of 1.66%; and expected life of 3.0 years. The Company issued 3,400,000 of these units to settle a $170,000 loan with Ronald Prefontaine, a director of the Company. As the value of the shares were the same as the debt settled, no gain or loss was recorded on the debt settlement.

12. **Share Capital (continued)**

Common Stock Offerings (continued)

On May 8, 2020, the Company completed a private placement of 5,000,000 units. Each unit consists of one CDI and one half of a warrant. Each CDI is equivalent to and exchangeable for one common share of stock in the Company. Each warrant is exercisable into one CDI, or common share, at an exercise price of $0.06 per share. The warrants expire on May 31, 2022. The gross proceeds of $187,863 and $112,137 were allocated to the common shares and warrants, respectively. The fair value of the 2,500,000 warrants on May 8, 2020 of $0.05 per warrant was determined using the relative fair value method using the Black Scholes model with the following assumptions: share price of $0.05; expected dividend rate of 0%; expected volatility of 132%; risk free rate of 0.27%; and expected life of 2.0 years.

Share issuance warrants

The Company changed its functional currency to the Australian dollar effective January 1, 2020. During the year ended June 30, 2019, the share issuance warrants were classified as a derivative financial liability since the exercise price of the warrants is denoted in Australian dollars, but the functional currency of the Company was Canadian dollars. As the exercise price of the warrants are denoted in Australian dollars, the warrants are fixed-for-fixed and should be classified as equity, reducing the derivative financial liability associated with the warrants to $nil.

The activity related to the derivative financial liability associated with the warrants is as follows:

	June 30, 2020	June 30, 2019
Balance, beginning of year	**$ 133,864**	$ -
Warrants issued	**229,619**	138,929
Fair value adjustments	**(12,462)**	(5,065)
Reclassification to equity	**(351,021)**	**-**
Balance, end of year	**$ -**	**$ 133,864**

Finder warrants

The Company had 2,328,750 finder warrants outstanding that expired unexercised effective January 9, 2020. No derivative financial liability was recorded for these warrants as these warrants were issued in lieu of cash compensation.

(Expressed in Australian Dollars)

12. **Share Capital (continued)**

Warrants

Activity related to the number of warrants outstanding and exercisable for the Company is as follows:

	Year ended June 30, 2020		Year ended June 30, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Balance, beginning of year	6,495,417	$ 0.09	2,328,750	$ 0.12
Warrants issued in private placement 25 February 2019	-	-	4,166,667	0.07
Warrants issued in private placement 2 December 2019	5,550,000	0.07	-	-
Warrants issued in private placement 2 January 2020	3,450,000	0.07	-	-
Warrants issued in private placement 2 January 2020	2,500,000	0.06	-	-
Expiration of w arrants	(2,328,750)	0.12	-	-
Balance, end of year	15,666,667	$ 0.07	6,495,417	$ 0.09

The following table summarizes information on warrants outstanding at June 30, 2020:

Exercise Price	Number Outstanding	Weighted Average Contractual Life (years)
$ 0.06	2,500,000	1.85
$ 0.07	4,166,667	0.66
$ 0.07	9,000,000	2.50
	15,666,667	

(Expressed in Australian Dollars)

12. **Share Capital (continued)**

Stock Option Plan

The following table summarizes the activity of the stock options.

	June 30, 2020			June 30, 2019		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	7,649,000	$	0.37	5,040,000	$	0.61
Granted	-		-	3,049,000		0.08
Expired / Forfeited	(2,760,000)		0.68	(440,000)		1.10
Outstanding, end of period	4,889,000	$	0.29	7,649,000	$	0.37
Exercisable, end of period	4,889,000	$	0.29	5,584,500	$	0.48

The Company granted 1,849,000 options at an exercise price of $0.08 on October 23, 2018 that vest in 25% increments every six months beginning on the grant date of October 23, 2018 with the final 25% increment of options vesting on April 23, 2020. The options expire on October 23, 2023.

The Company granted 1,200,000 options at an exercise price of $0.08 on December 6, 2018 that vest in 25% increments every six months beginning on the grant date of December 6, 2018 with the final 25% increment of options vesting on June 6, 2020. The options expire December 6, 2023.

(Expressed in Australian Dollars)

12. **Share Capital (continued)**

Stock Option Plan (continued)

The following table summarizes information on stock options outstanding and exercisable at March 31, 2020:

Grant Date	Exercise Price	Number Outstanding	Number Exercisable	Weighted Average Contractual Life (years)
22 Sept 2011 - 21 May 2013	$ 1.666	170,000	170,000	2.26
25 Sept 2012	$ 1.888	90,000	90,000	2.23
11 Sept 2015 - 19 Oct 2015	$ 0.666	980,000	980,000	0.23
19 Dec 2017	$ 0.093	1,200,000	1,200,000	2.47
23 Oct 2018	$ 0.078	1,849,000	1,849,000	3.32
6 Dec 2018	$ 0.083	600,000	600,000	3.44
		4,889,000	4,889,000	

During the year ended June 30, 2020, the Company expensed the fair value recognized for stock options of $52,186 (2019 - $138,907) as general and administrative costs with a corresponding adjustment to share-based compensation reserve in shareholders' equity.

The Company uses the Black-Scholes option pricing model to value the options at each grant date under the following weighted average assumptions:

	December 6 2018	October 23 2018	June 30 2018
Exercise price	$0.08	$0.08	$0.05
Grant date fair value	$0.05	$0.05	$0.02
Expected dividend rate	0%	0%	0%
Expected volatility	97.66%	95.90%	105%
Risk-free interest rate	2.00%	2.37%	1.00%
Expected life of options (years)	5.00	5.00	5.00
Forfeiture rate	0%	0%	0%
Share price on grant date	$0.06	$0.08	$0.03

Expected volatility was determined based on the Company's historical volatility. A forfeiture rate of 0% was used when recording share-based compensation as it is expected that all officers, directors, employees and consultants will continue with the Company over the vesting period.

(Expressed in Australian Dollars)

13. Loss per Common Share

The basic loss per common share is based on the weighted average number of common shares outstanding for the year ended June 30, 2020 and 2019 of 100,097,335 and 80,642,537, respectively. All stock options and finder warrants are anti-dilutive and have not been included in the weighted average number of common shares for the calculation of diluted loss per common share.

14. Supplemental Cash Flow Information

(a) Changes in non-cash working capital items:

	Year ended June 30 **2020**	2019
Accounts receivable	$ 2,099	$ 22,346
Prepaids and other	33,682	(5,285)
Accounts payable and accrued liabilities	(49,699)	34,687
Amounts due to related parties	(3,482)	55,525
	$ (17,400)	$ 107,273

(b) Cash and cash equivalents comprise:

	June 30 2020	June 30 2019
Balances with banks in current accounts	$ 520,555	$ 133,975
Money market savings account	34,508	246,764
	$ 555,063	$ 380,738

(Expressed in Australian Dollars)

14. Supplemental Cash Flow Information (continued)

(c) Non-cash transactions:

During the year ended June 30, 2019, the Company issued 210,000 common shares valued at $10,500 as finders' fees.

During the year ended June 30, 2020, the Company issued 3,400,000 units to settle a $170,000 loan with Ronald Prefontaine, a director of the Company.

As at June 30, 2020, there was $nil of exploration and evaluation expenditures in accounts payable and accrued liabilities (2019 - $51,846).

(d) Other cash flow information:

During the year ended June 30, 2020 the Company paid interest of $nil (2019 - $nil) and paid taxes of $nil (2019 - $nil)

15. Income Taxes

The components of temporary differences that give rise to unrecognized deferred tax assets and liabilities are as follows:

	Year ended June 30	
	2020	2019
Deferred tax assets:		
Property and equipment	$ 2,243	$ (249,343)
Decommissioning provisions	173,991	213,623
Non-capital losses	11,391,227	13,645,972
Other	59,566	40,458
Tax assets not recognized	(11,627,027)	(13,650,710)
Deferred income taxes	$ -	$ -

(Expressed in Australian Dollars)

15. **Income Taxes (continued)**

As at June 30, 2020, the Company has non-capital loss carryforwards by domestic country which will expire as follows:

	United States (USD$)	Canada (CAD$)	Australia (AUD$)	Botswana (BWP$)
2028	$ -	$ 24,000	$ -	$ -
2029	-	30,000	-	-
2030	918,000	44,000	-	-
2031	906,000	290,000	-	-
2032	1,768,000	392,000	-	-
2033	5,463,000	1,406,000	6,000	-
2034	2,119,000	1,420,000	23,000	-
2035	11,677,000	1,547,000	7,000	-
2036	6,217,000	969,000	15,000	-
2037	3,518,000	772,000	-	-
2038	2,574,000	285,000	75,000	-
2039	-	94,000	-	44,000
2040	-	62,000	(17,000)	2,000
Indefinite - FY 2019	1,126,000	-	-	-
Indefinite - FY 2020	79,000			
	$ 36,365,000	$ 7,335,000	$ 109,000	$ 46,000

A reconciliation of income taxes at statutory rates is as follows:

	Year ended June 30 **2020**	2019
Loss before income taxes	$ (1,740,145)	$ (15,689,200)
Statutory tax rate	27.00%	27.00%
Expected income tax recovery	(469,843)	(4,236,083)
Non-deductible items	199,152	3,164,755
Change in tax assets not recognized	(239,697)	(3,089,763)
Over (under) provided in prior years	-	(17,401)
Effect of tax rate difference and other	510,388	4,178,492
Net income tax recovery	$ -	$ -

(Expressed in Australian Dollars)

16. **Oil and Gas Revenue**

	Year Ended June 30	
	2020	2019
Oil and gas sales	$ 9,546	$ 47,263
Less: Royalties	-	-
	$ 9,546	$ 47,263

17. **Related Party Transactions**

The Company had the following related party transactions, other than those transactions disclosed elsewhere in the consolidated financial statements.

Total compensation paid to key management personnel which consists of incentive share based compensation related to the granting and vesting of options during the year was $24,630 (2019 – $382,180) for the year ended June 30, 2020.

Total salary expense for employees, directors and management included in general and administrative expenses on the statement of loss for the year ended June 30, 2020 is $380,591 (2019 - $279,605)

Total interest expense paid to directors of the Company for loans during the year ended June 20, 2020 is $4,502 (2019 - $nil)

As at June 30, 2020, there is $63,522 (2019 - $67,004) due to related parties.

18. **Financial Instruments**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

An analysis is provided below of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are not observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and are significant to the overall fair value measurement.

18. **Financial Instruments (continued)**

The carrying value of leases, accounts receivable, accounts payable, accrued liabilities and amounts due to related parties included in the statement of financial position approximate fair value due to the short-term nature of those instruments and the manner in which they are settled. The fair value of these instruments is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

As at June 30, 2020, the Company had only cash and cash equivalents and other assets as "fair value through profit or loss", measured at fair value – Level 1. In addition, the Company used a Level 3 measure in determining the recoverable amount of property and equipment at June 30, 2020 and 2019 (Note 7) and a Level 3 measure in estimating the fair value of derivative warrant liabilities (Note 11).

Financial risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk, commodity price risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There were no changes to the Company's risk management policies or processes during the year ended June 30, 2020 and 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economy. The Company continues to monitor its actual and forecast cash flows to review whether there are adequate reserves to meet its financial obligations on an ongoing basis. As at June 30, 2020, the Company had working capital of $618,288 (June 30, 2019 approximately negative $125,950).

The Company continues to focus on minimal capital activities other than advancing the CSG Project and the Venus Project (Note 6), reducing operating and general and administrative costs and enhancing operational efficiencies to preserve the Company's financial health and sustainability in the current price environment. As discussed in Note 1, management continues to seek additional means to sustain the Company's financial position and liquidity including but not limited to investigating potential partnership, merger and/or joint venture opportunities and acquiring and disposing of oil and natural gas properties and, as circumstances and conditions dictate, the successful completion of further private placements. As discussed in Note 12 the Company was successful in completing four recent private placements generating gross proceeds of $3,055,000. These funds will be used to support ongoing operational and general and administrative obligations and continue the development of the CSG Project and Venus Project. The Company cannot provide any assurance that sufficient cash flows will be generated from operating activities or that proceeds from other activities will be able to provide adequate working capital to sustain operations for the long-term.

(Expressed in Australian Dollars)

18. **Financial Instruments (continued)**

Liquidity risk (continued)

The Company's non-derivative financial liabilities on the statement of financial position consist of the following contractual maturities:

	Less than a year	After 5 years
Accounts payable and accrued liabilities	$ 65,104	$ -
Accrued liabilities	-	108,131
	$ 65,104	$ 108,131

The amounts recorded for long-term accrued liabilities relate to amounts received from joint interest partners for their share of future remediation of oil and natural gas interests.

The Company is also subject to commitments as disclosed in Note 6.

Market risk

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign exchange risk and commodity price risk. There is no significant change to the Company's exposure to market risks since June 30, 2019.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. Management does not believe this risk is significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the U.S. dollar against the Canadian dollar, the Australian dollar and the Botswana Pula will not adversely affect the consolidated financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

As at June 30, 2020, $3,048 of cash and cash equivalents, $2,408 of accounts receivable and $16,414 of accounts payable are exposed to fluctuations in the Canadian dollar. As at June 30, 2020, $107,166 of cash and cash equivalents, $2,408 accounts receivable and $166,141 of accounts payable and accrued liabilities are exposed to fluctuations in the U.S. dollar. As at June 30, 2020, $7,705 of cash and cash equivalents is exposed to fluctuations in the Botswana Pula. Management does not believe this risk is significant and the sensitivity to fluctuations in foreign exchange rates is minimal.

18. **Financial Instruments (continued)**

Commodity price risk

Commodity price risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in commodity prices. The nature of the Company's operations results in exposure to fluctuations in commodity prices. Commodity prices for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand. The Company does not use derivative instruments to reduce its exposure to commodity price risk.

Credit risk

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary. The Company's maximum exposure to credit risk is equal to the carrying value of these financial assets being $1,022,141 at June 30, 2020 (June 30, 2019 - $722,320). It is management's opinion that the level of credit risk is low due to the credit-worthiness of the counterparties involved and that its counterparties currently have the financial capacity to settle outstanding obligations in the normal course of business. As of June 30, 2020, 97% (June 30, 2019 – 97%) of carrying value relates to amounts held in chartered banks.

(Expressed in Australian Dollars)

19. **Capital Management**

The Company's objective when managing capital is to advance the exploration and development of natural gas properties in Botswana and Australia by maintaining adequate cash resources to support its planned activities through the prudent deployment of capital. As noted above, the Company continues to focus on activities that represent the best, and highest use of available capital. The Company includes shareholders' equity in the definition of capital.

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities.

Historically, funding for the Company's plan was primarily managed through the issuance of additional common shares and through its commercial activities. There are no assurances that funds will be made available to the Company when required. There were no changes in the Company's approach to capital management during the period.

The Company is not subject to externally imposed capital requirements.

Total capital managed at June 30 is as follows:

	2020	2019
Shareholders' equity	$ 1,292,948	$ 1,488,978

Total capital managed decreased for the year ended June 30, 2020 primarily due to the net loss incurred, offset by the equity private placements completed in the year.

20. **Subsequent Event**

The Company is in the process of entering into a Merger Agreement with Real Energy Corporation ("MergCo") to acquire MergCo by means of a member's Scheme of Arrangement ("Scheme"). The Company will acquire MergCo in order to obtain an interest in the Cooper Basin, an onshore producing petroleum basin in Australia, and the Surat Basin in Queensland. The Company will issue one common share for three MergCo shares ("MergCo Shares") to the holders of MergCo Shares. MergCo must propose a Scheme which all of the MergCo Shares held by participants of the Scheme ("Scheme Participants") at the record date will be transferred to the Company, and each Scheme Participant will be entitled to receive the consideration payable by the Company for the transfer of MergCo shares held by a Scheme Participant to the Company.

The Arrangement is subject to shareholder approval and other regulatory approvals.

On July 15, 2020, a deed poll was entered into for the purpose of implementing the Scheme. MergCo and the Company entered into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform their respective obligations in relation to the Scheme discussed above.

STRATA-X ENERGY LTD.
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION
(Form 51-101F1)

Part 1 – Date of Statement

This statement of reserves data and other oil and gas information is dated September 14, 2020.

The effective date is June 30, 2020.

The preparation date is September 14, 2020.

Part 2 – Disclosure of Reserves Data

The following is a summary of the oil and natural gas reserves and the value of future net revenue of Strata-X Energy Ltd. (the "Company") as evaluated by Chapman Petroleum Engineering Ltd. ("Chapman") as at June 30, 2020, and dated September 14, 2020 (the "Chapman Report"). Chapman is an independent qualified reserves evaluator and auditor.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

All monetary values presented in this document are expressed in terms of Canadian dollars.

SUMMARY OF OIL AND GAS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS AT JUNE 30, 2020

	Company Reserves(1)							
	Light and Medium Oil		Heavy Oil		Conventional Natural Gas(9)		Natural Gas Liquids	
Reserves Category	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl
PROVED								
Developed Producing(2)(6)	0	0	0	0	0	0	0	0
Developed Non-Producing(2)(7)	0	0	0	0	0	0	0	0
Undeveloped(2)(8)	0	0	0	0	0	0	0	0
TOTAL PROVED(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL PROBABLE(3)	0	0	0	0	0	0	0	0
TOTAL PROVED + PROBABLE(2)(3)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

SUMMARY OF NET PRESENT VALUES
BASED ON FORECAST PRICES AND COSTS
AS AT JUNE 30, 2020

	Net Present Values of Future Net Revenue									
	Before Income Tax Discounted at					After Income Tax Discounted at				
Reserves Category	0%/yr M$	5%/yr. M$	10%/yr. M$	15%/yr. M$	20%/yr. M$	0%/yr M$	5%/yr. M$	10%/yr. M$	15%/yr. M$	20%/yr. M$
PROVED										
Developed Producing(2)(6)	0	0	0	0	0	0	0	0	0	0
Developed Non-Producing(2)(7)	0	0	0	0	0	0	0	0	0	0
Undeveloped(2)(8)	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL PROBABLE(3)	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED + PROBABLE(2)(3)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

TOTAL FUTURE NET REVENUE (UNDISCOUNTED) BASED ON FORECAST PRICES AND COSTS AS JUNE 30, 2020

	Revenue (M$)	Royalties (M$)	Wellhead Taxes (M$)	Operating Costs (M$)	Development Costs (M$)	Abandonment and Reclamation Costs (M$)	Future Net Revenue Before Income Taxes (M$)	Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved(2)	0	0	0	0	0	0	0	0	0
Total Proved Plus Probable(2)(3)	0	0	0	0	0	0	0	0	0

FUTURE NET REVENUE BY PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT JUNE 30, 2020

Reserve Category	Product Type	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M$)
Total Proved(2)	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0
Total Proved Plus Probable(2)(3)	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Conventional Natural Gas (including by-products but not solution gas)	0

OIL AND GAS RESERVES AND NET PRESENT VALUES BY PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT AT JUNE 30, 2020

	Reserves						Net Present Value (BIT)	Unit Values @ 10%/yr
	Oil		Conventional Natural Gas(9)		NGL			
Product Type by Reserve Category	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbl	Net Mbbl	10% M$	
Light and Medium Oil								
Proved								
Developed Producing	0	0	0	0	0	0	0	N/A
Developed Non-Producing	0	0	0	0	0	0	0	N/A
Undeveloped	0	0	0	0	0	0	0	N/A
Total Proved	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A
Probable	0	0	0	0	0	0	0	N/A
Proved Plus Probable	**0**	**0**	**0**	**0**	**0**	**0**	**0**	N/A

Notes:

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
4. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
5. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from know accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. Includes associated, non-associated and solution gas where applicable.

Part 3 - Pricing Assumptions

The following table details the benchmark reference prices for the regions in which the Company operated, as at June 30, 2019 reflected in the reserves data disclosed above under "Part 2 – Disclosure of Reserves Data". The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. There will be adjustments to field prices from the benchmarks below.

CRUDE OIL
HISTORICAL, CONSTANT, CURRENT AND FUTURE PRICES

July 1, 2020

Date		WTI [1] $US/STB	Brent Spot (ICE)[2] $US/STB	AB Synthetic Crude Price [3] $CDN/STB	Western Canada Select [4] $CDN/STB	Exchange Rate $US/$CDN
HISTORICAL PRICES						
2010		79.48	79.61	80.56	66.58	0.97
2011		94.88	111.26	102.45	77.43	1.01
2012		94.05	111.63	92.56	71.70	1.00
2013		97.98	108.56	100.17	75.76	0.97
2014		93.12	99.43	101.07	82.07	0.91
2015		48.69	53.32	62.17	46.23	0.78
2016		43.17	45.06	57.98	38.90	0.76
2017		50.86	54.75	67.75	49.63	0.77
2018		64.92	71.64	75.06	50.17	0.77
2019		57.00	64.11	75.28	57.86	0.75
2020	6 mos.	37.30	42.59	46.56	32.87	0.73
CONSTANT PRICES (The average of the first-day-of-the-month price for the preceding 12 months-SEC)						
		47.19	**52.34**	**60.66**	**43.43**	**0.75**
FORECAST PRICES						
2020		**40.00**	44.40	51.58	37.14	0.74
2021		**45.00**	49.95	57.53	41.42	0.75
2022		**50.00**	55.50	63.76	45.90	0.76
2023		**53.50**	59.39	68.39	49.24	0.76
2024		**55.50**	61.61	71.04	51.15	0.76
2025		**57.50**	63.83	73.69	53.06	0.76
2026		**58.65**	65.10	75.21	54.15	0.76
2027		**59.82**	66.40	76.77	55.27	0.76
2028		**61.02**	67.73	78.35	56.41	0.76
2029		**62.24**	69.09	79.97	57.58	0.76
2030		**63.48**	70.47	81.62	58.76	0.76
2031		**64.75**	71.88	83.30	59.97	0.76
2032		**66.05**	73.31	85.01	61.21	0.76
2033		**67.37**	74.78	86.76	62.47	0.76
2034		**68.72**	76.28	88.55	63.75	0.76
2035		**70.09**	77.80	90.37	65.06	0.76

Escalated 2% thereafter

Notes:
[1] West Texas Intermediate quality (D2/S2) crude (40API) landed in Cushing, Oklahoma.
[2] The Brent Spot price is estimated based on historic data.
[3] Equivalent price for Light Sweet Crude (D2/S2) & Synthetic Crude landed in Edmonton.
[4] Western Canada Select (20.5API), spot price for B.C., Alberta, Saskatchewan, and Manitoba.

The Company had no production, therefore the average price they received is not applicable.

Part 4 – Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the changes in the Company's gross reserves as at June 30, 2020 against such reserves as at June 30, 2019 based on the forecast price and cost assumptions:

RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS AS AT JUNE 30, 2020

	Light and Medium Oil			Heavy Oil			Conventional Natural Gas (Associated and Non-Associated)		
	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (Mbbl)	Probable (Mbbl)	Proved Plus Probable (Mbbl)	Proved (MMscf)	Probable (MMscf)	Proved Plus Probable (MMscf)
At June 30, 2019	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**
Production(Sales)	0	0	0	-	-	-	-	-	-
Acquisitions	0	0	0	-	-	-	-	-	-
Dispositions	0	0	0	-	-	-	-	-	-
Discoveries	0	0	0	-	-	-	-	-	-
Extensions & Improved Recovery	0	0	0	-	-	-	-	-	-
Economic Factors	0	0	0	-	-	-	-	-	-
Technical Revisions	0	0	0	-	-	-	-	-	-
At June 30, 2020	**0**	**0**	**0**	**-**	**-**	**-**	**-**	**-**	**-**

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time:

	Light and Medium Oil (Mbbl)	**Heavy Oil (Mbbl)**	**Conventional Natural Gas (MMscf)**	**Natural Gas Liquids (Mbbl)**
Aggregate prior to 2018	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0

The following table sets forth the volumes of probable undeveloped net reserves that were first attributed for each of the Company's product types for the most recent three financial years and in the aggregate before that time:

	Light and Medium Oil (Mbbl)	**Heavy Oil (Mbbl)**	**Conventional Natural Gas (MMscf)**	**Natural Gas Liquids (Mbbl)**
Aggregate prior to 2018	0	0	0	0

	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Conventional Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
2018	0	0	0	0
2019	0	0	0	0
2020	0	0	0	0

Significant Factors or Uncertainties

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates are based on current production forecast, prices and economic conditions. All of the Company's reserves are evaluated by Chapman Petroleum Engineering Ltd., an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that reserves estimate are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves the accuracy of the reserve estimate improves.

Future Development Costs

The following table shows the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (M$)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted)** (M$)
2020	0	0
2021	0	0
2022	0	0
2023	0	0
2024	0	0
Total for five years	0	0
Remainder	0	0
Total for all years	0	0

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at June 30, 2020:

	Oil		Natural Gas	
	Gross[1]	Net[2]	Gross[1]	Net[2]
Eagle Field, King County, California				
Producing	0	0	-	-
Non-producing	0	0	-	-
Blue Spruce Water flood Area, Illinois				
Producing	0	0	-	-
Non-producing	1	1	-	-
Totals:	**1**	**1**	**-**	**-**

[1] Total number of wells in which the Company has a working interest.
[2] Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.

All of the Company's wells are located onshore in Wayne County, Illinois, USA.

Due to the changes in the Company's corporate strategy, oil fields development has been put on hold resulting in a revised of assignment of contingent resources, at the confidence level corresponding to the previous reserve categories.

Properties with No Attributed Reserves

The Company is currently reviewing the following projects that have No Attributed Reserves at this time. These are the Lingle Project in Wayne, Clay and Effingham Counties in Illinois, the Maverick County, Texas, USA – Maverick Oil Project; North Dakota, USA – Sleeping Giant Gas Project and the Canning Basin, Australia exploration permit. More information on the exploration and development plans for these projects can be found in the Company's Fiscal Year 2016 annual Report and MD&A.

Forward Contracts

Currently, the Company has no forward contracts.

Tax Horizon

The Company 's current circumstances would not result in a tax horizon.

Costs Incurred

The following table summarizes the capital expenditures made by the Company on oil and conventional natural gas properties for the year ended June 30, 2020.

Property Acquisition Costs (M$)		Exploration Costs (M$)	Development Costs (M$)
Proved Properties	**Unproved Properties**		
0	0	0	0

The Company also had no exploration costs expended on the project, which is not a conventional oil and gas property.

Exploration and Development Activities

The following table sets forth the number of exploratory and development wells which the Company completed during its 2020 financial year:

	Exploratory Wells		Development Wells	
	Gross[1]	**Net[2]**	**Gross[1]**	**Net[2]**
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Dry Holes	0	0	0	0
Total Completed Wells	0	0	0	0

[1] Total number of wells in which the Company has a working interest.
[2] Total number of wells in which the Company has a working interest multiplied by the Company working interest in each well.

The Company did not drill or develop any additional reserves in the fiscal year.

Production Estimates

The following table sets forth the volume of production estimated by Chapman for 2020 (6 mo.):

TOTAL PROVED RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Eagle Field, California	0	0	0	0
Blue Spruce Waterflood Area, IL	0	0	0	0
Total for all areas	**0**	**0**	**0**	**0**

TOTAL PROVED PLUS PROBABLE RESERVES

AREA	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (MMscf)	Natural Gas Liquids (Mbbl)
Eagle Field, California	0	0	0	0
Blue Spruce Waterflood Area, IL	0	0	0	0
Total for all areas	**0**	**0**	**0**	**0**

These values are gross to Company's working interest before the deduction of royalties payable to others.

Production History

The Company had no production in the latest fiscal year.

Appendix A

Part 7 – Disclosure of Contingent Resources Data

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes contingent resources that are considered uncertain with respect to the chance of discovery and development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized. The contingent resources have been evaluated subject to Sections 5.9 and 5.17 of NI 51 -101.

Eagle Field, California and Wayne County and Illinois, USA

The Company owns various working interest in 4,921 gross acres in Eagle Field, California, and various working interest in 760 acres of land in Wayne County, Illinois, USA.

Due to the changes in the Company's corporate strategy, Their current oil field development has been put on hold resulting in a revised category from reserves to contingent resources, at the confidence level for each entity, corresponding to the previous reserve categories.

SUMMARY OF OIL AND GAS CONTINGENT RESOURCES
BASED ON FORECAST PRICES AND COSTS
AS AT JUNE 30, 2020

	Company Contingent Resources[1]					
	Light and Medium Oil		Conventional Natural Gas[9]		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net
Resource Category	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
2C Contingent Resources "Development Pending" After Risk [2]	1,169	998	0	0	0	0

The above gross volume is less than the estimated resources on the Company's lands due to assumptions regarding plant capacity and the limitation of a 50 year life, plus the affect of risking.

SUMMARY OF NET PRESENT VALUES
BASED ON FORECAST PRICES AND COSTS
AS AT JUNE 30, 2020

	Net Present Values of Future Net Revenue				
	Before Income Tax Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
Resource Category	MM$	MM$	MM$	MM$	MM$
2C Contingent Resources - Before Tax "Development Pending" After Risk [2]	43,729	28,763	19,760	14,057	10,286

Notes:

1. "Gross Contingent Resources" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company. "Net Contingent Resources" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in Contingent Resources.

2. 2C Contingent Resources - "Best Estimate" is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If

probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

The Chance of Development has been estimated to be 75 percent consisting of a 100 percent probability of geological success.

The 2C contingent resource volumes determined from the volumetric multiplied by the above risk factors derive the 2C contingent resource volumes after risk. There are no risk capital cost expenditures at this phase. The 2C contingent resource net present values were multiplied by the chance of development

ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
MMbbls	million barrels
MSTB	1,000 stock tank barrels
Bbls/d	barrels per day
NGLs	natural gas liquids
STB	stock tank barrels of oil
STB/d	stock tank barrels of oil per day

Natural Gas

Mscf	thousand standard cubic feet
MMscf	million standard cubic feet
Mscf/d	thousand standard cubic feet per day
MMscf/d	million standard cubic feet per day
MMBTU	million British Thermal Units
Bscf	billion standard cubic feet
GJ	gigajoule

Other

AECO	Niska Gas Storage's natural gas storage facility located at Suffield, Alberta.
BIT	Before Income Tax
AIT	After Income Tax
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mscf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mscf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/d	barrel of oil equivalent per day
m^3	cubic metres
$M	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade