

NG ENERGY INTERNATIONAL CORP
(FORMERLY CRUZSUR ENERGY CORP.)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

SEPTEMBER 30, 2020

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of NG Energy International Corp. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(Unaudited, expressed in U.S. Dollars)</i>	September 30, 2020	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	2,353,060	1,423,184
Accounts receivable and prepaids	3,347,971	2,272,352
Inventory	123,287	22,993
Restricted cash (Note 4)	2,399,094	2,824,705
	8,223,412	6,543,234
Non-current Assets		
Exploration and evaluation assets (Note 5)	4,595,533	2,659,153
Property, plant and equipment (Note 6)	239,614	1,687,822
Total Assets	13,058,559	10,890,209
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	3,735,590	3,187,015
Current portion of debt (Note 7c)	360,573	-
	4,096,163	3,187,015
Non-current Liabilities		
Liability component of convertible debentures (Note 7a)	-	1,708,989
Non-current portion of debt (Note 7b & 7d)	4,283,447	1,587,447
Decommissioning obligation	689,460	390,778
Total Liabilities	9,069,070	6,874,229
Shareholders' Equity		
Share capital (Note 8a)	68,602,556	64,912,031
Contributed surplus	7,207,161	6,956,218
Warrants (Note 8c)	11,437,789	10,233,264
Equity component of convertible debentures (Note 7a)	-	725,854
Retained earnings (deficit)	(83,013,918)	(78,466,592)
Accumulated other comprehensive income (loss)	(244,099)	(344,795)
Total Shareholders' Equity	3,989,489	4,015,980
Total Liabilities and Shareholders' Equity	13,058,559	10,890,209

Going concern (Note 2)

Commitments (Note 13)

Subsequent events (Note 16)

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

<i>(Unaudited, expressed in U.S. Dollars)</i>	For the three months ended		For the nine months ended	
	2020	2019	2020	2019
Revenue:				
Oil and natural gas revenue (Note 9)	171,636	110,390	171,636	530,582
Net revenue on carried working interest (Note 9)	102,665	295,078	312,009	718,364
Royalty expense	(26,423)	(10,625)	(26,423)	(56,177)
	247,878	394,843	457,222	1,192,769
Expenses:				
Operating expenses	145,213	99,764	145,213	474,528
Inventory revaluation	-	53,565	266,085	492,619
General and administrative	716,221	688,060	1,637,422	3,308,294
Business development	-	-	48,300	7,935
Share-based compensation (Note 8b)	9,026	534,956	270,078	434,878
Gain on settlement	-	-	-	(5,000,000)
Net loss on disposals	-	417,405	-	417,405
Depletion and depreciation (Note 6)	86,768	134,563	278,673	408,328
Impairment loss	1,175,063	-	1,175,063	-
Net finance expense (income) (Note 10)	180,955	49,991	456,832	69,589
Foreign exchange loss (gain)	94,483	408,844	726,882	388,909
Gain on revaluation of asset held for sale	-	229,484	-	(46,080)
	2,407,729	2,616,632	5,004,548	956,405
Net income (loss)	(2,159,851)	(2,221,789)	(4,547,326)	236,364
Other comprehensive income (loss)				
Foreign currency translation adjustment	(93,348)	18,196	100,696	(22,884)
Comprehensive income (loss)	(2,253,199)	(2,203,593)	(4,446,630)	213,480
Income (Loss) per share – basic and diluted (Note 8d)	(0.05)	(0.08)	(0.12)	0.01
Weighted average number of common Shares outstanding	47,893,807	27,533,364	38,302,150	25,336,698

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30

<i>(Unaudited, expressed in U.S. Dollars)</i>	For the three months ended		For the nine months ended	
	2020	2019	2020	2019
Operating Activities				
Net income (loss)	(2,159,851)	(2,221,789)	(4,547,326)	236,364
Items not affecting cash:				
Impairment loss	1,175,063	-	1,175,063	-
Depletion and depreciation (Note 6)	86,768	134,563	278,673	408,328
Share-based compensation (Note 8b)	9,026	534,956	270,078	434,878
Unrealized foreign exchange loss (gain)	50,867	42,689	569,274	(40,892)
Gain on settlement	-	-	-	(5,000,000)
Loss on disposal, net of cash	-	411,913	-	411,913
Loss (gain) on revaluation of asset held for sale	-	229,484	-	(46,080)
Net finance expense (income)	180,955	49,991	456,832	69,589
Change in non-cash working capital (Note 15)	(99,809)	167,356	157,461	1,084,228
Cash used in operating activities	(756,981)	(650,837)	(1,639,945)	(2,441,672)
Investing Activities				
Exploration and evaluation asset additions	(878,222)	(90,000)	(1,645,190)	(63,699)
Property, plant and equipment additions	(2,961)	(7,853)	(5,528)	(489,243)
Change in restricted cash	(6,363)	173,096	(13,226)	150,497
Change in non-cash working capital (Note 15)	(41,201)	4,046	(231,814)	(79,443)
Cash provided by (used in) investing activities	(928,747)	79,289	(1,895,758)	(481,888)
Financing Activities				
Proceeds on debt issuance, net of transaction costs (Note 7)	2,708,075	-	2,808,075	2,378,688
Proceeds on private placement, net of costs (Note 8a)	(5,646)	-	1,487,484	-
Proceeds on warrant exercises	753,183	-	753,183	-
Proceeds on option exercises	30,715	-	30,715	-
Net finance received (paid)	12,723	(21,811)	41,148	20,822
Change in non-cash working capital (Note 15)	(600,000)	-	(600,000)	-
Cash provided by (used in) financing activities	2,899,050	(21,811)	4,520,605	2,399,510
Net increase (decrease) in cash	1,213,322	(593,359)	984,902	(524,050)
Foreign exchange gain (loss) on cash	(7,202)	(35,184)	(55,026)	3,739
Increase (decrease) in cash	1,206,120	(628,543)	929,876	(520,311)
Cash, beginning of period	1,146,940	1,725,202	1,423,184	1,616,970
Cash, end of period	2,353,060	1,096,659	2,353,060	1,096,659

Cash is defined as cash and cash equivalents.

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited, expressed in U.S. Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Warrants	ECCD ⁽¹⁾	Deficit	AOCL ⁽²⁾	Total
Balance at December 31, 2018	24,220,160	63,799,393	6,509,311	10,201,910	-	(75,769,236)	(253,033)	4,488,345
Net loss	-	-	-	-	-	2,458,153	-	2,458,153
Issuance of convertible debentures	-	-	-	-	748,188	-	-	748,188
Foreign currency translation adjustment	-	-	-	-	-	-	(41,080)	(41,080)
Share based compensation	-	-	(100,078)	-	-	-	-	(100,078)
Balance at September 30, 2019	24,220,160	63,799,393	6,409,233	10,201,910	748,188	(73,311,083)	(294,113)	7,553,528

	Number of Common Shares	Share Capital	Contributed Surplus	Warrants	ECCD ⁽¹⁾	Deficit	AOCL ⁽²⁾	Total
Balance at December 31, 2019	30,175,840	64,912,031	6,956,218	10,233,264	725,854	(78,466,592)	(344,795)	4,015,980
Net loss	-	-	-	-	-	(4,547,326)	-	(4,547,326)
Shares issued through private placement	12,000,000	1,067,957	-	-	-	-	-	1,067,957
Warrants issued through private placement	-	-	-	419,527	-	-	-	419,527
Conversion of debentures	21,666,659	1,361,392	-	1,128,019	(725,854)	-	-	1,763,557
Shares issued through warrant exercise	6,604,994	1,096,204	-	(343,021)	-	-	-	753,183
Shares issued through option exercise	90,000	49,850	(19,135)	-	-	-	-	30,715
Shares issued for interest payment	806,719	115,122	-	-	-	-	-	115,122
Foreign currency translation adjustment	-	-	-	-	-	-	100,696	100,696
Share-based compensation	-	-	270,078	-	-	-	-	270,078
Balance at September 30, 2020	71,344,212	68,602,556	7,207,161	11,437,789	-	(83,013,918)	(244,099)	3,989,489

(1) Equity component of convertible debentures

(2) Accumulated other comprehensive loss

See accompanying notes to the interim condensed consolidated financial statements.

NG ENERGY INTERNATIONAL CORP
Notes to the Interim Condensed Consolidated Financial Statements
For the periods ended September 30, 2020 and 2019 (unaudited)

1. REPORTING ENTITY

NG Energy International Corp. (“NG” or the “Company”), formerly known as CruzSur Energy Corp., is an oil and gas company incorporated in Canada and is engaged in exploration and development activities in Colombia. The Company’s registered address is 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1B3. NG’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GASX”.

2. GOING CONCERN

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to discharge its obligations and realize its assets in the normal course of operations for the foreseeable future.

During the period ended September 30, 2020, the Company incurred a loss from operations of \$4.5 million and used \$1.6 million of cash flow in its operating activities. Although, as at September 30, 2020, the Company had a working capital balance of \$4.1 million, this is not considered sufficient to fund administrative budget and capital commitment amounts that exist for the upcoming year and beyond. As the Company will continue to utilize its financial resources to service debt obligations and fund existing administrative budgets and capital commitments for the foreseeable future, there is material uncertainty as to the future operating ability of the Company as it will be contingent upon the Company’s ability to successfully identify and procure necessary capital. Furthermore, the Company has contractually committed exploration and development amounts as outlined in Note 13. These commitments could leave the Company potentially cash deficient depending on the outcome of the Company’s ongoing operations. As a result, these conditions give rise to a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

During the period ended September 30, 2020, the Company completed two separate non-brokered private placements for total gross proceeds of C\$2.1 million (see Note 8). As well, the Company completed two separate debt financing arrangements for total gross proceeds of \$2.9 million. The Company intends to use the proceeds to settle outstanding liabilities and fund general working capital needs as well as capital work programs in the near future.

Management believes that the going concern assumption is appropriate for these interim condensed consolidated financial statements and that the Company will be able to meet its budgeted capital and administrative costs as well as its other potential capital commitments during the upcoming year and beyond. There is no guarantee that the Company will be successful in its endeavors and no certainty as to the timing of the Company’s impending exploration commitments. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, these interim condensed consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

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3. BASIS OF PRESENTATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements follow the same accounting policies and method of computation as the Company’s annual audited consolidated financial statements for the year ended December 31, 2019, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2019.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 25, 2020.

Basis of measurement

These unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, which have been measured at fair value. The methods used to measure fair value are consistent with the Company’s December 31, 2019 audited consolidated financial statements.

In March 2020, the global outbreak of COVID-19 (coronavirus) was declared a pandemic by the World Health Organization. Governments worldwide, including those in Canada, Colombia and Argentina, have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally resulting in an economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. While the extent of the impact is unknown, the crisis has delayed the Company’s Colombian exploration activities currently planned for 2020 due to temporary restrictions on exploration activities implemented by the Colombian government. The scale and duration of these developments remain uncertain but could affect the Company’s operations, future net earnings, cash flows and financial condition.

Estimates and judgements made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in United States (US) dollars, with the exception of Canadian dollar unit prices (“C\$”) where indicated.

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Significant accounting policies

The Company's significant accounting policies can be read in Note 4 to the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2019.

New standards adopted on January 1, 2020

IFRS 3 "Business Combinations" was amended to revise the definition of the term 'business'. The amendments narrowed the definitions of a business and outputs and includes an optional concentration test. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

4. RESTRICTED CASH

As at September 30, 2020, funds totaling \$2,399,094 (December 31, 2019 - \$2,824,705) comprised the balance represented in restricted cash. The composition of this amount is as follows:

	2020	2019
SN-9 ANH Guarantee Deposit	2,095,294	2,476,084
Tiburon ANH Guarantee Deposit	303,800	348,621
Restricted cash	2,399,094	2,824,705

Term deposits of \$2.4 million and \$0.3 million were established to secure performance guarantees required by the Colombian National Hydrocarbon Agency ("ANH") under the E&P Contracts for the SN-9 and Tiburon Block. The SN-9 and Tiburon deposits amounts were defined in US dollars by the ANH but are held in Colombian pesos with Colombian banks and are subject to foreign currency fluctuation risks in relation to the US dollar. These deposits are to be released to the Company once current phase commitments under each E&P Contract are completed. As at September 30, 2020, the balances of the SN-9 term deposit and Tiburon term deposit were \$2,095,294 and \$303,800, respectively.

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5. EXPLORATION AND EVALUATION ASSETS

Exploration and Evaluation (“E&E”) assets consists of the following amounts:

Balance as at December 31, 2018	19,928,304
Additions	385,700
Acquisition	593,633
Recovery from TPIC liquidation	(176,301)
Revision of asset retirement estimate	(249,511)
Reduction from YPF settlement	(12,362,245)
Disposal of KM8 Asset	(3,406,566)
Impairment loss	(2,053,861)
Balance as at December 31, 2019	2,659,153
Additions	1,645,190
Asset retirement cost addition	291,190
Balance as at September 30, 2020	4,595,533

6. PROPERTY, PLANT, AND EQUIPMENT

The Company’s property, plant and equipment (“PP&E”) consist of development and production assets (“D&P”) and corporate assets. D&P assets include the Company’s interests in developed petroleum and natural gas properties. The components of the Company’s PP&E assets are as follows:

Cost	D&P	Corporate	Total
As at December 31, 2018	5,038,319	213,092	5,251,411
Capital additions	-	491,103	491,103
Disposals	-	(9,028)	(9,028)
Reduction from YPF settlement	(1,035,986)	-	(1,035,986)
As at December 31, 2019	4,002,333	695,167	4,697,500
Capital additions	-	5,528	5,528
As at September 30, 2020	4,002,333	700,695	4,703,028
Accumulated depletion, depreciation and impairment			
As at December 31, 2018	2,371,718	123,919	2,495,637
Additions	434,908	79,133	514,041
As at December 31, 2019	2,806,626	203,052	3,009,678
Additions	203,220	75,453	278,673
Impairment loss	833,268	341,795	1,175,063
As at September 30, 2020	3,843,114	620,300	4,463,414
Net book value			
As at December 31, 2018	2,666,601	89,173	2,755,774
As at December 31, 2019	1,195,707	492,115	1,687,822
As at September 30, 2020	159,219	80,395	239,614

Impairment Test of Property, Plant and Equipment

During the period ended September 30, 2020, the Company completed an impairment review of its PP&E assets. It was determined that impairment indicators exist due to the carrying amount of PP&E assets unlikely to be recovered in full based on the terms of the sale of the Company's subsidiary in Argentina (see Note 16).

As a result, an impairment calculation was performed by comparing the PP&E assets carrying amount for each CGU to the recoverable amount. The recoverable amount was estimated using fair value less costs of disposal based on market transactions which includes the purchase of the PP&E assets. As a result, an impairment loss was recorded relating to PP&E assets for carrying values greater than the recoverable value. This resulted in recognized impairments of \$1.2 million on the Mariposa Asset and associated corporate assets in Argentina.

7. DEBT AND DEBT ISSUANCE COSTS

The Company's debt at September 30, 2020 consists of the following:

a) Convertible Debentures

In May 2019, the Company completed a non-brokered private placement of secured convertible debentures for aggregate proceeds of \$2.5 million (C\$3,350,000). The debentures are denominated in Canadian dollars, mature on May 7, 2024, bear interest at the rate of 10% per annum and are secured by a general security agreement on the assets of the Company. Under the terms of the debentures, the lenders may, at any time prior to the maturity date convert any or all of the principal amount of the debentures into units of the Company at a conversion price of C\$0.15 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of C\$0.15 until May 7, 2024. At the option of the Company, accrued interest may be paid in cash or converted into common shares of the Company at the then-market price of the Company's common shares, subject to TSX-V approval.

As the debentures have a conversion feature, the equity and debt components were bifurcated. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 20%, being the estimated rate the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in finance (income) expenses in the consolidated statement of loss.

During the period ended September 30, 2020, all outstanding debentures were converted by the lenders into units of the Company. As such, the components of the Company's convertible debentures as at September 30, 2020 are as follows:

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	Liability Component	Equity Component	Total
On date of issuances, net of transaction costs	1,630,501	748,188	2,378,689
Accretion	67,506	-	67,506
Conversion of debentures	(50,744)	(22,334)	(73,078)
Impact of foreign exchange	61,726	-	61,726
Balance, December 31, 2019	1,708,989	725,854	2,434,843
Accretion	79,853	-	79,853
Conversion of debentures	(1,763,557)	(725,854)	(2,489,411)
Impact of foreign exchange	(25,285)	-	(25,285)
Balance, September 30, 2020	-	-	-

b) Aruchara Loan

In December 2019, the Company entered into a loan in the amount of \$1.6 million, secured by the assets of the Company. The loan is denominated in US dollars, matures on December 5, 2021, and bears interest at the rate of 15% per annum. The proceeds of the loan are to be utilized for the costs of the re-entry project of the Aruchara well in the Maria Conchita block. Under the terms of the loan agreement, the lenders have also been granted a 2.5% overriding royalty derived from the production of the Maria Conchita block. Total interest and principal is payable at the maturity date, although the lenders have an option to convert the loan principal and interest into another 2.5% overriding royalty from the Maria Conchita block at the lenders' discretion at any point prior to the maturity date. Currently, no value has been attributed to the 2.5% overriding royalty or the conversion option for an additional 2.5% overriding royalty as this is contingent upon the successful realization of commercially viable operations within the Maria Conchita block.

On date of issuance, net of transaction costs	1,569,163
Accrued interest expense	17,333
Amortization of transaction costs	951
Balance, December 31, 2019	1,587,447
Accrued interest expense	179,333
Amortization of transaction costs	10,504
Balance, September 30, 2020	1,777,284

The Aruchara loan is a level 3 financial liability with the value assigned to the liability on the date of issuance being the principal value of the loan less transaction costs. From the date of issuance, the loan value will accrete up to its principal value using the effective interest method, with the charge for amortized transaction costs recorded in finance expense (income) in the consolidated statement of loss.

c) Maria Conchita Loan

In July 2020, the Company entered into a loan in the amount of \$350,000. The loan is denominated in US dollars and bears interest at the rate of 20% per annum. The loan matures at the earlier of six months from the advance date or such time as proceeds to the Company from gross production in the Maria

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Conchita block total or exceed the principal amount plus accrued interest. The proceeds of the loan are to be utilized to fund exploration activities in the Maria Conchita block.

On date of issuance, net of transaction costs	346,500
Accrued interest expense	12,833
Amortization of transaction costs	1,240
Balance, September 30, 2020	360,573

The Maria Conchita loan is a level 3 financial liability with the value assigned to the liability on the date of issuance being the principal value of the loan less transaction costs. From the date of issuance, the loan value will accrete up to its principal value using the effective interest method, with the charge for amortized transaction costs recorded in finance expense (income) in the consolidated statement of loss.

d) SN-9 Loan

In August 2020, the Company entered into a loan in the amount of \$2.5 million, secured by the assets of the Company. The loan is denominated in US dollars, matures in August 2022, and bears interest at the rate of 15% per annum. The proceeds of the loan are to be utilized for the costs of exploratory activities in the SN-9 block. Under the terms of the loan agreement, the lenders have also been granted a 3% overriding royalty on NG's working interest in the gross production of the SN-9 block. Total interest and principal is payable at the maturity date, although the lenders have an option to convert the loan principal and interest into another 3% overriding royalty on NG's working interest in the gross production of the SN-9 block at the lenders' discretion at any point prior to the maturity date. Currently, no value has been attributed to the 3% overriding royalty or the conversion option for an additional 3% overriding royalty as this is contingent upon the successful realization of commercially viable operations within the SN-9 block.

On date of issuance, net of transaction costs	2,461,575
Accrued interest expense	42,708
Amortization of transaction costs	1,880
Balance, September 30, 2020	2,506,163

The SN-9 loan is a level 3 financial liability with the value assigned to the liability on the date of issuance being the principal value of the loan less transaction costs. From the date of issuance, the loan value will accrete up to its principal value using the effective interest method, with the charge for amortized transaction costs recorded in finance expense (income) in the consolidated statement of loss.

e) Bridge Loan

In May 2020, the Company entered into a bridge loan in the amount of \$100,000. The loan was denominated in US dollars, bore interest at the rate of 12% per annum, and was considered a level 3 financial liability with the value assigned to the liability on the date of issuance being the principal value of the loan. The proceeds of the loan were utilized to finance immediate operations for the SN-9 block. Total interest and principal was repaid in August 2020 upon the receipt of the proceeds of the SN-9 loan.

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8. SHARE CAPITAL

a) Common shares

As at September 30, 2020, the Company was authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share and to dividends, if declared. Outstanding common shares as at September 30, 2020 are as follows:

	Common shares	Amount (\$)
Balance, December 31, 2018	24,220,160	63,799,393
Shares issued as severance payment	3,692,481	756,312
Shares issued as payment of contractual amounts	925,925	187,362
Conversion of debentures	666,666	41,724
Shares issued for interest payment	670,608	127,240
Balance December 31, 2019	30,175,840	64,912,031
Shares issued through private placement (net of costs)	12,000,000	1,067,957
Conversion of debentures	21,666,659	1,361,392
Shares issued through warrant exercise	6,604,994	1,096,204
Shares issued through option exercise	90,000	49,850
Shares issued for interest payment	806,719	115,122
Balance September 30, 2020	71,344,212	68,602,556

March 2020 private placement

In March 2020, the Company completed a non-brokered private placement of 2,000,000 units at a price of C\$0.15 per unit, for gross proceeds of C\$300,000 before transaction costs. Each unit consisted of one common share and on share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of C\$0.18 until March 27, 2022.

The Company has allocated \$148,395 (C\$208,584) of total proceeds from the private placement to share capital and \$65,037 (C\$91,416) to warrants. The warrant fair value was determined based on a Black-Scholes option pricing model (see below). The issuance costs on the private placement totaling \$9,456 (C\$13,291) were also allocated to share capital of \$6,575 (C\$9,241) and warrants of \$2,881 (C\$4,050).

May 2020 private placement

In May 2020, the Company completed a non-brokered private placement of 10,000,000 units at a price of C\$0.18 per unit, for gross proceeds of C\$1,800,000 before transaction costs. Each unit consisted of one common share and on share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of C\$0.23 until May 27, 2022.

The Company has allocated \$942,540 (C\$1,298,820) of total proceeds from the private placement to share capital and \$363,700 (C\$501,180) to warrants. The warrant fair value was determined based on a Black-

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Scholes option pricing model (see Note 8c). The issuance costs on the private placement totaling \$22,733 (C\$31,326) were also allocated to share capital of \$16,403 (C\$22,604) and warrants of \$6,329 (C\$8,722).

Transactions on Convertible Debentures

During the period ended September 30, 2020, debenture holders elected to convert C\$3,250,000 face value of their debentures to units of the Company at the conversion price of C\$0.15 per unit, resulting in the issuance of 21,666,659 common shares and 21,666,659 share purchase warrants.

In May 2020, the Company made the second instalment payment on accrued interest of \$115,122 (C\$161,344) corresponding to the convertible debentures issued in May 2019 (see Note 7c). In accordance with the terms of the convertible debentures, the Company elected to issue 806,719 common shares having a deemed price of C\$0.20 per share in satisfaction of the aggregate accrued interest. The price per share was determined using the 30-day volume weighted average price of the common shares on the TSX-V ending on May 6, 2020.

b) Stock options

The Company's stock option plan provides for the issue of stock options to directors, officers, employees, charities and consultants, who are all considered related parties to the Company. The plan provides that stock options may be granted up to a number equal to 10% of the Company's outstanding shares. Vesting terms are determined by the Board of Directors as they are granted and currently include periods ranging from immediately to one-third on each anniversary date over three years. The options' maximum term is ten years.

As at September 30, 2020, a total of 4,252,600 (December 31, 2019 – 2,876,600) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price (C\$)
Balance, December 31, 2018	1,542,100	6.76
Options issued	2,462,500	0.45
Options forfeited	(1,128,000)	6.37
Options amended (old price)	(72,500)	7.87
Options amended (new price)	72,500	0.45
Balance, December 31, 2019	2,876,600	1.33
Options issued	1,556,000	0.28
Options exercised	(90,000)	0.45
Options expired	(90,000)	0.45
Balance, September 30, 2020	4,252,600	0.98

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The following summarizes information about stock options outstanding as at September 30, 2020:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.275	1,556,000	9.73	1,556,000
0.45	2,355,000	8.77	2,105,000
6.10	31,600	5.89	31,600
8.00	310,000	6.86	310,000
	4,252,600	8.96	4,002,600

In June 2020, the Company granted 1,556,000 options to acquire common shares to certain directors, officers, employees and consultants of the Company at a price of C\$0.275 per common share. The options are for a ten-year term, expiring on June 24, 2030. All options granted vested immediately on the date of grant. The value of the stock options vesting in the period ended September 30, 2020 equaled \$270,078 (September 30, 2019 – recovery of \$434,878), which was expensed as share-based payments.

c) Warrants

Purchase warrants on private placements

Pursuant to the non-brokered private placement of units in March 2020 (see Note 8a), the Company issued 2,000,000 units, each consisting of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at a price of C\$0.18 until March 27, 2022. A fair value of \$62,156 (C\$87,366), net of issue costs, was recognized at the time of the issuance of these purchase warrants.

Pursuant to the non-brokered private placement of units in May 2020 (see Note 8a), the Company issued 10,000,000 units, each consisting of one common share and one share purchase warrant. Each warrant can be exercised to purchase one additional common share at a price of C\$0.23 until May 27, 2022. A fair value of \$358,943 (C\$494,624), net of issue costs, was recognized at the time of the issuance of these purchase warrants. During the period ended September 30, 2020, 125,000 of these share purchase warrants were exercised, resulting in the issuance of 125,000 common shares of the Company.

Purchase warrants on conversion of debentures

Pursuant to the convertible debentures issued in May 2019 (see Note 7a), debenture holders may convert any or all of the principal amount of the debentures into units of the Company at a conversion price of C\$0.15 per unit. Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of C\$0.15 until May 7, 2024.

In October 2019, a certain debenture holder elected to convert C\$100,000 face value of their debentures to units of the Company at the conversion price of C\$0.15 per unit, resulting in the issuance of 666,666 purchase warrants. Of the overall value assigned to these debentures, \$31,354 was reclassified to warrants as the attributable value of the issued purchase warrants.

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During the period ended September 30, 2020, debenture holders elected to convert all remaining debentures, having a C\$3,250,000 face value, to units of the Company at the conversion price of C\$0.15 per unit, resulting in the issuance of 21,666,659 purchase warrants. Of the overall value assigned to these debentures, \$1,128,019 was reclassified to warrants as the attributable value of the issued purchase warrants.

Of the total issued warrants from the conversion of debentures, 6,479,994 warrants were exercised during the period ended September 30, 2020, by warrant holders at an exercise price of C\$0.15, resulting in the issuance of 6,479,994 common shares of the Company.

2017 purchase warrants

Pursuant to various transactions in 2017, the Company issued a total of 5,625,000 units, each consisting of one common share and one share purchase warrant, each exercisable into one additional common share at a price of C\$10.50 per share until July 31, 2022. A fair value of \$10,201,910 (C\$12,754,916), net of issue costs, was recognized at the time of the issuance of these purchase warrants.

These 5,625,000 purchase warrants are publicly listed for trading on the TSX-V under the symbol "CZR.WT".

A summary of the changes in warrants is presented below:

	Warrants	Weighted average exercise price (C\$)
Balance, December 31, 2018	5,625,000	10.50
Warrants issued	666,666	0.15
Balance, December 31, 2019	6,291,666	9.40
Warrants issued (\$0.15 exercise price)	21,666,659	0.15
Warrants issued (\$0.18 exercise price)	2,000,000	0.18
Warrants issued (\$0.23 exercise price)	10,000,000	0.23
Warrants exercised (\$0.15 exercise price)	(6,479,994)	0.15
Warrants exercised (\$0.23 exercise price)	(125,000)	0.23
Balance, September 30, 2020	33,353,331	1.92

The following summarizes information about total purchase warrants outstanding as at September 30, 2020:

Exercise prices (C\$)	Number of warrants outstanding	Weighted average term to expiry (years)	Number of warrants exercisable
0.15	15,853,331	3.60	15,853,331
0.18	2,000,000	1.49	2,000,000
0.23	9,875,000	1.66	9,875,000
10.50	5,625,000	1.83	5,625,000
	33,353,331	2.60	33,353,331

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d) Loss per share

For purposes of the loss per share calculations for the periods ended September 30, 2020 and 2019, there is no difference between the basic loss per share and the diluted loss per share amounts. For the period ended September 30, 2020, 4,252,600 stock options and 33,353,331 purchase warrants were excluded as either 1) their impact was anti-dilutive for periods when the Company had a net loss; or 2) the average market price of the common shares of the Company was less than the exercise price of existing stock options and purchase warrants.

9. REVENUE

The following table presents the Company's oil and natural gas revenue disaggregated by product type for the three and nine months ended September 30, 2020 and 2019:

	Three months ended		Nine months ended	
	2020	2019	2020	2019
Production revenue:				
Oil and condensate sales	171,636	110,390	171,636	530,582
Total oil and natural gas production revenue	171,636	110,390	171,636	530,582
Net revenue on carried working interest	102,665	295,078	312,009	718,364
Total oil and natural gas revenue	274,301	405,468	483,645	1,248,946

As at September 30, 2020, receivables from contracts with customers, which are included in accounts receivable, were \$113,388 (December 31, 2019 - \$270,859).

10. FINANCE INCOME AND EXPENSE

The components of net finance expense/income are as follows:

	Three months ended		Nine months ended	
	2020	2019	2020	2019
Cash:				
Interest income	(28,990)	(47,585)	(88,276)	(145,115)
Interest expenses and bank charges	175,326	69,396	444,139	124,293
	146,336	21,811	355,863	(20,822)
Non-cash:				
Accretion on decommissioning obligations	3,283	2,202	7,492	49,825
Accretion on liability component of convertible debentures	24,561	25,978	79,853	40,586
Amortization of transaction costs on loans	6,775	-	13,624	-
	34,619	28,180	100,969	90,411
Total net finance expense	180,955	49,991	456,832	69,589

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11. RELATED PARTIES

During the period ended September 30, 2020, there were separate related party transactions as follows:

- I. The Company paid a monthly advisory fee to a firm affiliated with a director of NG. As per the consulting agreement with this firm, NG pays a monthly fee of C\$10,000 plus reimbursable expenses. Furthermore, additional fees are to be paid pursuant to the closing of successful financing arrangements, divestitures, or acquisitions for which the firm provides advisory services. During the period ended September 30, 2020, administrative success fees were paid upon closing of the private placements through units summarized in Note 9, which resulted in the Company paying C\$21,000 to the firm. Also, during the period ended September 30, 2020, in conjunction with the completion of the Maria Conchita loan and SN-9 loan summarized in Note 7, the firm was paid \$28,500 as an administrative success fee for their advisory services. As at September 30, 2020, there were no outstanding payables owed to the firm.
- II. In March 2020, the Company completed the aforementioned non-brokered private placement through units for proceeds of C\$300,000, before issue costs. Of the total proceeds, approximately C\$165,000 were from subscriptions by directors of the Company.
- III. In May 2020, the Company completed the aforementioned non-brokered private placement through units for proceeds of C\$1,800,000, before issue costs. Of the total proceeds, approximately C\$275,580 were from subscriptions by directors of the Company.
- IV. In July 2020, the Company completed the debt financing arrangement of the Maria Conchita loan for proceeds of \$350,000 before transaction costs. Of the total loan proceeds, approximately \$206,250 were provided by directors of the Company.
- V. In August 2020, the Company completed the debt financing arrangement of the SN-9 loan for proceeds of \$2,500,000 before transaction costs. Of the total loan proceeds, approximately \$1,512,500 were provided by directors of the Company.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

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Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The carrying amount of cash and cash equivalents, accounts receivable and restricted cash represent the maximum credit exposure. As at September 30, 2020, the Company had \$2,399,094 (December 31, 2019 - \$2,824,705) in restricted cash towards development activity and joint operations in Colombia. The Company mitigates credit risk exposure related to restricted cash by ensuring that drawdowns on these accounts can not be performed without prior authorization by the Company.

As at September 30, 2020, the company had \$3,347,971 (December 31, 2019 - \$2,272,352) in accounts receivable and prepaids. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with large purchasers. In Argentina, the Company's oil production is sold principally to YPF. The Company does not consider any of its receivables past due.

The Company held cash and cash equivalents of \$2,353,060 (December 31, 2019 - \$1,423,184) as at September 30, 2020. The Company manages the credit exposure related to cash and cash equivalents and short-term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return, avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due and describes the Company's ability to access cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient cash resources in order to finance operations, fund capital expenditures, and to repay debt and other liabilities of the Company as they come due, without incurring unacceptable losses or risking harm to the Company's reputation. The Company's processes for managing liquidity risk include preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures, and authorization of contractual agreements. The Company seeks additional financing based on the results of these processes. The budgets are updated when required as conditions change.

The following table outlines the contractual maturities of the Company's financial liabilities at September 30, 2020:

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	Less than 1 year	1-2 years	Thereafter	Total
Trade accounts payable	2,295,802	-	-	2,295,802
Aruchara loan - principal	-	1,600,000	-	1,600,000
Maria Conchita loan - principal	350,000	-	-	350,000
SN-9 loan - principal	-	2,500,000	-	2,500,000
Consideration payable on acquisition	450,000	-	-	450,000
Capital payables	786,904	-	-	786,904
Joint venture payables	115,007	-	-	115,007
Convertible debentures - interest	83,660	-	-	83,660
Aruchara loan - interest	-	196,667	-	196,667
Maria Conchita loan - interest	12,833	-	-	12,833
SN-9 loan - interest	-	42,708	-	42,708
	4,094,206	4,339,375	-	8,433,581

Market risk

Market risk is the risk or uncertainty that changes in price, such as commodity prices, foreign exchange rates, and interest rates will affect the Company's net earnings and the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. From time to time, the Company may utilize financial derivative contracts to manage market risks in accordance with the risk management policy that has been approved by the Board of Directors. There were no financial derivative contracts or embedded derivatives outstanding at September 30, 2020 nor were there any in the previous year ended December 31, 2019.

Commodity price risk

Commodity price risk is the risk that the fair value of the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are affected not only by the United States dollar, but also by world economic events that dictate the levels of supply and demand.

The Company's oil revenue is primarily derived from oil production on the SRDE Asset in Argentina. SRDE oil revenue is based on the periodic sale of the minimal production from this exploration asset throughout the calendar year, considering storage capacity and market prices. Net revenue from the carried working interest on the Mariposa Asset is predominantly from natural gas production. Gas prices in Argentina are subject to seasonal demand and are negotiated between the producer and the buyer. Subsequent to September 30, 2020, the Company sold the Argentine subsidiary through which NG operated the SRDE Asset and held interest in the Mariposa Asset (see Note 16).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. Some of the Company's business transactions and commitments occur in currencies other than US dollars. A portion of the Company's oil and natural gas activities in Colombia and Argentina transact in Colombian Peso (COP\$) and Argentine Peso (ARS\$), respectively. In addition, the majority of the Company's financing and a portion of the administrative costs will be based in

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Canadian dollars, COP\$, or ARS\$ and paid in Canadian dollars, COP\$, or ARS\$. Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rates between US dollars, COP\$, ARS\$ and Canadian dollars. As at September 30, 2020, the Company had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations nor were there any foreign currency derivatives as at the previous year ended December 31, 2019.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents and short-term investments that have a floating interest rate. Fluctuations of interest rates for the period ending September 30, 2020 would not have had a significant impact on cash and cash equivalents and short-term investments. Furthermore, the Company is not currently exposed to interest rate risk on its interest-bearing loans given these debt instruments are all subject to fixed interest rates.

Capital management

The Company's objectives when managing capital are to ensure the Company will have sufficient financial capacity, liquidity, and flexibility to fund the Company's operations, growth, and ongoing exploration and development commitment activities of its oil and gas assets. The Company is dependent upon funding these activities through a combination of available cash, debt and equity, which it considers to be the components of its capital structure as outlined below. In order to maintain or adjust the capital structure, from time to time the Company may issue or repurchase common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

The Company monitors leverage and adjusts its capital structure based on its net debt level. Net debt is defined as the principal amount of its outstanding long-term obligations less working capital, as defined above. In order to facilitate the management of its net debt, the Company prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

	September 30, 2020	December 31, 2019
Convertible debentures (10%)	-	2,502,310
Aruchara loan (15%)	1,796,667	1,617,333
Maria Conchita loan (20%)	362,883	-
SN-9 loan (15%)	2,542,708	-
Total debt	4,702,258	4,119,643
Working capital ⁽¹⁾	4,487,822	3,356,219
Net debt	214,436	763,424

1) Calculation of working capital excludes current portion of debt as presented on the consolidated statement of financial position.

The Company regularly monitors its capital structure and, as necessary, adjusts to changing economic circumstances and the underlying risk characteristics of its assets in order to meet current and upcoming

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obligations and investments by the Company. The Company frequently reviews alternate financing options and arrangements to meet its current and upcoming commitments and obligations.

The Company's objectives when managing capital are: (i) to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and (ii) to maintain investor, creditor and market confidence in order to sustain the future development of the business. The Company's share capital is not subject to external restrictions.

Fair value of financial instruments

The Company's financial instruments as at September 30, 2020, include cash and cash equivalents, accounts receivable, restricted cash, and accounts payable and accrued liabilities. These financial instruments are initially recognized at fair value and subsequently measured at amortized cost. The fair values of the current financial instruments approximate their carrying amounts due to their short terms to maturity. The fair value of the Aruchara loan, the Maria Conchita loan, and the SN-9 loan are \$1.8 million, \$0.4 million, and \$2.5 million, respectively.

13. COMMITMENTS

A summary of the Company's estimated capital commitments (in millions of dollars) are as follows:

Block	2020	2021	2022	Total
SN-9 Block ⁽¹⁾	-	22.3	-	22.3
Tiburón Block ⁽²⁾	-	3.0	-	3.0
Total	-	25.3	-	25.3

- 1) NG's ANH commitment to carry out the minimum requirement to process and interpret 204.4 km of 2D seismic and drill one exploration well (for which the Company will pay 100% of the costs under the terms of the SN-9 Acquisition) according to Phase 1 of the contractual exploration program, which must be fulfilled by December 2021, due to extensions granted on account of the ongoing COVID-19 outbreak during which non-essential oil & gas operations were suspended by the Government of Colombia for several months.
- 2) Relates to NG's share of the ANH commitment to carry out the minimum requirement to acquire, process, and interpret 69.75 km² of 3D seismic according to Phase 3 of the contractual exploration program. Currently, operations are delayed due to disputes in the region, with current ANH deadline of 2021 with extensions if disputes were resolved in 2020. The Company has submitted a request to the ANH for a change in the area of the seismic activities and an extension of the deadline for this phase of exploration due to the ongoing COVID-19 outbreak. The commencement date for seismic acquisition is unknown at this time and will depend upon approval of the revised seismic area and the start of the social and environmental activities, all of which are dependent upon the COVID-19 situation. The Company assumes that activities related to the permits for the new seismic survey will commence in 2021.

The expenditures provided in the above table only represent the Company's estimated cost to satisfy contract requirements. Actual expenditures to satisfy these commitments, initiate production or create reserves may differ from these estimates. The expenditures in the above table are based on the latest possible date required per contract and may be incurred at an earlier date.

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14. SEGMENTED INFORMATION

The Company is engaged in the exploration and development of oil and gas. Management has defined the operating segments of the Company based on geographical areas, identifying operations held in Argentina and Colombia as separate reporting segments. The Corporate segment reflects balances and expenses related to all Company operations outside of Argentina and Colombia, which collectively represent the corporate operations of the Company. Management finds that each of the defined reporting segments have distinct economic characteristics and regulatory environments.

The following tables show information regarding the Company's segments for periods ended September 30, 2020 and 2019.

Nine months ended September 30, 2020	Argentina	Colombia	Corporate	Total
Revenue:				
Oil and natural gas revenue	171,636	-	-	171,636
Net revenue on carried working interest	312,009	-	-	312,009
Royalty expense	(26,423)	-	-	(26,423)
Net oil and natural gas revenue	457,222	-	-	457,222
Expenses:				
Operating expenses	145,213	-	-	145,213
Inventory revaluation	266,085	-	-	266,085
General and administrative	302,472	465,356	869,594	1,637,422
Business development	-	-	48,300	48,300
Share based payments	-	-	270,078	270,078
Depletion and depreciation	267,390	11,283	-	278,673
Impairment loss	1,175,063	-	-	1,175,063
Net finance expense (income)	8,949	(48,645)	496,528	456,832
Foreign exchange loss	(16,587)	708,124	35,345	726,882
	2,148,585	1,136,118	1,719,845	5,004,548
Loss before income taxes	(1,691,363)	(1,136,118)	(1,719,845)	(4,547,326)
Assets, September 30, 2020	690,369	9,153,512	3,214,678	13,058,559
Liabilities, September 30, 2020	790,369	1,576,873	6,701,828	9,069,070

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Nine months ended September 30, 2019	Argentina	Colombia	Corporate	Total
Revenue:				
Oil and natural gas revenue	530,582	-	-	530,582
Net revenue on carried working interest	718,364	-	-	718,364
Royalty expense	(56,177)	-	-	(56,177)
Net oil and natural gas revenue	1,192,769	-	-	1,192,769
Expenses:				
Operating expenses	474,528	-	-	474,528
Inventory revaluation	492,619	-	-	492,619
General and administrative	607,407	749,806	1,951,081	3,308,294
Business development	-	-	7,935	7,935
Share-based payments	-	-	434,878	434,878
Gain on settlement	(5,000,000)	-	-	(5,000,000)
Loss on disposal	417,405	-	-	417,405
Depletion and depreciation	395,326	13,002	-	408,328
Net finance expense (income)	39,297	(100,578)	130,870	69,589
Foreign exchange loss (gain)	188,323	233,259	(32,673)	388,909
Gain on revaluation of asset held for sale	-	-	(46,080)	(46,080)
	(2,385,095)	895,489	2,446,011	956,405
Income (loss) before income taxes	3,577,864	(895,489)	(2,446,011)	236,364
Assets, September 30, 2019	4,112,852	6,197,425	1,323,088	11,633,365
Liabilities, September 30, 2019	332,131	426,571	4,046,098	4,804,800

Three months ended September 30, 2020	Argentina	Colombia	Corporate	Total
Revenue:				
Oil and natural gas revenue	171,636	-	-	171,636
Net revenue on carried working interest	102,665	-	-	102,665
Royalty expense	(26,423)	-	-	(26,423)
Net oil and natural gas revenue	247,878	-	-	247,878
Expenses:				
Operating expenses	145,213	-	-	145,213
General and administrative	68,603	142,428	505,190	716,221
Share based payments	-	-	9,026	9,026
Depletion and depreciation	82,291	4,477	-	86,768
Impairment loss	1,175,063	-	-	1,175,063
Net finance expense (income)	2,614	(18,567)	196,908	180,955
Foreign exchange loss (gain)	6,287	131,768	(43,572)	94,483
	1,480,071	260,106	667,552	2,407,729
Loss before income taxes	(1,232,193)	(260,106)	(667,552)	(2,159,851)

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Three months ended September 30, 2019	Argentina	Colombia	Corporate	Total
Revenue:				
Oil and natural gas revenue	110,390	-	-	110,390
Net revenue on carried working interest	295,078	-	-	295,078
Royalty expense	(10,625)	-	-	(10,625)
Net oil and natural gas revenue	394,843	-	-	394,843
Expenses:				
Operating expenses	99,764	-	-	99,764
Inventory revaluation	53,565	-	-	53,565
General and administrative	127,433	280,377	280,250	688,060
Share based payments	-	-	534,956	534,956
Loss on disposal	417,405	-	-	417,405
Depletion and depreciation	131,336	3,227	-	134,563
Net finance expense (income)	2,399	(36,818)	84,410	49,991
Foreign exchange loss (gain)	57,897	291,822	59,125	408,844
Loss on revaluation of asset held for sale	-	-	229,484	229,484
	889,799	538,608	1,188,225	2,616,632
Loss before income taxes	(494,956)	(538,608)	(1,188,225)	(2,221,789)

15. SUPPLEMENTAL CASH FLOW INFORMATION

For periods ended September 30	Three months ended		Nine months ended	
	2020	2019	2020	2019
Accounts receivable	(865,774)	233,131	(1,075,619)	555,940
Inventory	151,615	165,115	(100,294)	177,528
Accounts payable and accrued liabilities	(26,851)	(1,126,214)	501,560	(17,549,885)
Working capital adjustments for capital accrual reversals	-	-	-	120,000
Working capital adjustments for YPF settlement	-	-	-	11,801,832
Working capital adjustments for Petro AP settlement	-	-	-	5,000,000
Working capital adjustments for KM8 disposal	-	(44,304)	-	(44,304)
Working capital adjustments for liabilities paid by share issuance	-	943,674	-	943,674
Change in non-cash working capital	(741,010)	171,402	(674,353)	1,004,785
Relating to:				
Operating activities	(99,809)	167,356	157,461	1,084,228
Investing activities	(41,201)	4,046	(231,814)	(79,443)
Financing activities	(600,000)	-	(600,000)	-
Change in non-cash working capital	(741,010)	171,402	(674,353)	1,004,785

16. SUBSEQUENT EVENTS

Disposition of Alianza

In October 2020, the Company announced the acceptance of an offer to sell Alianza Petrolera Argentina S.A. (“Alianza”), the Argentine subsidiary through which NG operates the SRDE Asset and holds interest in the Mariposa Asset.

Under the terms of the purchase offer, the purchaser will acquire Alianza and assume all rights and responsibilities relating to the oil and gas assets and general operations of Alianza. As consideration, the purchaser has granted a royalty of 7% to the Company calculated on the net profit of oil production from the SRDE Asset, after applicable royalties and operating costs, up to total royalty payments of \$100,000. The transaction also includes the assumption by the purchaser of all responsibilities for any existing and future liabilities as well as a guarantee of indemnity for potential claims against NG, its related companies, former directors, executives, employees, representatives and advisers.

Ongoing Warrant Exercises

Subsequent to September 30, 2020, warrant holders exercised 13,899,998 purchase warrants resulting in the issuance of 13,899,998 common shares. Based on the exercise price of each warrant exercised, approximately \$2.1 million in gross proceeds were received by the Company.