

# **FORM 51-101 F1**

**Paleo Resources, Inc.**

**Statement of reserves data  
and other oil and gas information  
as of December 31, 2020**

**Prepared by Prator Bett, LLC**

**June 3, 2021**

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## Part 1 Date of statement

Date of statement: June 3, 2021  
Effective date: December 31, 2020  
Preparation date: June 3, 2021

Paleo Resources, Inc.'s (the Company) Canadian and U.S.A. oil and gas reserves were evaluated by Prator Bett, LLC (Prator Bett), effective December 31, 2019. PBLLC was engaged by the Company to evaluate Proved and Proved plus Probable reserves: no valuation of Possible reserves or resources was undertaken. The Prator Bett evaluation was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook ("COGE Handbook")*.

The Company has assets located in both the United States and in Canada. The Company's Canadian oil and gas reserves are located seven miles northeast of Red Deer, Alberta in sections 22 and 23, township 39, range 26 W4M. The Company's American oil and gas reserves are located in Polk County, Texas.

The reserves on the property described herein are estimates only. By nature, such forecasting of reserves and related economic parameters and analyses are forward-looking statements based on predictions of future events. Actual events or results may differ materially. Furthermore, the estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves.

In certain instances, numbers may not total due to computer-generated rounding.

## Part 2 Disclosure of reserves data

### Item 2.1 Reserves data (forecast prices and costs)

#### Item 2.1.1 Breakdown of reserves (forecast case)

**Paleo Resources, Inc.**  
**NI 51-101 FORECAST CASE**  
**OIL AND GAS RESERVES SUMMARY**  
**Deloitte December 31, 2020 Forecast Pricing**

Effective: December 31, 2020

Canada

**VOLUMES IN IMPERIAL UNITS**

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Heavy Crude		Bitumen		Solution		Conventional		Coalbead Methane							
	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	Mstb	Mstb	Mlt	Mlt	Mboe	Mboe	
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0	
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Proved	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0	
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Proved + Probable	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0	

**VOLUMES IN METRIC UNITS**

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Heavy Crude		Bitumen		Solution		Conventional		Coalbead Methane							
	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
E3m3	E3m3	E3m3	E3m3	E3m3	E3m3	E6m3	E6m3	E6m3	E6m3	E6m3	E6m3	E3m3	E3m3	E3t	E3t	E3m3	E3m3	
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Proved Developed Non-Producing	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5	
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Proved	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5	
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Proved + Probable	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5	

Light/Medium includes Tight and Synthetic oil. Heavy includes Ultra Heavy and Pelican Lake Heavy in Alberta

**Paleo Resources, Inc.**  
**NI 51-101 FORECAST CASE**  
**OIL AND GAS RESERVES SUMMARY**  
**Deloitte December 31, 2020 Forecast Pricing**

Effective: December 31, 2020

**United States****VOLUMES IN IMPERIAL UNITS**

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Tight Oil		Bitumen		Solution		Conventional		Coalbead Methane		W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mlt	Co. Share Net Mlt	W.I. Gross Mboe	Co. Share Net Mboe
	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross MMcf	Co. Share Net MMcf	W.I. Gross MMcf	Co. Share Net MMcf	W.I. Gross MMcf	Co. Share Net MMcf						
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	586.6	239.2	0.0	0.0	0.0	0.0	0.0	0.0	97.8	39.9
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	907.2	675.9	0.0	0.0	0.0	0.0	0.0	0.0	151.2	112.6
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,493.8	915.1	0.0	0.0	0.0	0.0	0.0	0.0	249.0	152.5
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,493.8	915.1	0.0	0.0	0.0	0.0	0.0	0.0	249.0	152.5

**VOLUMES IN METRIC UNITS**

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Tight Oil		Bitumen		Solution		Conventional		Coalbead Methane		W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3t	Co. Share Net E3t	W.I. Gross E3m3	Co. Share Net E3m3
	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E6m3	Co. Share Net E6m3	W.I. Gross E6m3	Co. Share Net E6m3	W.I. Gross E6m3	Co. Share Net E6m3						
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.6	6.8	0.0	0.0	0.0	0.0	0.0	0.0	15.5	6.3
Proved Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.7	19.1	0.0	0.0	0.0	0.0	0.0	0.0	24.0	17.9
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.3	25.9	0.0	0.0	0.0	0.0	0.0	0.0	39.6	24.2
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.3	25.9	0.0	0.0	0.0	0.0	0.0	0.0	39.6	24.2

**Item 2.1.2 Net present value of future net revenue (forecast case)**

**Paleo Resources, Inc.**  
**NI 51-101 FORECAST CASE**  
**SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE - WITH CORPORATE TAX POOLS**  
**Deloitte December 31, 2020 Forecast Pricing**  
**(CANADIAN DOLLARS)**

Effective: December 31, 2019

**Canada**

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					10% BTAX \$/boe*
	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Proved Developed Non-Producing	8,506.7	7,527.3	6,687.7	5,965.1	5,340.4	6,720.3	5,986.8	5,353.2	4,803.8	4,325.7	38.66
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved	8,506.7	7,527.3	6,687.7	5,965.1	5,340.4	6,720.3	5,986.8	5,353.2	4,803.8	4,325.7	38.66
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved + Probable	8,506.7	7,527.3	6,687.7	5,965.1	5,340.4	6,720.3	5,986.8	5,353.2	4,803.8	4,325.7	38.66

Effective: December 31, 2019

**United States**

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					10% BTAX \$/Mcf*
	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	
Proved Developed Producing	320.7	308.6	297.1	286.2	275.8	639.2	592.2	550.4	513.1	479.6	1.24
Proved Developed Non-Producing	654.6	574.9	798.4	444.4	390.9	517.2	457.5	404.9	358.4	317.3	1.18
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved	975.3	883.5	1,095.5	730.5	666.6	1,156.3	1,049.7	955.3	871.5	796.9	1.20
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved + Probable	975.3	883.5	1,095.5	730.5	666.6	1,156.3	1,049.7	955.3	871.5	796.9	1.20

\* The unit values are based on net reserves volumes

**Item 2.1.3 Additional information concerning future net revenue (forecast case)**

**Paleo Resources, Inc.**  
**NI 51-101 FORECAST CASE**  
**TOTAL FUTURE NET REVENUE – WITH CORPORATE TAX POOLS**  
**Deloitte December 31, 2020 Forecast Pricing**  
**(CANADIAN DOLLARS)**

Effective: December 31, 2020

**Canada**

RESERVES CATEGORY	Revenue	Royalties	Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income Tax	Income Taxes	Future Net Revenue After Income Tax
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
	Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	11,554.0	2,126.0	411.0	64.9	445.3	8,506.8	0.0	8,506.8
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	11,554.0	2,126.0	411.0	64.9	445.3	8,506.8	0.0	8,506.8
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	11,554.0	2,126.0	411.0	64.9	445.3	8,506.8	0.0	8,506.8

Effective: December 31, 2020

**United States**

RESERVES CATEGORY	Revenue	Royalties	Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income Tax	Income Taxes	Future Net Revenue After Income Tax
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
	Proved Developed Producing	812.2	255.6	202.2	0.0	33.9	320.7	7.0
Proved Developed Non-Producing	2,347.9	745.1	345.7	367.6	234.9	654.6	155.1	499.5
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	3,160.2	1,000.7	547.8	367.6	268.8	975.3	162.2	813.1
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	3,160.2	1,000.7	547.8	367.6	268.8	975.3	162.2	813.1

Royalties for the United States include freehold royalties, production taxes and ad valorem taxes.

**Paleo Resources, Inc.**  
**NI 51-101 FORECAST CASE**  
**FUTURE NET REVENUE BY PRODUCT TYPE**  
**Deloitte December 31, 2020 Forecast Pricing**  
**(Canadian Dollars)**

Effective: December 31, 2020	Canada	
	Btax NPV @ 10%	Unit Value
	M\$	\$/boe
<b>TOTAL PROVED</b>		
Light and Medium Crude Oil (including solution gas and by-products)	6,687.7	38.66
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	0.0	0.00
<b>Total</b>	6,687.7	38.66
<b>TOTAL PROVED + PROBABLE</b>		
Light and Medium Crude Oil (including solution gas and by-products)	6,687.7	38.66
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	0.0	0.00
<b>Total</b>	6,687.7	38.66
Effective: December 31, 2020	United States	
	Btax NPV @ 10%	Unit Value
	M\$	\$/Mcf
<b>TOTAL PROVED</b>		
Tight Oil (including solution gas and by-products)	0.0	0.00
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	802.4	1.20
<b>Total</b>	802.4	1.20
<b>TOTAL PROVED + PROBABLE</b>		
Tight Oil (including solution gas and by-products)	0.0	0.00
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	802.4	1.20
<b>Total</b>	802.4	1.20

## Item 2.2 Supplemental disclosure of reserves data (constant prices and costs)

No supplemental disclosure using Constant Prices and Costs has been made.

## Part 3 Pricing assumptions

### Item 3.1 Constant prices used in estimates

Supplemental constant price estimates are not reported.



## Item 3.2 Forecast prices used in estimates

Forecast oil and gas prices are laid out in the Deloitte Price Forecast December 31, 2020 Table. Adjustments for oil differential and gas heating values are applied to these prices, as appropriate for each entity. Capital and operating costs are inflated.

		Price Inflation Rate	Cost Inflation Rate	CAD to USD Exchange Rate	Crude Oil Pricing					Natural Gas Liquids Pricing Edmonton Par Prices				Natural Gas Pricing						Sulphur
					WTI at Cushing	WTI at Cushing	Edmonton	Edmonton	WCS	Ethane	Propane	Butane	Pentanes + Condensate	Alberta Reference	Alberta AECO	Alberta AECO	B.C. Direct	NYMEX	NYMEX	Alberta Plant Gate
					Oklahoma	Oklahoma	City Gate	City Gate	Hardisty					Average Price	Average Price	Average Price	Stn. 2 Sales	Henry Hub	Henry Hub	
US\$/bbl	US\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/bbl	C\$/mcf	C\$/mcf	C\$/mcf	C\$/mcf	US\$/Mcf	US\$/Mcf	C\$/mcf	C\$/mcf			
H	2010	1.8%	1.8%	0.971	\$94.66	\$79.40	\$92.76	\$77.80	\$67.22	\$11.53	\$45.19	\$68.79	\$84.02	\$3.76	\$4.78	\$4.01	\$4.01	\$5.23	\$4.39	\$56.94
i	2011	2.9%	2.9%	1.012	\$111.14	\$94.88	\$111.90	\$95.54	\$77.12	\$10.30	\$52.41	\$86.98	\$105.24	\$3.46	\$4.25	\$3.63	\$3.34	\$4.69	\$4.00	\$101.60
s	2012	1.5%	1.5%	1.001	\$107.02	\$94.11	\$98.44	\$86.57	\$73.10	\$6.73	\$30.80	\$75.47	\$99.67	\$2.25	\$2.72	\$2.39	\$2.29	\$3.13	\$2.75	\$126.81
t	2013	0.9%	0.9%	0.972	\$109.64	\$97.91	\$104.55	\$93.36	\$74.97	\$8.68	\$38.54	\$77.44	\$103.52	\$2.98	\$3.55	\$3.17	\$3.11	\$4.18	\$3.73	\$62.17
o	2014	1.9%	1.9%	0.906	\$103.46	\$93.26	\$104.27	\$94.00	\$81.06	\$12.46	\$42.93	\$59.43	\$101.47	\$4.22	\$5.00	\$4.50	\$4.16	\$4.87	\$4.39	\$88.99
r	2015	1.1%	1.1%	0.783	\$52.98	\$48.69	\$62.02	\$57.00	\$44.80	\$7.49	\$5.35	\$33.70	\$55.15	\$2.56	\$2.93	\$2.69	\$1.81	\$2.86	\$2.63	\$107.45
i	2016	1.4%	1.4%	0.755	\$46.43	\$43.15	\$56.18	\$52.22	\$38.90	\$6.04	\$8.71	\$31.45	\$52.43	\$1.93	\$2.32	\$2.16	\$1.75	\$2.71	\$2.52	\$45.40
c	2017	1.6%	1.6%	0.771	\$53.96	\$50.88	\$65.62	\$61.88	\$50.53	\$6.11	\$27.92	\$40.98	\$63.65	\$2.13	\$2.32	\$2.19	\$1.56	\$3.17	\$2.99	\$41.85
a	2018	2.3%	2.3%	0.772	\$67.76	\$64.94	\$72.10	\$69.10	\$49.68	\$6.90	\$29.76	\$46.17	\$75.74	\$1.36	\$1.61	\$1.54	\$1.26	\$3.30	\$3.17	\$89.25
l	2019	1.9%	1.9%	0.754	\$58.11	\$56.98	\$70.39	\$69.02	\$58.75	\$5.00	\$15.82	\$21.40	\$67.57	\$1.48	\$1.85	\$1.81	\$1.02	\$2.62	\$2.57	\$37.54
2	12 Mths F	0.8%	0.8%	0.746	\$39.09	\$39.09	\$45.91	\$45.91	\$35.20	\$6.22	\$14.60	\$20.38	\$46.51	\$2.00	\$2.25	\$2.25	\$2.20	\$2.03	\$2.03	\$2.57
0	0 Mths F	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	0																			
O	Avg.	N/A	N/A	0.746	\$39.09	\$39.09	\$45.91	\$45.91	\$35.20	\$6.22	\$14.60	\$20.38	\$46.51	\$2.00	\$2.25	\$2.25	\$2.20	\$2.03	\$2.03	\$2.57
F	2021	0.0%	0.0%	0.770	\$46.00	\$46.00	\$53.25	\$53.25	\$42.85	\$7.30	\$18.65	\$23.95	\$53.25	\$2.40	\$2.65	\$2.65	\$2.65	\$2.70	\$2.70	\$10.00
o	2022	2.0%	2.0%	0.780	\$53.00	\$54.05	\$61.55	\$62.80	\$49.65	\$7.45	\$28.25	\$34.55	\$62.80	\$2.45	\$2.65	\$2.70	\$2.70	\$2.80	\$2.85	\$30.60
r	2023	2.0%	2.0%	0.800	\$57.50	\$59.80	\$65.65	\$68.30	\$55.30	\$7.60	\$30.75	\$44.35	\$68.30	\$2.50	\$2.65	\$2.75	\$2.75	\$2.90	\$3.00	\$31.20
e	2024	2.0%	2.0%	0.800	\$57.50	\$61.00	\$65.65	\$69.65	\$56.40	\$7.75	\$31.35	\$45.25	\$69.65	\$2.55	\$2.65	\$2.80	\$2.80	\$2.90	\$3.10	\$31.85
c	2025	2.0%	2.0%	0.800	\$57.50	\$62.25	\$65.65	\$71.05	\$57.55	\$7.90	\$32.00	\$46.15	\$71.05	\$2.60	\$2.65	\$2.85	\$2.85	\$2.90	\$3.15	\$32.45
a	2026	2.0%	2.0%	0.800	\$57.50	\$63.50	\$65.65	\$72.50	\$58.70	\$8.05	\$32.65	\$47.10	\$72.50	\$2.65	\$2.65	\$2.95	\$2.95	\$2.90	\$3.20	\$33.10
s	2027	2.0%	2.0%	0.800	\$57.50	\$64.75	\$65.65	\$73.95	\$59.85	\$8.20	\$33.30	\$48.05	\$73.95	\$2.70	\$2.65	\$3.00	\$3.00	\$2.90	\$3.25	\$33.80
t	2028	2.0%	2.0%	0.800	\$57.50	\$66.05	\$65.65	\$75.40	\$61.05	\$8.40	\$33.95	\$49.00	\$75.40	\$2.75	\$2.65	\$3.05	\$3.05	\$2.90	\$3.35	\$34.45
	2029	2.0%	2.0%	0.800	\$57.50	\$67.35	\$65.65	\$76.90	\$62.25	\$8.55	\$34.60	\$49.95	\$76.90	\$2.80	\$2.65	\$3.10	\$3.10	\$2.90	\$3.40	\$35.15
	2030	2.0%	2.0%	0.800	\$57.50	\$68.70	\$65.65	\$78.45	\$63.50	\$8.70	\$35.30	\$50.95	\$78.45	\$2.85	\$2.65	\$3.15	\$3.15	\$2.90	\$3.45	\$35.85
	2031	2.0%	2.0%	0.800	\$57.50	\$70.10	\$65.65	\$80.05	\$64.80	\$8.90	\$36.00	\$52.00	\$80.05	\$2.95	\$2.65	\$3.25	\$3.25	\$2.90	\$3.55	\$36.55
	2032	2.0%	2.0%	0.800	\$57.50	\$71.50	\$65.65	\$81.65	\$66.10	\$9.10	\$36.75	\$53.05	\$81.65	\$3.00	\$2.65	\$3.30	\$3.30	\$2.90	\$3.60	\$37.30
	2033	2.0%	2.0%	0.800	\$57.50	\$72.90	\$65.65	\$83.25	\$67.40	\$9.25	\$37.50	\$54.10	\$83.25	\$3.05	\$2.65	\$3.35	\$3.35	\$2.90	\$3.70	\$38.05
	2034	2.0%	2.0%	0.800	\$57.50	\$74.40	\$65.65	\$84.95	\$68.75	\$9.45	\$38.25	\$55.15	\$84.95	\$3.10	\$2.65	\$3.45	\$3.45	\$2.90	\$3.75	\$38.80
	2035	2.0%	2.0%	0.800	\$57.50	\$75.85	\$65.65	\$86.60	\$70.15	\$9.65	\$39.00	\$56.30	\$86.60	\$3.15	\$2.65	\$3.50	\$3.50	\$2.90	\$3.85	\$39.60
	2036	2.0%	2.0%	0.800	\$57.50	\$77.40	\$65.65	\$88.35	\$71.55	\$9.80	\$39.75	\$57.40	\$88.35	\$3.25	\$2.65	\$3.55	\$3.55	\$2.90	\$3.90	\$40.40
	2037	2.0%	2.0%	0.800	\$57.50	\$78.95	\$65.65	\$90.10	\$72.95	\$10.00	\$40.55	\$58.55	\$90.10	\$3.30	\$2.65	\$3.65	\$3.65	\$2.90	\$4.00	\$41.20
	2038	2.0%	2.0%	0.800	\$57.50	\$80.50	\$65.65	\$91.95	\$74.40	\$10.20	\$41.40	\$59.70	\$91.95	\$3.35	\$2.65	\$3.70	\$3.70	\$2.90	\$4.05	\$42.00
	2039	2.0%	2.0%	0.800	\$57.50	\$82.10	\$65.65	\$93.75	\$75.90	\$10.45	\$42.20	\$60.90	\$93.75	\$3.45	\$2.65	\$3.80	\$3.80	\$2.90	\$4.15	\$42.85
	2040	2.0%	2.0%	0.800	\$57.50	\$83.75	\$65.65	\$95.65	\$77.45	\$10.65	\$43.05	\$62.15	\$95.65	\$3.50	\$2.65	\$3.85	\$3.85	\$2.90	\$4.20	\$43.70
	2040+	2.0%	2.0%	0.800	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	2.0%	2.0%	0.0%	2.0%	2.0%

Notes:

- Data sources include: EIA, DOB, NRC, Flint Hills Resources, Alberta Government
- All prices are in Canadian dollars except WTI and NYMEX gas which are in U.S. dollars
- Edmonton city gate prices based on historical light oil par prices posted by the government of Alberta and Net Energy differential futures (40 Deg. API < 0.5% Sulphur)
- Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point
- 1 Mcf is equivalent to 1 mmbtu
- Real prices listed in 2020 dollars with no escalation considered
- Alberta gas prices, except AECO, include an average cost of service to the plant gate
- NGL prices have been switched from a mix reference to a spec reference

**Deloitte.**

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## Part 4 Reconciliation of changes in reserves

### Item 4.1 Reserves reconciliation

Effective: December 31, 2020

Canada

Opening: Deloitte December 31, 2019 Forecast Pricing

Closing: Deloitte December 31, 2020 Forecast Pricing

	Light & Medium Oil			Heavy Oil			Conventional Gas			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	Mstb	Mstb	Mstb
Opening Balance	346.0	0.0	346.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	346.0	0.0	346.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

In the first half of 2019, the 1D0/15-22-039-26 was producing oil and gas and the gas was being processed to sell the natural gas liquids. The 1D0/15-22-039-26 was shut-in prior to Paleo Resources drilling the 103/9-22-39-26 in 2019 and establishing the new oil/water contact in the Joffre Pool B. Paleo's plans are to use the 1D0/15-22-39-26 to reinject any gas produced in the field. Paleo has been waiting on the permit to be granted since 2019 YE, therefore no production has been commenced and no reserve estimates have been revised. Besides the new well (103/9-22-39-26), the 100/10/22-39-26 and 100/14-22-39-26 are available for production from the Joffre Pool B. Based on the results of the new well and recent volumetric calculations it was determined that only the new well and 100/14-22-39-26 would be necessary to recover the remaining reserves at this time. All of the recoverable remaining oil reserves have been classified as Proved.

Paleo owns and interest in two wells in the Joffre Pool C. However, at this time, any remaining reserves are uneconomic to recover. Both of these wells are scheduled to be plugged and abandoned; one in 2022 and the other in 2023.

Effective: December 31, 2020

## United States

Opening: Deloitte December 31, 2019 Forecast Pricing

Closing: Deloitte December 31, 2020 Forecast Pricing

	Light & Medium Oil			Heavy Oil			Conventional Gas			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	Mstb	Mstb	Mstb
Opening Balance	295.0	502.7	797.7	0.0	0.0	0.0	5,206.3	6,284.0	11,490.3	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0	-195.0	0.0	-195.0	0.0	0.0	0.0
Technical Revisions	0.0	0.0	0.0	0.0	0.0	0.0	-95.8	0.0	-95.8	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	-295.0	-502.7	-797.7	0.0	0.0	0.0	-3,687.3	-6,284.0	-9,971.3	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	0.0	0.0	0.0	0.0	0.0	0.0	1,228.3	0.0	1,228.3	0.0	0.0	0.0

Since December 31, 2018, the two Yegua producers, Raptor A#1 and the Raptor B#1, produced to the economic limit and are shut-in. The plan is to plug and abandon these two wells in 2022. The Ranger A#1 was brought on-line in late 2019 and continues to decline with only slight decrease in Technical Revision of gas reserves. The Jones 1 and Stampede A#1 are still awaiting pipeline hook-up and have no revisions in the reserves.

Paleo let all of the leases for the Woodbine property expire in 2020. Therefore all reserves previously assigned to these properties have been removed and have been included in the Dispositions category above. Since the leases expired, the Ben B Cain-WT Carter potential workover was eliminated and the well was scheduled to be plugged in 2022. Paleo is attempting to get new leases for the Woodbine properties.

## Part 5 Additional information relating to reserves data

### Item 5.1 Undeveloped reserves

#### Canada

Since the new well 103/9-22-39-26 was drilled and established the new oil/water contact all remaining reserves were classified as Proved Undeveloped. The new well and 100/14-22-39-26 will be utilized to produce the remaining reserves in the Joffre Pool B. All locations in Project C are considered uneconomic at current price.

<b>Canada</b>		
<b>Year</b>	<b>Undeveloped Reserves</b>	
	<b>Proved (Mstb)</b>	<b>Probable (Mstb)</b>
2016	105.7	0.0
2017	0.0	0.0
2018	0.0	0.0
2019	0.0	0.0
2020	0.0	0.0

#### United States

Since Paleo let the leases for the Woodbine Properties expire, all of the Proved and Probable Undeveloped reserves were removed from this year's report.

<b>United States</b>		
<b>Year</b>	<b>Undeveloped Reserves</b>	
	<b>Proved (Mcf)</b>	<b>Probable (Mcf)</b>
2018	3745.36	4650.16
2019	3860.28	4650.16
2020	0	0

### Item 5.2 Significant factors or uncertainties

The process of estimating reserves is complex. It requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, commodity prices and economic conditions. The Corporation's reserves are evaluated by Prator Bett, LLC an independent engineering firm.

Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. The Company's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material. Reserve estimates are subject to change with such factors as, updated production data, well performance and operational issues, ongoing development activities, price forecasts, and other economic conditions.

### Item 5.3 Future development costs

Canada				
Year	Undiscounted Future Cost net (M\$)		Discounted at 10% Future Cost net (M\$)	
	Proved	Proved + Probable	Proved	Proved + Probable
2021	64.9	64.9	62.0	62.0
2022	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0

United States				
Year	Undiscounted Future Cost net (M\$)		Discounted at 10% Future Cost net (M\$)	
	Proved	Proved + Probable	Proved	Proved + Probable
2021	367.6	367.6	351.2	351.2
2022	0.0	0.0	0.0	0.0
2023	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0

## Part 6 Other oil and gas information

### Item 6.1 Oil and gas properties and wells

#### Canada

#### *Project B and C*

Joffre are located approximately 7 miles northeast of Red Deer, Alberta in Township 39, Range 26W4.

#### United States

#### *Polk County, Texas*

The Company's American oil and gas reserves in the Woodbine and Yegua formations are located in Polk County, Texas.

#### Geology - Canada

#### Leduc

The Late Devonian Leduc Formation is represented by large barrier reef and smaller pinnacle reef bioherms which grew on the Cooking Lake platform carbonates. Trending northeast to southwest, the limestones and dolostones of the Leduc/Cooking Lake Formations were deposited on the bathymetric highs of the Late Devonian seas. Hydrocarbons are trapped by lateral stratigraphic pinch-out of these dolomitic carbonates into deeper water shale sediments.

### Horseshoe Canyon/Bearpaw

The Horseshoe Canyon Formation is part of the Upper Cretaceous Edmonton group which lies unconformably on top of the Belly River Group and is overlain by the tertiary Scollard Formation. Sediments of the Horseshoe Canyon were deposited in a complex coastal environment with shore face sands, tidal channel sands, distributary sands and large back barrier peat bog swamps. The result of such an environment is a stratigraphic section of approximately 100 to 400 metres thick with the lower to middle Horseshoe Canyon containing multiple prospective coal seams and sandstones.

### Basal Belly River/Pakowki

The Upper Cretaceous Basal Belly River/Pakowki Formations represent a marginal marine fluvial/deltaic environment that deposited clastic sediments in series of north-south trending bar sands. Reservoirs are developed in sandstone lobes, and to a lesser extent, channel sands, as river systems supplied sediments to the prograding delta. Gas pools that are developed in deltaic lobe sandstones trapped stratigraphically as the reservoir sands grade laterally into siltstone and shale.

### Upper Mannville

The Early Cretaceous Upper Mannville Group consists of sandstones, siltstones, shales and coals deposited in a fluvial environment in which shorelines and sediments were moving northward. Sandstones of the Upper Mannville contain a significant amount of volcanic and feldspathic material. Hydrocarbons are trapped stratigraphically within porous sandstones that are truncated by tight, lithic Upper Mannville channels in an updip position or as the sandstones pinch-out or grade laterally into the surrounding siltstones and shales.

## Geology – United States

### Upper Woodbine

The Upper Woodbine is a rich deltaic sequence with abundant sand channels thinning on the edges with tight distal clay choked sands.

### Lower Woodbine

The lower Woodbine is a slope fan feature and is progradational in nature exhibiting a Bouma type sequence with the coarsest sands at the base then fining up. These sands are discontinuous and lenticular and vary in areal extent.

### Yegua

The Yegua Formation is a shallow sandstone reservoir that is the upper part of the Claiborne Group which is in the Tertiary System. The sandstones were deposited in a fluvial delta system and are typically considered to be channel sands.

## Item 6.1.2 Gross and net oil and gas wells

Country	Producing				Non-Producing		Total	
	Oil		Gas		Gross	Net	Gross	Net
Province	Gross	Net	Gross	Net				
<b>Canada</b>								
Alberta	0.0	0.0	0.0	0.0	6.0	2.8	6.0	2.8
<b>United States</b>								
Texas	0.0	0.0	1.0	0.7	5.0	3.2	6.0	4.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.7</b>	<b>11.0</b>	<b>6.0</b>	<b>12.0</b>	<b>6.8</b>

## Item 6.2 Properties with no attributed reserves

### Canada

The 1D0/15-22-039-26 was producing in the first half of 2019, however, was shut-in once the 103/9-22-39-26 well was drilled. This new well has been tested and the anticipated initial producing rate is 200 bbl/d. Once the gas injection permit is obtained for 1D0/15-22-039-26, it will be used for gas injection. The only other well in the Joffre Pool B that has no reserves attributed to it at this time is the 100/10-22-39-26. This well could be capable of production but will be held on standby in case needed in the future.

There is also potential for a CO<sub>2</sub> flood. Other CO<sub>2</sub> floods in nearby fields have shown potential for incremental recoveries ranging from 12 to 25 percent. However, Paleo would need to conduct a study to determine if such an enhanced recovery scheme in this pool would be technically and economically feasible.

The producing gas wells, C2 – 00/05-23-039-26W4/2 and C3 – 03/05-23-039-26W4/0 are both currently uneconomic, no reserves have been assigned at this time.

### United States

#### Yegua

As of December 31, 2020, the Company has an interest in oil and gas leases of approximately 244 gross (178 net) acres of undeveloped properties in Polk County, Texas with no reserves attributed.

The Company's current joint venture partner agreements as of December 31, 2020 do not specify any contractual work commitments.

## Item 6.3 Forward contracts

There are no forward contracts applicable to any produced product.

## Item 6.5 Tax Horizon

The Company is not expected to pay income tax based on proved plus probable cash flow economics for the Canadian assets. The Company is not expected pay income tax based on net operating loss carry forward for the American assets.

## Item 6.6 Costs incurred

The following table summarizes Company's property acquisition costs, exploration costs and development costs incurred during the financial year ended December 31, 2020:

Property Acquisitions and Capital Expenditures	
Nature of Costs	Amounts (\$)
Property Acquisition Cost	
Proved	-
Unproved	-
Exploration Costs	-
Development Costs	211,923
Total	211,923

## Item 6.7 Exploration and development activities

### Joffre B Pool, Alberta, Canada

The Company drilled and completed 1 gross (0.5 net) wells in 2019 in Alberta, Canada. This well was tested in October 2019. Once a gas injection permit is obtained, Paleo will commence production of the new well.

### Yegua formation, Polk County, Texas

The Company drilled and completed 6 gross (4.5 net) wells in 2017 in Polk County, Texas. 2 gross (1.3 net) natural gas wells started producing in September 2017. 1 gross (1 net) well produced non-commercial quantities of natural gas and water and in October 2017, the Company plugged and abandoned the well. 1 gross (0.745 net) gas well was completed and started producing in September of 2019. The remaining 2 gross (1.5 net) natural gas wells have been completed but await completion of connection to pipelines expected to be completed in 2021.

## Item 6.8 Production estimates

The following table discloses the total working interest volume for 2020 for each product type associated with the first year of the gross proved reserves and gross probable reserves reported in the Prator Bett report effective December 31, 2019, based on forecast prices and costs:

<b>Forecast Production - Working interest</b>		
<b>January 1, 2021 - December 31, 2021</b>		
	<b>Proved</b>	<b>Proved + Probable</b>
<b>Joffre (Project B&amp;C), AB</b>		
Oil (Mbbbl)	14.9	14.9
Gas (MMcf)	0.0	0.0
NGL (Mbbbl)	0.0	0.0
<b>Woodbine formation, Polk Co, TX</b>		
Oil (Mbbbl)	0.0	0.0
Gas (MMcf)	0.0	0.0
NGL (Mbbbl)	0.0	0.0
<b>Yegua formation, Polk Co, TX</b>		
Oil (Mbbbl)	0.0	0.0
Gas (MMcf)	225.3	225.3
NGL (Mbbbl)	0.0	0.0
<b>Total</b>		
Oil (Mbbbl)	14.9	14.9
Gas (MMcf)	225.3	225.3
NGL (Mbbbl)	0.0	0.0



## Item 6.9 Production history

The following table summarizes the share of the Company's average daily production, prices received, royalties paid, production taxes, operating expenses and operating netbacks for the periods indicated:

<b>TOTAL COMPANY</b>				
	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>
<b>Volumes</b>				
Gas, Mcf/d	445.87	392.34	367.01	391.40
Light Oil + NGLs, bopd	0.00	0.00	0.00	0.00
boe/d	74.31	65.39	61.17	65.23
<b>Prices</b>				
Gas Average, \$/mcf	2.31	2.04	2.38	3.29
Light Oil + NGLs Average, \$/bbls	0.00	0.00	0.00	0.00
\$/boe	13.87	12.26	14.31	19.75
Total Petroleum and Gas Revenue, \$	93,798	72,979	80,505	118,516
Total Royalties, \$	22,369	22,936	20,828	28,264
Production Taxes, \$	9,951	8,851	4,621	6,793
Operating Expenses, \$	31,312	31,162	38,366	21,134
Netback \$/boe	4.46	1.69	2.97	10.38
<b>CANADA</b>				
	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>
<b>Volumes</b>				
Gas, Mcf/d	0.00	0.00	0.00	0.00
Light Oil + NGLs, bopd	0.00	0.00	0.00	0.00
boe/d	0.00	0.00	0.00	0.00
<b>Prices</b>				
Gas Average, \$/mcf	0.00	0.00	0.00	0.00
Light Oil + NGLs Average, \$/bbls	0.00	0.00	0.00	0.00
\$/boe	0.00	0.00	0.00	0.00
Total Petroleum and Gas Revenue, \$	0	0	0	0
Total Royalties, \$	0	0	0	0
Production Taxes, \$	0	0	0	0
Operating Expenses, \$	10,357	7,012	5,619	3,342
Netback \$/boe	0.00	0.00	0.00	0.00
<b>UNITED STATES</b>				
	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>
<b>Volumes</b>				
Gas, Mcf/d	445.87	392.34	367.01	391.40
Light Oil + NGLs, bopd	0.00	0.00	0.00	0.00
boe/d	74.31	65.39	61.17	65.23
<b>Prices</b>				
Gas Average, \$/mcf	2.31	2.04	2.38	3.29
Light Oil + NGLs Average, \$/bbls	0.00	0.00	0.00	0.00
\$/boe	13.87	12.26	14.31	19.75
Total Petroleum and Gas Revenue, \$	93,798.00	72,979.00	80,505.00	118,516.00
Total Royalties, \$	22,369.00	22,936.00	20,828.00	28,264.00
Production Taxes, \$	9,951.00	8,851.00	4,621.00	6,793.00
Operating Expenses, \$	20,955.00	24,150.00	32,747.00	17,792.00
Netback \$/boe	5.99	2.86	3.96	10.94

## APPENDIX

**Forward looking statements**

**Reserve definitions**

**Glossary of abbreviations**

**FORM 51-101 F2 Report on Reserves Data by Independent Qualified Reserves Evaluator**

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 51-101F1 constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions. These statements 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 statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Form 51-101F1 should not be unduly relied upon. These statements speak only as of the date of this Form 51-101F1. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements except as required pursuant to applicable securities laws.

Forward-looking information and statements are included throughout this Form 51-101F1 and include, but are not limited to, statements pertaining to the following:

- corporate strategy;
- the Company's reserves;
- estimates of present value or future net cash flow;
- capital expenditure programs, future capital requirements and the timing and method of financing thereof;
- the production of the Company's assets;
- the Company's access to adequate pipeline capacity and third-part infrastructure;
- the performance and characteristics of the Company's oil and natural gas interest;
- the quantity and quality of the Company's oil and natural gas reserves;
- tax horizon and taxability of the Company;
- supply and demand for oil, natural gas liquids and natural gas;
- industry conditions pertaining to the oil and gas industry; and
- abandonment and reclamation costs.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Form 51-101F1:

- general economic conditions in Canada, the United States and globally including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGL and natural gas;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in oil and natural gas operations;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- uncertainties associated with estimating oil and natural gas reserves;
- incorrect assessments of the value of acquisitions;

- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- availability of financing on acceptable terms;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs and other services;
- rights to surface access;
- the need to obtain required approvals from regulatory authorities;
- general business and market conditions; and
- the liquidity and capital resources risks and business risks discussed in the Company's management's discussion and analysis for the years ended December 31, 2017.

These factors should not be considered exhaustive. Statements in respect of "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. With respect to forward-looking statements contained in this Form 51-101F1, the Company has made assumptions regarding: future exchange rates; energy markets and the price of oil and natural gas; condition of general economic, commodity and financial markets; current technology; cash flow; commodity prices; production rates; effects of regulation and environmental and tax laws; future operating costs and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Form 51-101F1 in order to provide readers with a more complete perspective on the Company's future operations and prospects. Readers are cautioned that this information may not be appropriate for other purposes.

**The forward-looking statements contained in this Form 51-101F1 are expressly qualified by this cautionary statement.**

#### **ROUNDING**

In certain instances, numbers may not total due to computer-generated rounding.

#### **NON-GAAP MEASURES**

This Form 51-101F1 uses "netback" which does not have standardized meanings prescribed by generally accepted accounting principles and therefore may not be comparable measures to other companies where similar terminology is used. Netback denotes petroleum and natural gas revenue less royalties, operating expenses and transportation and marketing expenses.

## Reserve definitions

Reserves are classified in accordance with the following definitions which meet the standards established by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities and found in Appendix 1 to Companion Policy 51-101 CP, Part 2 Definition of Reserves.

## Reserve categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable and are disclosed.

Reserves are classified according to the degree of certainty associated with the estimates:

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.

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.

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.

## Development and production status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

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 (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

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.

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.

Undeveloped Reserves are those reserves expected to be recovered from known 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.

## SELECTED ABBREVIATIONS

Certain terms and abbreviations used in this document are defined below:

"bbl"	barrel of oil or NGL;
"bcf"	billion cubic feet of natural gas;
"bpd"	barrel of oil or NGL per day;
"Boe"	barrel of oil equivalent determined by converting a volume of natural gas to barrels using the ratio of 6 Mcf to one barrel;
"Boe/d"	barrel of oil equivalent per day;
"Mbbbl"	thousand barrels;
"MBoe"	thousand barrels of oil equivalent;
"Mcf"	thousand cubic feet of natural gas;
"Mcf <sub>e</sub> "	Mcf of gas equivalent determined by converting a volume of oil or NGL to Mcf using the ratio of 0.1667 barrels to 1 Mcf;
"Mcf/d"	thousand cubic feet of natural gas per day;
"MMcf"	million cubic feet of natural gas;
"MMcf/d"	million cubic feet of natural gas per day;
"Mstb"	thousand stock tank barrels;
"NGLs"	natural gas liquids;
"\$US"	United States dollar;
"\$Cdn"	Canadian dollar.

### Conversion

In this document measurements are given in standard Imperial or metric units only. The following table sets forth certain standard conversions.

To convert from:	To:	Multiply by:
Mcf	cubic metres	28.174
Cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

In this Form 51-101F1, the calculation of barrels of Boe is calculated at a conversion rate of 6 Mcf for one bbl based on an energy equivalency conversion method. Boe's may be misleading particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.