

# Quendale Capital Corp. enters into Letter of Intent for Qualifying Transaction with Prairie Storm Energy Corp.

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**VANCOUVER, BRITISH COLUMBIA – Aug. 31, 2020** – Quendale Capital Corp. ("Quendale") (TSXV: QOC.P), a capital pool company under TSX Venture Exchange ("TSXV" or the "Exchange") Policy 2.4 (the "CPC Policy"), is pleased to announce that it has entered into a letter of intent (the "LOI") dated August 26, 2020 with Prairie Storm Energy Corp. ("Prairie Storm"), whereby the parties have agreed to negotiate a definitive agreement (the "Definitive Agreement") related to a proposed business combination (the "Acquisition") which will result in a reverse take-over of Quendale (the combined entity hereinafter referred to as the "Resulting Issuer") for purposes of completing a Qualifying Transaction (as defined in the CPC Policy). The Acquisition represents an arms' length Qualifying Transaction between Quendale and Prairie Storm for the purposes of the CPC Policy. When the Definitive Agreement between Quendale and Prairie Storm is executed, in accordance with the policies of the TSXV, Quendale will issue a more comprehensive press release containing additional details of the Definitive Agreement and terms of the Acquisition.

## **About Quendale**

Quendale is a "capital pool company" that completed its initial public offering in June 2018. The common shares of Quendale are listed for trading on the TSXV under the stock symbol QOC.P. Quendale has not commenced commercial operations and has no assets other than cash. Quendale currently has issued and outstanding 3,360,000 common shares (2,010,000 common shares subject to escrow), 300,000 stock options and 100,000 broker warrants. It is intended that the Acquisition, when completed, will constitute the "Qualifying Transaction" of Quendale pursuant to the CPC Policy. Quendale was incorporated under the *Business Corporations Act* (British Columbia) and its head and registered office is located in Vancouver, British Columbia.

## **About Prairie Storm**

Prairie Storm is a focused oil and gas Cardium producer, active in the Willesden Green and Ferrier areas of Alberta. In the second quarter of 2020, Prairie Storm produced on average 2,143 boe/d of high netback production, weighted 53% to liquids, that enjoys low operating costs due to the strategic ownership and control of key infrastructure including pipelines, compression and processing facilities. Prairie Storm owns and operates several units under water flood which have very low decline rates due to pressure support. With a large, primarily contiguous land base of approximately 107 gross sections (77 net), and the successful drilling and delineation of 13 horizontal Cardium oil wells, Prairie Storm has booked 28.5 million boe of reserves at December 31, 2019 and maintains a large inventory of booked and un-booked locations. Prairie Storm is debt free with an undrawn credit facility and enjoys a high working interest in excess of 70% in its largely operated base of production. Prairie Storm, as of the date hereof, has 76,331,514 common shares issued and outstanding and no issued warrants, options or other securities. Prairie Storm was incorporated under the *Business Corporations Act* (Alberta) and its head and registered office is located in Calgary, Alberta.

## **Summary of Acquisition**

As part of the Acquisition, Quendale and Prairie Storm intend to combine their respective businesses and continue under the name of "Prairie Storm Energy Corp.". Quendale and Prairie Storm are continuing to evaluate possible structures to effect the Acquisition based on further diligence and discussions with their respective legal and tax advisers, including effecting the Acquisition by way of a share exchange, merger, amalgamation, arrangement, takeover bid or other similar form of transaction. As such, due notice will be provided in accordance

with the applicable policies of the TSXV and securities laws if a special meeting of shareholders to approve the Acquisition is required.

Pursuant to the terms of the LOI, subject to execution of a definitive acquisition agreement and receipt of applicable regulatory and TSXV approvals, the terms of the Acquisition contemplate a share exchange of the 76,331,514 outstanding common shares of Prairie Storm at a ratio of approximately 1:1.883233. Accordingly, if the Acquisition is completed, and all outstanding Quendale options and warrants are exercised, it is expected that the Resulting Issuer will have approximately 147,110,026 common shares issued and outstanding (on a non-diluted basis).

It is intended that the Resulting Issuer will carry on the business as previously carried on by Prairie Storm prior to completion of the Acquisition. The current head office of Prairie Storm, located at 2000- 215 9 Ave SW, Calgary AB, T2P 1K3, shall continue to be the head office of the Resulting Issuer.

### **Reserve Information Concerning Prairie Storm**

Prairie Storm has obtained a third-party independent reserve report effective December 31, 2019 from Sproule Associates Limited ("Sproule") on all of its major oil and gas reserves in accordance with National Instrument 51-101 - *Standard of Disclosure for Oil and Gas Activities* ("NI 51-101") which is summarized below. Sproule is a qualified reserve evaluator in accordance with NI 51-101.

### **Summary of Oil and Gas Reserves**

<b>Reserves Category</b>	<b>Light &amp; Medium Oil</b>		<b>Conventional Natural Gas</b>		<b>Natural Gas Liquids</b>		<b>Oil Equivalent</b>					
	<b>Company Gross Mbbbl</b>	<b>Company Net Mbbbl</b>	<b>Company Gross MMcf</b>	<b>Company Net MMcf</b>	<b>Company Gross Mbbbl</b>	<b>Company Net Mbbbl</b>	<b>Company Gross Mboe</b>	<b>Company Net Mboe</b>				
	Proved											
Producing	1,752	1,559	15,014	13,858	1,359	1,112	5,613	4,980				
Undeveloped	7,081	6,325	42,204	39,261	3,038	2,661	17,153	15,530				
Total Proved	8,833	7,884	57,218	53,119	4,396	3,773	22,766	20,510				
Total Probable	2,324	1,898	13,936	12,865	1,060	858	5,706	4,900				
Total Proved plus Probable	11,157	9,782	71,155	65,985	5,456	4,631	28,471	25,410				
<b>Net Present Value of Future Net Revenue</b>												
	<b>Net Present Values of Future Net Revenue Before Income Taxes</b>					<b>Net Present Values of Future Net Revenue After Income Taxes</b>					<b>Unit Value Before Income Tax Discounted at</b>	
	<b>Discounted At (%/year)</b>					<b>Discounted At (%/year)</b>					<b>10%/year</b>	
<b>Reserves Category</b>	<b>0% M\$</b>	<b>5% M\$</b>	<b>10% M\$</b>	<b>15% M\$</b>	<b>20% M\$</b>	<b>0% M\$</b>	<b>5% M\$</b>	<b>10% M\$</b>	<b>15% M\$</b>	<b>20% M\$</b>	<b>\$/boe</b>	<b>\$/Mcfe</b>
Proved												
Producing	59,496	64,968	56,398	48,796	42,974	38,787	48,624	42,851	37,172	32,746	11.32	1.89
Undeveloped	341,652	208,073	134,958	91,863	64,562	261,610	156,386	98,098	63,759	42,124	8.69	1.45
Total Proved	401,148	273,041	191,356	140,659	107,537	300,397	205,010	140,948	100,931	74,869	9.33	1.55
Total Probable	180,266	111,707	79,110	60,925	49,415	138,537	85,798	60,576	46,528	37,652	16.15	2.69
Total Proved plus Probable	581,414	384,748	270,465	201,585	156,952	438,934	290,807	201,524	147,459	112,522	10.64	1.77

\*Numbers may not add up due to rounding.

The reserves are provided on a net before royalty basis in units of thousands of barrels of oil equivalent using a forecast price deck for gas and oil, adjusted for crude quality, in Canadian dollars. The estimated net present value of future net revenues attributable to reserves do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

"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.

Forecast pricing is based on Sproule's pricing as at December 31, 2019.

### **Management of Resulting Issuer**

Upon completion of the Acquisition, the individuals indicated below will be appointed as the officers and directors of the Resulting Issuer:

#### **Hugh G. Ross – Proposed President, Chief Executive Officer and Director**

In 1990, Mr. Ross was co-founder, President and Chief Executive Officer of Gentry Resources Ltd. ("Gentry"), a Toronto Stock Exchange listed company. Under Mr. Ross' stewardship, Gentry grew to over 5,000 boe/d of production and held approximately 430 net sections of undeveloped land in Southern Alberta until it was sold to Crew Energy Inc. in August 2008 for proceeds of approximately \$300 million.

He was also a founder of Stratic Energy Corp. ("Stratic") and served as its President & CEO from April 1999 to August 2005. Stratic was an international exploration company with exploration activities in Syria, the North Sea, Black Sea offshore Turkey, Gabon and Ivory Coast West Africa, and onshore Morocco. Stratic was sold to EnQuest PLC, the largest independent oil and gas producer in the UK North Sea.

Mr. Ross served as Chief Executive Officer and President of Novus Energy Inc. ("Novus Energy") from March 2009, when the company was recapitalized, through to October 2014. Novus Energy, a junior oil and gas company with high netback light oil reserves and production in Alberta and Saskatchewan, had production of 4,500 boe/d at the time of Mr. Ross' departure. Novus Energy was sold in January 2014 for approximately \$320 million to a wholly owned subsidiary of Yanchang Petroleum International Limited ("Yanchang"), an oil and gas producer and refined oil wholesale and retail business whose stock is listed on the Hong Kong Stock Exchange. Yanchang is controlled by Shaanxi Yanchang Petroleum (Group) Co. Ltd which was the fourth largest oil producer in China with \$25 billion annual revenue in 2012.

After leaving Novus Energy, Mr. Ross co-founded and became President and Chief Executive Officer of Prairie Storm. In early 2015 the company closed a large equity financing commitment with a leading US private equity firm. Prairie Storm is focused on acquiring, developing and exploiting industry leading, large scale oil and gas assets in select regions of Western Canada.

#### **Roderick Keith MacLeod – Proposed Director**

Mr. MacLeod held the position of Chief Executive Officer and Chairman of the Board of Sproule and its subsidiaries, until his retirement on June 30, 2014. In this position, he was responsible for overseeing its Canadian, U.S., International, Unconventional and Project Management businesses. His worldwide experience at Sproule was primarily in the areas of reservoir engineering, oil and gas reserves/resource evaluations, expert witness testimony, investment advice and education.

Mr. MacLeod lectured at the University of Calgary for many years and presented to industry on oil and gas disclosure related matters. Mr. MacLeod has been an industry advisor to the Alberta Securities Commission ("ASC"). He was one of the authors of the Canadian Oil and Gas Evaluation Handbook and a member of the ASC's industry taskforce, whose recommendations formed the framework for NI 51-101.

Mr. MacLeod is active with the Society of Petroleum Engineers having served as the Canadian Regional Director on the international board as well as chair of the Canadian Section. He is also a member of the Society of Petroleum Evaluation Engineers and Association of Professional Engineers and Geoscientists of Alberta ("APEGA").

Mr. MacLeod is Lead Director of Paramount Resources Ltd., Chair of the Canada-Nova Scotia Offshore Petroleum Board and the Veschuren Centre for Sustainability in Energy and the Environment at Cape Breton University. He is also a director of Prairie Storm and ETX Systems Inc.

### **Bruce G. Waterman – Proposed Director**

Mr. Waterman is a Corporate Director, currently serving on the Boards of Ovintiv Inc., Irving Oil Limited and Prairie Storm.

Mr. Waterman retired in January 2013 from Nutrien Ltd. (formerly Agrium Inc.) as Executive Vice President, having held senior roles as Chief Financial Officer, as well as in business development and strategy since April 2000. He was Vice President and Chief Financial Officer of Talisman Energy Inc., a public oil and gas company, from January 1996 to April 2000. Prior to Talisman Energy Inc., Mr. Waterman spent 15 years (1981 to 1996) at Amoco Corporation ("Amoco"), including Dome Petroleum Limited, a predecessor company. At Amoco (a global chemical, oil and gas company which merged with British Petroleum in 1998), his roles included various positions in finance, accounting and business development.

Mr. Waterman holds a Bachelor of Commerce (Honours) from Queen's University and is a Chartered Accountant. He was chosen as Canada's CFO of the Year in 2008 and named a Fellow of the Institute of Chartered Accountants of Alberta in 2011. He is past Chair and a member of the Selection Committee of Canada's CFO of the Year Award and is a member of the Advisory Board of FEI Canada's CFO Leadership Beyond Finance Program.

### **Julian Din – Proposed Vice President, Business Development and Director**

Mr. Din is currently the VP of Business Development of Prairie Storm. Previously, he was VP Business Development of Novus Energy. Mr. Din joined Novus Energy in 2009 to assist with the recapitalization of the company and to help spearhead its growth initiatives. Under Mr. Din's guidance, Novus Energy's production grew from less than 300 boe/d to nearly 4,500 boe/d at the time of sale to Yanchang in January 2014.

From 1994 to 2009 Mr. Din held various roles in the securities industry where he was primarily involved in raising equity and debt capital for public and private energy companies and advising companies concerning merger and acquisition activity.

Mr. Din holds a Masters of Business Administration (M.B.A.) from Pepperdine University and a Bachelor of Commerce (B. Comm) from the University of Calgary.

### **Ketan Panchmatia – Proposed Vice President, Finance & CFO**

Mr. Panchmatia was appointed the VP Finance & CFO of Prairie Storm in February 2015. Prior thereto, Mr. Panchmatia was the VP Finance and Chief Financial Officer of Novus Energy. Mr. Panchmatia joined Novus Energy in March 2009 to assist with the company's recapitalization efforts and future growth.

Prior to Novus Energy, Mr. Panchmatia was with Gentry until August 2008 at which time it was sold to Crew Energy Inc. Mr. Panchmatia held various positions throughout his career at Gentry, and was eventually appointed Chief Financial Officer in 1996 and VP Finance in 2001.

Mr. Panchmatia gained international exposure with his time at Stratic. Mr. Panchmatia was VP Finance and CFO of Stratic from March 1999 through October 2005, at which time he left the company to more fully focus his efforts on Gentry.

### **Greg Groten – Proposed Vice President, Exploration**

Mr. Groten is currently the VP of Exploration of Prairie Storm. Previously, he was VP Exploration of Novus Energy, being one of the five executives which formed Novus Energy through the re-financing of Regal Energy Inc. in March 2009. He has had roles of increasing responsibility both in geo-technical roles as well as in management at publicly traded companies, including his role as Vice President Exploration at Gentry until August 2008. He brings over 30 years of technical and management experience to his role as Vice President of Exploration.

Mr. Groten holds a Bachelor of Science degree with Specialization in Geophysics from the University of Alberta and is a registered Professional Geophysicist with APEGA and is a registered Professional Geoscientist in British Columbia.

### **Rob Morrison – Proposed Vice President, Operations**

Mr. Morrison brings with him 26 years of progressive experience in many facets of Engineering and Management within the upstream oil and gas industry. The last 15 years of his career have been spent in senior management roles with junior producers while still remaining active on the technical side.

Mr. Morrison began his career working for Placid Oil Company's Canadian district office where he gained exposure to the entire range of engineering duties (drilling, completions, production, exploitation and marketing). He completed his 10 year stint at the company in 1995 as Engineering Manager at which time the Canadian assets were acquired by Tarragon Oil and Gas ("Tarragon"). He then worked for Tarragon for an approximate 3 year period both as a Production Manager and subsequently as an Exploitation Engineer. Morrison then worked for CEC Resources initially as VP Engineering for a one year period prior to being appointed as President around the same time that the company changed names to Carbon Energy Corporation (Canada) ("Carbon Energy"). The company grew over the next four years increasing production approximately seven-fold while issuing no further shares to fund any of the Canadian growth. Carbon Energy was ultimately sold in 2003 to Evergreen Resources out of Denver. Mr. Morrison then became a founder of Element Energy Canada which was subsequently acquired by Reliable Energy Ltd. ("Reliable"). He worked at Reliable as Vice President Engineering and Operations until its acquisition by Crescent Point Energy in May 2012 for a purchase price of just under \$100 million dollars. Lastly Mr. Morrison spent time at Questerre Energy Corporation as VP Operations, Western Canada then as COO where he was responsible for the Western Canadian assets within the company as well as the engineering, geological and land department functions until year end 2013.

Mr. Morrison has a Bachelor of Science Degree in Engineering from the University of Calgary and is a registered Professional Engineer with APEGA.

### **Conditions**

Closing of the Acquisition is subject to a number of conditions including, but not limited to, the following:

- (a) no change in the affairs of Prairie Storm or Quendale that would have a material adverse effect;
- (b) the representations and warranties of each party in the Definitive Agreement remaining accurate at and as of the closing of the Acquisition;
- (c) absence of any government or regulatory order that would adversely affect the Acquisition; and

- (d) all necessary regulatory and other material third party approvals, including approval by the TSXV and if required, by a court of competent jurisdiction, being obtained.

### **Special Meeting of Quendale Shareholders**

The Acquisition will be carried out by parties dealing at arm's length to one another and therefore will not be considered a "Non-Arm's Length Qualifying Transaction" as such term is defined under the policies of the TSXV. As a result, a special meeting of the shareholders of Quendale is not required by the TSXV to approve the Acquisition.

### **Sponsorship**

Sponsorship of a qualifying transaction of a capital pool company is required by the TSXV unless exempt in accordance with the policies of the TSXV. Quendale intends to apply to the TSXV for an exemption from the sponsorship requirements; however, there is no assurance that Quendale will obtain such exemption.

Trading in the common shares of Quendale will remain suspended until certain required documents have been provided to the TSXV and the Acquisition is complete.

### **Additional Information**

All information contained in this press release with respect to Quendale and Prairie Storm was supplied by the parties respectively for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Quendale and Prairie Storm will provide further details in respect of the Acquisition in due course by way of press release. However, Quendale and Prairie Storm will make available to the TSXV, all information including financial information as required by the TSXV and will provide, in a press release to be disseminated at a later date, required disclosure.

#### **For further information:**

##### **Quendale Capital Corp.**

Richard A. Graham, President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary, and Director  
(604) 488-8717

##### **Prairie Storm Energy Corp.**

Hugh G. Ross, President and Chief Executive Officer  
(403) 774-2901

### **Oil and Gas Measures & Abbreviations**

Barrels of Oil Equivalent – This news release discloses certain production information on a barrels of oil equivalent ("boe") basis with natural gas converted to barrels of oil equivalent using a conversion factor of six thousand cubic feet of natural gas ("Mcf") to one barrel (bbl) of oil (6 Mcf:1 bbl). Condensate and other Natural Gas Liquids ("NGLs") are converted to boe at a ratio of 1 bbl:1 bbl. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl is based roughly on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at sales point. This conversion conforms with Canadian Securities Regulators' National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. Although the 6:1 conversion ratio is an industry-accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between

crude oil, NGLs and natural gas is significantly different from the 6:1 energy equivalency ratio. Accordingly, using a conversion ratio of 6 Mcf:1 bbl may be misleading as an indication of value.

Mcfе Conversions: Thousands of cubic feet of gas equivalent ("Mcfе") amounts have been calculated by using the conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 Mcf) of natural gas. Mcfе amounts may be misleading, particularly if used in isolation. A conversion ratio of 1 bbl to 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of natural gas as compared to oil is significantly different from the energy equivalent of 1:6, utilizing a conversion on a 1:6 basis may be misleading as an indication of value.

## **Reader Advisory**

Completion of the Acquisition is subject to a number of conditions, including, but not limited to, Exchange acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Acquisition cannot close until the required shareholder approval is obtained. There can be no assurance that the Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The Exchange has in no way passed upon the merits of the Acquisition and has neither approved nor disapproved the contents of this press release.

Neither the TSXV nor its regulation services provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "will", "estimates", "believes", "intends" "expects" and similar expressions which are intended to identify forward-looking information or statements. More particularly and without limitation, this press release contains forward looking statements and information concerning the Acquisition, the expected composition of the board of directors of the Resulting Issuer, the completion and timing of the application to the TSXV in respect of the Acquisition, the proposed structure by which the Acquisition is to be completed, the ability of Quendale and Prairie Storm to meet the conditions of the Qualifying Transaction in the required timeframes, obtaining the necessary exemptions and approvals from the TSXV or other regulatory bodies, including the business, name and function of the Resulting Issuer and certain financial information and forecasts. Quendale cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material factors, assumptions and expectations, many of which are beyond the control of Quendale and Prairie Storm, including expectations and assumptions concerning Quendale, Prairie Storm, the Resulting Issuer, the Acquisition, the negotiation of the Definitive Agreement on satisfactory terms, the timely receipt of all required shareholder, Court, TSXV and regulatory approvals (as applicable), the satisfaction of other closing conditions in accordance with the terms of the Definitive Agreement, as well as other risks and uncertainties, including those described in Quendale's final prospectus dated May 10, 2018 filed with the British Columbia Securities Commission, the ASC and the Ontario Securities Commission and available on [www.sedar.com](http://www.sedar.com). The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Quendale. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the

time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

The forward-looking statements contained in this press release are made as of the date of this press release, and Quendale does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.

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