



Prairie Storm Resources Corp.

Year Ended December 31, 2020

**FORM 51-101F1 – STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION**

April 19, 2021

TABLE OF CONTENTS

	<u>Page</u>
DEFINITIONS	2
Glossary of Terms.....	2
ABBREVIATIONS AND CONVERSIONS	5
Abbreviations.....	5
Conversions	5
LEGAL ADVISORIES	6
Forward-Looking Information and Statements.....	6
RESERVES DATA AND OTHER OIL AND GAS INFORMATION	7
Date of Statement	7
Disclosure of Reserves Data	7
Pricing Assumptions	9
Reserves Reconciliation.....	10
Additional Information Relating to Reserves Data.....	11
Other Oil and Gas Information	13

DEFINITIONS

Glossary of Terms

In this Form 51-101F1 – *Statement of Reserves Data and Other Oil and Gas Information* ("**Statement of Reserves Data**"), the capitalized terms set forth below have the following meanings. Certain terms used but not defined herein, shall have the same meanings as set out in NI 51-101 and NI 51-102, as applicable.

"**Associated Gas**" means the natural gas cap overlying a Crude Oil accumulation in a reservoir.

"**COGE Handbook**" means the "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time.

"**Corporation**" or "**Prairie Storm**" means Prairie Storm Resources Corp., and includes, except where the context otherwise requires, the Corporation's subsidiaries.

"**Crude Oil**" or "**Oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude Oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas.

"**Conventional Natural Gas**" means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.

"**CSA 51-324**" means Canadian Securities Administrators Staff Notice 51-324 – *Revised Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*.

"**Developed Non-Producing**" 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.

"**Developed Producing**" 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.

"**development costs**" means costs incurred to obtain access to Reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the Reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, pumping equipment and wellhead assembly to the extent necessary in developing the Reserves;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells.

"**future net revenue**" means a forecast of revenue, estimated using forecast prices and costs or constant prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs, and well abandonment and reclamation costs.

"**gross**" means:

- (a) in relation to the Corporation's interest in production and Reserves, its working interest (operating and non-operating) share of gross Reserves before deduction of any royalties and without including any royalty interests of the Corporation;
- (b) in relation to wells, the total number of wells in which the Corporation has an interest; and
- (c) in relation to properties, the total area of properties in which the Corporation has an interest.

"**Natural Gas Liquids**" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates.

"**net**" means:

- (a) in relation to the Corporation's interest in production and Reserves, its interest (operating and non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interest in production or Reserves;
- (b) in relation to wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
- (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by its working interest.

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

"**Non-Associated Gas**" means an accumulation of natural gas in a reservoir where there is no Crude Oil.

"**Probable Reserves**" means 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.

"**Proved plus Probable Reserves**" means, collectively, Proved Reserves and Probable Reserves.

"Proved Reserves" means 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.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"service wells" are those wells drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or fuel gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

"Solution Gas" means natural gas dissolved in Crude Oil.

"Sproule" means Sproule Associates Limited, an independent qualified reserves evaluator.

"Sproule Reserve Report" means the independent engineering evaluation of the Corporation's petroleum and natural gas Reserves effective December 31, 2020 prepared by Sproule, with a preparation date of March 11, 2021.

"Undeveloped Reserves" are those Reserves expected to be recovered from known accumulations where a significant expenditure (e.g., 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 or probable) to which they are assigned and are expected to be developed within a limited time.

"United States" or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"well abandonment and reclamation costs" means costs of abandoning a well and surface lease reclamation. They do not include costs of abandoning the gathering system, suspended wells, batteries, plants, or processing facilities.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

ABBREVIATIONS AND CONVERSIONS

Abbreviations

The abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	MMcf	million cubic feet
MBbls	thousand barrels	Mcf/d	thousand cubic feet per day
Bbls/d	barrels per day		
Others			
boe	barrel of oil equivalent of natural gas and Crude Oil on the basis of 1 boe for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)		
boe/d	barrel of oil equivalent per day		
m ³	cubic metres		
Mboe	thousand barrels of oil equivalent		

Conversions

The following table sets forth certain conversions

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

LEGAL ADVISORIES

Forward-Looking Information and Statements

This Statement of Reserves Data contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Information relating to "Reserves" is forward-looking as it involves the implied assessment, based on certain estimates and assumptions, that the Reserves exist in the quantities estimated and that they will be commercially viable to produce in the future. Words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that convey certain events or conditions "may" or "will" occur are intended to identify forward-looking information. In particular, this Statement of Reserves Data contains forward-looking information, including among other places, under the headings "Pricing Assumptions", "Abandonment and Reclamation Costs", "Future Development Costs", "Tax Horizon", "Properties With No Attributed Reserves", "Exploration and Development Activities" and "Production Estimates". This forward-looking information includes but is not limited to, statements regarding: future net revenue; business strategy, plans and priorities; planned drilling, exploration and development activities; the quantity and development of Reserves; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

The forward-looking information is based upon assumptions as to future commodity prices, currency exchange rates, inflation rates, well production rates, well drainage areas, success rates for future drilling and availability of labour and services. With respect to estimates of Reserves and resource volumes, a key assumption is the validity of the data used by Sproule in their independent reserves evaluation and resource assessment. With respect to estimates of numbers of future wells to be drilled a key assumption is that geological and other technical interpretations performed by the Corporation's technical staff, which indicate that commercially economic Reserves can be recovered from the Corporation's lands as a result of drilling such future wells, are valid.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Although the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

Forward-looking information necessarily involves both known and unknown risks associated with oil and gas exploration, production, transportation and marketing such as uncertainty of geological and technical data, imprecision of Reserves and resources estimates, operational risks, environmental risks, loss of market demand, general economic conditions affecting ability to access sufficient capital, changes in governmental regulation of the oil and gas industry and competition from others for scarce resources.

The foregoing list of risk factors is not exhaustive. Additional information on these and other risk factors that could affect operations or financial results are included in the Corporation's filing statement dated December 2, 2020 and in other reports filed with Canadian securities regulatory authorities. Forward-looking information is based on estimates and opinions of management at the time the information is presented. The Corporation is not under any duty to update the forward-looking information after the date of this Statement of Reserves Data to conform such information to actual results or to changes in the Corporation's plans or expectations, except as otherwise required by applicable securities laws.

RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Date of Statement

This Statement of Reserves Data of Prairie Storm is dated April 19, 2021 and it was prepared on April 16, 2021. The effective date of the information provided herein is December 31, 2020, unless otherwise indicated, and all financial information is in Canadian dollars.

Disclosure of Reserves Data

Report of Independent Qualified Reserves Evaluator

Sproule, independent qualified reserves evaluators, prepared an independent evaluation of the Corporation's oil and natural gas properties effective December 31, 2020, which is contained in the Sproule Reserve Report dated March 29, 2021. The Sproule Reserve Report has a preparation date of March 11, 2021 and the effective date of the information contained therein is December 31, 2020, unless otherwise indicated.

The Sproule Reserve Report was prepared in accordance with the COGE Handbook. The Sproule Reserve Report adheres in all material aspects to the principles and definitions established by the Calgary Chapter of the Society of Petroleum Evaluation Engineers regarding annual reserve reports that are being released in the public domain.

The estimates of reserves and projections of production by Sproule were prepared using public records. In instances where production, well and geoscience data was not publicly available, it was provided by Prairie Storm. Prairie Storm also provided Sproule with other required information, such as property descriptions and operations, historical accounting and capital spending costs, interest and burdens, capital development cost estimates, maintenance costs schedules and capital, abandonment, decommissioning and reclamation costs, and contracts and marketing information. Sproule incorporated all of this data into its analysis in accordance with standards set out in the COGE Handbook. The standards in the COGE Handbook require Sproule to plan and perform an assessment of Prairie Storm's Reserves data in order to obtain reasonable assurance as to whether such Reserves data is free of material misstatement.

The following sections and tables summarize, as at December 31, 2020, the Corporation's Crude Oil, Natural Gas Liquids and Conventional Natural Gas Reserves and the estimated net present values of future net revenues associated with such Reserves, together with certain information, estimates and assumptions associated with such reserves estimates. The data contained in the tables is a summary of the evaluations and, as a result, the tables may contain slightly different numbers than the evaluations themselves due to rounding. Additionally, the columns and rows in the tables may not add due to rounding.

All estimates of future net revenues are stated prior to provision for interest and general and administrative expenses and after deduction of royalties and estimated future capital expenditures, and are presented both before and after deducting income taxes.

It should not be assumed that the present worth of estimated future cash flows shown below is representative of the fair market value of the Reserves. There is no assurance that such price and cost assumptions will be attained, and variances could be material. The reserves estimates of Prairie Storm's Crude Oil, Natural Gas Liquids and Conventional Natural Gas Reserves provided herein are estimates only. Actual Reserves may be greater than or less than the estimates provided herein. See "Legal Advisories".

Summary of Oil and Gas Reserves

The following table sets out Prairie Storm's Reserves as at December 31, 2020 on a forecast pricing and cost, gross and net basis:

Reserves Category	Light & Medium Oil		Conventional Natural Gas				Natural Gas Liquids		Total Equivalent	
			Solution Gas ⁽¹⁾		Associated Gas and Non-Associated Gas					
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mboe)	Net (Mboe)
Proved										
Developed Producing	1,494.2	1,377.7	9,933	9,259	3,406	3,111	1,184.0	1,020.5	4,901.3	4,459.9
Developed Non-Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	6,786.3	6,233.0	40,869	38,331	-	-	2,814.4	2,560.1	16,412.3	15,181.6
Total Proved	8,280.5	7,610.6	50,803	47,590	3,406	3,111	3,998.4	3,580.7	21,313.6	19,641.6
Total Probable	2,295.3	2,008.1	12,698	11,886	809	747	984.5	846.8	5,530.9	4,960.4
Total Proved plus Probable	10,575.8	9,618.7	63,500	59,477	4,214	3,858	4,982.9	4,427.4	26,844.5	24,602.0

Note:

(1) Conventional Natural Gas (Solution Gas) includes all gas produced in association with Light, Medium and Heavy Crude Oil.

Net Present Values of Future Net Revenue

The following tables set out the net present value of future net revenue of Prairie Storm's Reserves as at December 31, 2020 using various discount rates on a forecast pricing and cost and before-tax and after-tax basis:

Reserves Category (\$ thousands) ⁽¹⁾	Before Income Taxes					After Income Taxes					Unit Value ⁽²⁾ \$/boe
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved											
Developed Producing	26,572	41,010	37,592	33,226	29,596	26,072	40,696	37,390	33,092	29,505	8.43
Developed Non-Producing	-	-	-	-	-	-	-	-	-	-	-
Undeveloped	214,175	123,009	72,074	42,390	24,155	164,476	91,571	50,454	26,592	12,087	4.75
Total Proved	240,747	164,019	109,666	75,617	53,751	190,548	132,268	87,843	59,684	41,592	5.58
Probable	143,698	90,267	63,416	48,143	38,446	110,833	69,623	48,825	37,051	29,612	12.78
Total Proved plus Probable	384,444	254,286	173,083	123,760	92,197	301,382	201,891	136,668	96,734	71,204	7.04

Notes:

(1) Net present value of future net revenue includes all resource income, including the sale of oil, gas, by-product reserves, processing third party reserves and other income.

(2) Unit values are based on net Reserve volumes, before income taxes.

Total Future Net Revenue (Undiscounted)

The following table provides a breakdown of the various components of total future net revenue on an undiscounted basis for Prairie Storm's Proved Reserves and Proved plus Probable Reserves calculated as at December 31, 2020:

Reserves Category (\$ thousands)	Revenue		Operating Costs	Development Costs	Well Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Future Net Revenue After Income Taxes
	Revenue	Royalties					
Total Proved	893,566	60,522	318,482	206,475	67,340	240,747	190,548
Total Proved plus Probable	1,154,056	87,624	396,918	214,986	70,084	384,444	301,382

Net Present Value of Future Net Revenue by Reserves Category and Product Type

The following table provides the net present value of future net revenue before income taxes by Reserves category and product type as of December 31, 2020, using forecast prices and costs and discounted at 10% per year:

Reserves Category	Product Type	Future Net Revenue Before Income Taxes (\$M)	Unit Value Before Income Taxes ⁽¹⁾ (\$/boe)
Total Proved	Light & Medium Crude Oil ⁽²⁾	105,982	5.65
	Conventional Natural Gas (Associated Gas and Non-Associated Gas) ⁽³⁾	3,685	4.16
	Total	109,666	
Proved plus Probable	Light & Medium Crude Oil ⁽²⁾	168,404	7.16
	Conventional Natural Gas (Associated Gas and Non-Associated Gas) ⁽³⁾	4,679	4.28
	Total	173,083	

Notes:

- (1) Unit values are calculated using the 10% discount rate divided by the net Reserve volumes for each group.
- (2) Including Solution Gas and other by-products.
- (3) Including by-products, but excluding Solution Gas from Oil wells.

Pricing Assumptions

The forecast reference prices as at December 31, 2020 used in preparing Prairie Storm's reserves data in the Sproule Reserve Report are provided in the table below, as are the economic parameters prepared by and assumed by Sproule in preparing forecast prices and costs. All benchmark reference prices, and inflation and exchange rates, used by Sproule in the Sproule Reserve Report were derived from an average consultant industry price forecast ⁽¹⁾ effective as at December 31, 2020.

Year	Light & Medium Oil			Conventional Natural Gas	Natural Gas Liquids (Edmonton Par Price)			Inflation (%) ⁽⁶⁾	Exchange Rate \$US/\$CAD ⁽⁷⁾
	WTI (\$US/Bbl) ⁽³⁾	Canadian Light (\$/Bbl) ⁽⁴⁾	WCS (\$/Bbl) ⁽⁵⁾	Alberta AECO Spot Price (\$/MMbtu)	Pentanes Plus (\$/bbl)	Butane (\$/bbl)	Propane (\$/bbl)		
Forecast ⁽²⁾									
2021	47.17	55.76	44.63	2.78	59.24	26.36	18.18	0.00%	0.77
2022	50.17	59.89	48.18	2.70	63.19	32.85	21.91	1.33%	0.77
2023	53.17	63.48	52.10	2.61	67.34	39.20	24.57	2.00%	0.76
2024	54.97	65.76	54.10	2.65	69.77	40.65	25.47	2.00%	0.76
2025	56.07	67.13	55.19	2.70	71.18	41.50	26.00	2.00%	0.76
2026	57.19	68.53	56.29	2.76	72.61	42.36	26.54	2.00%	0.76
2027	58.34	69.95	57.42	2.81	74.07	43.24	27.09	2.00%	0.76
2028	59.50	71.40	58.57	2.87	75.56	44.14	27.65	2.00%	0.76
2029	60.69	72.88	59.74	2.92	77.08	45.06	28.23	2.00%	0.76
2030	61.91	74.34	60.93	2.98	78.62	45.96	28.79	2.00%	0.76
2031	63.15	75.83	62.15	3.04	80.20	46.88	29.37	2.00%	0.76

Escalation rate of 2% per year thereafter

Notes:

- (1) Sproule, GLJ Petroleum Consultants Ltd., McDaniel & Associates Consultants Ltd.
- (2) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.
- (3) WTI Cushing Oklahoma 40 API.
- (4) Canadian Light Sweet 40 API.
- (5) Western Canadian Sweet 20.5 API.
- (6) Inflation rates for forecasting costs only. Prices inflated 2% where applicable.
- (7) Exchange rates used to generate the benchmark reference prices in the table.

For the year ended December 31, 2020, the weighted average prices realized in respect of Prairie Storm's production were \$42.64/bbl for Crude Oil, \$2.21/Mcf for Conventional Natural Gas and \$15.61/bbl for Natural Gas Liquids.

Reserves Reconciliation

The following tables provide a reconciliation of the changes in Prairie Storm's gross Reserves as at December 31, 2020 against its gross Reserves as at December 31, 2019, based on forecast prices and costs assumptions:

	Conventional Natural Gas ⁽¹⁾				Total Equivalent ⁽¹⁾ (Mboe)
	Light & Medium Oil ⁽¹⁾ (Mbbl)	Solution Gas (MMcf)	Associated Gas and Non-Associated Gas (MMcf)	Natural Gas Liquids ⁽¹⁾ (Mbbl)	
Proved					
December 31, 2019	8,833.2	53,188	4,030	4,396.2	22,765.8
Extensions and improved recovery	-	-	-	-	-
Technical revisions ⁽²⁾	88.5	1,238	138	(25.8)	292.1
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic factors	(413.2)	(1,811)	(436)	(175.7)	(963.5)
Production	(228.0)	(1,812)	(326)	(196.3)	(780.6)
December 31, 2020	8,280.5	50,803	3,406	3,998.4	21,313.6
Probable					
December 31, 2019	2,323.5	13,017	920	1,059.5	5,705.7
Extensions and improved recovery	-	-	-	-	-
Technical revisions ⁽²⁾	(52.6)	(244)	(14)	(56.4)	(152.0)
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic factors	24.4	(76)	(98)	(18.6)	(23.2)
Production	-	-	-	-	-
December 31, 2020	2,295.3	12,698	809	984.5	5,530.9
Proved plus probable					
December 31, 2019	11,156.7	66,205	4,950	5,455.7	28,471.5
Extensions and improved recovery	-	-	-	-	-
Technical revisions ⁽²⁾	35.9	994	124	(82.2)	140.1
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions	-	-	-	-	-
Economic factors	(388.8)	(1,887)	(534)	(194.3)	(986.7)
Production	(228.0)	(1,812)	(326)	(196.3)	(780.6)
December 31, 2020	10,575.8	63,500	4,214	4,982.9	26,844.5

Notes:

- (1) Gross reserves means the Corporation's working interest reserves before calculation of royalties, and before consideration of the Corporation's royalty interests.
- (2) Technical revisions also include changes in reserves associated with the changes in operating costs and commodity price offsets.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped Reserves are attributed by Sproule in accordance with standards and procedures contained in the COGE Handbook. Proved Undeveloped Reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable Undeveloped Reserves are those reserves that are less certain to be recovered than proved Undeveloped Reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. As at December 31, 2020, 77% of Prairie Storm's total Proved Reserves and 80% of Prairie Storm's total Probable Reserves were Undeveloped Reserves.

Due to anticipated development costs in light of current market uncertainty, the Corporation plans to develop both the proved Undeveloped Reserves and the probable Undeveloped Reserves in the Sproule Reserve Report over the next 5 years, in each case through cash, internally generated cash flows and/or debt. The decision to defer development of such Reserves beyond two years is consistent with the Corporation's strategy of a steady approach to developing its Reserves coupled with the uncertainty brought about by the COVID-19 pandemic. There are a number of factors that could result in delayed or cancelled development, including, but not limited to, changing economic and technical conditions, surface access issues, availability of services, change in cash flows and access to debt.

The following tables disclose the volumes of proved Undeveloped Reserves and probable Undeveloped Reserves of Prairie Storm that were first attributed in the years indicated:

Proved Undeveloped Reserves

Year	Light & Medium Oil (Mbbl)	Conventional Natural Gas		Natural Gas Liquids (Mbbl)	Total Equivalent (Mboe)
		Solution Gas (MMcf)	Associated and Non-Associated Gas (MMcf)		
2018	1,556	12,785	-	630	4,316
2019	327	987	-	61	552
2020	-	-	-	-	-

Probable Undeveloped Reserves

Year	Light & Medium Oil (Mbbl)	Conventional Natural Gas		Natural Gas Liquids (Mbbl)	Total Equivalent (Mboe)
		Solution Gas (MMcf)	Associated and Non-Associated Gas (MMcf)		
2018	439	3,163	-	155	1,121
2019	529	1,606	-	97	894
2020	-	-	-	-	-

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating Reserves is complex. It requires significant judgments 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 commodity prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data become available, reserve estimates may also change. Estimates are reviewed and revised, either upward or downward, as warranted by such new information. Revisions are often required due to changes in well and reservoir performance, geological conditions, production, prices, capital expenditures, operating expenses, economic conditions, royalty regimes and governmental restrictions, which are beyond the Corporation's control.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end commodity prices, and reservoir performance. Such revisions can be either positive or negative.

Abandonment and Reclamation Costs

In connection with its operations, the Corporation will incur abandonment and reclamation costs for surface leases, wells, facilities and pipelines, including on the Corporation's properties. The Corporation's overall abandonment and reclamation costs include all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to the standard imposed by the applicable government or regulatory authorities. These costs were estimated using Prairie Storm's experience conducting abandonment and reclamation programs. The Corporation reviews suspended or standing well for reactivation, recompletion or sale and conduct systematic abandonment programs for those well bores that do not meet internal criteria. A portion of our liability issues are retired every year and facilities are decommissioned when all the wells producing to them have been abandoned. All of our liability reduction programs take into account seasonal access, high priority and stakeholder issues, and opportunities for multi-location programs to reduce costs. There are no unusually significant abandonment and reclamation costs associated with its properties with Reserves or properties with no attributed Reserves, and the Corporation does not anticipate its abandonment and reclamation liabilities to negatively impact Prairie Storm's reserves data or its ability to develop these reserves at this time.

As at December 31, 2020, Prairie Storm had approximately 198 net wells and 37 net batteries/facilities for which it expects to incur abandonment and reclamation costs. Overall abandonment and reclamation costs estimated by the Corporation are \$32.4 million (uninflated, undiscounted). The Sproule Reserve Report attributed \$51.9 million (inflated, undiscounted) for abandonment and reclamation costs associated with Proved Developed Producing Reserves, in estimating the future net revenue disclosed in this Statement of Reserves Data.

Future Development Costs

The following table sets out the development costs deducted from the estimation of future net revenue attributable to the Corporation's Proved Reserves and Proved plus Probable Reserves as at December 31, 2020:

Year	Estimated using Forecast Prices and Costs ⁽¹⁾	
	Proved Reserves (\$M)	Proved plus Probable Reserves (\$M)
2021	17,432.0	17,432.0
2022	37,574.6	37,574.6
2023	45,397.5	45,724.3
2024	51,335.8	51,335.8
2025	54,735.6	62,919.3
Total for First 5 Years	206,475.5	214,986.0
Thereafter	–	–
Total Undiscounted	206,475.5	214,986.0
Total Discounted at 10%/Year	157,970.9	163,567.2

Note:

- (1) Future development costs shown are associated with booked reserves in the Sproule Reserve Report and do not necessarily represent Prairie Storm's full exploration and development budget.

Prairie Storm expects to fund the development costs of its Reserves through cash, internally generated cash flows and/or debt. There can be no guarantee that funds will be available or that the Corporation will allocate funding to develop all of the Reserves attributed in the Sproule Reserve Report. Failure to develop those reserves could have a negative impact on Prairie Storm's future cash flows.

Interest or other costs of external funding are not included in Prairie Storm's Reserves and future net revenue estimates and would reduce Reserves and future net revenue to some degree depending upon the funding sources utilized. Prairie Storm does not anticipate that interest or other funding costs would make development of any of its properties uneconomic.

Other Oil and Gas Information

Oil and Gas Properties

Prairie Storm has assembled its current land and producing asset holdings through multiple acquisitions completed since 2016. The Corporation's holdings are located in the Willesden Green (Cardium and Glauconite formations) and Ferrier (Cardium formation) areas in west central Alberta. Prairie Storm holds an average working interest of approximately 70% in a large, primarily contiguous land base of 68,908 gross (49,785 net) acres of petroleum and natural gas rights.

The Corporation's average annual production in 2020 was approximately 2,137 boe/d, comprised of approximately 623 bbl/d of Crude Oil, 534 boe/d of Natural Gas Liquids and 5,880 Mcf/d of Conventional Natural Gas. As at December 31, 2020, the Corporation held interests in 93 (75.4 net) producing oil wells and 25 (16.5 net) producing gas wells, all located in west central Alberta.

Prairie Storm's main assets, located in Townships 39 and 40, Ranges 4 and 5 West of the Fifth Meridian, are the Leafland Cardium Unit No. 2, the Leafland South Cardium Unit No.1, the Willesden Green Glauconitic A Unit No. 1 and the Medicine River Glauconite A Unit No. 1.

Both the Cardium units currently have an active waterflood program and produce light oil, natural gas and associated liquids from the Cardium formation at a depth of approximately 1,800 meters. The Willesden Green Glauconitic A Unit No. 1 has an active water flood program in place, and the Medicine River

Glauconite A Unit No. 1 currently has a suspended water flood program that is being reviewed for reactivation. Both Glauconite units produce oil, natural gas, and associated liquids from the Glauconite formation at a depth of approximately 2,250 meters.

In addition to these units, Prairie Storm has various working interests in surrounding non-unitized petroleum and natural gas rights.

Prairie Storm has six facilities that are material to its operations and most provide third party processing revenue to Prairie Storm. These six facilities are summarized in the following table:

Location	Facility	Type	Interest	Description
Willesden Green	Leafland Storm 13-16 Gas Plant	Gas Plant	78%	Key gas processing for Leafland – Cardium units Dedicated TC Energy Meter station
Willesden Green	Leafland 15-31 Gas Plant	Gas Plant	8%	18 MMcf/day plant capacity Cardium unit oil battery
Willesden Green	Leafland South Cardium Unit No.1	Oil Battery	95%	Lease Automatic Custody Transfer (LACT) to Plains Cardium unit oil battery
Willesden Green	Leafland Cardium Unit No. 2	Oil Battery	79%	Potential LACT to Plains
Willesden Green	Willesden Green Compressor Station	Compressor Station	100%	Key egress point to Rimbey gas plant
Willesden Green	Med River Glauconite A Unit No. 1	Oil Battery	100%	Oil processing for Glauconite oil

Oil and Gas Wells

The following table sets out the number and status of wells in which Prairie Storm had a working interest as at December 31, 2020, all of which are located onshore:

Location ^{(1) (2)}	Producing Wells				Shut-in Wells ⁽³⁾			
	Oil		Gas		Oil		Gas	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Alberta	93	75.4	26	17.2	30	25.4	19	10.0

Note:

- (1) All producing and shut-in wells are located in Townships 38 to 43, Ranges 4 to 9 West of the Fifth Meridian in Alberta, Canada.
- (2) This table does not include water source wells, injection wells, abandoned wells or wells that have never produced.
- (3) Shut-in wells means wells which are capable of producing crude oil or natural gas but which are not producing due to current operational conditions.

Properties with No Attributed Reserves

Unproved properties are those properties or parts of properties to which no reserves have been specifically attributed. The following table summarizes, as at December 31, 2020, the gross hectares of unproved properties, the net hectares of unproved properties, and the number of net hectares for which the Corporation has rights to explore, develop or exploit that will, absent further action, expire prior to December 31, 2021. The Corporation may hold interests in different formations under the same surface area pursuant to separate leases. In circumstances where this exists, only the acreage from what the Corporation determines is the primary lease is included in the table below.

Location⁽¹⁾	Gross Hectares	Net Hectares	Net Hectares Expiring Within One Year
Alberta	10,726	7,484	-

Note:

(1) All of the Corporation's properties are located in Alberta.

Significant Factors or Uncertainties Related to Properties with No Attributed Reserves

As at the date of this Statement of Reserves Data, the Corporation does not anticipate any significant economic factors or uncertainties that will affect any particular components of its properties with no attributed reserves. There are no unusually significant well abandonment and reclamation costs with the Corporation's properties with no attributed reserves. See "Reserve Estimates – Abandonment and Reclamation Costs" above.

Forward Contracts

Prairie Storm attempts to mitigate commodity price risk by fixing the price on a portion of its production through various financial commodity contracts. The Corporation does not apply hedge accounting to these contracts. The Corporation's physical production is sold using spot or near-term contracts, with prices fixed at the time of custody transfer or on the basis of a monthly average market price.

As at December 31, 2020, the following commodity contracts were outstanding:

Commodity	Contract Type	Term	Notional Volume	Price	Reference
Gas	Fixed price	Jan 1/21 – Mar 31/21	1,000 gj/d	\$2.205	AECO
Gas	Fixed price	Jan 1/21 – Mar 31/21	1,000 gj/d	\$2.28	AECO
Gas	Fixed price	Jan 1/21 – Mar 31/21	1,000 gj/d	\$2.72	AECO
Gas	Fixed price	Apr 1/21 – Oct 31/21	2,000 gj/d	\$2.00	AECO
Gas	Fixed price	Nov 1/21 – Mar 31/22	1,000 gj/d	\$2.30	AECO

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended December 31, 2020. Actual taxes payable in the future will become a function of commodity prices, production volumes and capital expenditures combined with active tax planning. Based on planned capital expenditures and the forecast commodity pricing employed in the Sproule Reserve Report, the Corporation estimates that income taxes may become payable beginning in 2026.

Costs Incurred

The following table sets out the costs incurred by Prairie Storm during the year ended December 31, 2020 in respect of property acquisitions, exploration costs and development costs:

Category	Costs Incurred (\$ thousands)
Property acquisition costs	
Proven properties	28
Unproven properties	-
Exploration costs	-
Development costs	160
Total capital expenditures	188

Exploration and Development Activities

Prairie Storm currently anticipates to drill, complete and place on production, two development wells (1.7 net) at its Leafland-Cardium property during 2021.

Production History

The following table sets out average production, prices received, royalties paid, operating and transportation expenses and resulting netback for the periods indicated below:

	Three Months Ended				Year Ended December 31, 2020
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	
Average daily production					
Light and medium Oil (bbl/d)	703	600	607	582	623
Conventional Natural Gas (Mcf/d)	6,144	6,034	5,762	5,585	5,880
Natural Gas Liquids (bbl/d)	575	537	522	502	534
Total (boe/d)	2,302	2,143	2,090	2,015	2,137
Light and medium oil (\$/bbl)					
Average price received	\$47.85	\$26.20	\$47.11	\$48.51	\$42.64
Royalties	(4.56)	(1.82)	(3.02)	(3.21)	(3.21)
Field operating costs ⁽¹⁾	(10.70)	(9.04)	(11.89)	(14.07)	(11.39)
Transportation expenses	(0.09)	(0.10)	(0.05)	(0.05)	(0.08)
Netbacks ⁽³⁾	\$32.50	\$15.24	\$32.15	\$31.18	\$27.96
Conventional natural gas (\$/Mcf)					
Average price received	\$2.00	\$1.94	\$2.24	\$2.68	\$2.21
Royalties	(0.13)	(0.66)	(0.09)	(0.39)	(0.32)
Field operating costs ⁽¹⁾	(1.78)	(1.51)	(1.98)	(2.35)	(1.90)
Transportation expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Netbacks ⁽³⁾	\$0.07	\$(0.25)	\$0.15	\$(0.08)	\$(0.03)
Natural gas liquids (\$/bbl)					
Average price received	\$12.79	\$11.63	\$17.87	\$20.68	\$15.61
Royalties	(1.02)	(0.95)	(1.31)	(1.26)	(1.31)
Field operating costs ⁽¹⁾	(10.70)	(9.04)	(11.89)	(14.07)	(11.38)
Transportation expenses ⁽²⁾	-	-	-	-	-
Netbacks ⁽³⁾	\$1.07	\$1.64	\$4.67	\$5.35	\$3.10
Total (\$/boe)					
Average price received	\$23.15	15.71	\$24.33	\$26.59	\$22.40
Processing income	0.67	1.55	0.75	0.41	0.85
Royalties	(2.00)	(2.60)	(1.47)	(2.33)	(2.10)
Field operating costs	(10.70)	(9.04)	(11.89)	(14.09)	(11.38)
Transportation expenses	(0.08)	(0.08)	(0.07)	(0.06)	(0.07)
Total (\$/boe)	\$11.04	\$5.54	\$11.65	\$10.52	\$9.70

Notes:

- (1) Due to the nature of Prairie Storm's assets being comprised of Oil wells with Conventional Natural Gas production, and gas wells with associated Natural Gas Liquids production, actual field operating costs by product type is not readily determinable. For the purposes of these tables, Prairie Storm has allocated field operating costs amongst the various product types based on the proportion of product volumes to overall corporate volumes, and readers are cautioned that such allocations may not be meaningful.
- (2) Transportation expenses for Natural Gas Liquids are included with Conventional Natural Gas.
- (3) Netbacks are calculated by subtracting royalties, field operating costs and transportation expenses from average prices received.

The table below sets out the average daily production volumes from Prairie Storm's important fields for the year ended December 31, 2020:

Property	Light & Medium Oil (bbl/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbl/d)
Leafland – Cardium	404	2,681	171
Leafland – Glauconite	181	2,324	318
Ferrier – Cardium	38	875	45
Total	623	5,880	534

Production Estimates

The following table sets out, for each product type, the production volumes for 2021 contained in the estimates of future net revenue from gross Proved Reserves and gross Proved plus Probable Reserves disclosed herein.

	Light & Medium Oil (bbl/d)	Conventional Natural Gas (Mcf/d)	Natural Gas Liquids (bbl/d)	Oil Equivalent (boe/d)
Proved				
Leafland – Cardium	583.4	3,466	230.9	1,392.0
Leafland – Glauconite	200.4	1,977	269.8	799.7
Ferrier – Cardium	118.7	1,313	68.5	406.0
Total proved	902.5	6,756	569.2	2,597.7
Probable				
Leafland – Cardium	78.4	444	29.5	181.9
Leafland – Glauconite	11.2	54	7.4	27.6
Ferrier – Cardium	18.9	128	6.7	46.9
Total Probable	108.4	626	43.7	256.4
Proved plus Probable				
Leafland – Cardium	661.8	3,910	260.3	1,573.8
Leafland – Glauconite	211.6	2,031	277.2	827.3
Ferrier – Cardium	137.5	1,441	75.2	452.9
Total proved plus probable	1,010.9	7,382	612.9	2,854.1