

**STRIKEWELL ENERGY CORP.**

**FORM 51-101F1**

**STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS  
INFORMATION DATED APRIL 29, 2022**

**EFFECTIVE DATE OF EVALUATION REPORT – DECEMBER 31, 2021**

**PREPARATION DATE OF EVALUATION REPORT – February 22, 2022**

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## ABBREVIATIONS AND CONVERSIONS

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

|               |                                                                                                                                                                                                                                                                                                                                           |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "AECO"        | EnCana Corp.'s natural gas storage facility located at Suffield, Alberta                                                                                                                                                                                                                                                                  |
| "API"         | American Petroleum Institute                                                                                                                                                                                                                                                                                                              |
| "degrees API" | an indication of the specific gravity of crude oil measured on the API gravity scale                                                                                                                                                                                                                                                      |
| "bbl"         | barrel or barrels                                                                                                                                                                                                                                                                                                                         |
| "Mbbbl"       | thousand barrels                                                                                                                                                                                                                                                                                                                          |
| "bbl/d"       | barrels per day                                                                                                                                                                                                                                                                                                                           |
| "boe"         | barrel of oil equivalent using a conversion ratio of 6 thousand cubic feet gas to one barrel of oil (6 Mcf :1 bbl) based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. <b>Boe's may be misleading, particularly if used in isolation.</b> |
| "boe/d"       | barrel of oil equivalent per day                                                                                                                                                                                                                                                                                                          |
| "GJ"          | gigajoule                                                                                                                                                                                                                                                                                                                                 |
| "Mcf"         | thousand cubic feet                                                                                                                                                                                                                                                                                                                       |
| "Mcf/d"       | thousand cubic feet per day                                                                                                                                                                                                                                                                                                               |
| "MMcf"        | million cubic feet                                                                                                                                                                                                                                                                                                                        |
| "MMbtu"       | million British Thermal Units                                                                                                                                                                                                                                                                                                             |
| "NGLs"        | natural gas liquids                                                                                                                                                                                                                                                                                                                       |
| "NYMEX"       | New York Mercantile Exchange                                                                                                                                                                                                                                                                                                              |
| "\$000s"      | thousands of dollars                                                                                                                                                                                                                                                                                                                      |
| "MM\$"        | million dollars                                                                                                                                                                                                                                                                                                                           |
| "\$MMs"       | millions of dollars                                                                                                                                                                                                                                                                                                                       |
| "C\$"         | Canadian currency                                                                                                                                                                                                                                                                                                                         |
| "US\$"        | United States currency                                                                                                                                                                                                                                                                                                                    |

All dollar amounts herein are in Canadian dollars unless otherwise stated.

| To Convert From | To           | Multiply By |
|-----------------|--------------|-------------|
| Mcf             | Cubic meters | 28.328      |
| Cubic meters    | Cubic feet   | 35.301      |
| Bbl             | Cubic meters | 0.159       |
| Cubic meters    | Bbl oil      | 6.292       |
| Feet            | Meters       | 0.305       |
| Meters          | Feet         | 3.281       |
| Miles           | Kilometers   | 1.609       |
| Kilometers      | Miles        | 0.621       |
| Acres           | Hectares     | 0.400       |
| Hectares        | Acres        | 2.500       |

## NOTES AND CERTAIN DEFINITIONS

“Strikewell” means Strikewell Energy Corp.

“Company” means Strikewell Energy Corp. or its wholly owned subsidiaries ZNX Energy Ltd. and Strikewell Capital Corp.

“COGE Handbook” means the Canadian Oil and Gas Evaluation Handbook.

“McDaniel” means McDaniel and Associates Consultants Ltd.

“McDaniel Report” means the report of McDaniel dated February 22, 2022 evaluating the crude oil, natural gas liquids, and natural gas reserves of Strikewell’s properties as of December 31, 2021.

“Gross” means:

- (a) in relation to the Company’s interest in production or reserves, its “Company gross reserves”, which are its working interest (operating or non-operating) share before deduction of royalty obligations and without any royalty interests owned by the Company;
- (b) in relation to wells, the total number of wells in which the Company has an interest; and
- (c) in relation to the Company’s interest in a property, the total area in which the Company has an interest.

“Net” means:

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

“Future Net Revenue” is expressed after giving effect to all royalties, mineral taxes, operating expenses, and capital expenditures but before provision for income taxes and indirect costs, such as overhead and administration expenses. **The estimates of Future Net Revenue do not necessarily reflect fair market value.**

“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.

“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 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 is required to render them capable of production. They must fully meet the requirements of the reserves classification to which they are assigned.

“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.

“Associated gas” means the gas cap overlying a crude oil accumulation in a reservoir.

“Non-associated gas” means an accumulation of natural gas in a reservoir where there is no crude oil.

“Crude Oil” or “Oil” means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

“Natural gas” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

“Natural gas liquids” means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

“Operating costs” or “production costs” means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

“Reservoir” means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

“Solution gas” means natural gas dissolved in crude oil.

## DISCLOSURE OF RESERVES DATA

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, McDaniel and Associates Consultants Ltd. (“**McDaniel**”) of Calgary, Alberta, independent petroleum consultants, have evaluated the crude oil, natural gas and NGL reserves attributable to the Company’s oil and gas properties as of December 31, 2021 (the “**McDaniel Report**”). The McDaniel Report was prepared in accordance with the standards contained in the COGE Handbook. The Report of the Independent Qualified Reserves Evaluator or Auditor (Form 51-101F2) and the Report of Management and Directors on Oil and Gas Disclosure (Form 51-101F3) and Notice of Filing of 51-101F1 Information (Form 51-101F4) are available at [www.sedar.com](http://www.sedar.com).

The following tables provide a summary of the Company’s total reserves and value using forecast prices and costs as of December 31, 2021. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of the Company’s properties. There is no assurance that the price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates provided below and provided in the McDaniel Report are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves maybe greater than or less than the estimates provided below and provided in the McDaniel Report. The McDaniel Report is based on data supplied by the Company. All factual data supplied by the Company, including but not limited to ownership, production, costs, revenues, contracts, and relevant documents, was relied upon by McDaniel in preparing the McDaniel Report. Dollar amounts in the McDaniel Report are in Canadian currency.

### PETROLEUM AND NATURAL GAS RESERVES BASED ON FORCAST PRICES AND COSTS Effective December 31, 2021

| COMPANY TOTAL<br>All Properties | Light and Medium<br>Oil |                | Associated and<br>Non-Associated<br>Gas |               | Natural Gas Liquids |                |
|---------------------------------|-------------------------|----------------|-----------------------------------------|---------------|---------------------|----------------|
|                                 | Gross<br>(Mbbbl)        | Net<br>(Mbbbl) | Gross<br>(MMcf)                         | Net<br>(MMcf) | Gross<br>(Mbbbl)    | Net<br>(Mbbbl) |
| Proved:                         |                         |                |                                         |               |                     |                |
| Developed Producing             | 31.7                    | 25.7           | 210.4                                   | 179.7         | 9.5                 | 6.4            |
| Developed Non-Producing         | -                       | -              | -                                       | -             | -                   | -              |
| Undeveloped                     | -                       | -              | -                                       | -             | -                   | -              |
| Total Proved                    | 31.7                    | 25.7           | 210.4                                   | 179.7         | 9.5                 | 6.4            |
| Probable                        | 10.5                    | 8.3            | 70.0                                    | 61.2          | 3.2                 | 2.5            |
| Total Proved plus Probable      | 42.2                    | 34.1           | 280.4                                   | 240.9         | 12.6                | 8.9            |

Note: Figures may not add due to rounding

**NET PRESENT VALUES OF FUTURE NET REVENUE  
BASED ON FORECAST PRICES AND COSTS  
Effective December 31, 2021**

| COMPANY TOTAL<br>All Properties<br><br>Reserves Category | BEFORE INCOME TAXES<br>(\$000s)<br>Discounted at (%/year) |       |       |       |       | Unit Value<br>Before<br>Income Tax<br>Discounted<br>at 10%/year |
|----------------------------------------------------------|-----------------------------------------------------------|-------|-------|-------|-------|-----------------------------------------------------------------|
|                                                          | 0%                                                        | 5%    | 10%   | 15%   | 20%   | (\$/BOE)                                                        |
| Proved Producing                                         | 649.5                                                     | 662.4 | 646.7 | 619.9 | 590.1 | 10.42                                                           |
| Proved Non-producing                                     | -                                                         | -     | -     | -     | -     | -                                                               |
| Proved Undeveloped                                       | -                                                         | -     | -     | -     | -     | -                                                               |
| Total Proved                                             | 649.5                                                     | 662.4 | 646.7 | 619.9 | 590.1 | 10.42                                                           |
| Probable                                                 | 255.3                                                     | 214.9 | 177.0 | 145.8 | 121.2 | 8.42                                                            |
| Total Proved plus Probable                               | 904.8                                                     | 877.3 | 823.7 | 765.8 | 711.3 | 9.92                                                            |

| COMPANY TOTAL<br>All Properties<br><br>Reserves Category | AFTER INCOME TAXES<br>(\$000s)<br>Discounted at (%/year) |       |       |       |       |
|----------------------------------------------------------|----------------------------------------------------------|-------|-------|-------|-------|
|                                                          | 0%                                                       | 5%    | 10%   | 15%   | 20%   |
| Proved Producing                                         | 649.5                                                    | 662.4 | 646.7 | 619.9 | 590.1 |
| Proved Non-producing                                     | -                                                        | -     | -     | -     | -     |
| Proved Undeveloped                                       | -                                                        | -     | -     | -     | -     |
| Total Proved                                             | 649.5                                                    | 662.4 | 646.7 | 619.9 | 590.1 |
| Probable                                                 | 255.3                                                    | 214.9 | 177.0 | 145.8 | 121.2 |
| Total Proved plus Probable                               | 904.8                                                    | 877.3 | 823.7 | 765.8 | 711.3 |

Note: Figures may not add due to rounding.  
Unit Values are calculated using 10% discount rate divided by the Major Product Type Net reserves for each group.  
The Company has sufficient tax loss carry forwards to offset taxes on forecast income.

**TOTAL FUTURE NET REVENUE  
(UNDISCOUNTED)  
BASED ON FORECAST PRICES AND COSTS  
Effective December 31, 2021**

| COMPANY TOTAL<br>All Properties        | Reserves Category  |                                  |
|----------------------------------------|--------------------|----------------------------------|
|                                        | Proved<br>(\$000s) | Proved plus Probable<br>(\$000s) |
| Revenue                                | 3,652              | 4,908                            |
| Royalty expense                        | 622                | 837                              |
| Operating costs                        | 2,192              | 2,969                            |
| Exploration and development costs      | -                  | -                                |
| Well abandonment costs                 | 189                | 198                              |
| Future net revenue before income taxes | 650                | 905                              |
| Income taxes                           | -                  | -                                |
| Future net revenue after income taxes  | 650                | 905                              |

**FUTURE NET REVENUE BY PRODUCTION GROUP  
BASED ON FORECAST PRICES AND COSTS  
Effective December 31, 202**

| <b>COMPANY TOTAL<br/>All Properties<br/><br/>Reserves<br/>Category</b> | <b>Production Group</b>                                                                                             | <b>Future Net<br/>Revenue<br/>Before Income<br/>Taxes<br/>Discounted at<br/>10%/year<br/>(\$000s)</b> | <b>Unit Value<br/>(\$/Mcf)<br/>(\$/bbl)</b> |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Proved                                                                 | Light and Medium Oil (including solution gas and other by-products)                                                 | 647                                                                                                   | 25.12                                       |
|                                                                        | Heavy Oil (including solution gas and other by-products)                                                            | -                                                                                                     |                                             |
|                                                                        | Associated and Non-Associated Gas (including by-products but excluding solution gas and by-products from oil wells) | -                                                                                                     |                                             |
| Proved plus<br>Probable                                                | Light and Medium Oil (including solution gas and other by-products)                                                 | 824                                                                                                   | 24.19                                       |
|                                                                        | Heavy Oil (including solution gas and other by-products)                                                            | -                                                                                                     |                                             |
|                                                                        | Associated and Non-Associated Gas (including by-products but excluding solution gas and by-products from oil wells) | -                                                                                                     |                                             |

Note: Unit Values are calculated using the 10% discount rate Before Income Tax divided by the Major Product Type Net reserves for each group.

The Company's property reserves and future revenues are 100% attributable to the Company's wholly owned Canadian subsidiaries ZNX Energy Ltd. and Strikewell Capital Corp.'s properties situated in Alberta, Canada.

**PRICING ASSUMPTIONS**

**Forecast Prices and Inflation Rate Assumptions used in Estimates**

The oil and natural gas reference prices used in McDaniel Report are derived from a McDaniel price forecast published effective January 1, 2021, benchmark prices are tabled below. In the forecast price case, costs are assumed to increase at 2% per year.

| Year       | Crude Oil<br>Edmonton Light<br>Sweet Price<br>(C\$/bbl) | Natural Gas<br>Alberta Average<br>Plantgate Price<br>(C\$/MMbtu) | Benchmark<br>WTI<br>Crude Oil Price<br>(US\$/bbl) | Benchmark<br>Henry Hub<br>Gas Price<br>(US\$/MMbtu) | Currency<br>Exchange Rate<br>US/CDN<br>(US\$/C\$) |
|------------|---------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|---------------------------------------------------|
| 2022       | 86.82                                                   | 3.36                                                             | 72.83                                             | 3.85                                                | 0.797                                             |
| 2023       | 80.73                                                   | 3.00                                                             | 68.78                                             | 3.44                                                | 0.797                                             |
| 2024       | 78.01                                                   | 2.84                                                             | 66.76                                             | 3.17                                                | 0.797                                             |
| 2025       | 79.57                                                   | 2.89                                                             | 68.09                                             | 3.24                                                | 0.797                                             |
| 2026       | 81.16                                                   | 2.95                                                             | 69.45                                             | 3.30                                                | 0.797                                             |
| 2027       | 82.78                                                   | 3.01                                                             | 70.84                                             | 3.37                                                | 0.797                                             |
| 2028       | 84.44                                                   | 3.07                                                             | 72.26                                             | 3.44                                                | 0.797                                             |
| 2029       | 86.13                                                   | 3.13                                                             | 73.70                                             | 3.50                                                | 0.797                                             |
| 2030       | 87.85                                                   | 3.20                                                             | 75.18                                             | 3.58                                                | 0.797                                             |
| 2031       | 89.61                                                   | 3.26                                                             | 76.68                                             | 3.65                                                | 0.797                                             |
| 2032       | 91.40                                                   | 3.32                                                             | 78.21                                             | 3.72                                                | 0.797                                             |
| 2033       | 93.23                                                   | 3.39                                                             | 79.78                                             | 3.79                                                | 0.797                                             |
| 2034       | 95.09                                                   | 3.46                                                             | 81.37                                             | 3.87                                                | 0.797                                             |
| 2035       | 96.99                                                   | 3.53                                                             | 83.00                                             | 3.95                                                | 0.797                                             |
| 2033       | 98.93                                                   | 3.60                                                             | 84.66                                             | 4.03                                                | 0.797                                             |
| Thereafter | +2%/yr                                                  | +2%/yr                                                           | +2%/yr                                            | +2%/yr                                              | 0.797                                             |

Weight average prices realized by the Company's properties for the year ended December 31, 2021 were \$3.61/Mcf for natural gas and \$47.24/bbl for NGLs and \$76.99/bbl for oil.

#### RECONCILIATION OF GROSS RESERVES FORECAST PRICES AND COSTS Effective December 31, 2021

The following table provides the changes in gross reserves by product type of Strikewell's reserves between the periods dated December 31, 2020 and December 31, 2021, based on forecast prices and costs.

| All Properties<br>Alberta          | Light and Medium Oil |           |                            | NGLs      |          |                            | Associated and<br>Non-Associated Gas |           |                            |
|------------------------------------|----------------------|-----------|----------------------------|-----------|----------|----------------------------|--------------------------------------|-----------|----------------------------|
|                                    | Proved               | Probable  | Proved<br>Plus<br>Probable | Proved    | Probable | Proved<br>Plus<br>Probable | Proved                               | Probable  | Proved<br>Plus<br>Probable |
|                                    | (Mbbl)               | (Mbbl)    | (Mbbl)                     | (Mbbl)    | (Mbbl)   | (Mbbl)                     | (MMcf)                               | (MMcf)    | (MMcf)                     |
| <b>31-Dec-2020</b>                 | <b>33</b>            | <b>11</b> | <b>44</b>                  | <b>7</b>  | <b>3</b> | <b>10</b>                  | <b>181</b>                           | <b>62</b> | <b>243</b>                 |
| Production                         | (7)                  | -         | (7)                        | (2)       | -        | (2)                        | (44)                                 | -         | (44)                       |
| Discoveries                        | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Acquisitions                       | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Dispositions                       | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Extensions                         | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Improved Recovery                  | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Economic Factors                   | -                    | -         | -                          | -         | -        | -                          | -                                    | -         | -                          |
| Technical Revisions <sup>(1)</sup> | 6                    | (1)       | 5                          | 5         | -        | 5                          | 73                                   | 8         | 81                         |
| <b>31-Dec-2021</b>                 | <b>32</b>            | <b>10</b> | <b>42</b>                  | <b>10</b> | <b>3</b> | <b>13</b>                  | <b>210</b>                           | <b>70</b> | <b>280</b>                 |

(1) Technical revision is a result of well performance review and resulting decline parameter adjustments.

Note: Figures may not add due to rounding.

Under National Instrument 51-101 reserves definitions, estimates are prepared such that the full Proved plus Probable reserves are estimated to be recoverable. Proved plus Probable reserves are effectively a "best estimate".

## ADDITIONAL INFORMATION RELATING TO RESERVES DATA

### Undeveloped Reserves

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, attributed to the Company's assets for the years ended December 31, 2021, 2020, and 2019 and in the aggregate, before that time based on forecast prices and costs.

#### *Proved Undeveloped Reserves*

| Year          | Light and Medium Oil<br>(Mbbl) |                           | Natural Gas<br>(MMcf) |                           | NGLs<br>(Mbbl)      |                           |
|---------------|--------------------------------|---------------------------|-----------------------|---------------------------|---------------------|---------------------------|
|               | First<br>Attributed            | Cumulative<br>at Year End | First<br>Attributed   | Cumulative<br>at Year End | First<br>Attributed | Cumulative<br>at Year End |
| Prior thereto | -                              | -                         | -                     | -                         | -                   | -                         |
| 2019          | -                              | -                         | -                     | -                         | -                   | -                         |
| 2020          | -                              | -                         | -                     | -                         | -                   | -                         |
| 2021          | -                              | -                         | -                     | -                         | -                   | -                         |

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in for production or wells drilled near the end of the fiscal year. In addition, such reserves may relate to planned infill drilling locations. The Company had no assigned proved undeveloped reserves at December 31, 2021 and prior years.

#### *Probable Undeveloped Reserves*

| Year          | Light and Medium Oil<br>(Mbbl) |                           | Natural Gas<br>(MMcf) |                           | NGLs<br>(Mbbl)      |                           |
|---------------|--------------------------------|---------------------------|-----------------------|---------------------------|---------------------|---------------------------|
|               | First<br>Attributed            | Cumulative<br>at Year End | First<br>Attributed   | Cumulative<br>at Year End | First<br>Attributed | Cumulative<br>at Year End |
| Prior thereto | -                              | -                         | -                     | -                         | -                   | -                         |
| 2019          | -                              | -                         | -                     | -                         | -                   | -                         |
| 2020          | -                              | -                         | -                     | -                         | -                   | -                         |
| 2021          | -                              | -                         | -                     | -                         | -                   | -                         |

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The conversions of the Company's undeveloped probable reserves are estimations of improved performance and recoveries in existing producing wells not requiring any future development costs therefore no development costs are deducted in the estimation of the Company's future revenues attributable to the probable reserves in the McDaniel Report. The Company had no assigned probable undeveloped reserves at December 31, 2021.

### Significant Factors or Uncertainties Affecting Reserves Data

Oil and gas evaluations have certain uncertainties inherent in the interpretation of engineering and geologic data and the conclusions in the McDaniel Report represent informed professional judgments of available geological, geophysical, engineering and economic data. The process of evaluating reserves is complex. 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 estimates reported on herein are based on current expectations that involve a number of risks and uncertainties, which could cause the actual results to differ from those anticipated. These risks and uncertainties include but are not limited to: the underlying risks of the oil and gas industry (i.e. operational risks in development, exploration and production; potential delays or changes in plans with respect to exploration or development projects

or capital expenditures; availability of drill rigs, completion rigs, and qualified field personnel; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, political and environmental factors), and commodity price and exchange rate fluctuation. Present values for various discount rates documented in the McDaniel Report may not necessarily represent fair market value of the reserves. The estimates of reserves may increase or decrease as a result of future operations.

The Company's oil and gas properties have no material extraordinary risks or uncertainties beyond those which are inherent in other oil and gas producing companies.

### **Future Development Costs**

The following tables set forth the development costs deducted in the estimation of the Company's future net revenue attributable to the Company's reserves categories at December 31, 2022.

| <b>COMPANY TOTAL<br/>All Properties</b> | <b>Undiscounted Forecast<br/>Prices and Costs</b> |                                          |
|-----------------------------------------|---------------------------------------------------|------------------------------------------|
|                                         | <b>Proved Reserves</b>                            | <b>Proved Plus<br/>Probable Reserves</b> |
|                                         | <b>\$000s</b>                                     | <b>\$000s</b>                            |
| Year                                    |                                                   |                                          |
| 2022                                    | -                                                 | -                                        |
| 2023                                    | -                                                 | -                                        |
| 2024                                    | -                                                 | -                                        |
| 2025                                    | -                                                 | -                                        |
| 2026                                    | -                                                 | -                                        |
| Total: Undiscounted                     | Nil                                               | Nil                                      |
| Total: Discounted at 10%                | Nil                                               | Nil                                      |

The conversions of the Company's undeveloped reserves are estimations of improved performance and recoveries in existing producing wells not requiring any future development costs, therefore, no development costs are deducted in the estimation of Company's future revenues attributable to the reserves in the McDaniel Report

### **OTHER OIL AND GAS INFORMATION**

#### **Principal Properties**

The following is a description of the Company's principal oil and natural gas properties with reserves as at December 31, 2021.

#### ***Garrington, Alberta***

The Company, through its subsidiaries Strikewell Capital Corp. and ZNX Energy Ltd., owns a 100 percent working interest in one producing oil well and related petroleum and natural gas rights associated with 640 acres of land near Garrington, Alberta which is located approximately 60 kilometers north of the City of Calgary. The well produces light oil with associated solution gas. The Company does not operate its property and operations are performed by the working interest owner designated as operator. The initial 10% working interest in the Garrington property was acquired effective September 1, 2009. An additional 80% working interest was acquired effective October 9, 2015. The final 10% was acquired through ZNX Energy Ltd., effective October 31, 2019.

## Oil and Gas Wells

At December 31, 2021, the Company owned a working interest in one developed oil well and petroleum and natural gas rights in 640 gross acres.

The following table sets forth the number of wells in which Strikewell held a working interest as at December 31, 2021 in Alberta, Canada.

|                 | <u>Natural Gas Wells</u> |            |               |            | <u>Oil Wells</u> |            |               |            |
|-----------------|--------------------------|------------|---------------|------------|------------------|------------|---------------|------------|
|                 | Producing                |            | Non-Producing |            | Producing        |            | Non-Producing |            |
|                 | <u>Gross</u>             | <u>Net</u> | <u>Gross</u>  | <u>Net</u> | <u>Gross</u>     | <u>Net</u> | <u>Gross</u>  | <u>Net</u> |
| Alberta, Canada | -                        | -          | -             | -          | 1                | 1          | -             | -          |

## Properties Including Properties with No Attributed Reserves

The following table sets out the Company's developed and undeveloped land holdings as at December 31, 2021:

|                 | <u>Undeveloped Acres</u> |     | <u>Developed Acres</u> |     | <u>Total Acres</u> |     |
|-----------------|--------------------------|-----|------------------------|-----|--------------------|-----|
|                 | Gross                    | Net | Gross                  | Net | Gross              | Net |
| Alberta, Canada | 480                      | 480 | 160                    | 160 | 640                | 640 |
| Total           | 480                      | 480 | 160                    | 160 | 640                | 640 |

The Company's undeveloped acreage in Alberta, Canada is held by production from the Company's oil well. No acreage expiry is forecast in 2022.

## Forward Contracts

As of December 31, 2021, the Company was not party to any forward contracts.

## Tax Horizon

The Company does not expect to pay taxes on its Canadian income in 2021. The Company does not expect to pay income taxes in the foreseeable future.

## Exploration and Development Activities

The following table sets forth the gross and net exploratory and development wells completed on the Company's properties during the year ended December 31, 2021.

| <b>All Properties</b> | <b>Exploratory Wells</b> |            | <b>Development Wells</b> |            |
|-----------------------|--------------------------|------------|--------------------------|------------|
|                       | <u>Gross</u>             | <u>Net</u> | <u>Gross</u>             | <u>Net</u> |
| Oil                   | -                        | -          | -                        | -          |
| Natural Gas           | -                        | -          | -                        | -          |
| Service               | -                        | -          | -                        | -          |
| Dry                   | -                        | -          | -                        | -          |
| Total                 | 0                        | 0          | 0                        | 0          |

No new wells were developed on the Company's land holdings during 2021. The Company does not anticipate drilling and developing any new locations in 2022.

## Production Estimates

The following tables set out the estimated gross production volumes related to the Company's reserves in 2022 as evaluated by McDaniel, which are reflected in the estimates of future net revenue disclosed in the tables above.

| <b>All Properties<br/>Alberta</b> | <b>Natural Gas<br/>(Mcf/d)</b> | <b>NGLs<br/>(bbl/d)</b> | <b>Light and<br/>Medium Oil<br/>(bbl/d)</b> | <b>BOE<br/>(Boe/d)</b> |
|-----------------------------------|--------------------------------|-------------------------|---------------------------------------------|------------------------|
| Proved Producing                  | 118                            | 5.2                     | 18                                          | 43                     |
| Total Proved                      | 118                            | 5.2                     | 18                                          | 43                     |
| Total Proved plus Probable        | 120                            | 5.5                     | 18                                          | 44                     |

## Production History

The following tables summarize certain information in respect of production, product prices received, royalty, production costs, and resulting netback for the periods indicated below:

| <b>All Properties<br/>Alberta</b>   | <b>Quarter Ended</b> |                |                 |                |
|-------------------------------------|----------------------|----------------|-----------------|----------------|
|                                     | <b>Mar. 31</b>       | <b>June 30</b> | <b>Sept. 30</b> | <b>Dec. 31</b> |
| Average Production: <sup>(1)</sup>  |                      |                |                 |                |
| Natural Gas (Mcf/d)                 | 28.10                | 31.64          | 30.67           | 31.17          |
| NGLs (bbl/d)                        | 1.36                 | 1.49           | 1.22            | 1.43           |
| Light and Medium Crude Oil (bbl/d)  | 4.68                 | 5.21           | 5.44            | 4.88           |
| Combined (BOE/d)                    | 10.73                | 11.96          | 11.77           | 11.50          |
| Prices received:                    |                      |                |                 |                |
| Natural Gas (\$/Mcf)                | 2.45                 | 3.36           | 3.66            | 4.92           |
| NGLs (\$/bbl)                       | 42.25                | 40.69          | 52.30           | 54.45          |
| Light and Medium Crude Oil (\$/bbl) | 63.88                | 73.06          | 80.71           | 89.51          |
| Combined (\$/BOE)                   | 39.66                | 45.73          | 52.25           | 58.06          |
| Royalties Paid:                     |                      |                |                 |                |
| Natural Gas (\$/Mcf)                | 0.61                 | 1.11           | 0.79            | 1.17           |
| NGLs (\$/bbl) <sup>(3)</sup>        | 2.96                 | 2.85           | 3.66            | 3.81           |
| Light and Medium Crude Oil (\$/bbl) | 9.30                 | 17.99          | 21.12           | 24.58          |
| Combined (\$/BOE) <sup>(4)</sup>    | 6.03                 | 11.11          | 12.19           | 14.08          |
| Production Expenses:                |                      |                |                 |                |
| Natural Gas (\$/Mcf)                | 2.19                 | 3.17           | 1.47            | 1.80           |
| NGLs (\$/bbl)                       | 11.28                | 16.88          | 9.22            | 9.82           |
| Light and Medium Crude Oil (\$/bbl) | 30.49                | 44.74          | 19.20           | 26.65          |
| Combined (\$/BOE)                   | 20.48                | 29.95          | 13.65           | 17.39          |
| Netback Received <sup>(2)</sup> :   |                      |                |                 |                |
| Natural Gas (\$/Mcf)                | -0.35                | -0.92          | 1.40            | 1.95           |
| NGLs (\$/bbl)                       | 28.02                | 20.96          | 39.43           | 40.82          |
| Light and Medium Crude Oil (\$/bbl) | 24.09                | 10.33          | 40.39           | 38.28          |
| Combined (\$/BOE)                   | 13.15                | 4.67           | 26.41           | 26.29          |

### Notes:

- 1) Before deduction of royalties.
- 2) Netbacks are calculated by subtracting royalties and operating costs from revenues.
- 3) Crown royalties on NGLs paid by processor.
- 4) Not including NGLs.