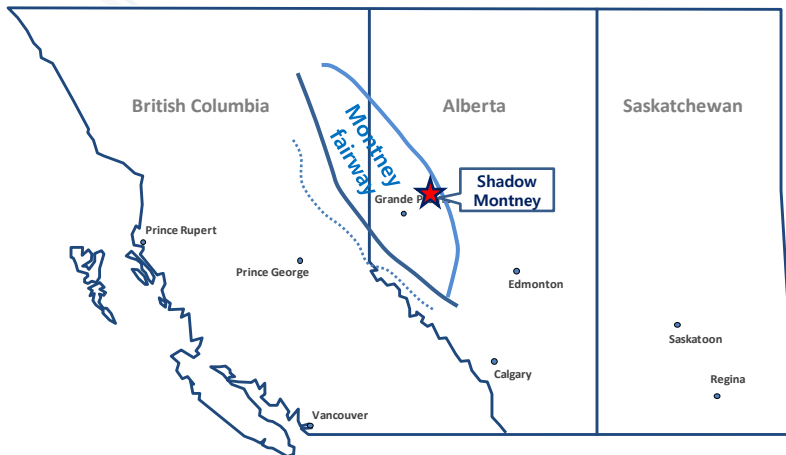


Montney Light Oil Project in Shadow

[MKS INVESTMENTS LTD.]

November 2021

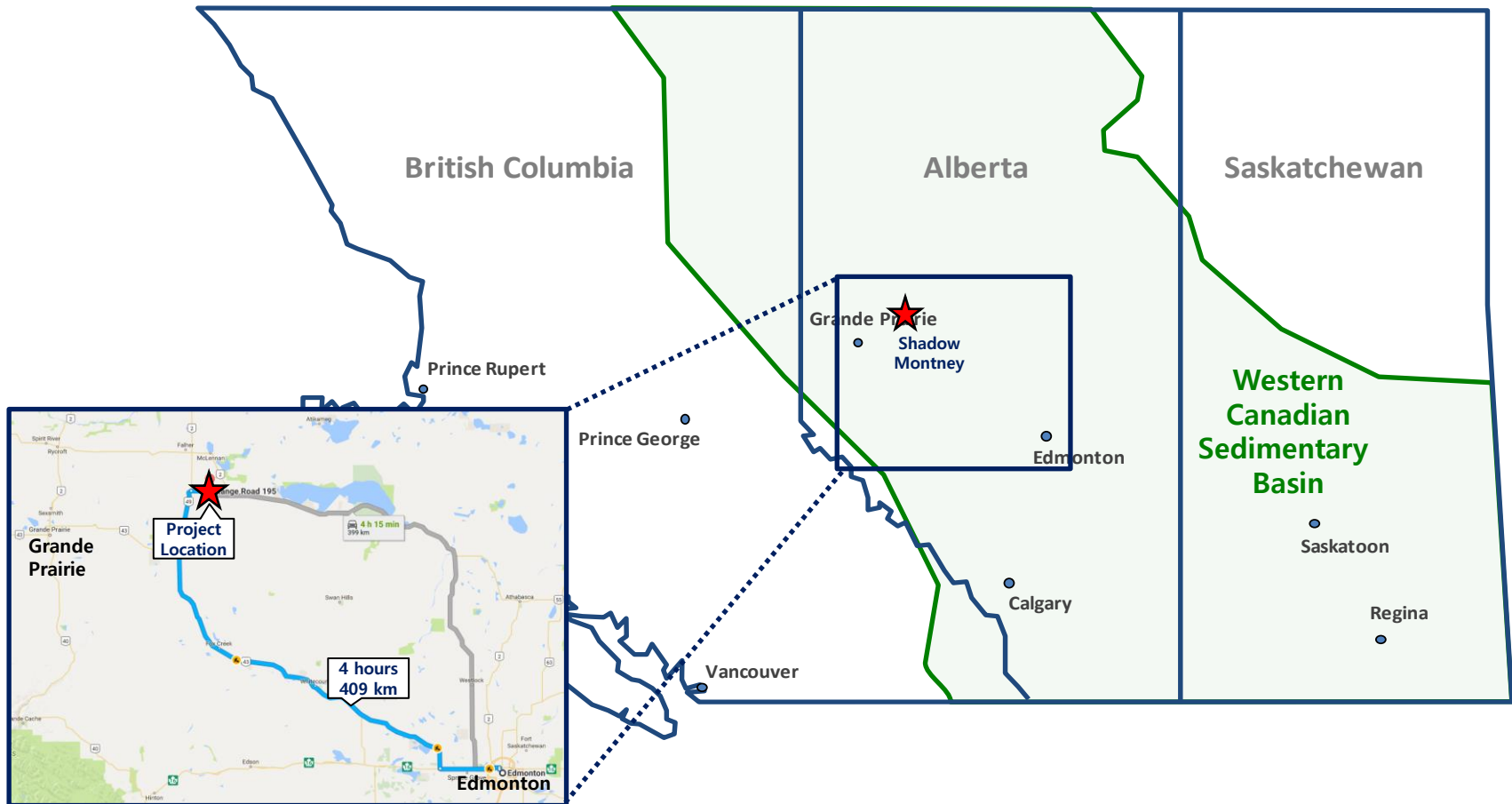


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I. Location

■ Location of Shadow Montney Project in Alberta, Canada

- Shadow project location in Alberta located 409 km Northwest of Edmonton (4 hours drive).
- Looking for undeveloped light oil/liquid gas opportunities in productive Montney formation.



II. WCSB Montney Geology

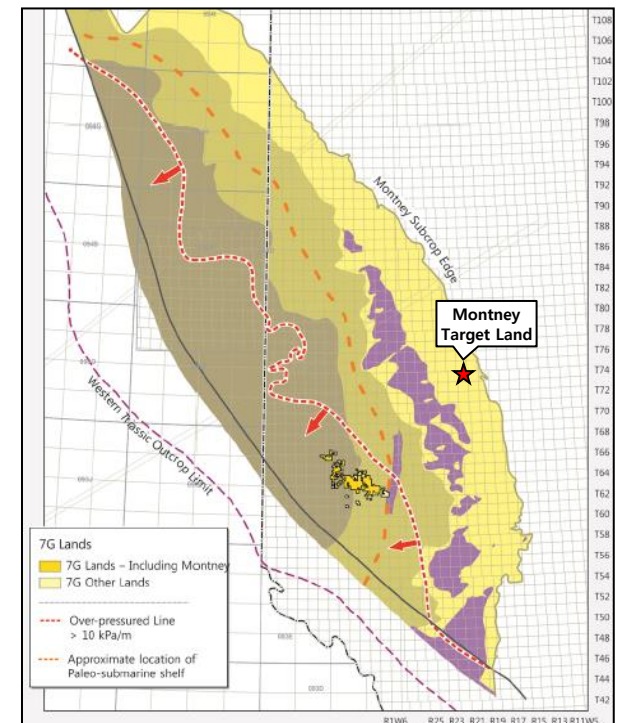
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■ Geological Overview - Triassic Montney Formation

The Montney formation is a sedimentary wedge deposited on the western margin of the North American craton during earliest Triassic time, 232-245 MYA. The Montney depositional fairway stretched over 55,000 square miles from north-east British Columbia to north-west Alberta. To the west, the Montney formation is exposed within the Rocky Mountain chain, while to the east it sub-crops where it was eroded during the late Jurassic and early Cretaceous periods. The entire sedimentary wedge dips from the NE to the SW. The Montney unconformably overlies the Pembina Belloy formation and is unconformably overlain by Triassic to Cretaceous sediments. The formation ranges from less than 1 meter to over 350 m to the west.

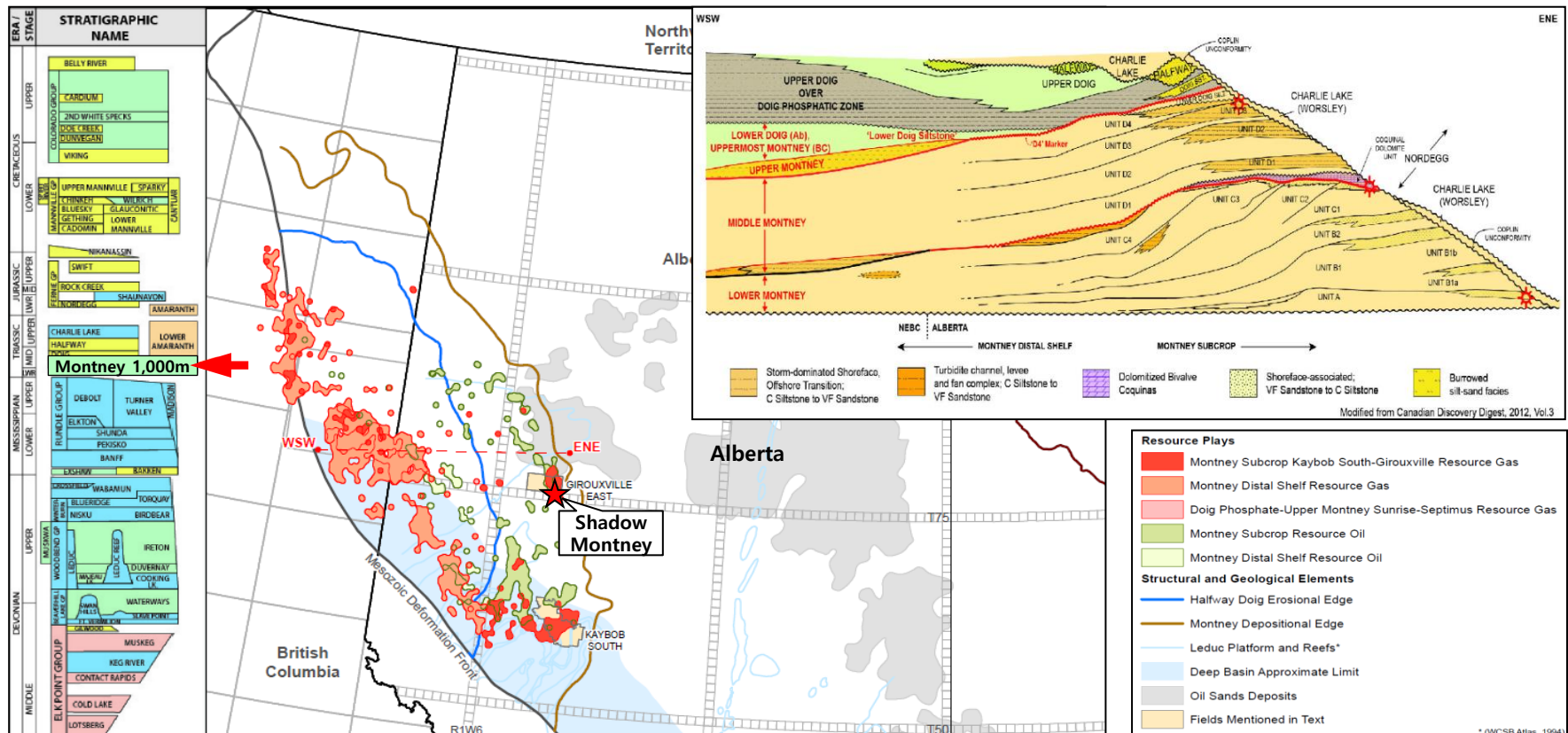
The Montney sequence can generally be divided into two main depositional systems, one dominated by proximal shoreface deposits (to the east) and the other dominated by deposits (to the west). These depositional systems are controlled by their relative position to the paleo-submarine shelf edge that runs through the middle of the Montney fairway from the SE to the NW. Proximal Montney deposits, east of the paleo-geographic shelf, are dominated by shoreface sandstones, dolomitized coquinas, and lower shoreface siltstones. The Montney is a well-established producing horizon for both oil and gas. In recent years horizontal drilling technology and multi-stage fracturing of horizontal wells have allowed for significant additional development of the Montney formation beyond the confines of the conventionally trapped pools that were commercially exploitable with vertical wells.



* source : SPE 162824, Liquids rich unconventional Montney : The geology and the forecast

■ Shadow Montney Resources Play

The Montney Formation in this area (TVD 1,000m) consists of interbedded fine grained sandstones, siltstones and shales deposited on a shallow marine shelf. The resultant reservoir cycles range in thickness from 5 to 10 metres thick and can be correlated regionally. In this area, the Montney Formation subcrops against the Montney Dense Cap, providing the trap for several Montney members and resulting in multiple pools and gas caps within close proximity.



* modified from Canadian Discovery

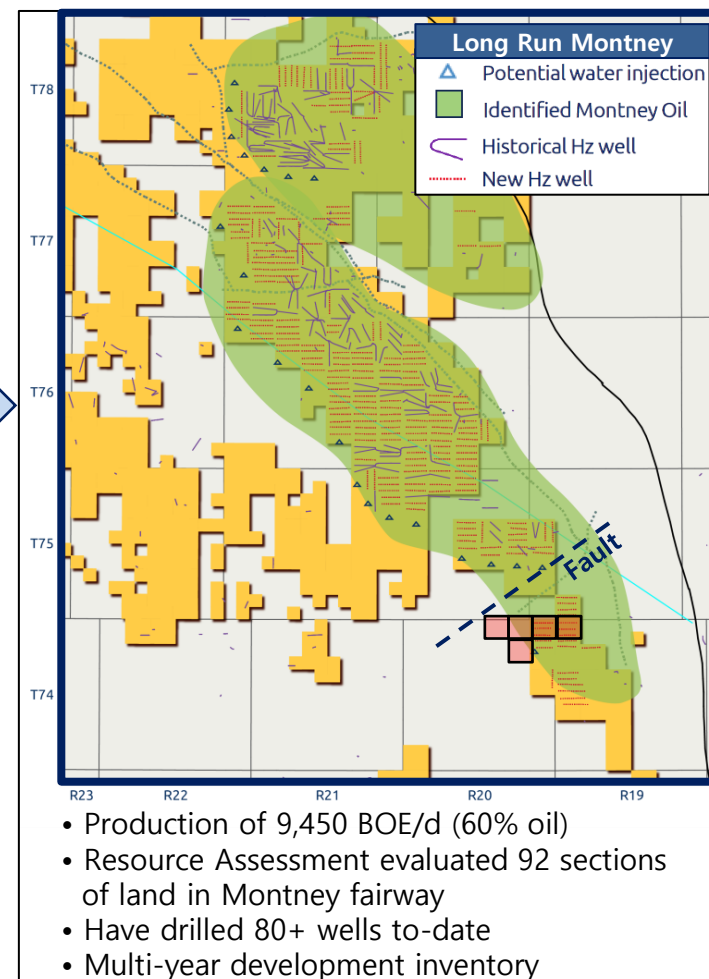
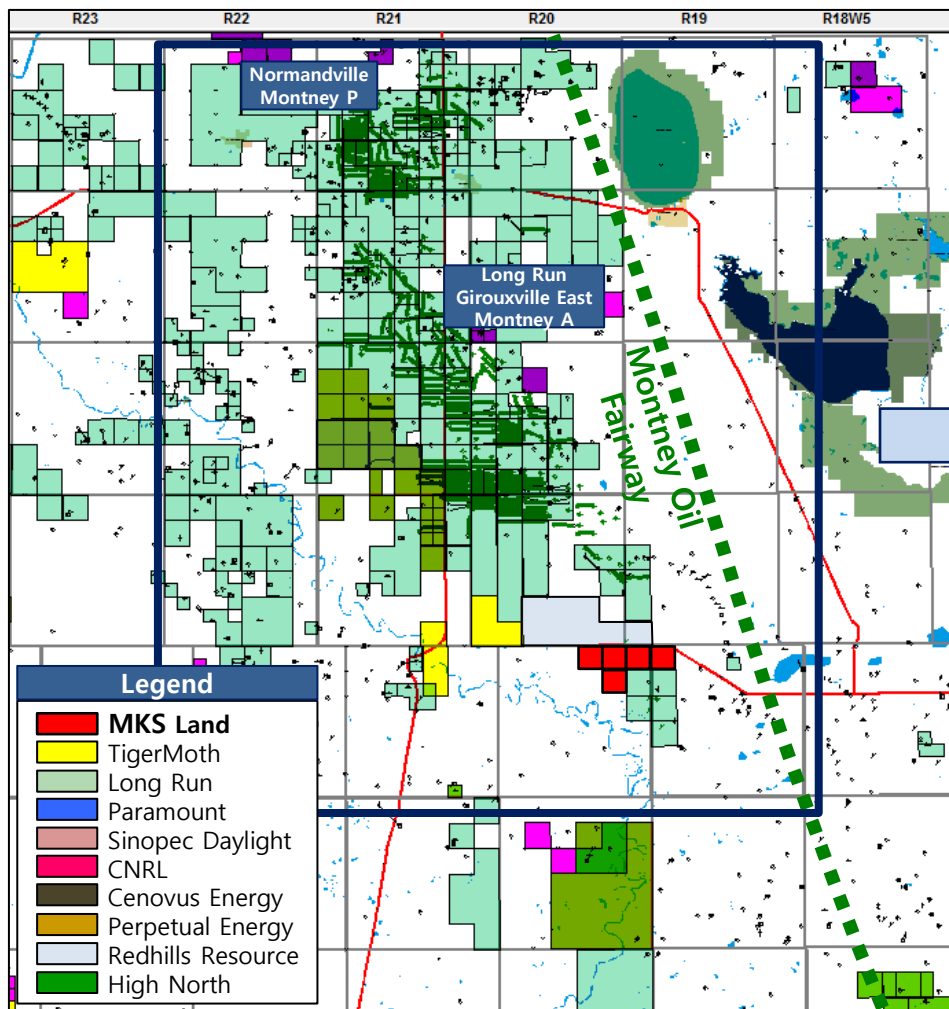
III. Montney Potential

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■ Montney Potential in Target Project Location

- Target open crown land and offsetting operators including Long Run Exploration with areal location



* Long Run Exploration Corporate Presentation (2013)

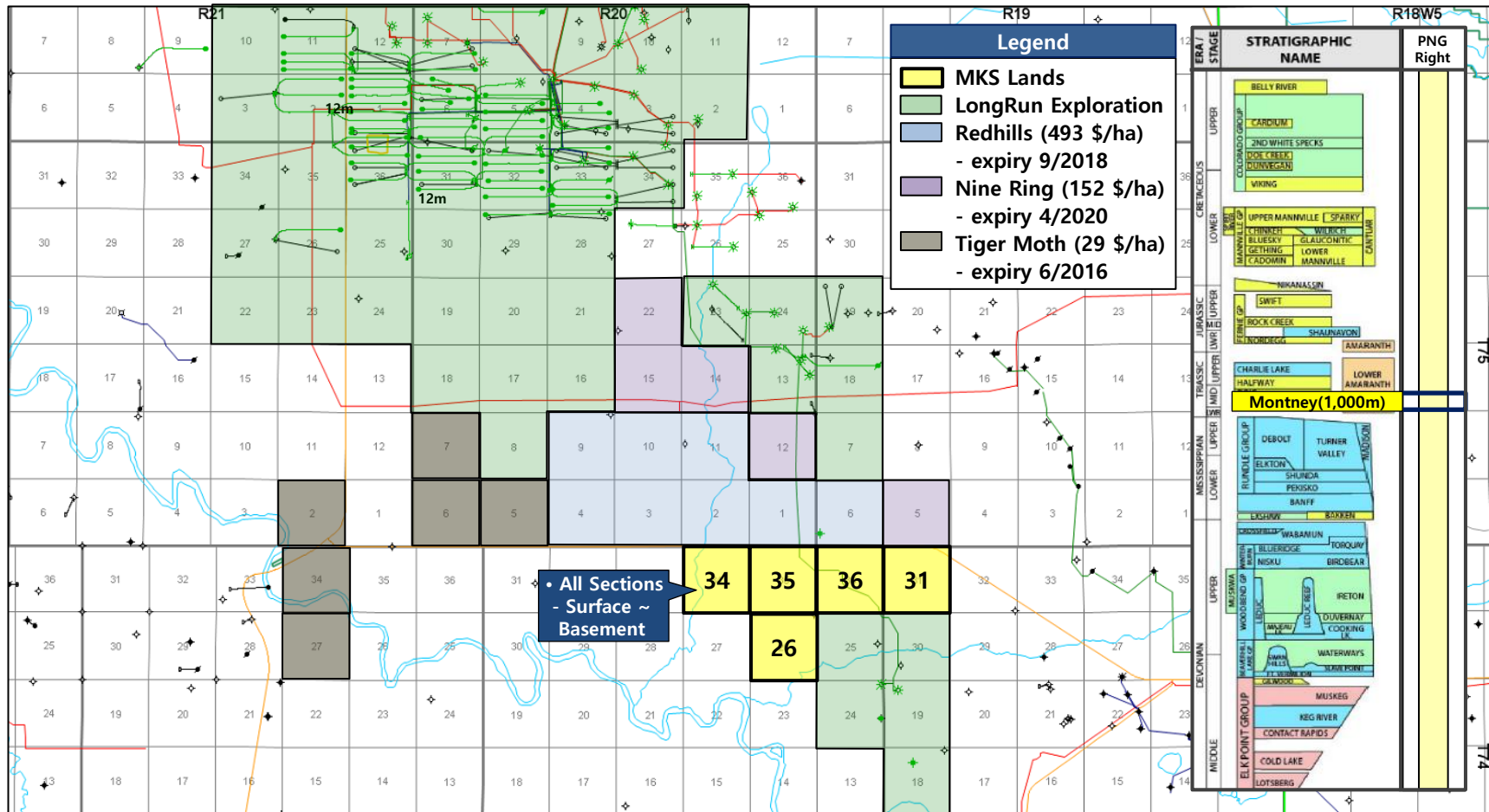
IV. Shadow Montney Project

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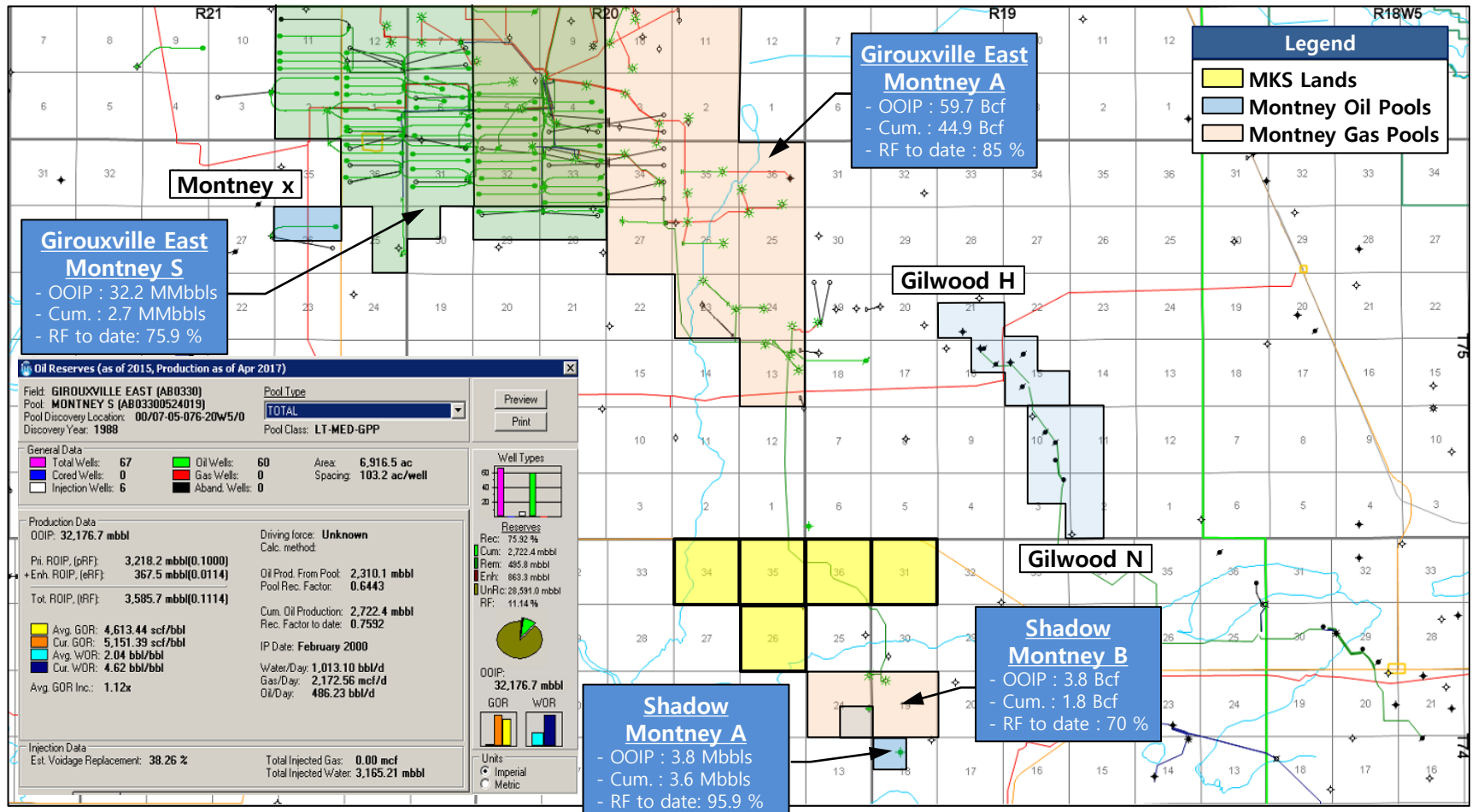
■ MKS PNG right and Offsetting Activities

- 5 sections (expiry at June, 2022) : All sections from surface to basement
- Offsetting development by Long Run Exploration, Redhills Resources, Nine Ring Energy, Tiger Moth etc



■ Montney Producing Pools near target area

- Girouxville Montney S with OOIP of 32.2 MMbbls have produced 2.7 MMbbls of oil
- Offsetting Shadow Montney A and B have produced 3.6 Mbbls of oil and 3.8 Bcf of gas to date



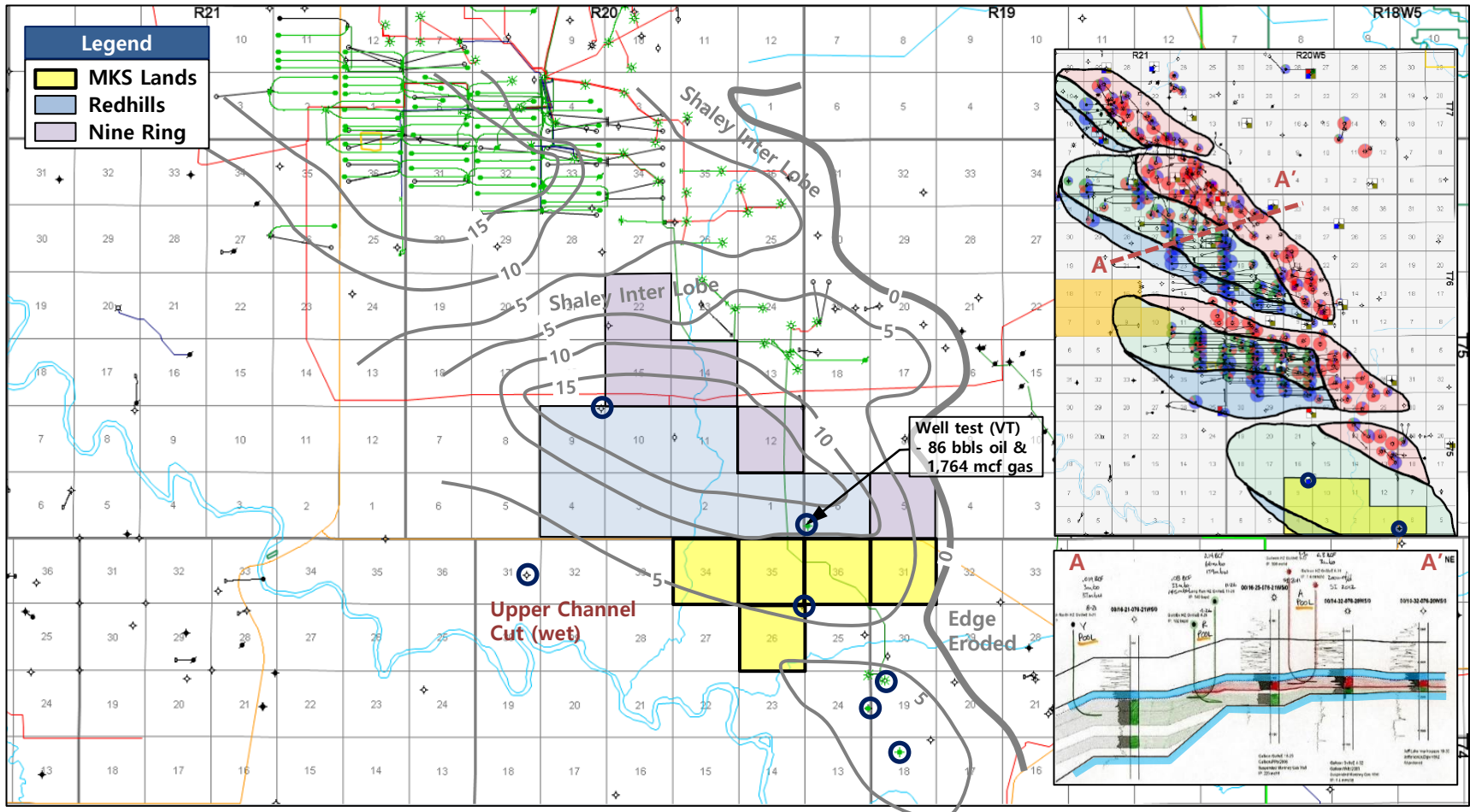
V. Technical Evaluation

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■ Evaluation by Redhills Resources (TSX-V : RHR, Market Cap 2.9 MM\$, 2015)

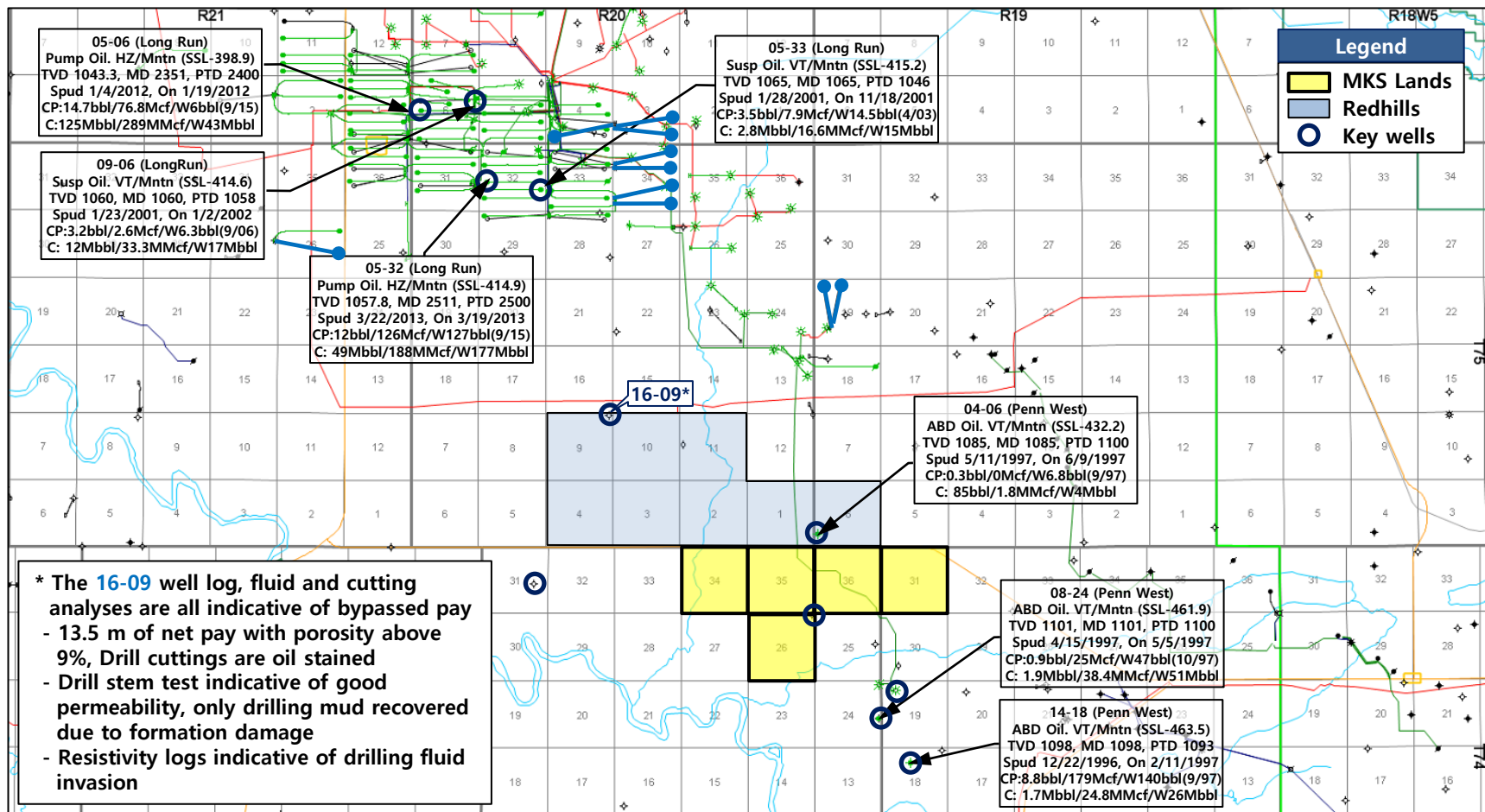
- The middle Montney sequence from Redhills evaluation* including Upper + Middle Montney sequence
- Multiple prograding sand/shale sequences are generally present and oil saturated



* Redhills Resources Corporate Presentation (2015)

Montney Production and Development Trend

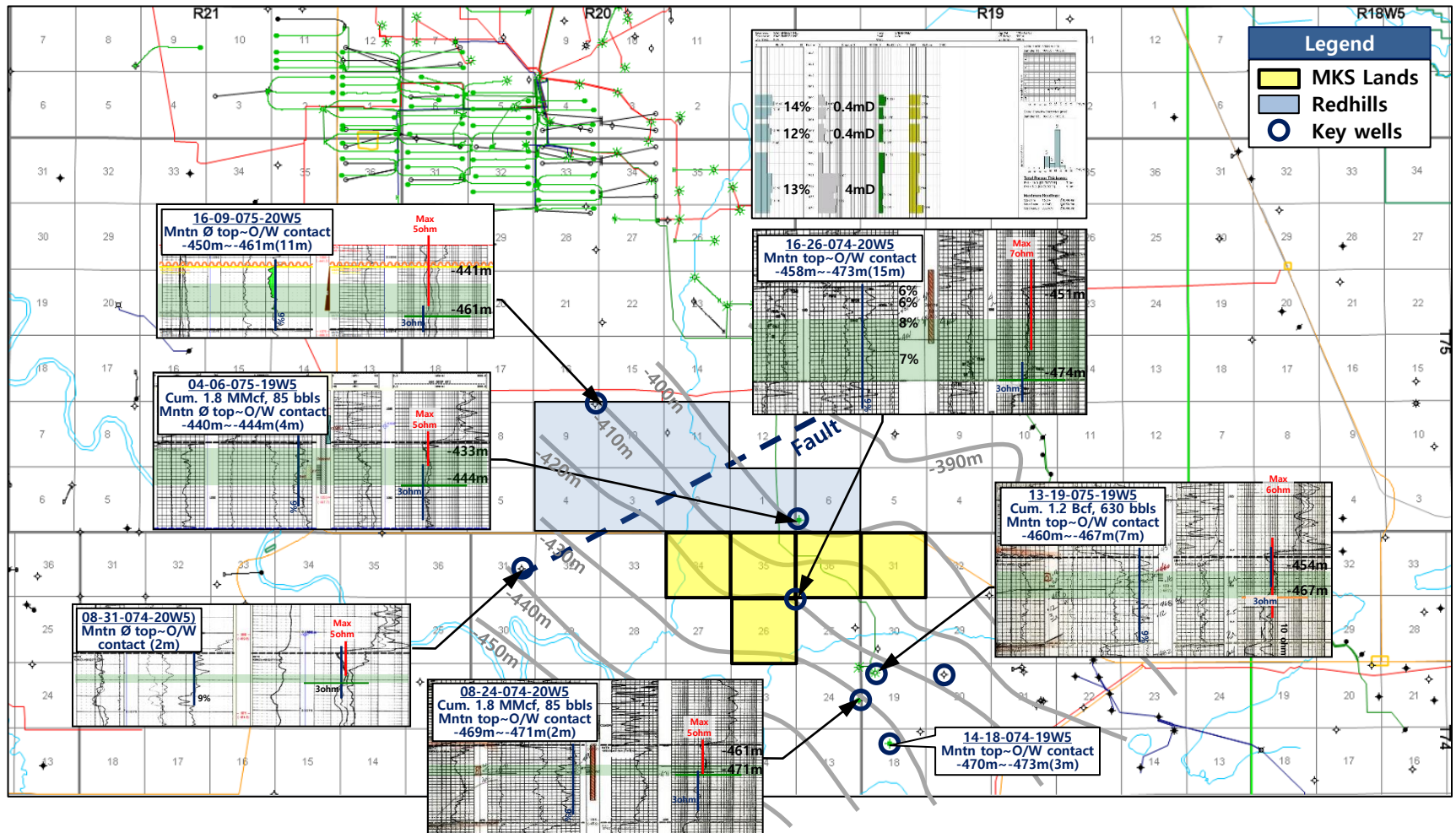
- Good production history from vertical Montney wells lead to massive HZ development in the North of target lands
- Long Run, High North, Redhills type curve showing IP of 170~200 Boe/d and Cum. of 180~190 Mboe*



* Redhills Resources Corporate Presentation (2015)

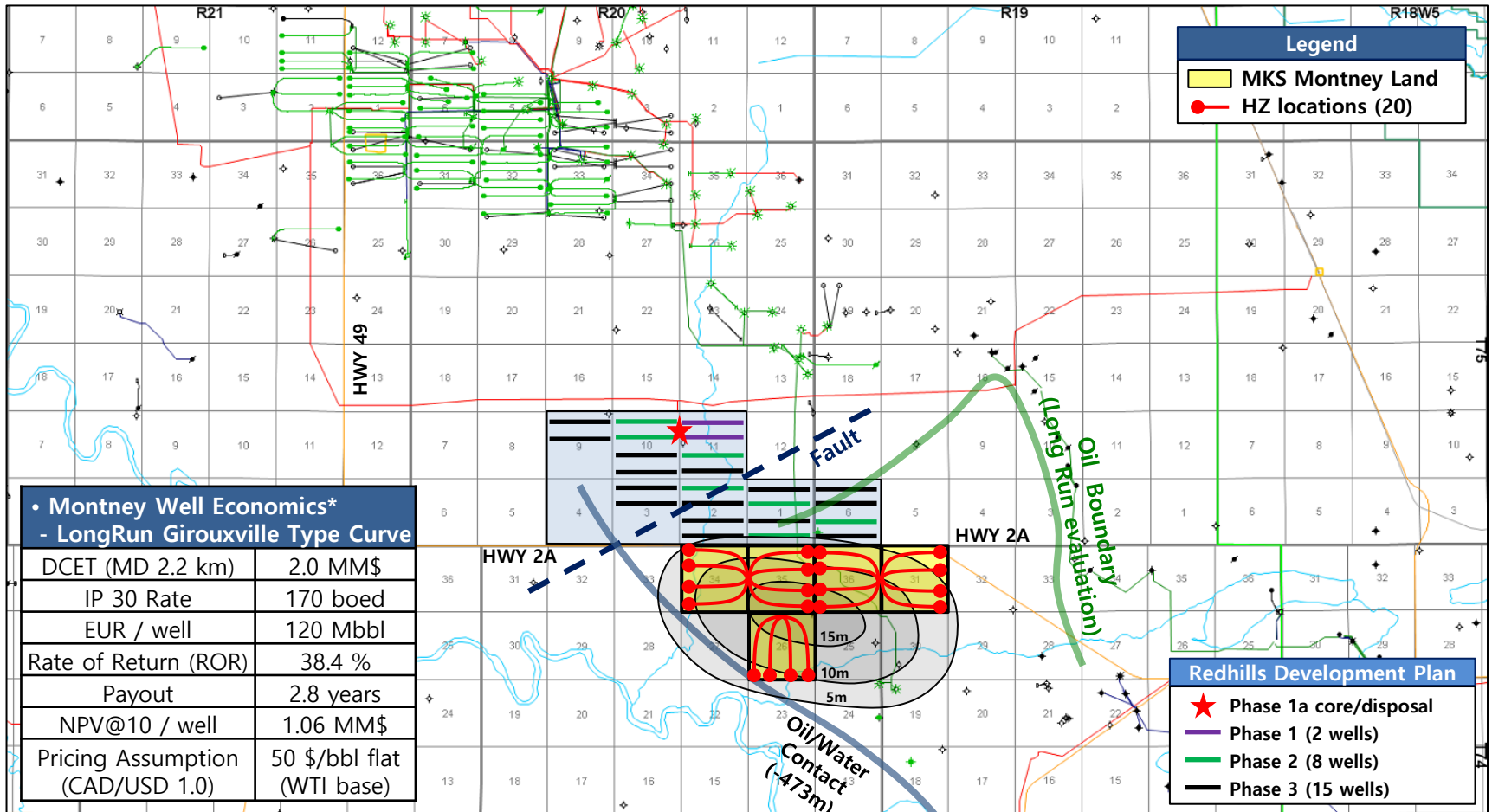
■ Shadow Montney Well Log Analysis

- Shadow South Montney well log with upper and middle Montney reservoir for horizontal drilling
- High development potential near 16-26 with **over 15 m oil column** from well log and core analysis



■ Montney Development Potential

- Total 20 horizontal multi-frac drilling potential in 5.0 section
- Montney economics : DCET 2.0 MM\$, IP 30. 170 boed, EUR 120 Mbbbl, ROR 38.4 %, NPV@10 1.06 MM\$/well



* Long Run Corporate Presentation (2015) & MKS internal evaluation

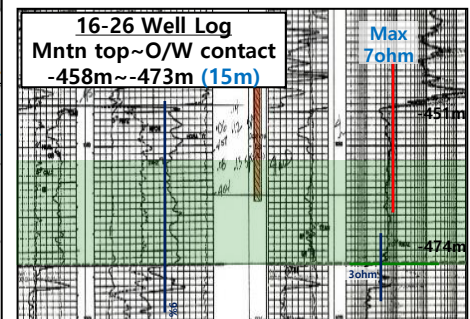
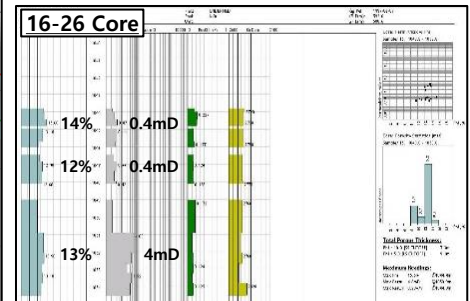
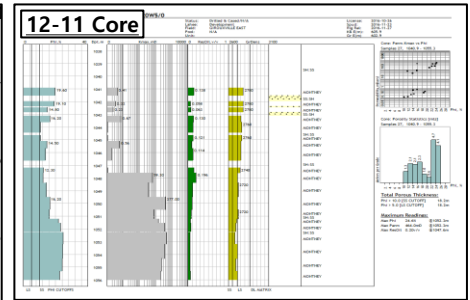
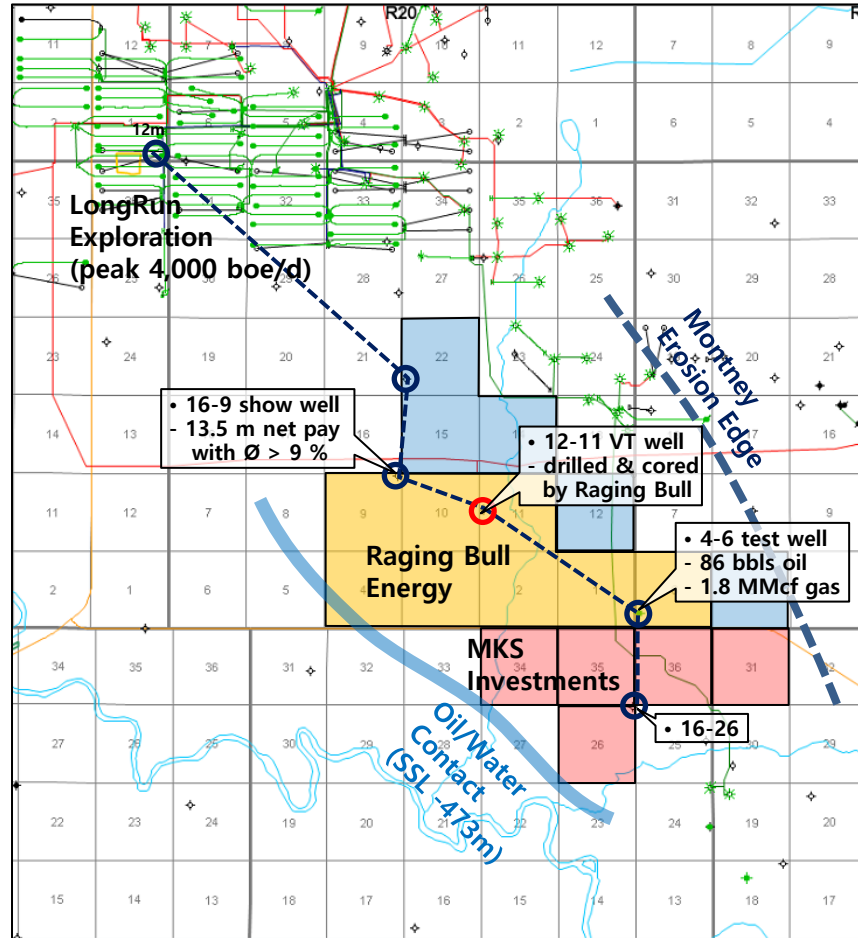
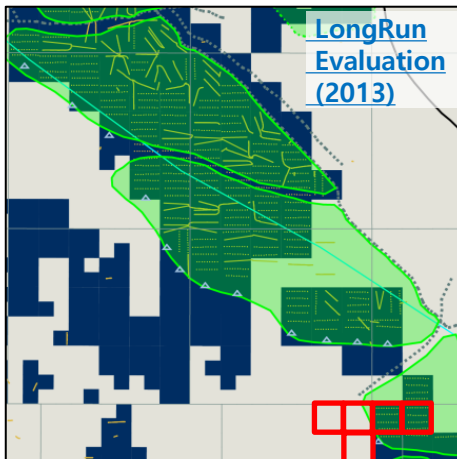
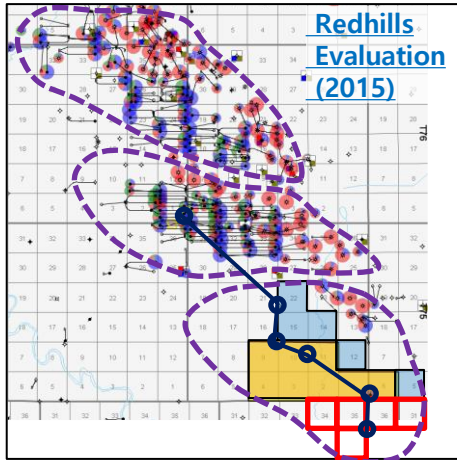
VI. Additional Information

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■ SHADOW MONTNEY EVALUATION SUMMARY

- 5 sections (expiry at June, 2022) : All sections from surface to basement
- High development potential near 16-26 with over 15 m oil column from well log and core analysis



* source : Redhills (2015) & Longrun (2013)



■ Reference

- Alberta Geological Survey : Chapter 21. Cretaceous Montney Formation of the Western Canadian Sedimentary Basin
- Canadian Discovery, Montney subcrop Kaybobs to Girouxville resources play
- Long Run Exploration Corporate Presentation (2013 & 2015)
- Redhills Resources Corporate Presentation (2015)
- SPE 162824, Liquids rich unconventional Montney : The geology and the forecast

End of Documents

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