

BLACKSTEEL ENERGY INC.

STATEMENT OF RESERVES DATA AND OTHER INFORMATION

(FORM 51-101F1)

EFFECTIVE DATE (as at fiscal year-end): April 30, 2019

January 14, 2020

OIL, NATURAL GAS AND BITUMEN RESERVES AND RESOURCES

Oil and Natural Gas Reserves

The effective date of the information being provided in this statement is April 30, 2019. The preparation date of the information being provided in this statement is January 14, 2020. For a glossary of terminology and definitions relating to the information included in this report, readers are referred to National policy Instrument 51-101 - *Standards for Disclosure for Oil and Gas Activities* (“**NI 51-101**”).

Set out below is a summary of the oil and natural gas reserves of Blacksteel Energy Inc. (“**Blacksteel**” or the “**Company**”) as at April 30, 2019 as independently evaluated by GLJ Petroleum Consultants (“**GLJ**”) in its report (the “**Blacksteel GLJ Report**”) dated July 19, 2019. GLJ are independent qualified reserves evaluators appointed by Blacksteel pursuant to NI 51-101. For the year ending April 30, 2019, GLJ independently evaluated Blacksteel’s Girouxville oil and gas property.

The Blacksteel GLJ Report presents estimates as of April 30, 2019, of the extent of the petroleum resources of certain tight oil, shale gas, and natural gas liquids (“**NGL**”) accumulations in Girouxville property located in the province of Alberta. The appraisal was prepared using reserves definitions consistent with those of NI 51-101.

BOE or boe is a barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas. A BOE conversion ratio of 6Mcf:1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Disclosure of Reserves Data

The following tables provide information regarding the estimated Canadian reserves and net present value of future net revenue based on constant prices and cost information with respect to the interests held by Blacksteel for each of the product types that Blacksteel has interests in. The information presented below has been prepared in accordance with the requirements of NI 51-101.

SUMMARY OF RESERVES

RESERVES CATEGORY	Tight Oil		Shale Gas ⁽¹⁾		Natural Gas Liquids		Oil Equivalent	
	Gross ⁽²⁾ (Mbbl)	Net ⁽³⁾ (Mbbl)	Gross ⁽²⁾ (MMcf)	Net ⁽³⁾ (MMcf)	Gross ⁽²⁾ (Mbbl)	Net ⁽³⁾ (Mbbl)	Gross ⁽²⁾ (Mboe)	Net ⁽³⁾ (Mboe)
PROVED								
Developed Producing	41	29	-	-	2	1.0	42	30
Developed Non-Producing	29	24	190	166	1	1	61	53
Undeveloped	162	133	407	356	6	5	236	197
TOTAL PROVED	231	186	597	522	9	7	339	280
PROBABLE	235	192	627	549	9.0	7.0	348	290
TOTAL PROVED & PROBABLE	466	378	1,224	1,070	18.0	14.0	687	570

(1) Estimates of reserves of natural gas include associated and non-associated gas.

(2) "Gross Reserves" are Company's working interest reserves before the deduction of royalties.

(3) "Net Reserves" are Company's working interest reserves after deductions of royalty obligations plus the Company's royalty interests.

Note: The numbers in this table may not add exactly due to rounding.

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE

	Net Present Value (NPV) of Future Net Revenue (FNR)										Unit Value BFIT Disc. @ 10%/Yr (\$/BOE)
	Before Income Taxes - Discounted at (%/yr)					After Income Taxes - Discounted at (%/yr)					
RESERVES CATEGORY	0	5	10	15	20	0	5	10	15	20	
PROVED	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	
Developed Producing	167	173	170	163	155	167	173	170	163	155	5.63
Developed Non-Producing	613	507	417	345	287	613	507	417	345	287	7.95
Undeveloped	4,333	3,315	2,588	2,062	1,674	4,333	3,315	2,588	2,062	1,674	13.12
TOTAL PROVED	5,113	3,994	3,175	2,571	2,117	5,113	3,994	3,175	2,571	2,117	11.34
Probable	6,875	4,548	3,116	2,207	1,605	6,117	4,160	2,909	2,091	1,539	10.73
TOTAL PROVED & PROBABLE	11,989	8,542	6,291	4,777	3,722	11,230	8,154	6,084	4,662	3,656	11.03

NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party reserves; Other income.

Income Taxes includes all resource income, appropriate income tax calculations and prior tax pools.

The unit values are based on net reserve volumes before income tax (BFIT).

Note: The numbers in this table may not add exactly due to rounding.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)

RESERVES CATEGORY	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue before Income Tax	Income Tax	Future Net Revenue after Income Tax
PROVED	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Developed Producing	2,715	768	1,621	97	62	167	-	167
Developed Non-Producing	2,476	337	1,104	356	66	613	-	613
Undeveloped	12,620	2,136	3,753	2,245	153	4,333	-	4,333
Total Proved	17,811	3,241	6,478	2,698	281	5,113	-	5,113
Total Probable	20,411	3,525	6,926	2,848	236	6,875	759	6,117
Total Proved & Probable	38,222	6,766	13,403	5,546	517	11,989	759	11,230

NET PRESENT VALUES OF COMPANY'S GROSS RESERVES BY PRODUCTION TYPE

RESERVES CATEGORY	Product Type	Future Net Revenue Before Income Tax (Discounted @ 10% M\$)	Unit Value ⁽¹⁾ (\$/boe)
Total Proved Producing	Light Crude & Medium Crude Oil (Includes Solution and Other by-products)	170	5.63
Total Proved	Light Crude & Medium Crude Oil (Includes Solution and Other by-products)	3,175	11.34
Total Proved & Probable	Light Crude & Medium Crude Oil (Includes Solution and Other by-products)	6,291	11.03

(1) Unit values are calculate using the 10% discounted rate divided by the Major Product Type Net Reserves for each group.

Price Assumptions – Forecast Prices

GLJ employed the following pricing, exchange rates and inflation rate assumptions as of April 1, 2019 in estimating the Company's reserves data using forecast prices.

	Tight Oil		Shale Gas		Natural Gas Liquids		
	Edmonton Light Sweet Crude Oil (\$/bbl)	WTI Crude Oil (\$US/bbl)	AECO Spot (\$/MMBtu)	NYMEX Henry Hub (\$US/MMBtu)	Propane (\$/bbl)	Butane (\$/bbl)	CAD/USD Exchange Rate
Year							
2019 Q2-Q4	72.00	61.00	1.69	2.82	22.80	17.52	0.7500
2020	72.73	62.50	2.18	3.00	28.36	32.73	0.7700
2021	75.95	66.00	2.51	3.15	32.66	41.77	0.7900
2022	79.38	69.00	2.76	3.30	38.10	51.59	0.8000
2023	83.13	72.00	3.02	3.40	39.90	54.03	0.8000
2024	86.88	75.00	3.15	3.50	41.70	56.47	0.8000
2025	89.38	77.00	3.29	3.60	42.90	58.09	0.8000
2026	91.88	79.00	3.36	3.68	44.10	59.72	0.8000
2027	94.17	80.84	3.42	3.75	42.50	61.21	0.8000
2028	96.20	82.46	3.49	3.82	46.18	62.53	0.8000
2029+	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.8000

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of the changes in Blacksteel's gross Company interest reserves comprising total proved, total probable and total proved plus probable reserves as at April 30, 2019 against such reserves as at April 30, 2018 based on forecast price and cost assumptions:

RESERVES RECONCILIATION - FORECAST PRICE CASE

COMPANY SHARE GROSS

	Tight Oil (Mbbbl)	Shale Gas (MMcf)	Natural Gas Liquids (Mbbbl)	TOTAL BOE
TOTAL PROVED				
Balance (April 30, 2018)	212	473	7	297
Improved Recovery	20	34	-	26
Technical Revisions	9	90	2	26
Production	(10)	-	-	(10)
Closing Balance (April 30, 2019)	231	597	9	339
TOTAL PROBABLE				
Opening Balance (April 30, 2018)	213	544	8	312
Improved Recovery	5	8	-	6
Technical Revisions	16	72	1	29
Economic Factors	1	2	-	1
Closing Balance (April 30, 2019)	235	627	9	348
TOTAL PROVED & PROBABLE				
Opening Balance (April 30, 2018)	425	1,018	15	609
Improved Recovery	24	42	1	32
Technical Revisions	25	163	3	55
Economic Factors	1	2	-	1
Production	(10)	-	-	(10)
Closing Balance (April 30, 2019)	466	1,224	18	687

Note: The numbers in this table may not add exactly due to rounding.

Blacksteel does not have reserves attributed to synthetic oil, bitumen, coal bed methane and hydrates.

Undeveloped Reserves

The following discussion generally describes the basis on which the Company attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in, wells drilled near the end of the year or wells further away from the Company's gathering systems. In addition, such reserves may relate to planned infill drilling locations. The majority of these reserves are planned to be on stream within a three year timeframe.

Year	Tight Oil (Mbbbl)		Shale Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Oil Equivalent (Mbbbl)	
	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current
2017	132	132	446	446	4	4	211	211
2018	-	155	-	377	-	7	-	225
2019	-	162	-	407	-	6	-	236

(1) "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and land contiguous to production. The majority of these reserves are planned to be on stream within a four year timeframe.

Year	Tight Oil (Mbbbl)		Shale Gas (MMcf)		Natural Gas Liquids (Mbbbl)		Oil Equivalent (Mbbbl)	
	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current	First Attributed ⁽¹⁾	Current
2017	218	218	582	582	9	9	324	324
2018	-	195	-	502	-	15	-	294
2019	-	213	-	555	-	8	-	314

(1) "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves and proved plus probable reserves, using forecast prices and costs.

COMPANY ANNUAL CAPITAL EXPENDITURES (\$M)		
	Total Proved	Total Proved & Probable
2019	105	105
2020	1,926	1,926
2021	570	3,418
Remaining Years	97	97
Total Undiscounted	2,698	5,546

Blacksteel typically has four sources of funding available to finance its capital expenditure program: working capital, internally generated cash flow from operations, debt financing and new equity. Blacksteel plans to utilize all four sources to meet its future development cost needs. The Company does not anticipate that the costs of financing will materially affect the disclosed reserves and future net revenues of the Company.

Other Oil and Gas Information

Oil and Gas Properties and Wells

Blacksteel holds a 30% working interest in 18 sections of contiguous land in the Girouxville area in Alberta. The light oil assets are comprised of five horizontal producing wells and one salt water disposal well. Five of the wells had previously been on production and a sixth was completed but has not been equipped. Two wells were on production as of April 30, 2019.

The table below sets forth the number of wells in which Blacksteel held a working interest as at April 30, 2019:

	Tight Oil	
	Gross ⁽¹⁾	Net ⁽¹⁾
Alberta		
Producing	2	0.6
Non-Producing	3	0.9
Total	5	1.5

(1) "Gross Wells" are the total number of well in which Blacksteel had an interest at April 30, 2019. "Net Wells" are the number of wells obtained by aggregating Blacksteel's average working interest over the life of the well for Proved, Probable and Possible reserves, using the forecast price case.

Properties with No Attributed Reserves⁽¹⁾

The following table sets forth the Corporation's properties with no attributed reserves as at April 30, 2019.

	Gross Acres	Net Acres
Alberta	10,910	3,273

(1) As determined by management

The Corporation has 3,200 gross (960 net) acres of work considered in the Blacksteel GLJ Report. Recompletion of one existing well and drilling of 4 new wells in 2020. Any development projects considered by the Corporation are conditional on financing.

The Corporation has 3,200 gross (960 net) acres which are scheduled to expire in 2019. The Corporation will not apply for continuation and these lands are expected to expire.

Forward Contracts

The Corporation does not have any forward contracts.

Tax Horizon

The Corporation was not required to pay any cash income taxes for the year ended April 30, 2019. 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 aftertax economic forecasts for total proved reserves as prepared by GLJ, income taxes will not become payable by the Corporation until subsequent to 2030.

Costs Incurred

The following table sets forth the property acquisition costs, the exploration costs and development costs for the year ended April 30, 2019.

Property Acquisition Costs		Exploration Costs	Development Costs
Proved Properties	Unproved Properties		
-	-	\$66,127	\$252,254

Exploration and Development Activities

The Corporation did not drill any exploration or development wells during the period ended April 30, 2019. The Corporation plans to drill up to 4 new wells and recompleting one well subject to successful financing.

Production Estimates

The following table sets forth GLJ's forecast volumes of the Corporation's production from gross proved reserves and gross probable reserves as estimated in the Blacksteel GLJ Report.

Reserves Category	Tight Oil (bbl/d)	Shale Gas (Mcf/d)	Natural Gas Liquids (bbl/d)	Oil Equivalent (boe/d)
Gross Proved	108	234	3	151
Gross Proved plus Probable	115	-	249	160

The majority of the Corporation forecasted production volumes are derived from its Girouxville property and comprises of tight oil.

Production History

The following table sets forth the Corporation's share of average daily oil production, quarterly and for the year ended April 30, 2019.

	Three Months Ended				Year Ended
	Jul. 31, 2018	Oct. 31, 2018	Jan. 31, 2019	Apr. 30, 2019	Apr. 30, 2019
Production Volumes (bbl/d) ⁽¹⁾	35	27	24	22	26
Price (\$/bbl)	60.00	51.70	20.50	60.30	54.40
Royalties (\$/bbl)	23.30	23.70	5.60	17.00	19.10
Costs (\$/bbl) ⁽²⁾	24.90	19.00	21.30	21.70	25.20
Netbacks (\$/bbl) ⁽³⁾	11.80	9.00	(6.40)	21.60	10.10

(1) Production volume reflects the Corporation's share of average gross daily production volumes, before the deduction of royalties.

(2) Costs include transportation costs and production operating costs.

(3) Netbacks is a non-GAAP measure calculated on a per unit basis as oil revenues less royalties, operating and transportation costs.