

Girouxville -Drakkar Energy Ltd.

Montney Light Oil Production - Significant Growth Development

Large OOIP
Short-term path to cash flow
Strong rate of return



Drakkar Energy Ltd.

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Investment Highlights

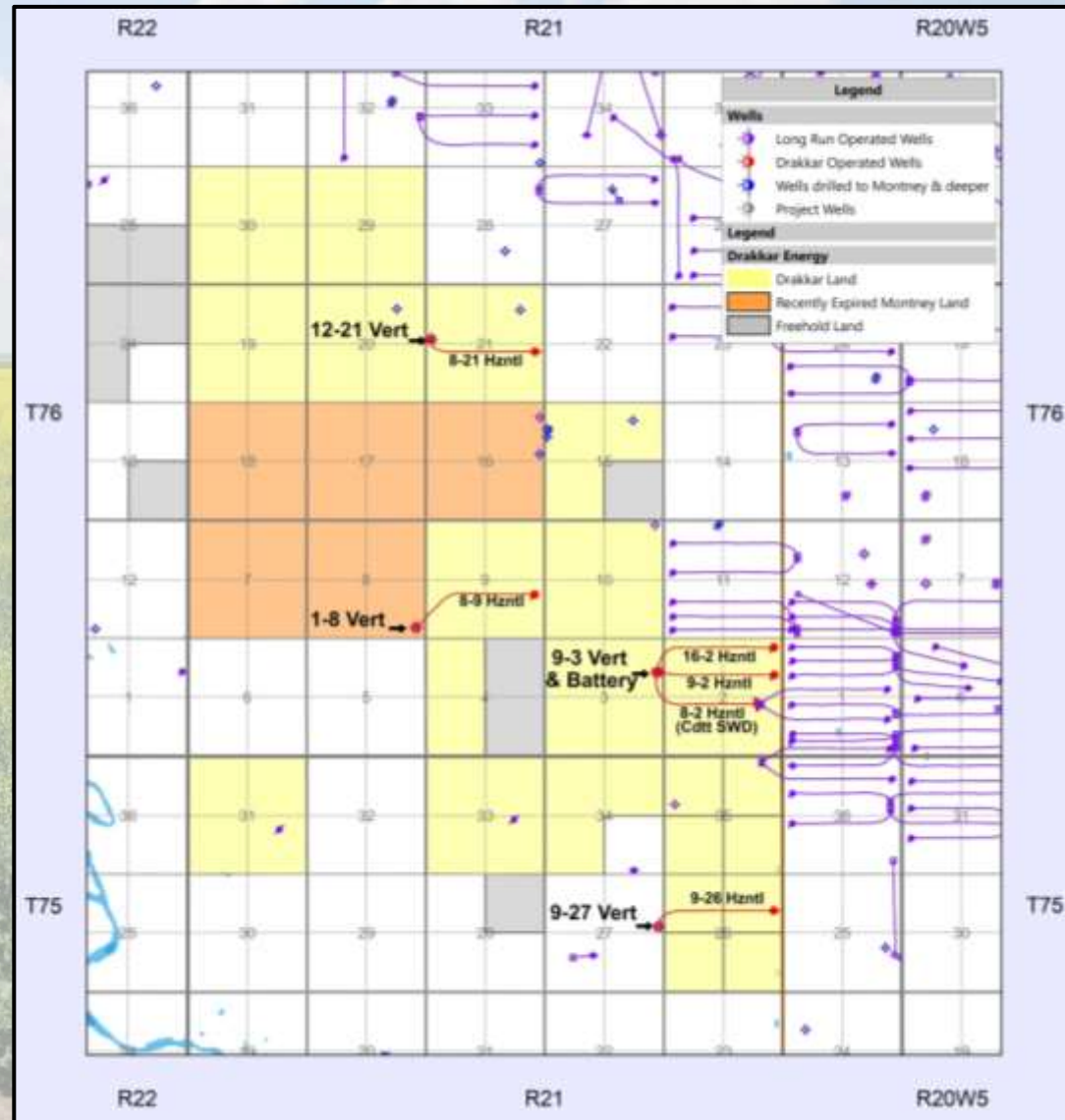
- Montney oil project with significant oil in place
- 30 + development drilling locations
- Short term path to cash flow
- Year around access
- Operatorship
- **Opportunities**
 - To increase land position
 - To reduce overriding royalties to improve economics: conditional on drilling activity
 - To convert gas to power to enhance gas economics; nearby electrical substation
 - To use tax pools available to minimize tax
 - Seasoned oil and gas professionals to assist in project development

Property Highlights

- **Montney light oil (100% WI) operated development opportunity; Drakkar 70% WI; Blacksteel 30% WI**
- **Production of 30+ bopd**
- **9,600 gross acres (15 sections) of Montney lands; offsetting lands available for purchase**
- **200 + million barrels of oil in place; up to 30 meters of oil pay**
- **\$21.554 million Cdn. net present value @10% (independent GLJ report)**
- **30+ Montney horizontal development locations identified plus delineation opportunities**
- **311 boepd IP30 producing rate for development type well, (66% light oil);**
- **EUR per well 152,700 boe**
- **Finding cost \$11.79 per barrel; ROI- 64%; Payout 1.2 years; Recycle 2.3 times**
- **\$1.8 Million per well to drill, complete and tie-in well**
- **Waterflood pilot on adjacent property plus available Crown land**
- **Year-round access adjacent to a major highway – 45 minutes north of Valleyview**
- **\$13+ Million tax pools**

Girouxville Land and Wells

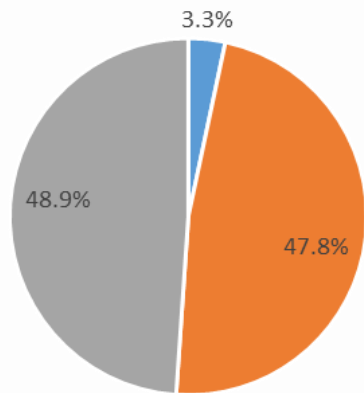
- Land base is gross 9600 acres.
- Six horizontal wells: 6 have produced; 1 has been converted to SWD in Cadotte; 2 remain suspended
- AER Liability Management Rating as of March 2020 is > 3.44
- Up to 7 sections of land reach end of primary term July 2020. Extensions possible.
- Property is adjacent to, and on trend with, Montney pool operated by Long Run Exploration



Girouxville Reserves Summary

Category	Oil (MBbls)	Natural Gas (MMcf)	Natural Gas Liquids (MBbls)	Total (Mboe)	BTax NPV10 (\$Thousands)
Proved Developed Producing	141	0	6	146	\$717
Total Proved	780	1,977	29	1,137	\$11,013
Total Proved + Probable	1,563	4,067	59	2,299	\$21,554
<i>GLJ Reserves Report, Effective December 31, 2018, 100% WI</i>					

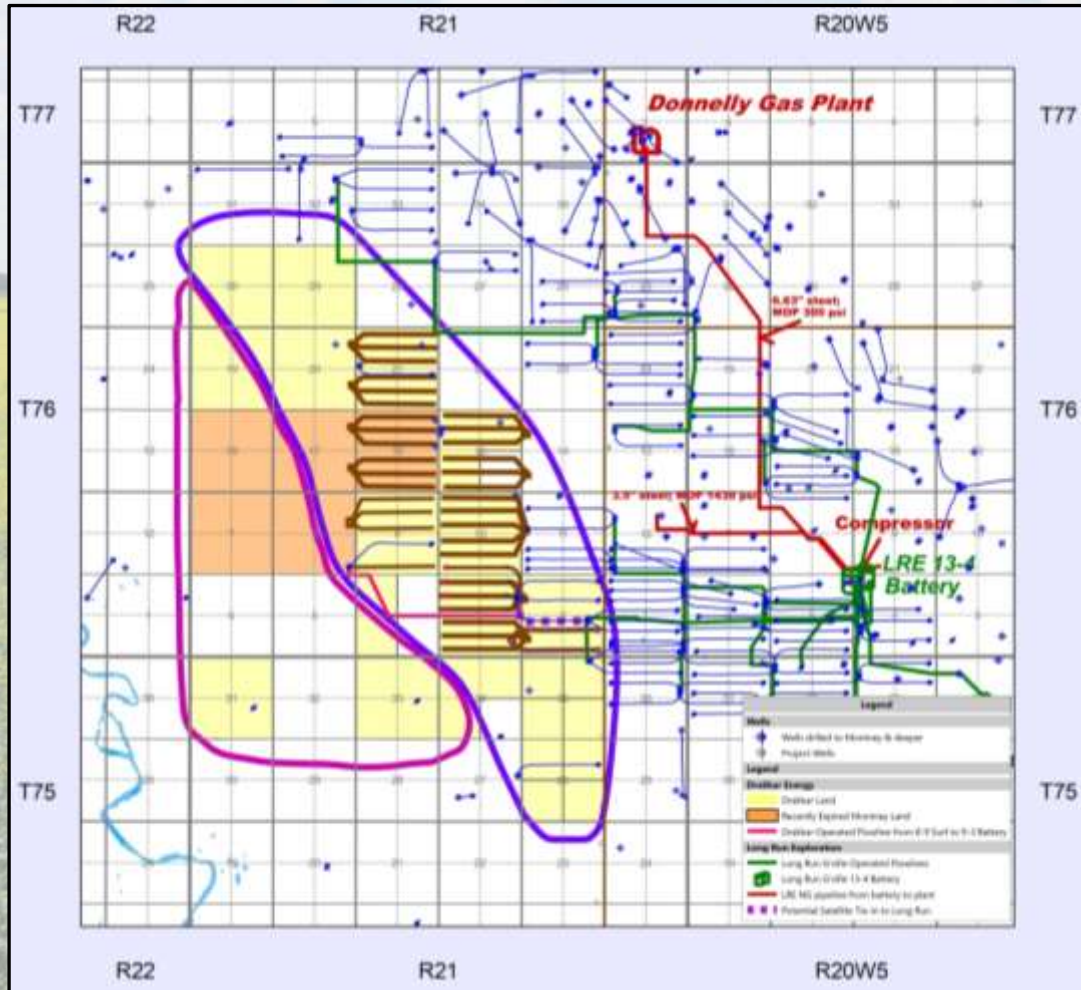
Distribution of Reserve Values by Category



■ Proved Developed Producing ■ Proved Undeveloped ■ Probable Undeveloped

- Independent reserves evaluation prepared GLJ Petroleum Consultants with effective date of December 31, 2018
- PDP reserve based on two producing wells
- Four Proven and five Probable Locations assigned
- Price deck effective 2019-01-01

Significant Drilling Potential



- Full exploitation of the Develop area will require drilling >30 wells
- Initial five-year drilling plan shown on map
- Locations are based on good vertical well control and excellent offset production performance
- Choosing pad locations will be based on minimizing surface impact while optimizing position for horizontal locations and flowline tie-ins as well as future water injection
- Current pad sizes are large enough for 8 or more wells
- Proposed tie-in to Long Run infrastructure is shown

Path to Cash Flow

Phase 1: Drilling, Workover, SWD well, Pipeline, Battery Expansion

CAPEX = \$4.550 to \$6.050 M

- Drill up to 2 horizontal Montney wells and recompleting 8-9 well.
- 801 boepd IP 30 (65% oil) estimated production adds
- \$671,000 Cdn. net operating income estimated in first month; \$4.0 million Cdn. for year 1.
- Minimum capital of \$4.550 M assumes tie-in to Long Run Facilities for oil and emulsion processing, gas gathering and salt water disposal services.
- Maximum capital of \$6,050 assume retaining control of oil processing and water disposal by drilling a new SWD well and upgrading current battery site. A natural gas pipeline to Long Run would still be required to gather and sell gas through their gas plant
- Acquisition of additional land would be pursued but not included in above capital
- With low gas prices would evaluate conversion of gas to electricity

Phase 2: Drilling follow up wells CAPEX = \$3.600 M

- Drill up to 2 horizontal Montney wells
- 637 boepd (IP30) (65% oil) production adds
- \$526,000 Cdn. estimated net operating income first month; \$3.15 million Cdn. for year 1
- Assumes any capital for pipelines, battery modifications and SWD facilities was expended previously

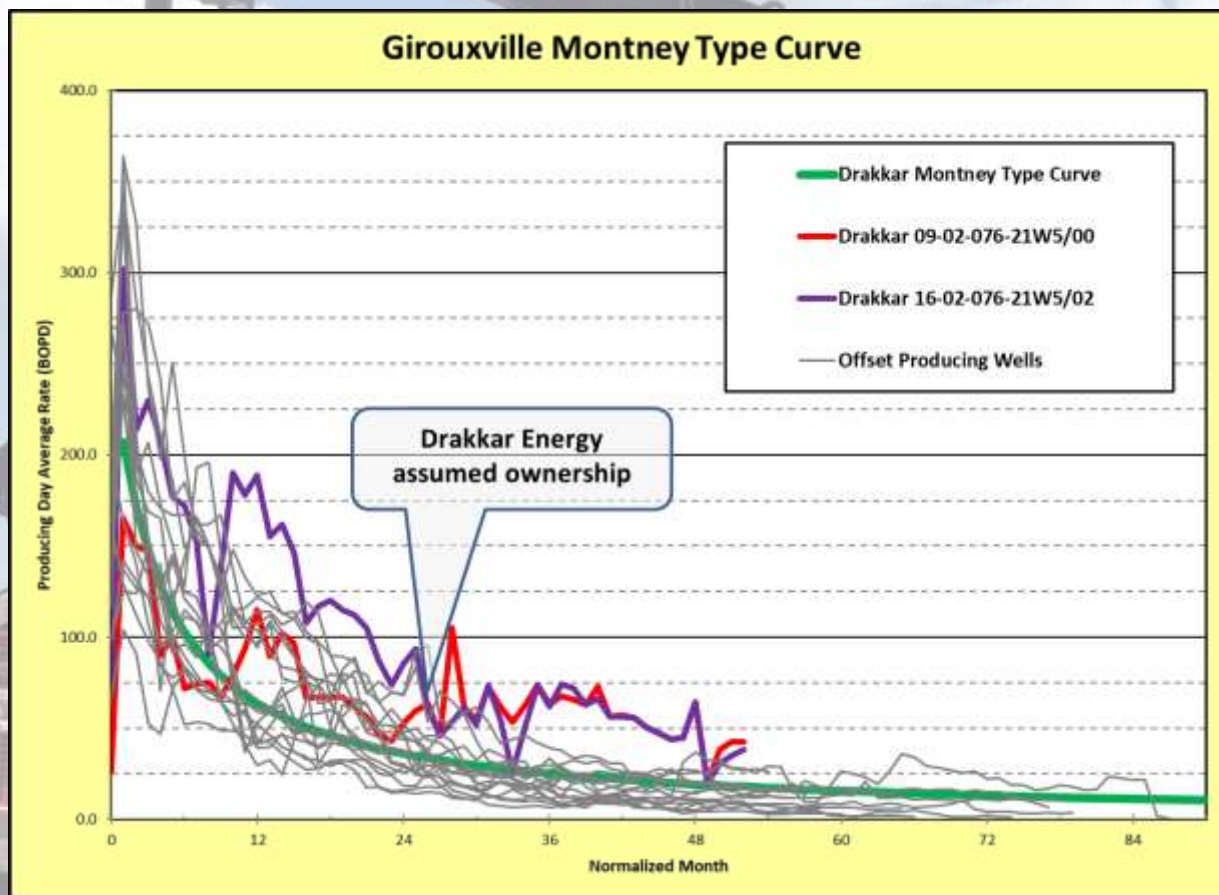
Capital Investment Program(s)

	Minimum (000's) Cdn.	Maximum (000's) Cdn.
PHASE 1		
Drill 2 Horizontal wells	\$3,600	\$3,600
Recomplete 8-9	\$ 350	\$ 350
Pipeline to Long Run	\$ 600	\$ 600
Drill new SWD well		\$ 850
Battery upgrade		\$ 650
	-----	-----
	\$4,550	\$6,050
Phase 2		
Drill 2 Horizontal wells	\$3,600	\$3,600
	-----	-----
Total Phase 1 and 2	\$8,150	\$9,650

Forecasted Results

	Production Oil (bopd)	Production Oil (bopd)	Production (boepd)	Production (boepd)		Net Operating Income (000's)	Net Operating Income (000's)
	IP 30	Year 1	IP 30	Year 1		IP 30	Year 1
Phase 1	521	287	801	441		\$671	\$4,014
Phase 2	414	221	637	341		\$526	\$3,151
Total	935	508	1,438	782		\$1,197	\$7,165
Invest Capital SWD & Battery	935	508	1,438	782		\$1,303	\$7,498

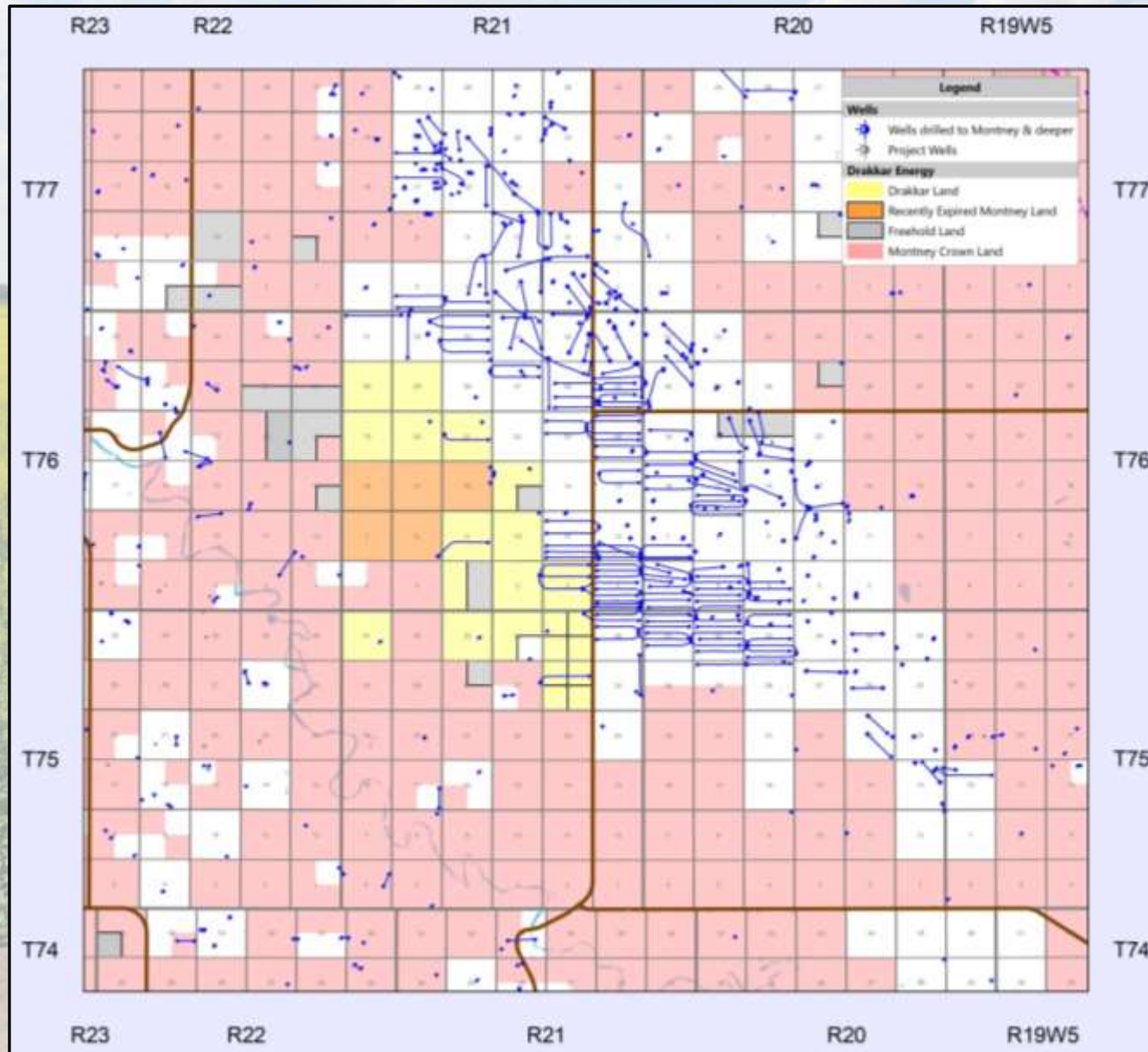
Girouxville Montney Type Curve



Economic Parameters			
DCE&T	(\$M)		\$1,800
IP (30)	(BOPD)		207
	(BOEPD)		318
Reserves	(MBBL)		103.1
	(MBOE)		152.7
Capital Efficiency	(\$/BOEPD)		\$5,660
Reserve Finding Cost	(\$/BOE)		\$11.79
NPV10	(\$M)		\$747
Rate of Return	(%)		64
Payout	(Years)		1.2
Operating Cost	(\$/BOE)		8.66
Operating Netback	(\$/BOE)		\$26.65
Recycle Ratio			2.3
GLJ Apr 1 2019 Price Deck			

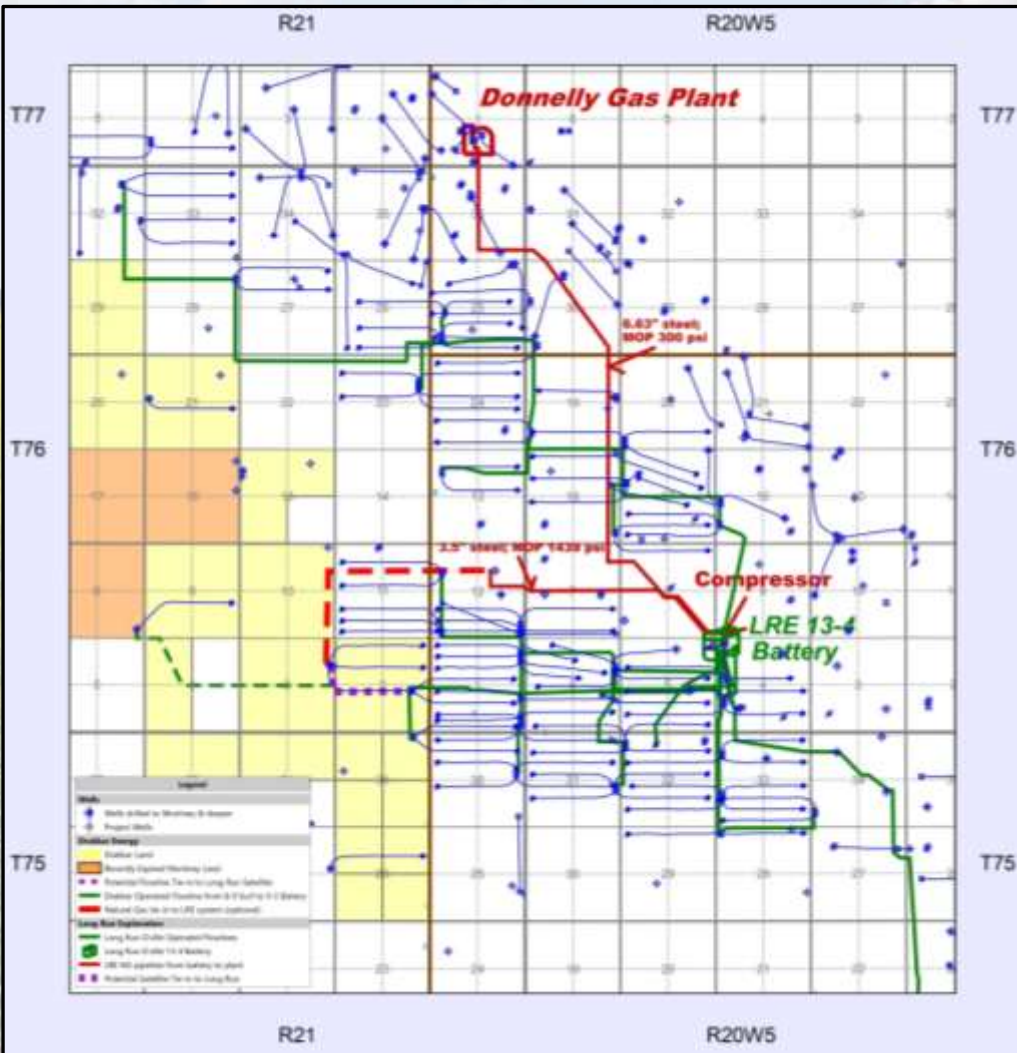
- First year production profiles are similar for all wells – steep initial decline = flush production
- The hzntl legs of the Drakkar wells were drilled 8 – 10 metres below the top of the Montney while the LRE wells were drilled at the top of the zone
- The shallow decline after Year 1 of the Drakkar wells is attributed to a larger stimulated rock volume because the well were drilled in the middle of oil pay NOT at the top
- Production mechanism is solution gas drive – as the pressure drops, the solution gas expands and pushes the oil to the wellbore so maximizing the stimulated rock volume is key

Offsetting Land Opportunities



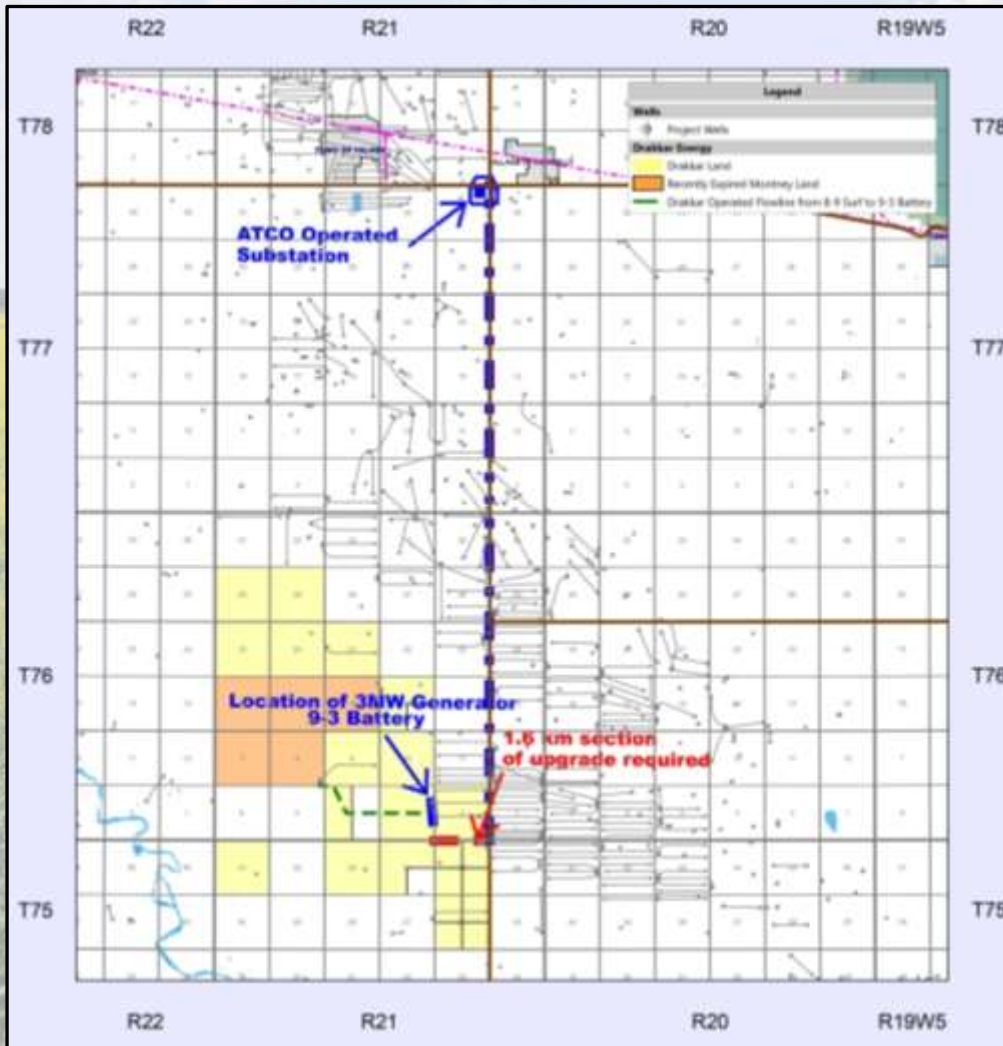
- Open Montney Crown and Freehold land and potential acquisition targets provide land base for future production growth

Solution Gas Sales



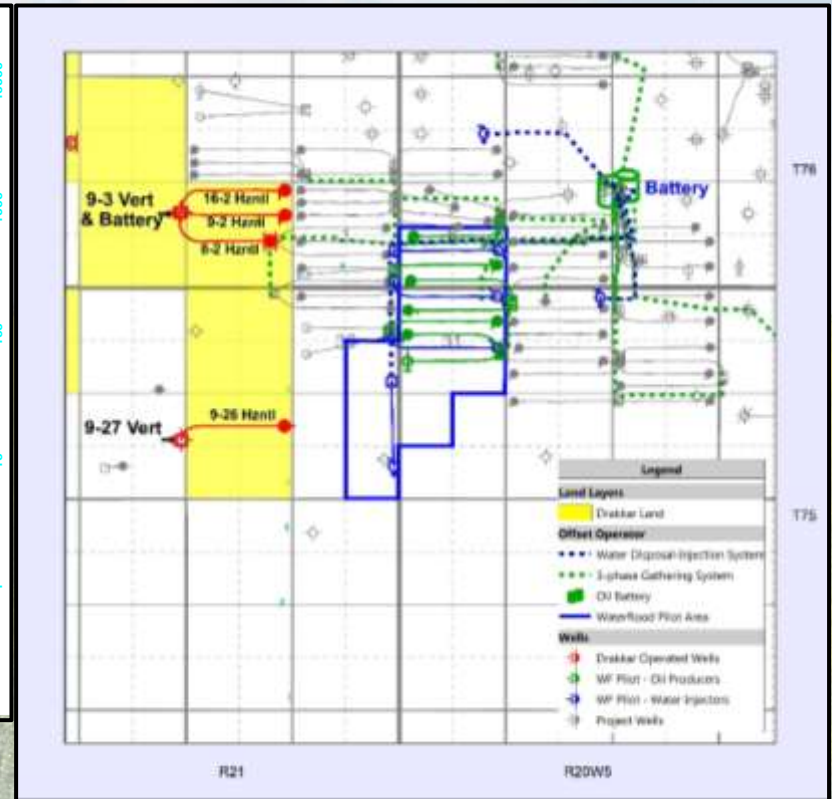
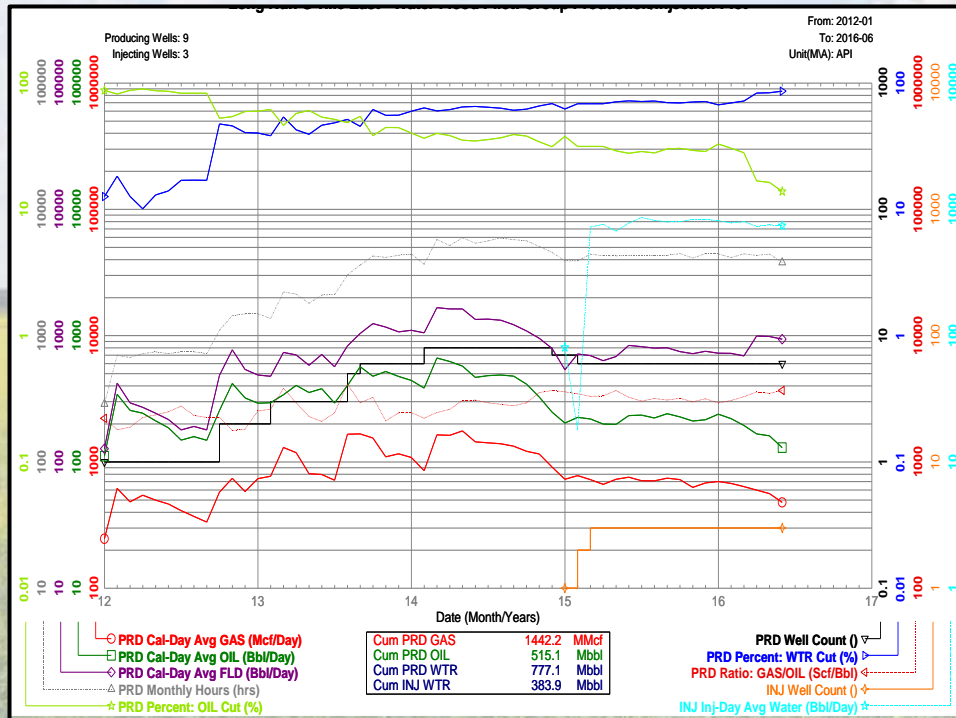
- Solution gas presently flared under limits set by AER permit
- Long Run has been contacted about tying in solution gas to their system and the response has been positive. Estimated cost of tie-in \$600,000.
- Proposed interconnect at 10-12 with 3" low pressure pipeline means no immediate need for compression at 9-3 battery
- Long Run owns and operates the gas plant at 6-1 .The plant inlet capacity is 40 mmcf/d and current inlet receipt is <10 mmcf/d
- The gas plant sales line goes to a TCPL transmission line
- Oil, emulsion and water processing capacity is available at the nearby 13-4 battery and a proposed tie-in to the LRE satellite at 8-2 is being discussed with Long Run

Gas-to-Power Generation



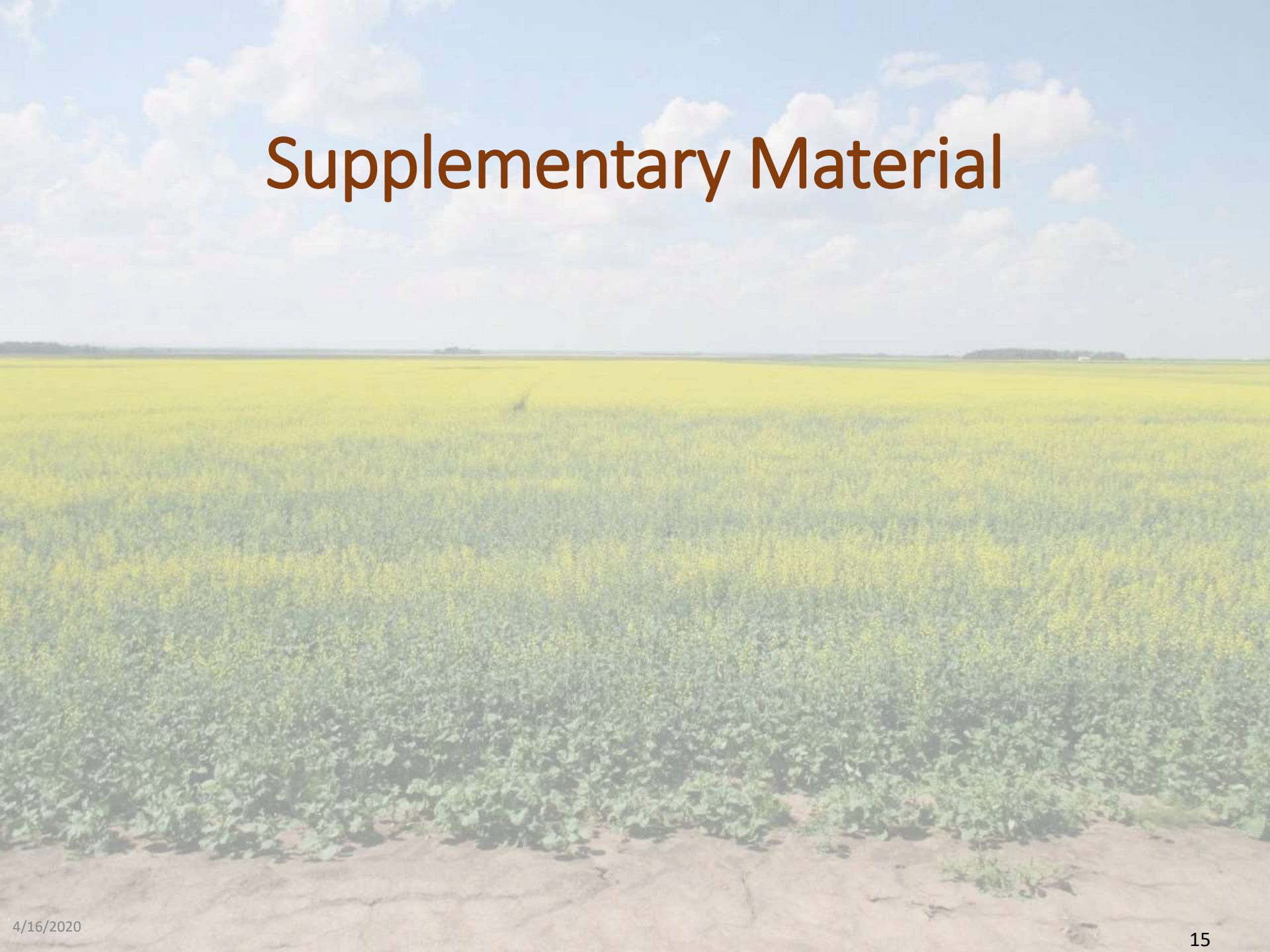
- An application for Distributed Connection Generation (DG) to the AUC is required; the local wire service provider is ATCO Electric
- Generated power is received into transmission system at the ATCO-operated Substation near Falher
- Power lines are in place to carry output with an upgrade to 1.6 km section required
- DG power is sold into the wholesale electricity market operated by Alberta Electric System Operator (AESO)
- The average pool price currently > \$40/MWh. Opportunity to net \$2.00 per mcf equivalent
- 2 to 4 well program provides sufficient solution gas to drive a 3 to 5 MW generator

Offsetting Water Flood Pilot

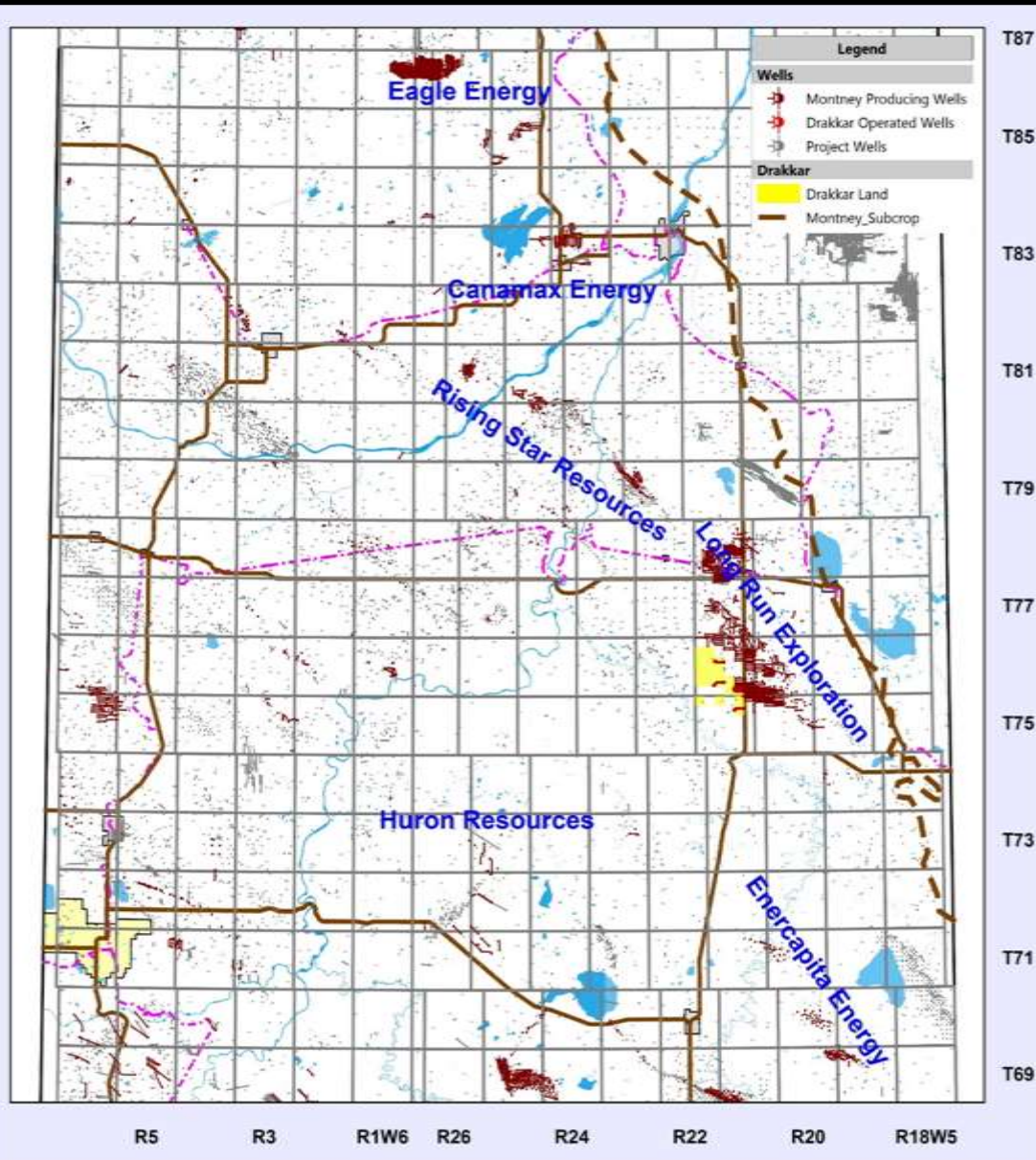


- Long Run implemented a pilot water flood project early in 2015 with the conversion of 3 producers to injection
- Group oil production was stabilized with actual increases in two wells (13-31 & 5-6)
- Important component to future development plan with expectation of doubling recovery factor
- Long Run staff published a technical paper on the waterflood (SPE-180453-MS)

Supplementary Material



Girouxville Offset Activity



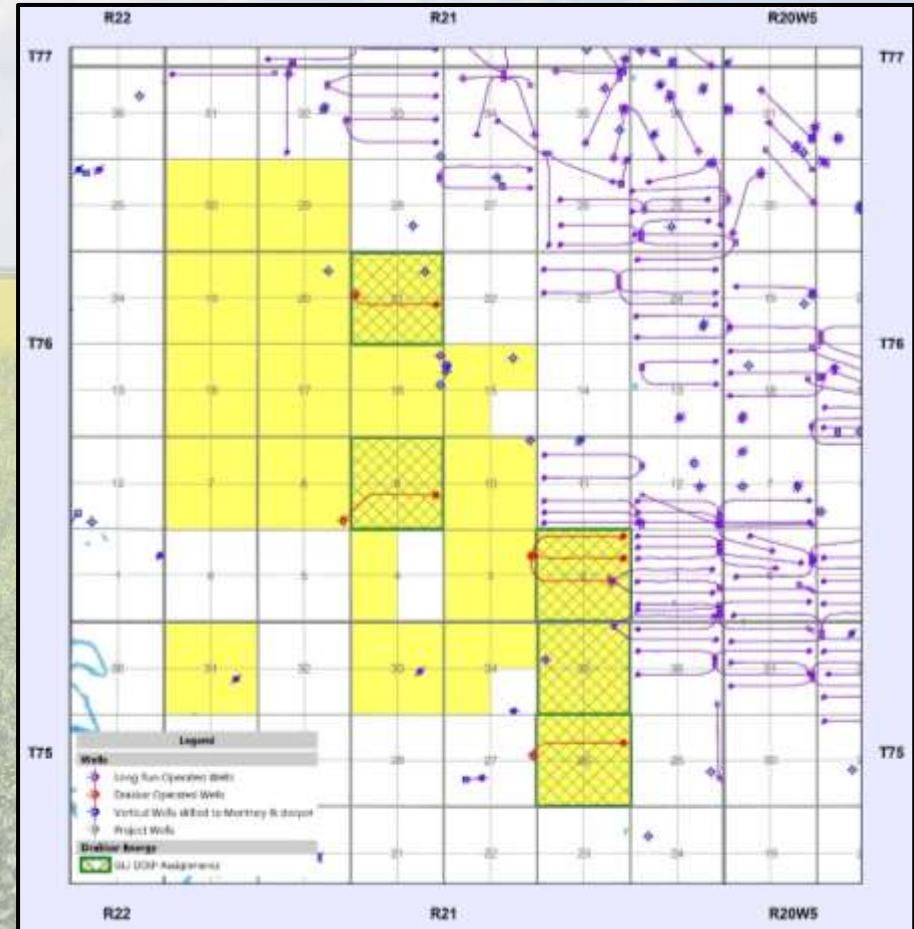
- Active competitors in area include Huron Resources (ARC funded), Canamax (Edge Natural Resources & 32 Degrees), Rising Star (Lex Capital & 32 Degrees), Long Run Exploration (Calgary Sinoenergy Investment) and Enercapita
- **Long Run** licenced 18 wells; drilled 14 Montney horizontal wells since September 2016 and is producing from 14 wells
- **Huron Resources** is developing a Montney pool in T73-25W5
- **Rising Star Resources** is actively exploiting the Montney in the Tangent field (T81, R24-25W5)
- **Canamax** is actively drilling in the Grimshaw area
- **Enercapita Energy** is operating three Montney pools east of Valleyview

Girouxville OOIP from GLJ Reports

- Independent reserves evaluation prepared GLJ Petroleum Consultants
- OOIP assigned to five out of twenty sections based on wells drilled by Drakkar Energy
- At least eight adjoining sections rated with high prospectivity and equally large OOIP
- Recovery factors are less than 5% on primary and could be doubled with water flood

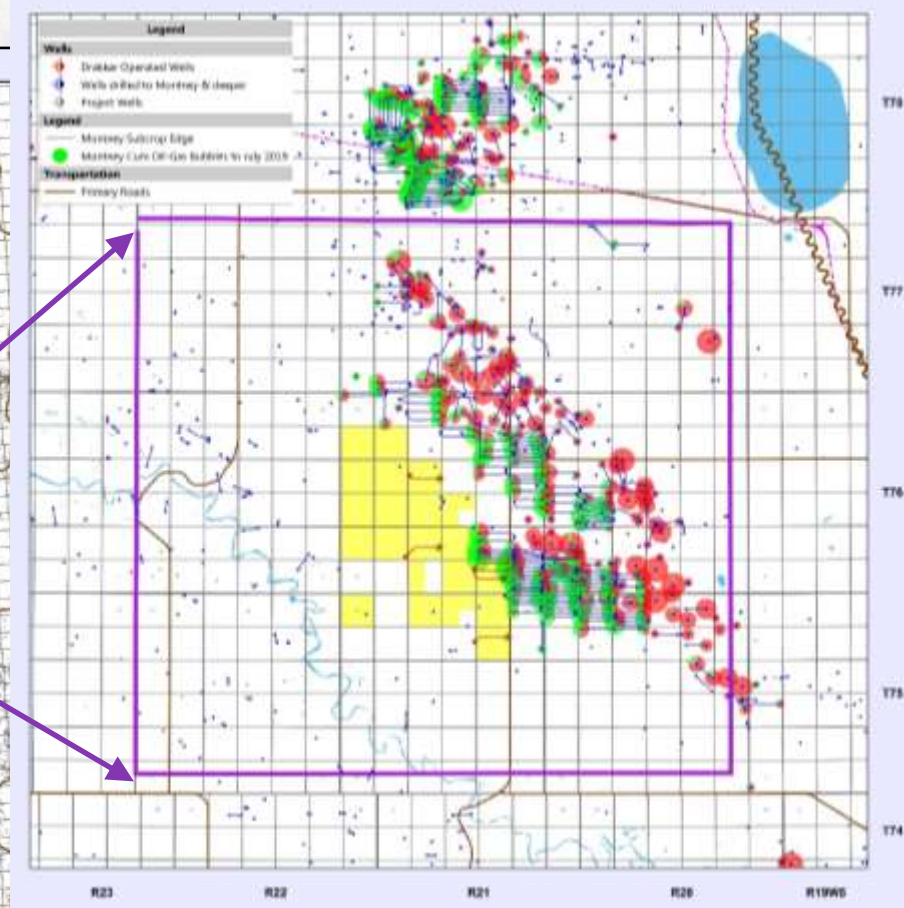
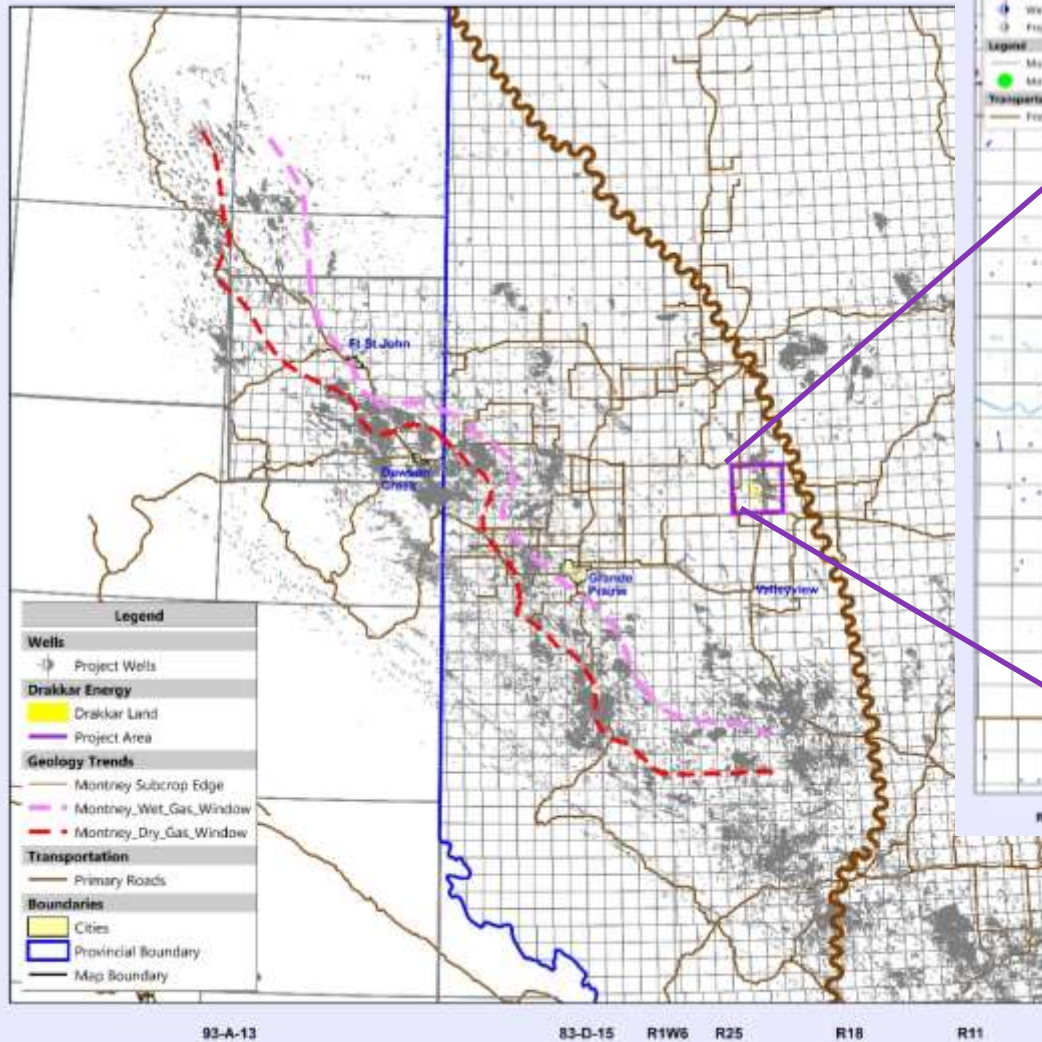
GLJ Summary of OOIP Volumes

Land Description	HZ Well Count	Producing Well Count	OOIP per Qtr Sec (Mbbl)	OOIP per Section (Mbbl)
26-75-21W5	1	0	2,818	11,272
35-75-21W5	0	0	5,304	21,216
2-76-21W5	3	2	7,335	29,340
9-76-21W5	1	1	7,426	29,704
21-76-21W5	1	0	8,094	32,376
Total	6	3		123,908

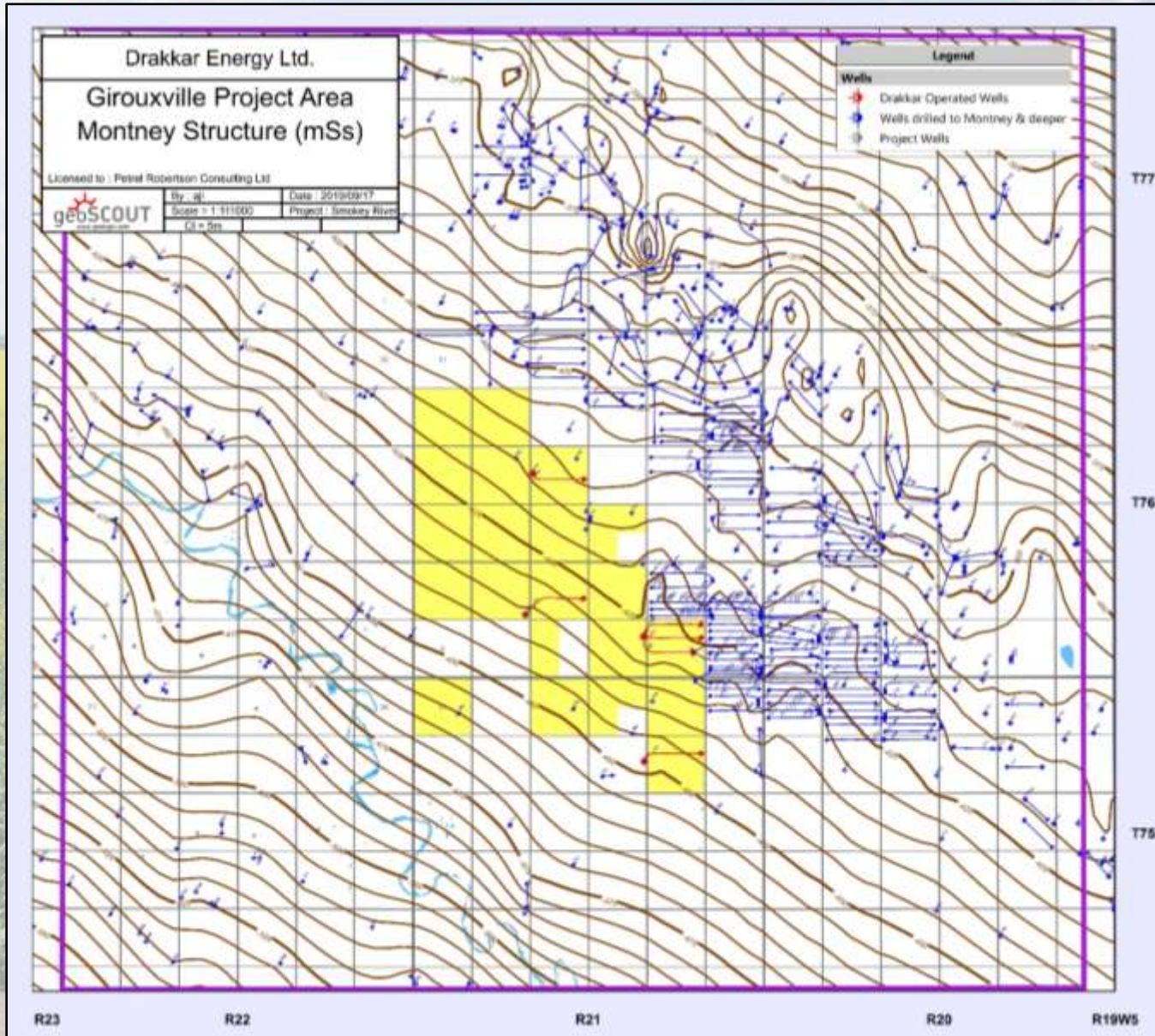


Montney Regional Setting

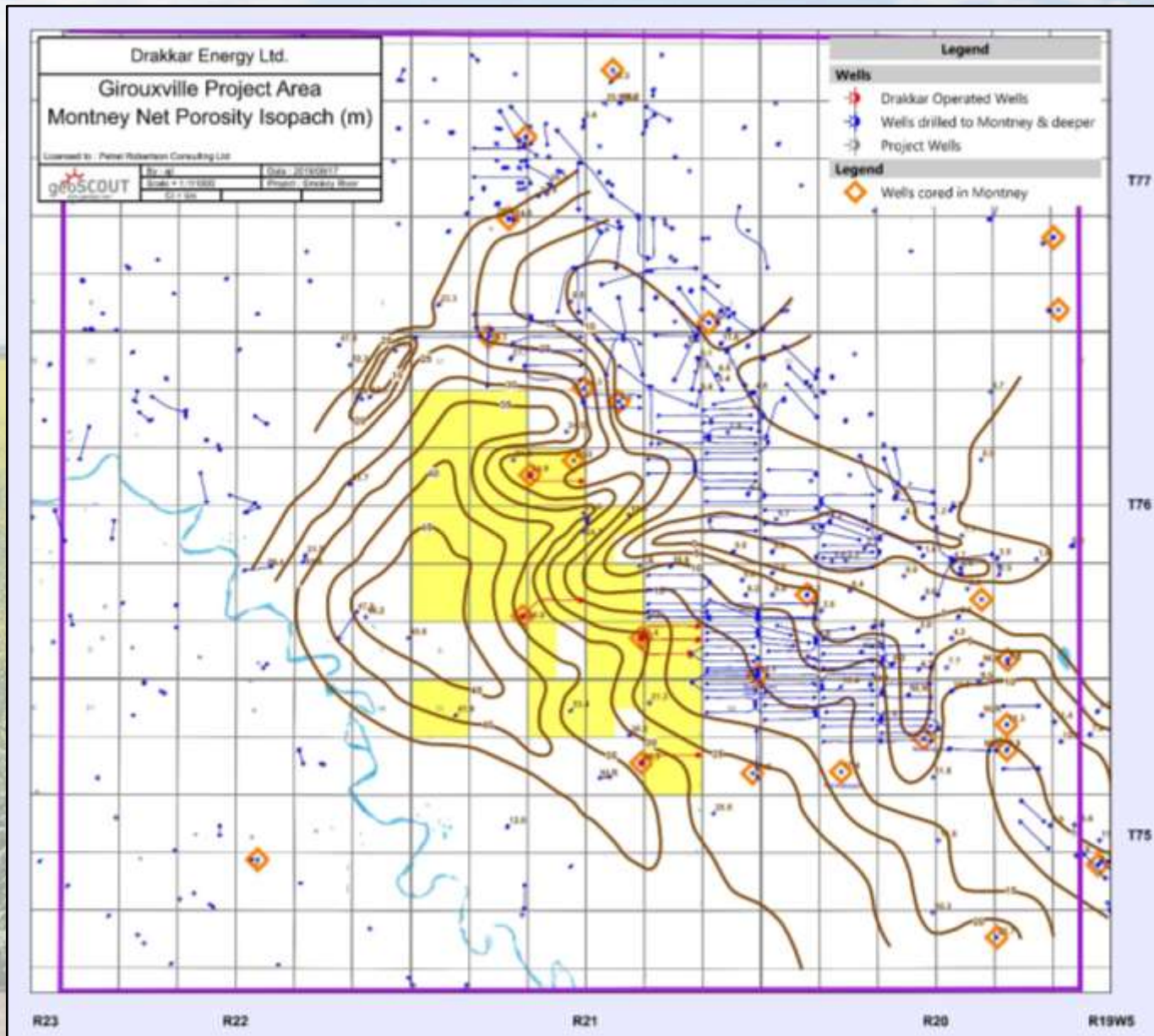
Girouxville Property



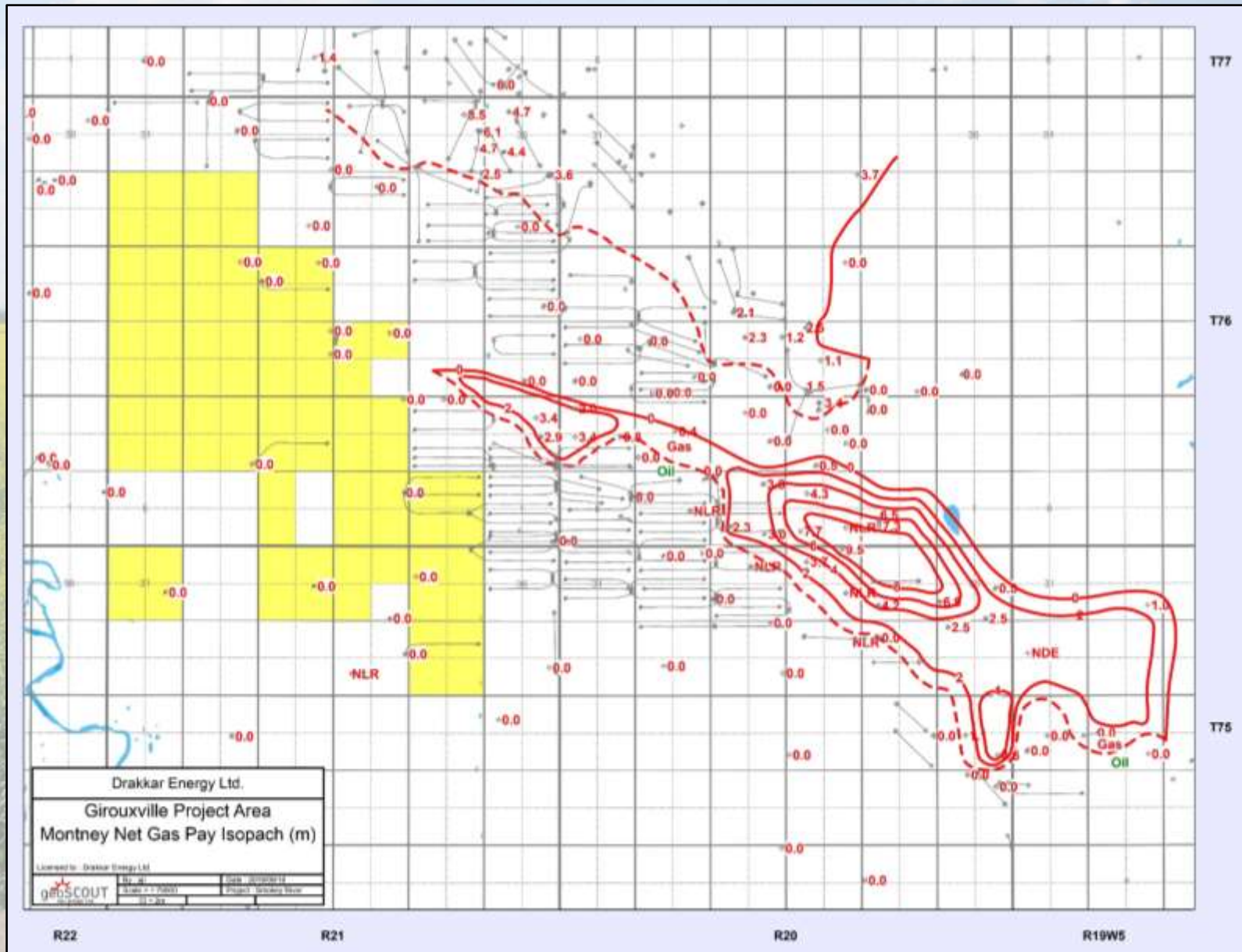
Montney Structure



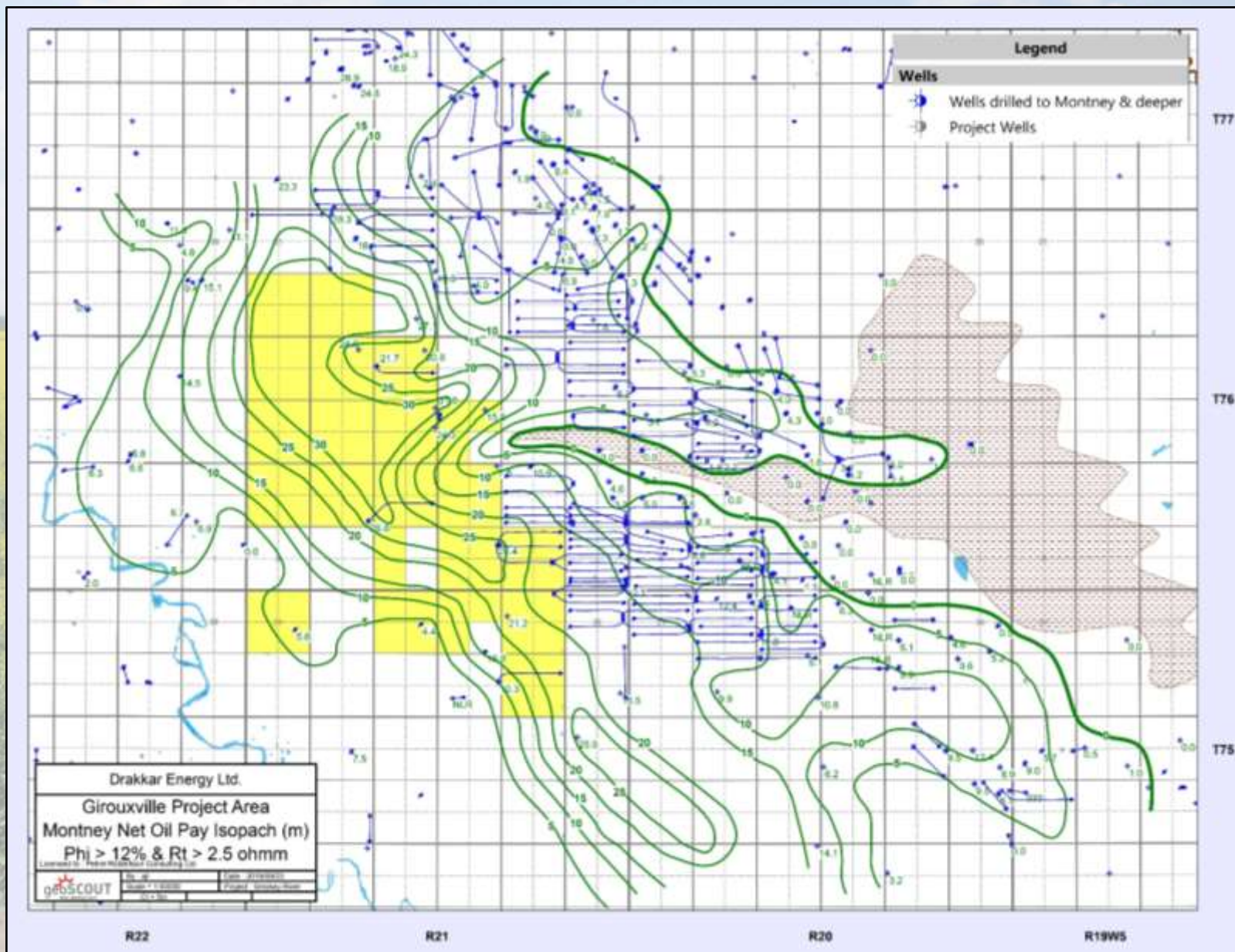
Montney Net Porosity Isopach



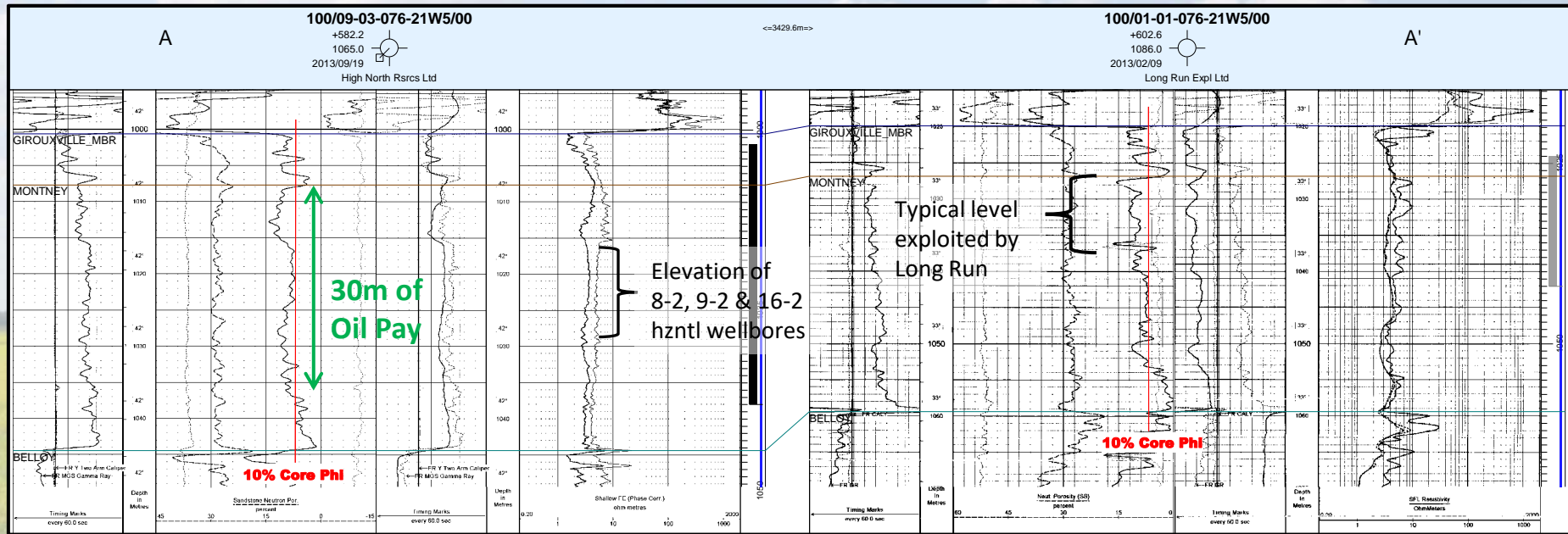
Montney Net Gas Pay Isopach



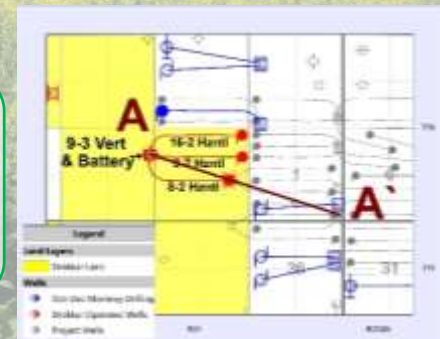
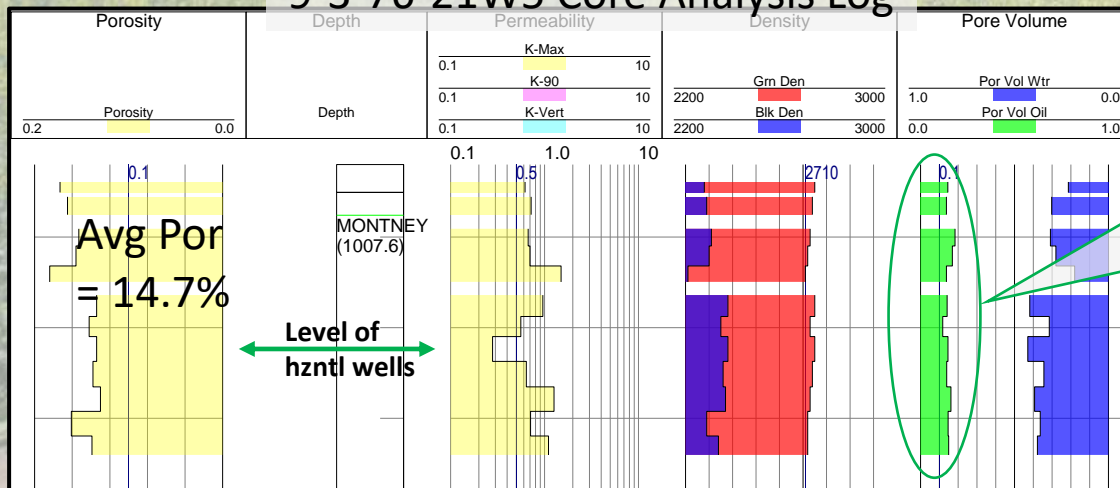
Montney Net Oil Pay Isopach



Montney Pay Zone

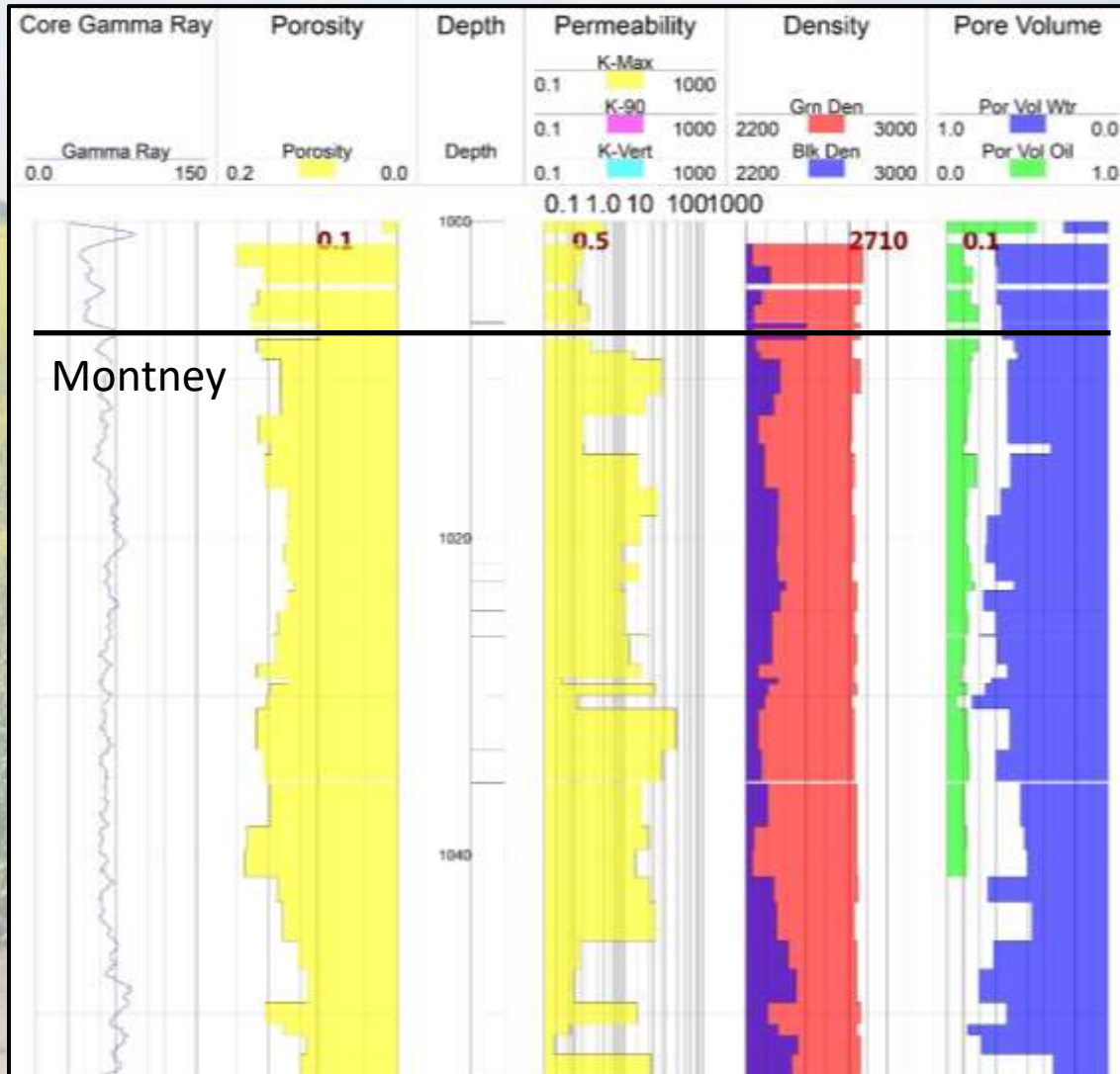


9-3-76-21W5 Core Analysis Log



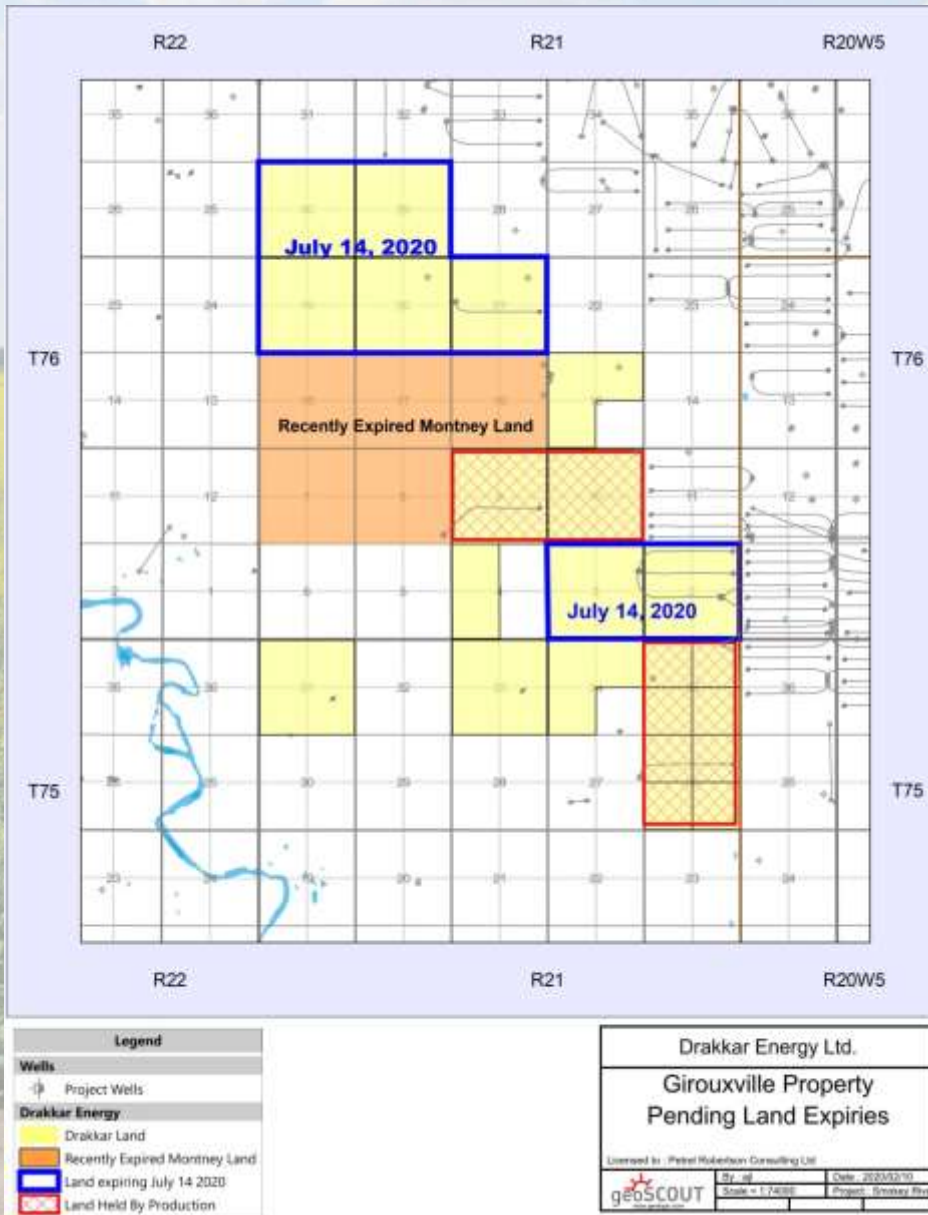
1-8-76-21W5 Core Analysis Log

Verifies Oil Pay in Delineate Region



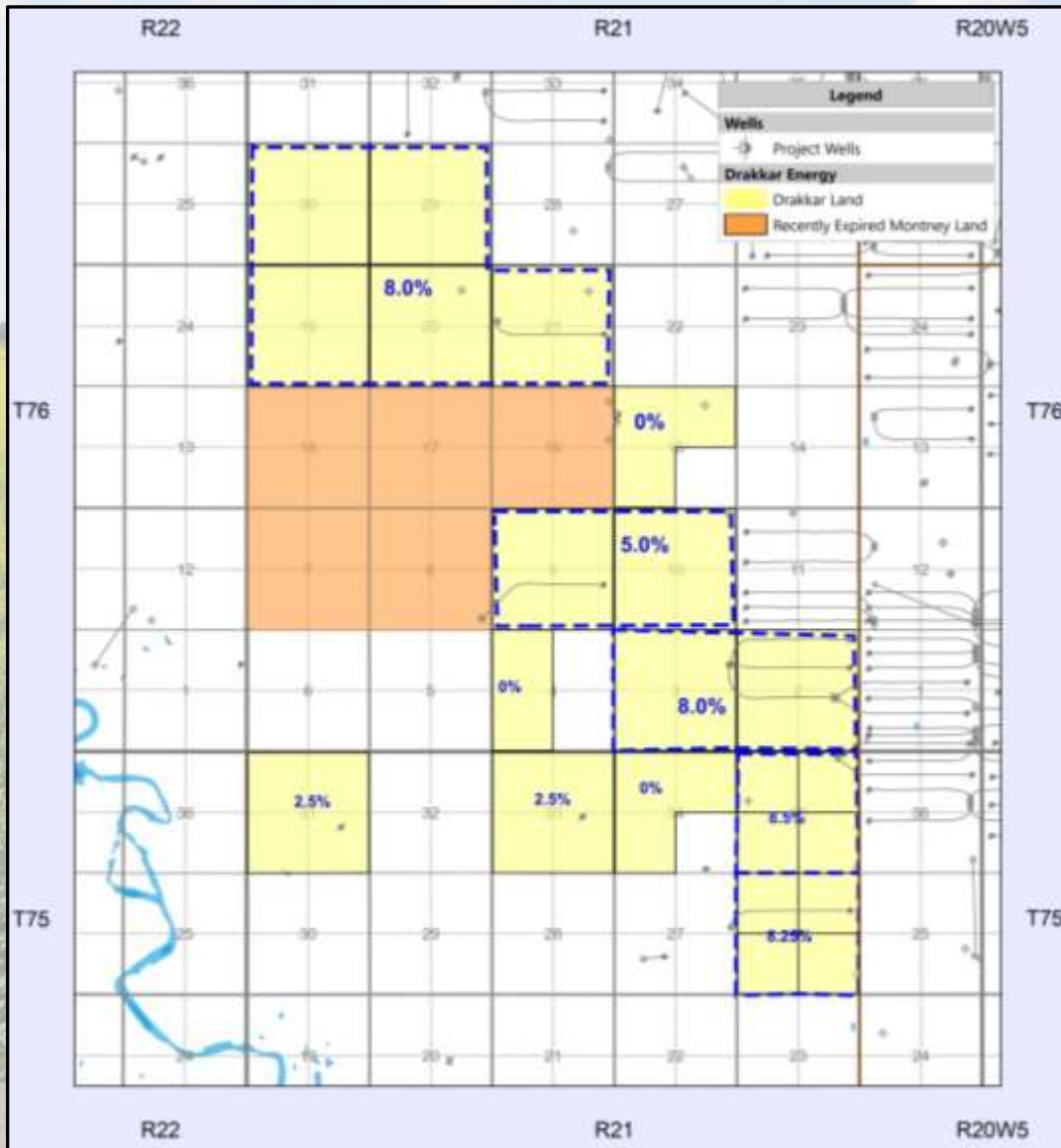
Oil Column
Height = 35m

Pending Land Expiries

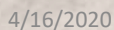


- Seven sections reach the end of their primary term in July 2020; two sections (2 & 3) will probably be granted HBP status. Five sections (Sections 19, 20, 21, 29 and 30) expire July 2020. Expect to apply for and receive a one year drilling extension
- Sections 7, 8, 16, 17 & 18 were granted 1 year extensions and expired in December 2019.
- Landsale activity in the area has been very quiet with low bid levels; the historical P50 bid is \$16.16/hectare so it is expected that expiring land may be reacquired at landsale

Royalty Obligations



- Acquired WI is 100% on all lands subject to various GORR burdens (no deductions)
- Opportunity to negotiate rate reductions based on pricing and conditional on drilling activity

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GLJ Price Decks

GLJ Price Forecast	Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton As of January 1, 2019	NYMEX WTI Near Month Contract Crude Oil at Cushing, OK As of January 1, 2019	GLJ Price Forecast	Light, Sweet Crude Oil (40 API, 0.3%S) at Edmonton As of April 1, 2019	NYMEX WTI Near Month Contract Crude Oil at Cushing, OK As of April 1, 2019
Period	CAD/bbl	USD/bbl	Period	CAD/bbl	USD/bbl
2019 Q1	\$56.67	\$52.50	2019 Q1		
2019 Q2	\$61.33	\$55.00	2019 Q2	\$72.00	\$61.00
2019 Q3	\$64.67	\$57.50	2019 Q3	\$72.00	\$61.00
2019 Q4	\$70.67	\$60.00	2019 Q4	\$72.00	\$61.00
2019 Full Year	\$63.33	\$56.25	2019 Full Year	\$70.39	\$59.31
2020	\$75.32	\$63.00	2020	\$72.73	\$62.50
2021	\$79.75	\$67.00	2021	\$75.95	\$66.00
2022	\$81.48	\$70.00	2022	\$79.38	\$69.00
2023	\$83.54	\$72.50	2023	\$83.13	\$72.00
2024	\$86.06	\$75.00	2024	\$86.88	\$75.00
2025	\$89.09	\$77.50	2025	\$89.38	\$77.00
2026	\$92.62	\$80.41	2026	\$91.88	\$79.00
2027	\$94.57	\$82.02	2027	\$94.17	\$80.84
2028	\$96.56	\$83.66	2028	\$96.20	\$82.46

➤ GLJ oil price forecasts for the evaluations and cashflow forecasts mentioned in presentation

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- Keith Macdonald, President & CEO – Director Surge Energy, Bellatrix Exploration, Madalena
- Jim Lee, Exploration and A&D –Block Exploration, Legacy, AltaCorp, Seaview, Sproule, Fekete
- Riley Waite, Engineering – Founder and President Artemis Energy and Artemis Exploration
- Dave Burgess , Consulting Controller – Artemis Energy and Artemis Exploration

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- Keith Macdonald, Chairman
- Rick Pawluk – Partner McCarthy Tetrault
- Gary Milligan- formerly Royal Bank of Canada

❖ Evaluating candidates to strengthen board