

FORM 51-101 F1

Paleo Resources, Inc.

**Statement of reserves data
and other oil and gas information
as of December 31, 2019**

Prepared by Prator Bett, LLC

May 26, 2020

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Part 1 Date of statement

Date of statement: May 26, 2020
Effective date: December 31, 2019
Preparation date: May 26, 2020

Paleo Resources, Inc.'s (the Company) Canadian and U.S.A. oil and gas reserves were evaluated by Prator Bett, LLC (Prator Bett), effective December 31, 2019. PBLLC was engaged by the Company to evaluate Proved and Proved plus Probable reserves: no valuation of Possible reserves or resources was undertaken. The Prator Bett evaluation was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook ("COGE Handbook")*.

The Company has assets located in both the United States and in Canada. The Company's Canadian oil and gas reserves are located seven miles northeast of Red Deer, Alberta in sections 22 and 23, township 39, range 26 W4M. The Company's American oil and gas reserves are located in Polk County, Texas.

The reserves on the property described herein are estimates only. By nature, such forecasting of reserves and related economic parameters and analyses are forward-looking statements based on predictions of future events. Actual events or results may differ materially. Furthermore, the estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves.

In certain instances, numbers may not total due to computer-generated rounding.

Part 2 Disclosure of reserves data

Item 2.1 Reserves data (forecast prices and costs)

Item 2.1.1 Breakdown of reserves (forecast case)

Paleo Resources, Inc.
NI 51-101 FORECAST CASE
OIL AND GAS RESERVES SUMMARY
Deloitte December 31, 2019 Forecast Pricing

Effective: December 31, 2019

Canada

VOLUMES IN IMPERIAL UNITS

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE		
	Light/Medium Crude		Heavy Crude		Bitumen		Solution		Conventional		Coalbead Methane		Natural Gas Liquids		Sulfur		Total BOE		
	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	Mstb	Mstb	Mlt	Mlt	Mboe	Mboe
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	346.0	173.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	346.0	173.0

VOLUMES IN METRIC UNITS

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE		
	Light/Medium Crude		Heavy Crude		Bitumen		Solution		Conventional		Coalbead Methane		Natural Gas Liquids		Sulfur		Total BOE		
	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	W.I.	Co. Share	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
	E3m3	E3m3	E3m3	E3m3	E3m3	E3m3	E3m3	E6m3	E6m3	E6m3	E6m3	E6m3	E6m3	E3m3	E3m3	E3t	E3t	E3m3	E3m3
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proved Developed Non-Producing	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	55.0	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0	27.5

Light/Medium includes Tight and Synthetic oil. Heavy includes Ultra Heavy and Pelican Lake Heavy in Alberta

Paleo Resources, Inc.
NI 51-101 FORECAST CASE
OIL AND GAS RESERVES SUMMARY
Deloitte December 31, 2019 Forecast Pricing

Effective: December 31, 2019

United States**VOLUMES IN IMPERIAL UNITS**

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Tight Oil		Bitumen		Solution		Conventional		Coalbead Methane		W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mlt	Co. Share Net Mlt	W.I. Gross Mboe	Co. Share Net Mboe
	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross Mstb	Co. Share Net Mstb	W.I. Gross MMcf	Co. Share Net MMcf	W.I. Gross MMcf	Co. Share Net MMcf	W.I. Gross MMcf	Co. Share Net MMcf						
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	611.9	455.8	0.0	0.0	0.0	0.0	0.0	0.0	102.0	76.0
Proved Developed Non-Producing	135.0	67.5	0.0	0.0	0.0	0.0	0.0	0.0	2,594.5	1,519.5	0.0	0.0	0.0	0.0	0.0	0.0	567.4	320.7
Proved Undeveloped	160.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	1,000.0	0.0	0.0	0.0	0.0	0.0	0.0	493.3	246.7
Total Proved	295.0	147.5	0.0	0.0	0.0	0.0	0.0	0.0	5,206.3	2,975.3	0.0	0.0	0.0	0.0	0.0	0.0	1,162.7	643.4
Probable	502.7	251.4	0.0	0.0	0.0	0.0	0.0	0.0	6,284.0	3,142.0	0.0	0.0	0.0	0.0	0.0	0.0	1,550.1	775.0
Total Proved + Probable	797.7	398.9	0.0	0.0	0.0	0.0	0.0	0.0	11,490.3	6,117.3	0.0	0.0	0.0	0.0	0.0	0.0	2,712.8	1,418.4

VOLUMES IN METRIC UNITS

CATEGORY	Oil						Gas						Natural Gas Liquids		Sulfur		Total BOE	
	Light/Medium Crude		Tight Oil		Bitumen		Solution		Conventional		Coalbead Methane		W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3t	Co. Share Net E3t	W.I. Gross E3m3	Co. Share Net E3m3
	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E3m3	Co. Share Net E3m3	W.I. Gross E6m3	Co. Share Net E6m3	W.I. Gross E6m3	Co. Share Net E6m3	W.I. Gross E6m3	Co. Share Net E6m3						
Proved Developed Producing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.3	12.9	0.0	0.0	0.0	0.0	0.0	0.0	16.2	12.1
Proved Developed Non-Producing	21.5	10.7	0.0	0.0	0.0	0.0	0.0	0.0	73.5	43.0	0.0	0.0	0.0	0.0	0.0	0.0	90.2	51.0
Proved Undeveloped	25.4	12.7	0.0	0.0	0.0	0.0	0.0	0.0	56.6	28.3	0.0	0.0	0.0	0.0	0.0	0.0	78.4	39.2
Total Proved	46.9	23.4	0.0	0.0	0.0	0.0	0.0	0.0	147.4	84.3	0.0	0.0	0.0	0.0	0.0	0.0	184.9	102.3
Probable	79.9	40.0	0.0	0.0	0.0	0.0	0.0	0.0	177.9	89.0	0.0	0.0	0.0	0.0	0.0	0.0	246.4	123.2
Total Proved + Probable	126.8	63.4	0.0	0.0	0.0	0.0	0.0	0.0	325.4	173.2	0.0	0.0	0.0	0.0	0.0	0.0	431.3	225.5

Item 2.1.2 Net present value of future net revenue (forecast case)

Paleo Resources, Inc.
NI 51-101 FORECAST CASE
SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE - WITH CORPORATE TAX POOLS
Deloitte December 31, 2019 Forecast Pricing
(CANADIAN DOLLARS)

Effective: December 31, 2019

Canada

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					10% BTAX \$/boe*
	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	
Proved Developed Producing	-62.6	-54.3	-47.2	-41.1	-35.8	-62.6	-54.3	-47.2	-41.1	-35.8	0.00
Proved Developed Non-Producing	9,746.8	8,694.8	7,787.3	7,001.6	6,318.7	9,746.8	8,694.8	7,787.3	7,001.6	6,318.7	45.01
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved	9,684.2	8,640.5	7,740.1	6,960.5	6,282.9	9,684.2	8,640.5	7,740.1	6,960.5	6,282.9	44.74
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Total Proved + Probable	9,684.2	8,640.5	7,740.1	6,960.5	6,282.9	9,684.2	8,640.5	7,740.1	6,960.5	6,282.9	44.74

Effective: December 31, 2019

United States

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					10% BTAX \$/Mcf*
	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	0% M\$	5% M\$	10% M\$	15% M\$	20% M\$	
Proved Developed Producing	646.2	598.5	556.0	518.0	484.1	639.2	592.2	550.4	513.1	479.6	1.22
Proved Developed Non-Producing	4,179.6	2,252.7	1,243.5	654.4	280.7	4,024.5	2,117.4	1,125.2	550.8	189.7	0.65
Proved Undeveloped	3,523.7	1,677.8	685.3	105.1	-255.2	2,377.6	955.0	192.0	-250.4	-521.2	0.46
Total Proved	8,349.5	4,528.9	2,484.7	1,277.5	509.6	7,041.2	3,664.6	1,867.6	813.4	148.2	0.64
Probable	20,183.4	11,994.7	8,021.7	5,739.7	4,271.3	15,790.7	9,392.9	6,279.1	4,486.6	3,330.8	1.73
Total Proved + Probable	28,532.9	16,523.6	10,506.4	7,017.2	4,780.9	22,831.9	13,057.5	8,146.7	5,300.0	3,478.9	1.23

* The unit values are based on net reserves volumes

Item 2.1.3 Additional information concerning future net revenue (forecast case)

Paleo Resources, Inc.
NI 51-101 FORECAST CASE
TOTAL FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
Deloitte December 31, 2019 Forecast Pricing
(CANADIAN DOLLARS)

Effective: December 31, 2019

Canada

RESERVES CATEGORY	Revenue		Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income		Future Net Revenue After Income Tax
	Royalties	Tax				Income Taxes		
	M\$	M\$				M\$	M\$	
Proved Developed Producing	0.0	0.0	0.0	0.0	62.6	-62.6	0.0	-62.6
Proved Developed Non-Producing	13,087.8	2,470.6	416.0	65.8	388.6	9,746.8	0.0	9,746.8
Proved Undeveloped	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved	13,087.8	2,470.6	416.0	65.8	451.2	9,684.2	0.0	9,684.2
Probable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Proved + Probable	13,087.8	2,470.6	416.0	65.8	451.2	9,684.2	0.0	9,684.2

Effective: December 31, 2019

United States

RESERVES CATEGORY	Revenue		Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income		Future Net Revenue After Income Tax
	Royalties	Tax				Income Taxes		
	M\$	M\$				M\$	M\$	
Proved Developed Producing	1,433.8	451.1	244.6	0.0	91.9	646.2	7.0	639.2
Proved Developed Non-Producing	12,122.8	3,782.0	1,766.4	2,270.3	124.5	4,179.6	155.1	4,024.5
Proved Undeveloped	11,354.1	3,528.8	1,285.1	2,960.6	55.9	3,523.7	1,146.2	2,377.6
Total Proved	24,910.7	7,762.0	3,296.1	5,230.8	272.3	8,349.5	1,308.3	7,041.2
Probable	37,105.2	11,532.8	2,372.5	2,960.6	55.9	20,183.4	4,392.7	15,790.7
Total Proved + Probable	62,015.9	19,294.8	5,668.6	8,191.4	328.3	28,532.9	5,701.0	22,831.9

Royalties for the United States include freehold royalties, production taxes and ad valorem taxes.

Paleo Resources, Inc.
NI 51-101 FORECAST CASE
FUTURE NET REVENUE BY PRODUCT TYPE
Deloitte December 31, 2019 Forecast Pricing
(Canadian Dollars)

Effective: December 31, 2019	Canada	
	Btax NPV @ 10% M\$	Unit Value \$/boe
TOTAL PROVED		
Light and Medium Crude Oil (including solution gas and by-products)	7,740.1	44.74
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	0.0	0.00
Total	7,740.1	44.74
TOTAL PROVED + PROBABLE		
Light and Medium Crude Oil (including solution gas and by-products)	7,740.1	44.74
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	0.0	0.00
Total	7,740.1	44.74
Effective: December 31, 2019	United States	
	Btax NPV @ 10% M\$	Unit Value \$/Mcf
TOTAL PROVED		
Tight Oil (including solution gas and by-products)	0.0	0.00
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	2,484.7	0.64
Total	2,484.7	0.64
TOTAL PROVED + PROBABLE		
Tight Oil (including solution gas and by-products)	0.0	0.00
Conventional Natural Gas (including by-products but excluding solution and gas and by-products from oil wells)	10,506.4	1.23
Total	10,506.4	1.23

Item 2.2 Supplemental disclosure of reserves data (constant prices and costs)

No supplemental disclosure using Constant Prices and Costs has been made.

Part 3 Pricing assumptions

Item 3.1 Constant prices used in estimates

Supplemental constant price estimates are not reported.

Item 3.2 Forecast prices used in estimates

Forecast oil and gas prices are laid out in the Deloitte Price Forecast December 31, 2019 Table. All prices are stated in Canadian dollars unless otherwise indicated. Adjustments for oil differential and gas heating values are applied to these prices, as appropriate for each entity. Capital and operating costs are inflated.

Deloitte Resource Evaluation & Advisory Canadian Domestic
Forecast
Base Case Forecast Effective December 31, 2019

		Price Inflation Rate	Cost Inflation Rate	CAD to USD Exchange Rate	Crude Oil Pricing									Natural Gas Liquids Pricing Edmonton Par Prices				Natural Gas Pricing						Sulphur
					WTI at Cushing		Edmonton		WCS		Bow River	Heavy Oil	Ethane	Propane	Butane	Pentanes + Condensate	Alberta Reference	Alberta AECO	Alberta AECO	B.C. Direct	NYMEX	NYMEX	Alberta Plant Gate	
					Oklahoma	Oklahoma	City Gate	City Gate	20.5 Deg. API	25 Deg. API	12 Deg. API	Average Price					Average Price	Average Price	Stn. 2 Sales	Henry Hub	Henry Hub	NYMEX		
US\$/bbl Real	US\$/bbl Current	US\$/bbl Real	US\$/bbl Current	US\$/bbl Current	US\$/bbl Current	US\$/bbl Current	US\$/mcf Current	US\$/mcf Real	US\$/mcf Current	US\$/mcf Current	US\$/mcf Current	US\$/Mcf Real	US\$/Mcf Current	US\$/Mcf Current										
H	2009	0.3%	0.3%	0.880	\$72.30	\$61.65	\$77.51	\$66.10	\$58.66	\$59.80	\$54.40	\$11.61	\$34.62	\$56.21	\$69.49	\$3.85	\$4.64	\$3.96	\$4.17	\$4.63	\$3.95	(\$5.08)		
i	2010	1.8%	1.8%	0.971	\$92.82	\$79.40	\$90.96	\$77.80	\$67.22	\$68.18	\$60.62	\$11.53	\$45.19	\$68.79	\$84.02	\$3.76	\$4.69	\$4.01	\$4.01	\$5.13	\$4.39	\$56.94		
s	2011	2.9%	2.9%	1.012	\$108.98	\$94.88	\$109.73	\$95.54	\$77.12	\$78.42	\$69.60	\$10.30	\$52.41	\$86.98	\$105.24	\$3.46	\$4.17	\$3.63	\$3.34	\$4.59	\$4.00	\$101.60		
t	2012	1.5%	1.5%	1.001	\$104.94	\$94.11	\$96.53	\$86.57	\$73.10	\$74.41	\$64.07	\$6.73	\$30.80	\$75.47	\$99.67	\$2.25	\$2.66	\$2.39	\$2.29	\$3.07	\$2.75	\$126.81		
o	2013	0.9%	0.9%	0.972	\$107.51	\$97.91	\$102.52	\$93.36	\$74.97	\$76.29	\$65.49	\$8.68	\$38.54	\$77.44	\$103.52	\$2.98	\$3.48	\$3.17	\$3.11	\$4.09	\$3.73	\$62.17		
r	2014	1.9%	1.9%	0.906	\$101.45	\$93.26	\$102.25	\$94.00	\$81.06	\$81.49	\$73.70	\$12.46	\$42.93	\$59.43	\$101.47	\$4.22	\$4.90	\$4.50	\$4.16	\$4.78	\$4.39	\$88.99		
i	2015	1.1%	1.1%	0.783	\$51.95	\$48.69	\$60.82	\$57.00	\$44.80	\$45.23	\$39.63	\$7.49	\$5.35	\$33.70	\$55.15	\$2.56	\$2.87	\$2.69	\$1.81	\$2.81	\$2.63	\$107.45		
c	2016	1.4%	1.4%	0.755	\$45.53	\$43.15	\$55.09	\$52.22	\$38.90	\$39.23	\$34.08	\$6.04	\$8.71	\$31.45	\$52.43	\$1.93	\$2.28	\$2.16	\$1.75	\$2.65	\$2.52	\$45.40		
a	2017	1.6%	1.6%	0.771	\$52.91	\$50.88	\$64.35	\$61.88	\$50.53	\$50.86	\$45.01	\$6.11	\$27.92	\$40.98	\$63.65	\$2.13	\$2.28	\$2.19	\$1.56	\$3.10	\$2.99	\$41.85		
l	2018	2.3%	2.3%	0.772	\$66.44	\$64.94	\$70.70	\$69.10	\$49.68	\$50.00	\$45.34	\$6.90	\$29.76	\$46.17	\$75.74	\$1.36	\$1.57	\$1.54	\$1.26	\$3.24	\$3.17	\$89.25		
2	12 Mths F	1.9%	1.9%	0.753	\$56.80	\$56.80	\$68.78	\$68.78	\$58.41	\$59.62	\$55.93	\$5.28	\$14.81	\$20.82	\$65.83	\$1.45	\$1.82	\$1.82	\$1.02	\$2.58	\$2.58	\$45.55		
0	0 Mths F	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1	9 Avg.	N/A	N/A	0.753	\$56.80	\$56.80	\$68.78	\$68.78	\$58.41	\$59.62	\$55.93	\$5.28	\$14.81	\$20.82	\$65.83	\$1.45	\$1.82	\$1.82	\$1.02	\$2.58	\$2.58	\$45.55		
F	2020	0.0%	0.0%	0.760	\$58.00	\$58.00	\$68.40	\$68.40	\$53.95	\$58.40	\$49.95	\$5.90	\$17.10	\$23.95	\$66.35	\$1.85	\$2.10	\$2.10	\$1.40	\$2.40	\$2.40	\$50.00		
o	2021	2.0%	2.0%	0.760	\$60.00	\$61.20	\$71.70	\$73.15	\$57.75	\$60.90	\$52.65	\$6.45	\$25.60	\$36.55	\$73.15	\$2.05	\$2.25	\$2.30	\$1.60	\$2.50	\$2.55	\$51.00		
r	2022	2.0%	2.0%	0.780	\$63.00	\$65.55	\$72.10	\$75.00	\$59.35	\$62.55	\$54.15	\$7.15	\$33.75	\$48.75	\$75.00	\$2.30	\$2.45	\$2.55	\$1.80	\$2.70	\$2.80	\$52.00		
e	2023	2.0%	2.0%	0.800	\$63.00	\$66.85	\$72.50	\$76.95	\$61.00	\$64.20	\$55.70	\$7.85	\$34.65	\$50.05	\$76.95	\$2.55	\$2.65	\$2.80	\$2.05	\$2.90	\$3.10	\$53.05		
c	2024	2.0%	2.0%	0.800	\$63.00	\$68.20	\$72.50	\$78.50	\$62.25	\$65.50	\$56.85	\$8.00	\$35.35	\$51.05	\$78.50	\$2.60	\$2.65	\$2.85	\$2.10	\$2.90	\$3.15	\$54.10		
a	2025	2.0%	2.0%	0.800	\$63.00	\$69.55	\$72.50	\$80.05	\$63.50	\$66.80	\$57.95	\$8.15	\$36.05	\$52.05	\$80.05	\$2.65	\$2.65	\$2.95	\$2.15	\$2.90	\$3.20	\$55.20		
s	2026	2.0%	2.0%	0.800	\$63.00	\$70.95	\$72.50	\$81.65	\$64.75	\$68.15	\$59.10	\$8.35	\$36.75	\$53.10	\$81.65	\$2.70	\$2.65	\$3.00	\$2.20	\$2.90	\$3.25	\$56.30		
t	2027	2.0%	2.0%	0.800	\$63.00	\$72.35	\$72.50	\$83.30	\$66.05	\$69.50	\$60.30	\$8.50	\$37.50	\$54.15	\$83.30	\$2.75	\$2.65	\$3.05	\$2.25	\$2.90	\$3.35	\$57.45		
	2028	2.0%	2.0%	0.800	\$63.00	\$73.80	\$72.50	\$84.95	\$67.35	\$70.90	\$61.50	\$8.65	\$38.25	\$55.25	\$84.95	\$2.80	\$2.65	\$3.10	\$2.30	\$2.90	\$3.40	\$58.60		
	2029	2.0%	2.0%	0.800	\$63.00	\$75.30	\$72.50	\$86.65	\$68.70	\$72.30	\$62.75	\$8.85	\$39.00	\$56.35	\$86.65	\$2.85	\$2.65	\$3.15	\$2.35	\$2.90	\$3.45	\$59.75		
	2030	2.0%	2.0%	0.800	\$63.00	\$76.80	\$72.50	\$88.40	\$70.10	\$73.75	\$64.00	\$9.00	\$39.80	\$57.50	\$88.40	\$2.95	\$2.65	\$3.25	\$2.40	\$2.90	\$3.55	\$60.95		
	2031	2.0%	2.0%	0.800	\$63.00	\$78.35	\$72.50	\$90.15	\$71.50	\$75.20	\$65.30	\$9.20	\$40.60	\$58.65	\$90.15	\$3.00	\$2.65	\$3.30	\$2.40	\$2.90	\$3.60	\$62.15		
	2032	2.0%	2.0%	0.800	\$63.00	\$79.90	\$72.50	\$91.95	\$72.90	\$76.75	\$66.60	\$9.40	\$41.40	\$59.80	\$91.95	\$3.05	\$2.65	\$3.35	\$2.45	\$2.90	\$3.70	\$63.40		
	2033	2.0%	2.0%	0.800	\$63.00	\$81.50	\$72.50	\$93.80	\$74.40	\$78.25	\$67.90	\$9.55	\$42.25	\$61.00	\$93.80	\$3.10	\$2.65	\$3.45	\$2.50	\$2.90	\$3.75	\$64.70		
	2034	2.0%	2.0%	0.800	\$63.00	\$83.15	\$72.50	\$95.65	\$75.85	\$79.85	\$69.25	\$9.75	\$43.10	\$62.20	\$95.65	\$3.15	\$2.65	\$3.50	\$2.55	\$2.90	\$3.85	\$65.95		
	2035	2.0%	2.0%	0.800	\$63.00	\$84.80	\$72.50	\$97.60	\$77.40	\$81.45	\$70.65	\$9.95	\$43.95	\$63.45	\$97.60	\$3.25	\$2.65	\$3.55	\$2.60	\$2.90	\$3.90	\$67.30		
	2036	2.0%	2.0%	0.800	\$63.00	\$86.50	\$72.50	\$99.55	\$78.95	\$83.05	\$72.05	\$10.15	\$44.80	\$64.75	\$99.55	\$3.30	\$2.65	\$3.65	\$2.70	\$2.90	\$4.00	\$68.65		
	2037	2.0%	2.0%	0.800	\$63.00	\$88.20	\$72.50	\$101.50	\$80.50	\$84.70	\$73.50	\$10.35	\$45.70	\$66.00	\$101.50	\$3.35	\$2.65	\$3.70	\$2.75	\$2.90	\$4.05	\$70.00		
	2038	2.0%	2.0%	0.800	\$63.00	\$90.00	\$72.50	\$103.55	\$82.10	\$86.40	\$75.00	\$10.55	\$46.65	\$67.35	\$103.55	\$3.45	\$2.65	\$3.80	\$2.80	\$2.90	\$4.15	\$71.40		
	2039	2.0%	2.0%	0.800	\$63.00	\$91.80	\$72.50	\$105.60	\$83.75	\$88.15	\$76.50	\$10.80	\$47.55	\$68.70	\$105.60	\$3.50	\$2.65	\$3.85	\$2.85	\$2.90	\$4.20	\$72.85		
	2039+	2.0%	2.0%	0.800	0.0%	2.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	2.0%	2.0%	0.0%	2.0%	2.0%	2.0%		

Notes:

- Data sources include: EIA, DOB, NRC, Flint Hills Resources, Alberta Government
- All prices are in Canadian dollars except WTI and NYMEX gas which are in U.S. dollars
- Edmonton city gate prices based on historical light oil par prices posted by the government of Alberta and Net Energy differential futures (40 Deg. API < 0.5% Sulphur)
- Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point
- 1 Mcf is equivalent to 1 mmbtu
- Real prices listed in 2020 dollars with no escalation considered
- Alberta gas prices, except AECO, include an average cost of service to the plant gate
- NGL prices have been switched from a mix reference to a spec reference



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Part 4 Reconciliation of changes in reserves

Item 4.1 Reserves reconciliation

Effective: December 31, 2019

Canada

Opening: Deloitte December 31, 2018 Forecast Pricing

Closing: Deloitte December 31, 2019 Forecast Pricing

	Light & Medium Oil			Heavy Oil			Conventional Gas			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	Mstb	Mstb	Mstb
Opening Balance	108.1	79.9	188.0	0.0	0.0	0.0	325.9	236.8	562.7	34.8	25.3	60.1
Production	-8.9	0.0	-8.9	0.0	0.0	0.0	-11.6	0.0	-11.6	-5.1	0.0	-5.1
Technical Revisions	246.9	-79.9	167.0	0.0	0.0	0.0	-314.3	-236.8	-551.1	-29.7	-25.3	-55.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	346.0	0.0	346.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

In the first half of 2019, the 1D0/15-22-039-26 was producing oil and gas and the gas was being processed to sell the natural gas liquids. The 1D0/15-22-039-26 was shut-in prior to Paleo Resources drilling the 103/9-22-39-26 in 2019 and establishing the new oil/water contact in the Joffre Pool B. Paleo's plans are to use the 1D0/15-22-39-26 to reinject any gas produced in the field. Therefore, no gas or NGL will be sold in the future and this has resulted in negative Technical Revisions in the gas and NGL volumes. Besides the new well (103/9-22-39-26), the 100/10/22-39-26 and 100/14-22-39-26 are available for production from the Joffre Pool B. Based on the results of the new well and recent volumetric calculations it was determined that only the new well and 100/14-22-39-26 would be necessary to recover the remaining reserves at this time. All of the recoverable remaining oil reserves have been classified as Proved. The growth in the Proved reserves is a result of the updated volumetric calculations. The decrease in Probable reserve is a result of all remaining reserves being classified as Proved.

Paleo owns and interest in two wells in the Joffre Pool C. However, at this time, any remaining reserves are uneconomic to recover. Both of these wells are scheduled to be plugged and abandoned; one in 2022 and the other in 2023.

Effective: December 31, 2019

United States

Opening: Deloitte December 31, 2018 Forecast Pricing

Closing: Deloitte December 31, 2019 Forecast Pricing

	Light & Medium Oil			Heavy Oil			Conventional Gas			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	Mstb	Mstb	Mstb
Opening Balance	295.0	502.7	797.7	0.0	0.0	0.0	6,076.4	6,284.0	12,360.4	0.0	0.0	0.0
Production	0.0	0.0	0.0	0.0	0.0	0.0	-526.3	0.0	-526.3	0.0	0.0	0.0
Technical Revisions	0.0	0.0	0.0	0.0	0.0	0.0	-343.8	0.0	-343.8	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	295.0	502.7	797.7	0.0	0.0	0.0	5,206.3	6,284.0	11,490.3	0.0	0.0	0.0

Since December 31, 2018, the two Yegua producers, Raptor A#1 and the Raptor B#1, produced to the economic limit as previously projected and were then shut-in. The plan is to plug and abandon these two wells in 2021. The Ranger A#1 was brought on-line in late 2019. The current performance has attributed to a decrease in Technical Revision of gas reserves. The Jones 1 and Stampede A#1 are still awaiting pipeline hook-up and have no revisions in the reserves.

The Woodbine property has had no adjustments since December 31, 2018. The Ben B Cain-WT Carter is still awaiting a workover. Once that is successfully completed the two additional wells are planned to be drilled.

Part 5 Additional information relating to reserves data

Item 5.1 Undeveloped reserves

Canada

Since the new well 103/9-22-39-26 was drilled and established the new oil/water contact all remaining reserves were classified as Proved Undeveloped. The new well and 100/14-22-39-26 will be utilized to produce the remaining reserves in the Joffre Pool B. All locations in Project C are considered uneconomic at current price.

Canada		
Year	Undeveloped Reserves	
	Proved (Mstb)	Probable (Mstb)
2016	105.7	0.0
2017	0.0	0.0
2018	0.0	0.0
2019	0.0	0.0

United States

Two immediate proven undeveloped offsets and one incremental probable undeveloped offset have been identified to be drilled in the Lower Woodbine. These locations are supported by subsurface mapping and 3D Seismic. The ultimate recoveries for these locations should be analogous to the ultimate recovery calculated for the Cain-Carter #1 and have been estimated at 333 MBOE.

No Upper Woodbine formation locations have been assigned as they are now considered to be not productive.

United States		
Year	Undeveloped Reserves	
	Proved (Mcfe)	Probable (Mcfe)
2018	3745.36	4650.16
2019	3860.28	4650.16

Item 5.2 Significant factors or uncertainties

The process of estimating reserves is complex. It requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, commodity prices and economic conditions. The Corporation's reserves are evaluated by Prator Bett, LLC an independent engineering firm.

Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. The Company's actual production, revenues, taxes, development and operating expenditures with respect to its reserves may vary from such estimates, and such variances could be material. Reserve estimates are subject to change with such factors as, updated production data, well performance and operational issues, ongoing development activities, price forecasts, and other economic conditions.

Item 5.3 Future development costs

Canada				
Year	Undiscounted Future Cost net (M\$)		Discounted at 10% Future Cost net (M\$)	
	Proved	Proved + Probable	Proved	Proved + Probable
2020	65.8	65.8	62.9	62.9
2021	0.0	0.0	0.0	0.0
2022	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0

United States				
Year	Undiscounted Future Cost net (M\$)		Discounted at 10% Future Cost net (M\$)	
	Proved	Proved + Probable	Proved	Proved + Probable
2020	2,270.3	2,270.3	2,169.0	2,169.0
2021	2,960.6	5,921.1	2,560.4	5,120.7
2022	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0

Part 6 Other oil and gas information

Item 6.1 Oil and gas properties and wells

Canada

Project B and C

Joffre are located approximately 7 miles northeast of Red Deer, Alberta in Township 39, Range 26W4.

United States

Polk County, Texas

The Company's American oil and gas reserves in the Woodbine and Yegua formations are located in Polk County, Texas.

Geology - Canada

Leduc

The Late Devonian Leduc Formation is represented by large barrier reef and smaller pinnacle reef bioherms which grew on the Cooking Lake platform carbonates. Trending northeast to southwest, the limestones and dolostones of the Leduc/Cooking Lake Formations were deposited on the bathymetric highs of the Late Devonian seas. Hydrocarbons are trapped by lateral stratigraphic pinch-out of these dolomitic carbonates into deeper water shale sediments.

Horseshoe Canyon/Bearpaw

The Horseshoe Canyon Formation is part of the Upper Cretaceous Edmonton group which lies unconformably on top of the Belly River Group and is overlain by the tertiary Scollard Formation. Sediments of the Horseshoe Canyon were deposited in a complex coastal environment with shore face sands, tidal channel sands, distributary sands and large back barrier peat bog swamps. The result of such an environment is a stratigraphic section of approximately 100 to 400 metres thick with the lower to middle Horseshoe Canyon containing multiple prospective coal seams and sandstones.

Basal Belly River/Pakowki

The Upper Cretaceous Basal Belly River/Pakowki Formations represent a marginal marine fluvial/deltaic environment that deposited clastic sediments in series of north-south trending bar sands. Reservoirs are developed in sandstone lobes, and to a lesser extent, channel sands, as river systems supplied sediments to the prograding delta. Gas pools that are developed in deltaic lobe sandstones trapped stratigraphically as the reservoir sands grade laterally into siltstone and shale.

Upper Mannville

The Early Cretaceous Upper Mannville Group consists of sandstones, siltstones, shales and coals deposited in a fluvial environment in which shorelines and sediments were moving northward. Sandstones of the Upper Mannville contain a significant amount of volcanic and feldspathic material. Hydrocarbons are trapped stratigraphically within porous sandstones that are truncated by tight, lithic Upper Mannville channels in an updip position or as the sandstones pinch-out or grade laterally into the surrounding siltstones and shales.

Geology – United States

Upper Woodbine

The Upper Woodbine is a rich deltaic sequence with abundant sand channels thinning on the edges with tight distal clay choked sands.

Lower Woodbine

The lower Woodbine is a slope fan feature and is progradational in nature exhibiting a Bouma type sequence with the coarsest sands at the base then fining up. These sands are discontinuous and lenticular and vary in areal extent.

Yegua

The Yegua Formation is a shallow sandstone reservoir that is the upper part of the Claiborne Group which is in the Tertiary System. The sandstones were deposited in a fluvial delta system and are typically considered to be channel sands.

Item 6.1.2 Gross and net oil and gas wells

Country	Producing				Non-Producing		Total	
	Oil		Gas		Gross	Net	Gross	Net
Province	Gross	Net	Gross	Net				
Canada								
Alberta	0.0	0.0	0.0	0.0	6.0	2.8	6.0	2.8
United States								
Texas	0.0	0.0	1.0	0.7	5.0	3.2	6.0	4.0
Total	0.0	0.0	1.0	0.7	11.0	6.0	12.0	6.8

Item 6.2 Properties with no attributed reserves

Canada

The 1D0/15-22-039-26 was producing in the first half of 2019, however, was shut-in once the 103/9-22-39-26 well was drilled. This new well has been tested and the anticipated initial producing rate is 200 bbl/d. Once the gas injection permit is obtained for 1D0/15-22-039-26, it will be used for gas injection. The only other well in the Joffre Pool B that has no reserves attributed to it at this time is the 100/10-22-39-26. This well could be capable of production but will be held on standby in case needed in the future.

There is also potential for a CO₂ flood. Other CO₂ floods in nearby fields have shown potential for incremental recoveries ranging from 12 to 25 percent. However, Paleo would need to conduct a study to determine if such an enhanced recovery scheme in this pool would be technically and economically feasible.

The producing gas wells, C2 – 00/05-23-039-26W4/2 and C3 – 03/05-23-039-26W4/0 are both currently uneconomic, no reserves have been assigned at this time.

United States

Yegua

As of December 31, 2019, the Company has an interest in oil and gas leases of approximately 668 gross (334 net) acres of undeveloped properties in Polk County, Texas with no reserves attributed. The Company has plans to continue its Yegua drilling program in 2021.

The Company's current joint venture partner agreements as of December 31, 2019 do not specify any contractual work commitments.

Item 6.3 Forward contracts

There are no forward contracts applicable to any produced product.

Item 6.5 Tax Horizon

The Company is not expected to pay income tax based on proved plus probable cash flow economics for the Canadian assets. The Company is expected to begin paying income tax in 2020 based on proved plus probable economics for the American assets.

Item 6.6 Costs incurred

The following table summarizes Company's property acquisition costs, exploration costs and development costs incurred during the financial year ended December 31, 2018:

Property Acquisitions and Capital Expenditures	
Nature of Cost	Amount (\$)
Property Acquisition Cost	
Proved	0
Unproved	-199,408
Exploration Costs	154,067
Development Costs	1,073,479
Total	1,028,138

Item 6.7 Exploration and development activities

Joffre B Pool, Alberta, Canada

The Company drilled and completed 1 gross (0.5 net) wells in 2019 in Alberta, Canada. This well was tested in October 2019. Once a gas injection permit is obtained, Paleo will commence production of the new well.

Yegua formation, Polk County, Texas

The Company drilled and completed 6 gross (4.5 net) wells in 2017 in Polk County, Texas. 2 gross (1.3 net) natural gas wells started producing in September 2017. 1 gross (1 net) well produced non-commercial quantities of natural gas and water and in October 2017, the Company plugged and abandoned the well. 1 gross (0.745 net) gas well was completed and started producing in September of 2019. The remaining 2 gross (1.5 net) natural gas wells have been completed but await completion of connection to pipelines expected to be completed in 2020.

Item 6.8 Production estimates

The following table discloses the total working interest volume for 2020 for each product type associated with the first year of the gross proved reserves and gross probable reserves reported in the Prator Bett report effective December 31, 2019, based on forecast prices and costs:

Forecast Production - Working interest		
January 1, 2020 - December 31, 2020		
	Proved	Proved + Probable
Joffre (Project B&C), AB		
Oil (Mbbl)	25.8	25.8
Gas (MMcf)	0.0	0.0
NGL (Mbbl)	0.0	0.0
Woodbine formation, Polk Co, TX		
Oil (Mbbl)	0.0	0.0
Gas (MMcf)	0.0	0.0
NGL (Mbbl)	0.0	0.0
Yegua formation, Polk Co, TX		
Oil (Mbbl)	0.0	0.0
Gas (MMcf)	288.8	288.8
NGL (Mbbl)	0.0	0.0
Total		
Oil (Mbbl)	25.8	25.8
Gas (MMcf)	288.8	288.8
NGL (Mbbl)	0.0	0.0

Item 6.9 Production history

The following table summarizes the share of the Company's average daily production, prices received, royalties paid, production taxes, operating expenses and operating netbacks for the periods indicated:

TOTAL COMPANY				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Volumes				
Light Oil + NGLs, bopd	7.9	7.0	3.6	3.3
Gas, Mcf/d	377.0	235.6	58.2	516.6
boe/d	70.8	46.3	13.3	89.4
Light Oil + NGLs				
Average Price, \$/bbl	57.20	63.70	48.20	65.40
Gas				
Average Price, \$/Mcf	4.10	2.90	2.90	3.00
Total Petroleum and Gas Revenue, \$	180,934	102,443	31,851	160,647
Total Royalties, \$	45,974	26,600	12,421	43,531
Production Taxes, \$	10,458	4,297	1,148	-10,007
Operating Expenses, \$	173,205	95,500	35,440	33,902
Netback, \$/boe	-7.7	-5.7	-14.2	11.4

CANADA				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Volumes				
Light Oil + NGLs, bopd	7.9	7.0	3.6	3.3
Gas, Mcf/d	9.5	7.1	3.3	0.0
boe/d	9.5	8.2	4.2	3.3
Light Oil + NGLs				
Average Price, \$/bbl	57.20	63.70	48.20	65.40
Gas				
Average Price, \$/Mcf	4.20	2.30	0.10	0.00
Total Petroleum and Gas Revenue, \$	44,943	41,884	16,386	19,242
Total Royalties, \$	2,835	4,042	3,986	770
Production Taxes, \$	-	-	-	-
Operating Expenses, \$	51,854	52,674	9,795	19,860
Netback, \$/boe	-11.8	-19.9	6.2	-3.7

UNITED STATES				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Volumes				
Light Oil + NGLs, bopd	0.0	0.0	0.0	0.0
Gas, Mcf/d	363.4	228.5	54.9	516.6
boe/d	60.6	38.1	9.2	86.1
Light Oil + NGLs				
Average Price, \$/bbl	0.00	0.00	0.00	0.00
Gas				
Average Price, \$/Mcf	4.20	2.90	3.10	3.00
Total Petroleum and Gas Revenue, \$	135,991	60,559	15,465	141,405
Total Royalties, \$	43,139	22,558	8,435	42,761
Production Taxes, \$	10,458	4,297	1,148	-10,007
Operating Expenses, \$	121,351	42,826	25,645	14,042
Netback, \$/boe	-7.1	-2.6	-23.5	11.9

APPENDIX

Forward looking statements

Reserve definitions

Glossary of abbreviations

FORM 51-101 F2 Report on Reserves Data by Independent Qualified Reserves Evaluator

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 51-101F1 constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe", "prospect", "future", "possible", "can", "speculative", "perhaps" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Form 51-101F1 should not be unduly relied upon. These statements speak only as of the date of this Form 51-101F1. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements except as required pursuant to applicable securities laws.

Forward-looking information and statements are included throughout this Form 51-101F1 and include, but are not limited to, statements pertaining to the following:

- corporate strategy;
- the Company's reserves;
- estimates of present value or future net cash flow;
- capital expenditure programs, future capital requirements and the timing and method of financing thereof;
- the production of the Company's assets;
- the Company's access to adequate pipeline capacity and third-part infrastructure;
- the performance and characteristics of the Company's oil and natural gas interest;
- the quantity and quality of the Company's oil and natural gas reserves;
- tax horizon and taxability of the Company;
- supply and demand for oil, natural gas liquids and natural gas;
- industry conditions pertaining to the oil and gas industry; and
- abandonment and reclamation costs.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Form 51-101F1:

- general economic conditions in Canada, the United States and globally including reduced availability of debt and equity financing generally;
- industry conditions, including fluctuations in the price of oil, NGL and natural gas;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in oil and natural gas operations;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- uncertainties associated with estimating oil and natural gas reserves;
- incorrect assessments of the value of acquisitions;

- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- availability of financing on acceptable terms;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- competition for and inability to retain drilling rigs and other services;
- rights to surface access;
- the need to obtain required approvals from regulatory authorities;
- general business and market conditions; and
- the liquidity and capital resources risks and business risks discussed in the Company's management's discussion and analysis for the years ended December 31, 2017.

These factors should not be considered exhaustive. Statements in respect of "reserves" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. With respect to forward-looking statements contained in this Form 51-101F1, the Company has made assumptions regarding: future exchange rates; energy markets and the price of oil and natural gas; condition of general economic, commodity and financial markets; current technology; cash flow; commodity prices; production rates; effects of regulation and environmental and tax laws; future operating costs and the Company's ability to obtain financing on acceptable terms. Readers are cautioned that the foregoing list of factors is not exhaustive.

The above summary of assumptions and risks related to forward-looking information has been provided in this Form 51-101F1 in order to provide readers with a more complete perspective on the Company's future operations and prospects. Readers are cautioned that this information may not be appropriate for other purposes.

The forward-looking statements contained in this Form 51-101F1 are expressly qualified by this cautionary statement.

ROUNDING

In certain instances, numbers may not total due to computer-generated rounding.

NON-GAAP MEASURES

This Form 51-101F1 uses "netback" which does not have standardized meanings prescribed by generally accepted accounting principles and therefore may not be comparable measures to other companies where similar terminology is used. Netback denotes petroleum and natural gas revenue less royalties, operating expenses and transportation and marketing expenses.

Reserve definitions

Reserves are classified in accordance with the following definitions which meet the standards established by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities and found in Appendix 1 to Companion Policy 51-101 CP, Part 2 Definition of Reserves.

Reserve categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable and are disclosed.

Reserves are classified according to the degree of certainty associated with the estimates:

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.

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.

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Development and production status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

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 if 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 (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

SELECTED ABBREVIATIONS

Certain terms and abbreviations used in this document are defined below:

"bbl"	barrel of oil or NGL;
"bcf"	billion cubic feet of natural gas;
"bpd"	barrel of oil or NGL per day;
"Boe"	barrel of oil equivalent determined by converting a volume of natural gas to barrels using the ratio of 6 Mcf to one barrel;
"Boe/d"	barrel of oil equivalent per day;
"Mbbbl"	thousand barrels;
"MBoe"	thousand barrels of oil equivalent;
"Mcf"	thousand cubic feet of natural gas;
"Mcfе"	Mcf of gas equivalent determined by converting a volume of oil or NGL to Mcf using the ratio of 0.1667 barrels to 1 Mcf;
"Mcf/d"	thousand cubic feet of natural gas per day;
"MMcf"	million cubic feet of natural gas;
"MMcf/d"	million cubic feet of natural gas per day;
"Mstb"	thousand stock tank barrels;
"NGLs"	natural gas liquids;
"\$US"	United States dollar;
"\$Cdn"	Canadian dollar.

Conversion

In this document measurements are given in standard Imperial or metric units only. The following table sets forth certain standard conversions.

To convert from:	To:	Multiply by:
Mcf	cubic metres	28.174
Cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

In this Form 51-101F1, the calculation of barrels of Boe is calculated at a conversion rate of 6 Mcf for one bbl based on an energy equivalency conversion method. Boe's may be misleading particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

FORM 51-101F2
REPORT ON RESERVES DATA
PALEO RESOURCES, INC. BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR

To the board of directors of Paleo Resources, Inc. (the "Company"):

1. We have evaluated the Company's reserves data as of December 31, 2019. The reserves data consists of the following:

(a) (i) Proved and oil and gas reserves estimated as of December 31, 2019 using Forecast prices and costs; and

(ii) the related estimated future net revenue; and

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared by the Society of Petroleum Engineers (Calgary Chapter).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to the Proved reserves, estimated using Forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2019 and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

<u>Independent Qualified Reserves Evaluator</u>	<u>Description and Preparation Date of Evaluation Report</u>	<u>Project Area</u>	<u>Location of Reserves</u>	<u>Net Present Value of Future Net Revenue (before income taxes, 10% discount rate), CAD \$</u>
Prator Bett, L.L.C.	December 31, 2019	Leduc 3DB	Alberta	7,787,340
		Leduc 3DC	Alberta	-47,240
		Subtotal	Canada	7,740,100
		Woodbine	Texas	1,570,510
		Yegua	Texas	914,210
		Subtotal	USA	2,484,720
		Total Company		10,224,820

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after the preparation date.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

PRATOR BETT, L.L.C.
Houston, Texas, USA
May 4, 2020

By 

Thomas G. Bett, P.E.

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

Report of Management and Directors on Reserves Data and Other Information

Management of Paleo Resources, Inc. (the “Company”) are responsible for the preparation and disclosure of information with respect to the Company’s oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2019, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Company’s reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the Board of Directors of the Company has:

- (a) reviewed the Company’s procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the Board of Directors has reviewed the Company’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with Management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

- (a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- (b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator(s) on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

“Roger S. Braugh, Jr.”
Roger S. Braugh, Jr.
Interim Chief Executive Officer and Executive Chairman

“Steven Vucurevich”
Steven Vucurevich
Chief Financial Officer

“Thomas M. Crain, Jr.”
Thomas M. Crain, Jr.
President and Director

“Roy Hudson”
Roy Hudson
Director

“Chris Pettit”
Chris Pettit
Director

Dated: May 29, 2020