RESSOURCES ET ÉNERGIE
SQUATEX

FORM 51-101F1

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION FOR FISCAL YEAR ENDED MARCH 31st 2017

REPORT SQX-2017-04E

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Note: This document was translated from the original document edited in French FORMULAIRE 51-101 F1- RELEVÉ DES DONNÉES RELATIVES AUX RÉSERVES ET AUTRE INFORMATION CONCERNANT LE PÉTROLE ET LE GAZ AU 31 MARS 2017. In the event of any apparent discrepancy between the English and French versions, the French version shall prevail.

1. DATE OF STATEMENT

The present statement of reserves data and other oil and gas information was completed on June 15, 2017. The effective date of the information provided is March 31, 2017 and the preparation date of the information provided is June 15, 2017.

The report is based on data and reports of the company, on various public documents available through the internet site from the Ministère de l'Énergie et des Ressources naturelles (MERN) or from the Ministère du Développement durable, Environnement et de la Lutte contre les Changements climatiques (MDDELCC) du Québec as well as geological publications related to the studied areas. The data complies with the requirements of National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities*. Additional information that is pertinent, but not required by NI 51-101, is provided in order to promote a better understanding.

2. DISCLOSURE OF RESERVES DATA

As of March 31st 2017, the Ressources et Énergie Squatex (Squatex) does not produce any hydrocarbons. The company has not established any oil and gas reserves over its exploration permits. Consequently, such as the rule allows it, the Company did not engage an independent evaluator to review its reserves.

In January 2016, Squatex has mandated Sproule Associates Limited (Sproule) to update of the estimated unrisked undiscovered hydrocarbon initially-in-place for the lower Silurian reservoirs of the eastern Massé structure located in St.Lawrence area, by using new data from the Massé No.2 well. The Sproule assessment report was made available at the beginning of this fiscal year in May 2016. A summary is presented on section 7 of this report.

3. PRICING ASSUMPTIONS

No object.

4. RECONCILIATION OF CHANGES IN RESERVES

No object.

5. ADDITIONAL INFORMATION RELATING TO RESERVES DATA

No object.

6. OTHER OIL AND GAS INFORMATION

6.1 OIL AND GAS PROPERTIES AND WELLS

No drilling for the research of oil and gas or for the acquisition of stratigraphic knowledge occurred on Squatex exploration permits during the period concerned.

In the St. Lawrence Lowlands area Squatex holds an interest on the Canbriam Farnham NO 1 (A-271) well localised near Farnham over permit 2009RS298, south-east of Montreal (**see Figure 1**). The drilling carried out in 2009 reached a total depth of 2507 meters. Gas shows were observed and the well was cased. During fall 2011, the partners decided to abandon the well. The MERN delivered an authorization for the final abandonment of the well on July 11th 2014 which was received by Squatex on December 15st 2014. The abandonment was carried out by Canbriam in September 2015 accordingly to the rules except the setting up of an identification plate and no contamination or gas show was noted throughout the inspections by the MERN staff on late summer 2015. There were no further inspections during the last fiscal year.

Between April 2016 and end of March 2017, Squatex staff carried out regular inspections on the suspended stratigraphic well, Squatex Massé N^{O} 2 located on permit 2009PG556, in order to compile pressure reading. At the same time, visual inspections of the surroundings of the well were made in order to check the integrity of the installations: no anomaly was reported. Additionally, mobilization drilling rig and equipments were done on mid November for planned maintenance work. There were secured and remained on the site for the next work phase.

In the current fiscal year, MERN as well as MDDELCC representatives carried out inspections of the well Massé N^{O} 2 located in the Lower St, Lawrence and no infraction was noted.

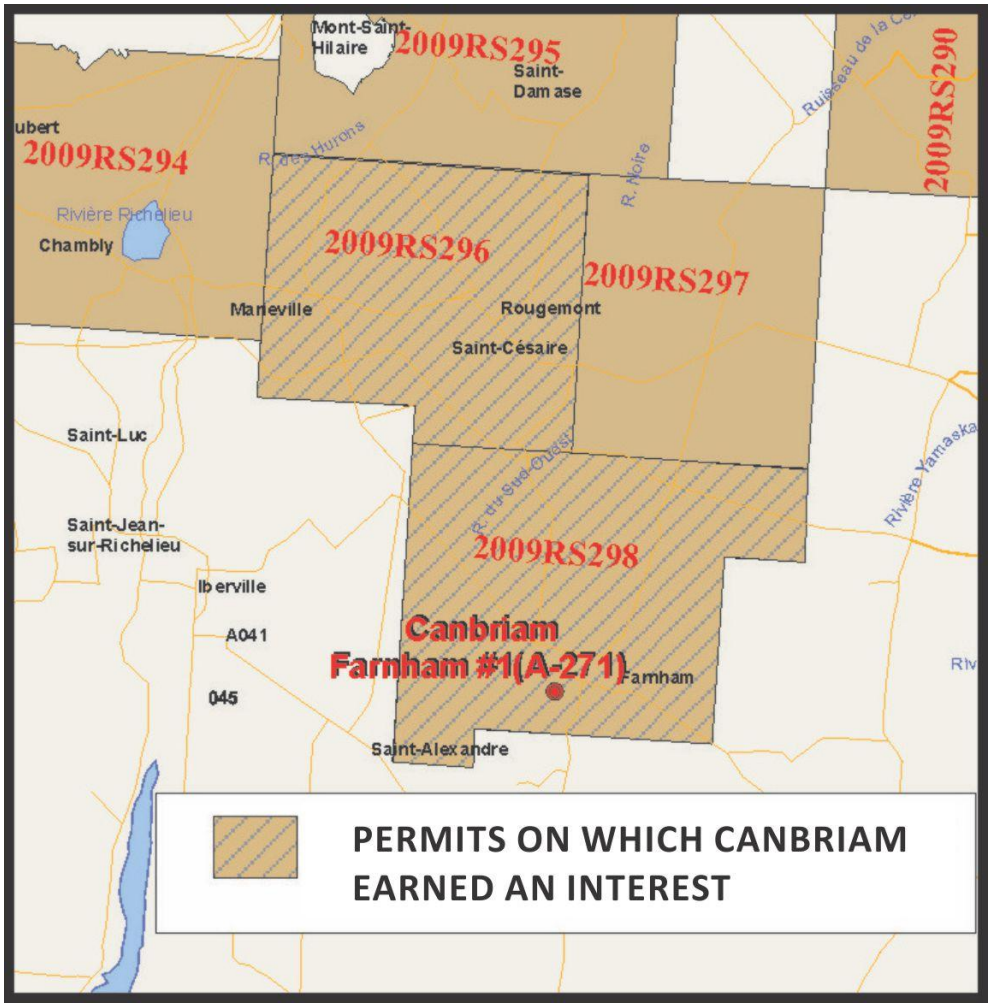


Figure 1 : Canbriam Farnham N^{O} 1 (A-271) surface location

6.2 PROPERTIES WITH NO ATTRIBUTED RESERVES

6.2.1 Permits

All Squatex permits are localised onshore in Canada, in the province of Quebec. They are all located south of the St-Lawrence River in two distinct areas and extend over a total of 656 093 ha (Figure 2).

These permits originally delivered on September 1st, 2009 were to remain valid until August 31st, 2019 as long as the owner satisfies the basic requirements as stipulated by the law of the mines i.e. the payment of annual rentals and the completion of minimum statutory work required. As we will see it at the end of this section (6.2.1), a law (Bill 18), which came effective on June 13nd, 2011, issued that the holder of the licence is exempted to carry out necessary work under the terms of the Law over a period of 3 years maximum (June 13nd,

2014) to overcome the problem caused by delays for the deposit of the Committee of strategic environmental Evaluation (CSES) report. This committee was created by the government following the Bureau d'Audiences publiques sur l'Environnement (BAPE) (Office of public hearing on environment) reports on shale gas. Because the studies requested by the BAPE were not completed on June 13rd, 2014, the end of the period of exploration work exemption was renewed for an indefinite period of time and it is still in force.

Since 2008, Petrolympic Ltd holds an interest of 30% on all exploration permits of Squatex.

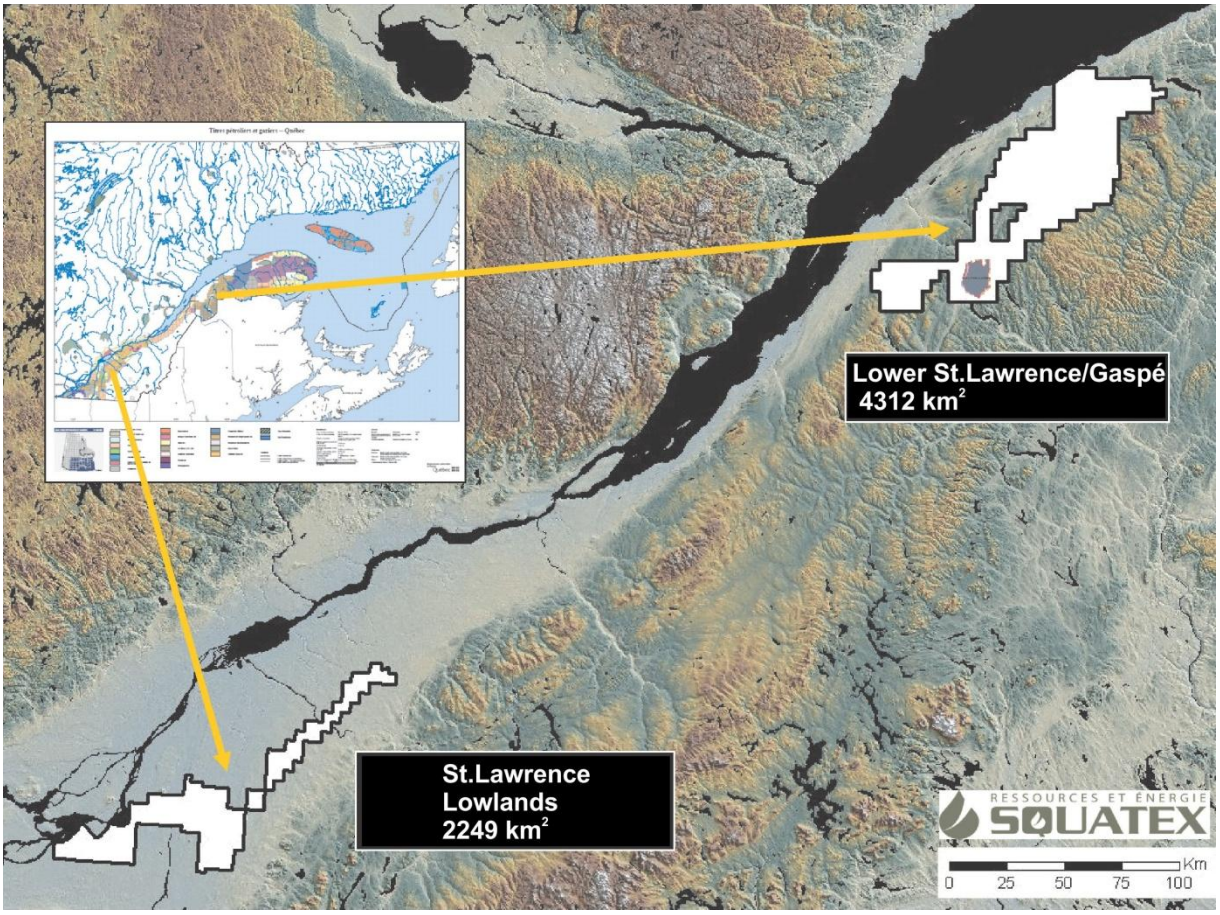


Figure 2 : Squatex permits over the Province of Québec

A first block of permits is situated in the Lower St. Lawrence/Gaspé area between Témiscouata and Matapédia (Figure 3). These permits encompass a surface of 431,160 ha (301,812 ha net). Table 1 exhibits permit numbers, the date of renewal as well as the total surface in term of hectares.

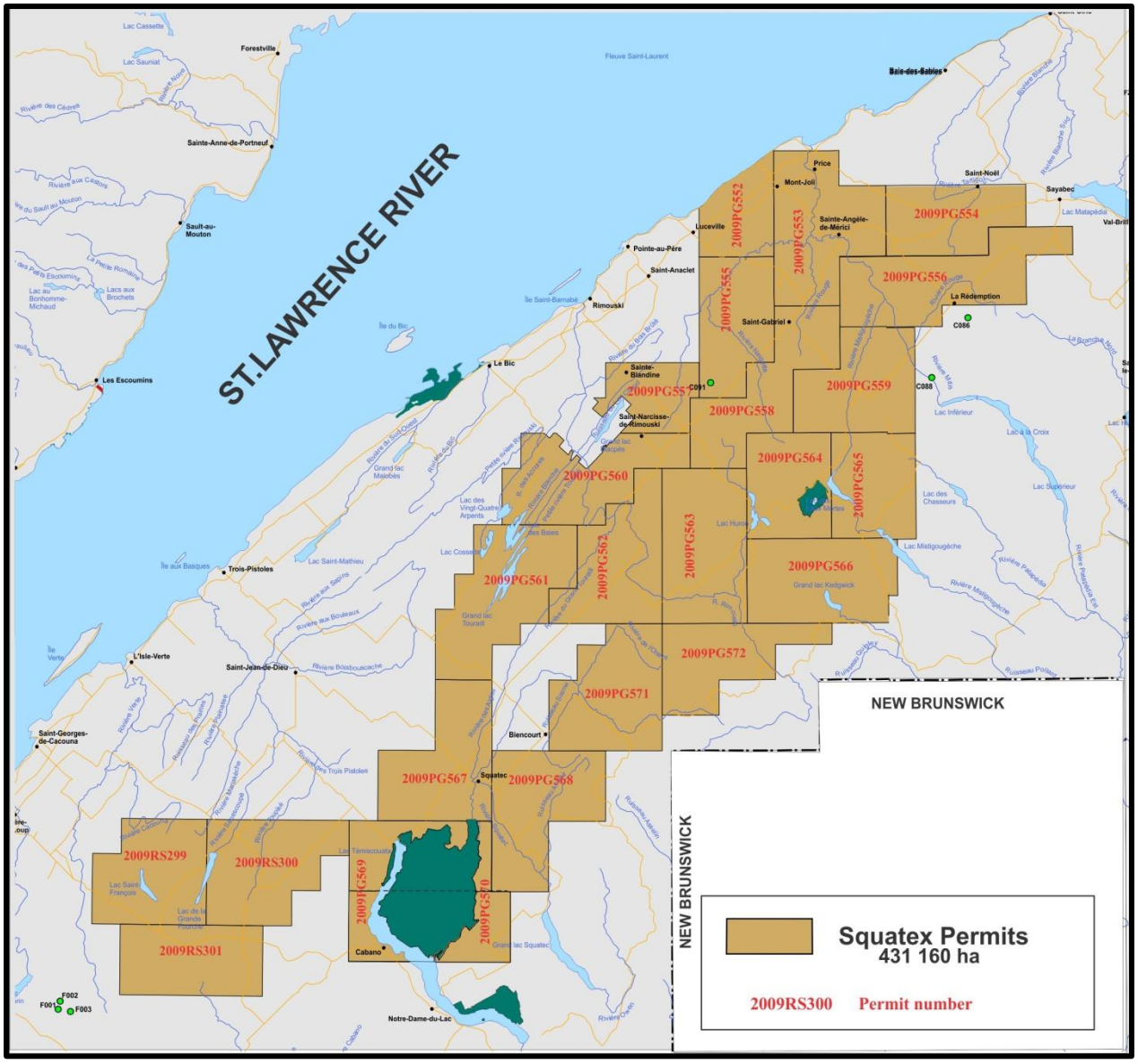


Figure 3 : Squatex permits in Lower St. Lawrence/Gaspé area

Table 1 : Permits over the Lower St. Lawrence/Gaspé area

Permit Number	Renewal date	Area (Ha)
2009RS299	09/01/2017	18,975
2009RS300	09/01/2017	20,704
2009RS301	09/01/2017	17,136
2009PG552	09/01/2017	10,267
2009PG553	09/01/2017	23,068
2009PG554*	09/01/2017	15,150
2009PG555	09/01/2017	16,438
2009PG556*	09/01/2017	23,666
2009PG557	09/01/2017	9,894
2009PG558	09/01/2017	19,420
2009PG559	09/01/2017	18,737
2009PG560	09/01/2017	19,817
2009PG561	09/01/2017	24,435
2009PG562	09/01/2017	19,847
2009PG563	09/01/2017	22,573
2009PG564	09/01/2017	14,377
2009PG565	09/01/2017	15,370
2009PG566	09/01/2017	21,454
2009PG567	09/01/2017	20,631
2009PG568	09/01/2017	20,668
2009PG569	09/01/2017	13,497
2009PG570	09/01/2017	7,608
2009PG571	09/01/2017	20,951
2009PG572	09/01/2017	16,477
Sub-total		**431,160**

***** Gaspé area

Figure 4 shows the permits located in the St. Lawrence Lowlands (SLLL) area. Two blocks of permits stand out. The first one is located east of Montreal over a zone sited between Longueuil, St-Hilaire and Farnham in the south. The second block consists of a band which spreads over a territory located south of

highway 20 between the previous permits and the town of Victoriaville. These permits cover a total surface of 224,933 ha (see Table 2).

Following a farmout and the drilling of a well carried out by Canbriam in 2009, the former acquired an interest of 60% from surface to the top of Trenton on a 8000 ha block within permits 2009RS298 and 2009RS296. Therefore, on this block, Squatex retains a 28% interest between the surface and the top Trenton and Petrolympic Ltd a 12% interest. The deeper portion as well as all the remainder of the permits remains at 70% Squatex and 30% Petrolympic Ltd.

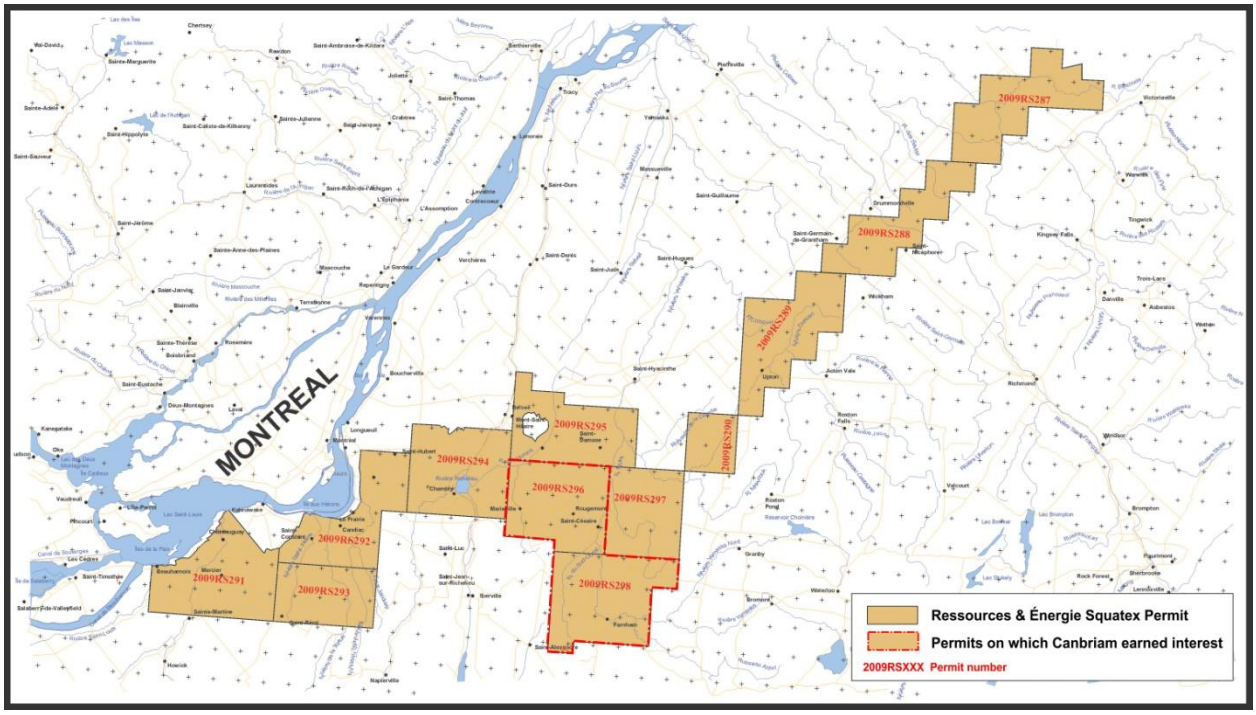


Figure 4 : Squatex permits in St. Lawrence Lowlands (SLLL) area

Table 2 : Permits in the St. Lawrence Lowlands area

70% INTEREST PERMITS WITHIN ST. LAWRENCE LOWLANDS

Permit Number	Renewal date	Area (Ha)
2009RS287	09/01/2017	20,871
2009RS288	09/01/2017	17,990
2009RS289	09/01/2017	20,909
2009RS290	09/01/2017	7,248
2009RS291	09/01/2017	22,447
2009RS292	09/01/2017	18,827
2009RS293	09/01/2017	14,580
2009RS294	09/01/2017	21,664
2009RS295	09/01/2017	19,316
2009RS296 (part)	09/01/2017	20,339 *
2009RS297	09/01/2017	16,342
2009RS298 (part)	09/01/2017	24,400 *
Sub-total		**224,933**

*60% of interests between the surface and the top of Trenton on a block of 8000 ha were transferred jointly by Squatex and Petrolympic Ltd according to the Agreement to Canbriam on these two licences. Squatex retains 70% below the top of Trenton.

PERMITS WITH 28% INTEREST WITHIN THE ST. LAWRENCE LOWLAND (SLLL) (FROM SURFACE TO THE TOP OF TRENTON)

Permit Number	Renewal date	Area (Ha)
2009RS296 (part)	09/01/2017	20,339
2009RS298 (part)	09/01/2017	24,400
Sus-total		**8,000 de 44,739**

Following citizens' disputes over oil exploration in Quebec that began in the fall of 2010, several public consultations have since taken place and led to the filing in early April 2016 of the Politique Énergétique 2030 (Energy Policy 2030). The final strategic environmental Evaluations reports were made public on May 30th, 2016. They have been used as a support for the new laws and rules related specifically to the exploration and the exploitation of hydrocarbons over the Province of Quebec. A draft regulation was made public in the summer of 2016. Bill 106, an Act on the implementation of Energy Policy 2030 and was assented to December 10th, 2016 (Bill 35). It will be fully effective when the regulations will be reviewed and tailored to this new law. Consequently, the nature of future work and the search for sources of financing will depend on market conditions in the short to medium term.

Bill 18, effective on June 2011, was exempting oil and gas and underground storage permits owners the work commitment until the date determined by the ministry, which would not exceed on June 13th, 2014. Bill 5 was then sanctioned on June 13st, 2014 to extend the period of exemption until a later date to be determined by the government. As a result, the period of validity of the licence remains suspended.

At the end of the period of exemption, the expiration date of the licence will be deferred at the end of the period of completion of the work which will remain to be run after the lifting of the suspension.

6.2.2 Statutory obligations

As seen above, work obligations on permits are exempted until a later date, which will be make public by the government.

Actual Squatex exploration permits could remain in force until 2024 or later on by fulfilling the basic requirements i.e. the payment of the annual rent and carrying when required the minimum statutory work. The annual rentals required are, for the current year, 10,30$/km^2 for the first 5 years and thereafter 51,50$/km^2 for the 5 following years. These fees will be raised when this period of exemption of work is lifted to respectively 50$/km^2 and 150$/km^2. These amounts will be indexed annually to take into account of the rate of inflation. Current minimum work requirement to keep the permits is 50$/km^2 the first year with an increase in 50$/year until year 5 (250$/km^2). Thereafter, for the 5 remaining years, the amounts remain the same as for year 5. The entire excess amounts spent during a year can be transferred to following years for the first 5 years, but only 50% of it can be deferred for the 5 remaining years. As for the rentals, these amounts will be raised. The MERN will disclose the terms and conditions later on.

6.3 FORWARD CONTRACTS

No object.

6.4 OTHER INFORMATION RELEVANT TO THE ABANDONMENT COST AND FIELD REHABILITATION

The costs of abandonment of the Farnham No.1 well were paid by the operator, Canbriam Energy Inc, accordingly to the agreement between the partners at no cost for Squatex and Petrolympic.

6.5 TAX HORIZON

No object.

6.6 COSTS INCURRED

Squatex exploration work expenses for the current fiscal year ending on March 31st, 2017, consist of geological and geophysical compilations, interpretations, stratigraphic wells planned maintenance works, field work, exploration and development programs preparation. They were all allowed as statutory work over permits in the St. Lawrence Lowlands and mainly in the Lower St.Lawrence/Gaspé. During the last fiscal year, Squatex invested as expenditures work $236,632 (net of re-invoicing to partner Petrolympic Ltd.). In addition, a total of $46,845 (net of re-invoicing to partner Petrolympic Ltd.) was disbursed to pay rentals over all the permits. Thus, with its partner Petrolympic Ltd, a total amount of $467,577 was invested over all the permits including rentals on the last fiscal year.

Table 3 summarizes the expenses done by Squatex between April 1st, 2016 and March 31st, 2017

Table 3 : Exploration expenditure per area in 2016-2017

ALLOCATION OF THE EXPLORATION EXPENDITURE PER AREA FROM APRIL 1, 2016 TO MARCH 31, 2017 (TAX EXCLUDED)						
CATEGORY OF EXPENSES	Rentals	Geol + Geoph works	Geol + Geoph consultants	Professionnal fees	TOTAL OF EXPENDITURES WORKS	TOTAL OF EXPENDITURES
AREA	**LOWER ST.LAWRENCE/GASPE**					
Expenditures incurred	$ 44 614	$ 52 282	$ 192 374	$ 104 000	$ 348 656	$ 393 270
Expenditures rebilled to Petrolympic Ltd. partner	$ 13 384	$ 27 571	$ 74 053	$ 41 600	$ 143 224	$ 156 608
Net balance of expenditures	$ 31 230	$ 24 711	$ 118 321	$ 62 400	$ 205 432	$ 236 662
AREA	**ST.LAWRENCE LOWLANDS**					
Expenditures incurred	$ 22 307	$ -	$ -	$ 52 000	$ 52 000	$ 74 307
Expenditures rebilled to Petrolympic Ltd. partner	$ 6 692	$ -	$ -	$ 20 800	$ 20 800	$ 27 492
Net balance of expenditures	$ 15 615	$ -	$ -	$ 31 200	$ 31 200	$ 46 815
TOTAL OF EXPENDITURES INCURRED	$ 66 921	$ 52 282	$ 192 374	$ 156 000	$ 400 656	$ 467 577
TOTAL OF EXPENDITURES REBILLED	$ 20 076	$ 27 571	$ 74 053	$ 62 400	$ 164 024	$ 184 100
TOTAL OF NET BALANCE OF EXPENDITURES	$ 46 845	$ 24 711	$ 118 321	$ 93 600	$ 236 632	$ 283 477

6.7 EXPLORATION AND DEVELOPMENT ACTIVITIES

6.7.1 Introduction

The main activity of Squatex is, as operator, to conduct studies and works with a well qualified staff in order to evaluate the oil and gas potential of its territory under exploration permits aiming to find and eventually produce hydrocarbons reserves.

6.7.2 Permits in the Lower St. Lawrence/Gaspé area

Since 2002, Squatex acquired significant permit coverage in the Lower St. Lawrence/Gaspé acreage totalling, as of March 31st, 2017, a gross area of 431,160 hectares or 301,812 ha net to Squatex. Figure 5 shows the perimeter of the permits block, the localisation of seismic lines acquired since 2002 by Squatex, MERN lines bought and core holes drilled between 2011 and 2014. Table 4 contains al listing of seismic lines acquired by Squatex.

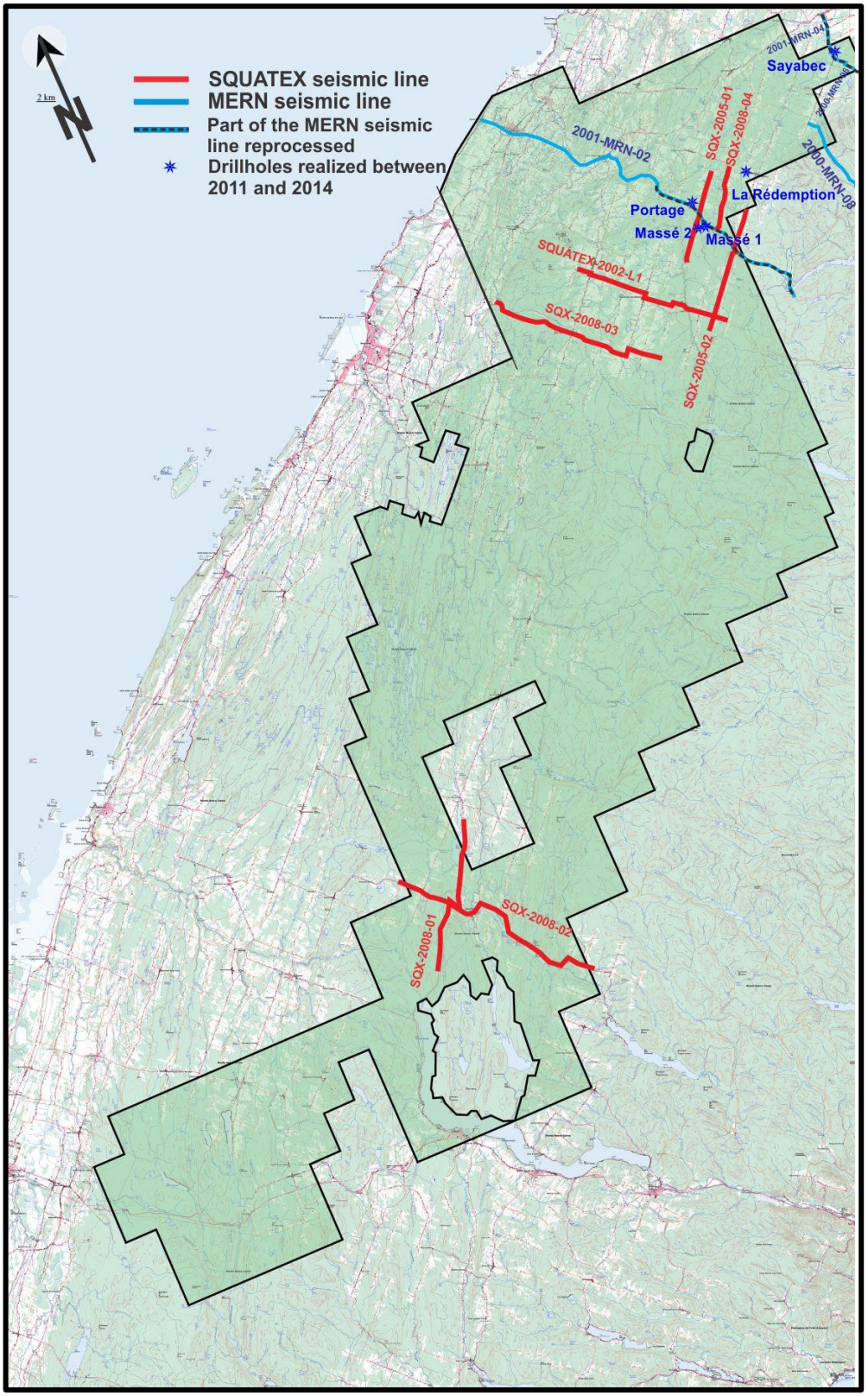


Figure 5 : Squatex Lower St. Lawrence/Gaspé permits location map

Table 4 : Seismic lines acquired in the LSL/Gaspé

LINES REPROCESSED			
LINE	YEAR OF AQUISITION	AREA	LENGTH (km)
MRN-2001-02*	2001	Riv. Métis	30,0
MRN-2001-04*	2001	St-Cléophas	8,0
SUB-TOTAL			38,0
LINES AQUIRED BY SQUATEX			
SQX-2002-01*	2002	Les Hauteurs	20,0
SQX 2005-01*	2005	Ste-Jeanne	10,3
SQX 2005-02	2005	La Rédemption	9,0
SQX 2008-01	2008	St-Honoré	15,8
SQX 2008-02	2008	St-Honoré	28,0
SQX 2008-03*	2008	St-Marcellin	22,7
SQX 2008-04*	2008	La Rédemption	8,0
SUB-TOTAL			113,8
GRAND-TOTAL			151,8

*THOSE LINES HAVE BEEN REPROCESSED FOR AVO POROSITY RESPONSE

Following acquisition of a series of seismic profiles by the Ministry for the Energy and the natural Resources (MERN) in the area of Matapédia, Squatex decided to first record 20 km of seismic in the area in 2002. It was followed by the purchase and reprocessing of a portion of lines MRN2001-02 and 2001-04. Interpretation of those profiles showed that seismic anomalies and zones of interest were present over the eastern part of the permits.

Between 2005 and 2010, remote sensing studies, geochemistry, gravity, high resolution aeromagnetic surveys and field geology were carried out over the entire territory. The obtained data made it possible to target sectors with the most attractive hydrocarbon potential.

These field works were followed in 2010 by the drilling of a series of core holes to validate previous studies and the geological interpretation. Nine (9) shallow holes having depth less than 300 meters were drilled, allowing to cut a total of 1101 meters of cores.

Throughout spring 2011, two other wells, La Redemption, near the village of La Rédemption and Portage, on the Mitis River bank, were drilled to respective total depths of 447 and 600 meters. These holes were aimed at getting a better understanding of the Lower Silurian stratigraphy, calibrating seismic profiles and more specifically, knowing the distribution of the porous zones within the limestone level. One of the 2011 core holes exhibited oil shows (light oil of API 50^{o} in the Sayabec/West Point Formation).

Following the drilling phase undergone in the previous year, the structural interpretation of the regional seismic lines was revised during spring 2012 and led to a location not far from a previously identified site in 2005 near Ste. Jeanne d'Arc and sited at 2,5 km to the south of the Portage well. The drilling of the stratigraphic well Squatex Massé N^{O}1 began on October 2012. This core hole was aimed at getting a better understanding of the stratigraphic sequence and to find out the cause of a porosity anomaly on an AVO (amplitude vs offset) seismic processing done by Squatex in 2004 on line MRN 2001-02. This type of anomaly is often related to the occurrence of a fluid or porosity.

After several weeks, the drilling operations were suspended at a depth of 1710 meters at the end of November 2012 due to the severe weather conditions. The operations resumed on June 2013 and the well ended at a total depth of 1874 meters after having drilled trough the Val-Brilliant sandstone. A dolomitized limestone was intersected from 1650 to 1669 meters. Gas shows were observed over the course of drilling and were sampled and analyzed. The gas is mostly made up of methane with minor amount of butane and propane. A very permeable zone in a dolomitized limestone was encountered at a depth of 1847 meters where gas reached surface pointing out an overpressure zone. Mud was weighed up in order to offset the gas and to decrease the well pressure. The decision to end drilling and to run cement plugs the hole was taken on June 25th, 2013 in order to avoid the risks to lose control of the well without the suitable equipment. Near the base of the Sayabec Fm., core samples exhibited porosity of less than 5% to more than 20% over a 10 meters thickness.

On July 2013, the well Sayabec N^{O} 1 was spud in the area of Sayabec to drill trough all the formations present within the Lake Matapédia Syncline. Total depth was reached at 759 meters after having crossed the Silurian formations followed by 22 meters of sterile bedrock of the Supergroup of Quebec. Gas shows were observed at the base of the Sayabec formation within a dolomitized zone. The well allowed concluding that the Lake Matapédia syncline rests directly over cambrian-ordovician bedrock.

Following the encouraging results of the stratigraphic well Squatex Massé N^{O} 1, the prospect was revalued and led to an appraisal well, the Squatex Massé N^{O} 2 located approximately 400 meters north of the first well (Figure 6).

On September 20th, 2014, the stratigraphic hole Squatex Massé N^{O} 2 began after running a surface casing cemented at a depth of 210 meters to prevent contamination of ground water. A recirculation mud system in closed loop comparable of those ones used on oil type drillings rig was used on the well to minimize the impact on environment.

The well was entirely cored up to a total depth of 1970.4 meters reached on November 28th, 2014. After having crossed the entire sequence of the slightly deformed St-Leon, Sayabec limestones were reached at 1534 meters and the Val-Brilliant sandstones at 1800 meters, as anticipated, higher than in the

Massé N^{O} 1 well. The cambrian-ordovician bedrock was drill only over 11 meters and the drilling operations had to be stopped due to mechanical problems. A complete suite of logs was recorded at the end of the survey. Distinctive fractured zones were encountered in the St-Leon and in the Val-Brilliant. The gas analyses exhibit natural gas liquid (C2 with C8) about 100 ml/m^3 without hydrogen sulphide (H_2S). Oil shows were observed in the mud tank and the analyses are giving a density of 19,85^{o} API with less than 1% sulphur. A wellhead was set over the casing in order to monitor pressure readings and to record the level of water. The well has been suspended since. Between April 1st 2016 and on March 31st, 2017, Squatex carried out numerous inspections on the Massé No. 2 well in order to note down the pressure and make visual inspections of the surroundings of the well in order to make sure that equipment remains in good standing.

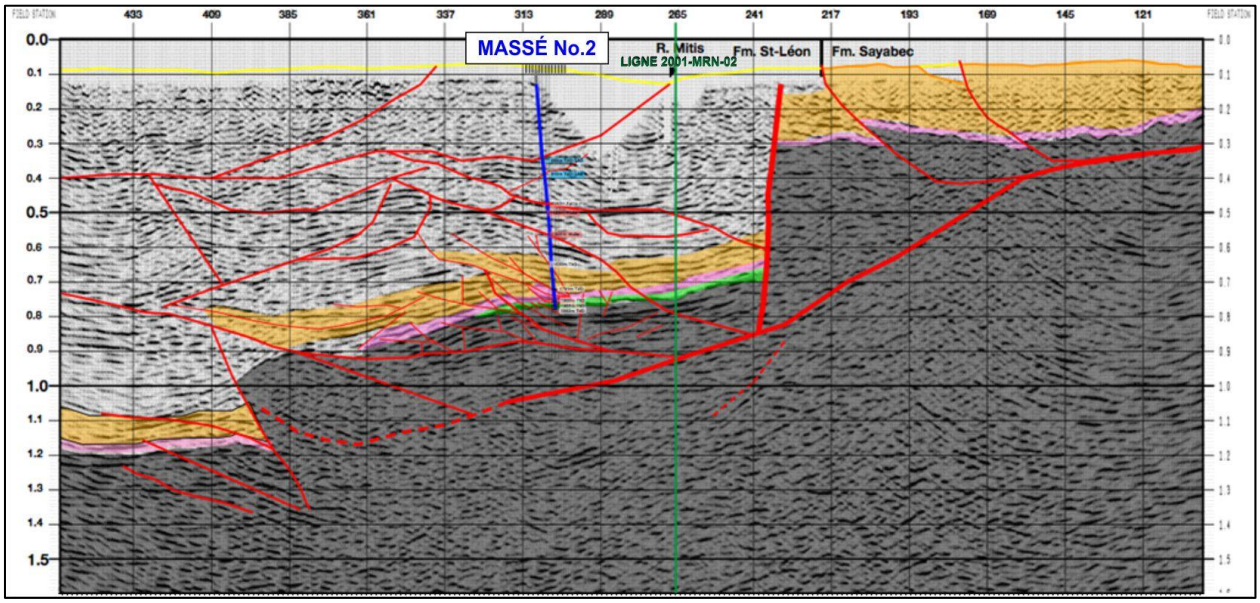


Figure 6 : Interpreted seismic line SQX-2005-01 through the Massé N^{O} 2 well

Additionally, mobilization on the site of the drilling rig and equipments was done on November 15th and all planned maintenance works were ended on November 21st. The drilling rig and equipment were secured and will remain on the site for the next work phase. Operations were restricted to maintenance and reconditioning the mud in the well in order to maintain internal pressure equilibrium for safety purpose.

Within the framework of an agreement with the INRS-ETE, Squatex staff was joined by a postdoctoral trainee to carry out a field geology mapping over the Lower St. Lawrence permits. This field work, principally aimed at the study of the Sayabec Formation, took place in October 2015 and made it possible to gather several samples of rocks which will be analyzed. A general review report

will be submitted in fall 2016. The conclusions relate to the 3D facies distribution and development and the occurrence of associated porosity. They will be taken into account during the next exploratory work.

In 2015, Squatex studied and analysed the Squatex Massé No. 2 well logs and established an oil and gas potential within the St. Leon and the Sayabec Formations. The results of this analysis were made available at the beginning of 2016 to a consultant firm, Sproule & Associates, to review their previous assessment in the area in incorporating the new data. The Sproule Report was made available to Squatex in early May 2016. The result of this study is summarized in Section 7 of this report.

Also, using the new wells data and AVO processing results obtained on the seismic, Squatex performed a revaluation of the geoscientific data that led to an up to date and more mature interpretation of the geological, tectonic and geochemical models for the area. Nine new prospects were defined between the localities of St-Anaclet and Sayabec.

6.7.3 Permits over the St. Lawrence Lowlands

In 2006, Squatex became involved in the St. Lawrence Lowlands to look for hydrothermal dolomite reservoirs within the Ordovician platform. Squatex acquired 12 exploration permits totalling 225,370 ha. This acquisition was very valuable, this area becoming (until the end of 2010) very attractive for investors due to the shale gas potential of the Utica Formation. Figure 7 shows the perimeter of Squatex's licences, the localisation of seismic lines acquired since 2008 by Squatex, and the Farnham N^{O} 1 well site drilled iin 2009. Table 5 lists all seismic lines acquired by Squatex.

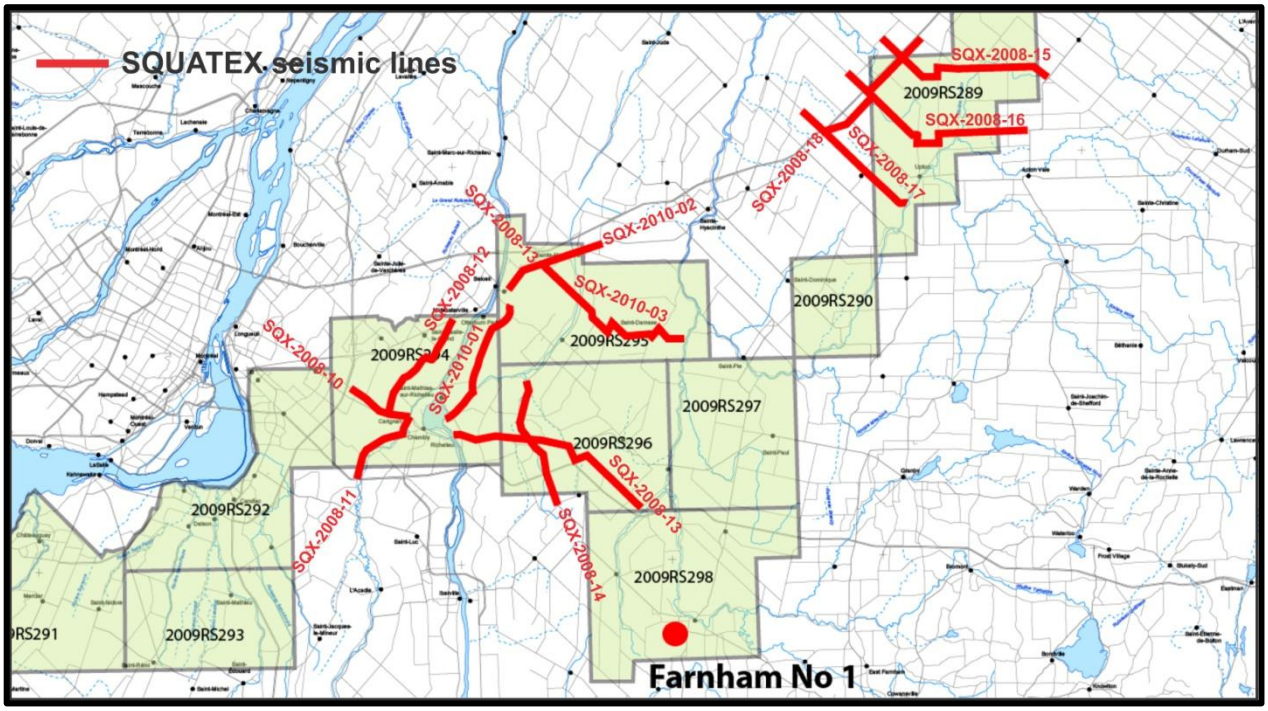


Figure 7 : St. Lawrence Lowlands permits location map

Table 5 : Seismic lines recorded in St. Lawrence Lowlands

LINES AQUIRED BY SQUATEX			
LINE	YEAR OF ACQUISITION	AREA	LENGTH (km)
SQX-2008-10	2008	Chambly	6.72
SQX-2008-11	2008	Chambly	8.44
SQX-2008-12	2008	Chambly	11.42
SQX-2008-13	2008	Chambly	20.64
SQX-2008-14	2008	Chambly	12.92
SQX-2008-15	2008	Ste-Hélène	18.26
SQX-2008-16	2008	Ste-Hélène	21.40
SQX-2008-17	2008	Ste-Hélène	11.62
SQX-2008-18	2008	Ste-Hélène	13.72
SQX-2010-01	2010	Beloeil	13.20
SQX-2010-02	2010	Beloeil	8.70
SQX-2010-03	2010	Beloeil	18.10
TOTAL			165.14

Following the partnership agreement in 2008 with Petrolympic Ltd earning a 30% interest in all permits, nine (9) seismic profiles totalling 125 km in length were acquired in the Chambly and Ste. Helene areas.

In November 2008, a farmout and joint operations agreement was signed between Squatex, Petrolympic Ltd and Canbriam Energy Inc. over a portion of permits 2009RS294 to 298. Within this agreement, Canbriam carried on an aeromagnetic survey and drill the Farnham N^{O} 1 well (A-271). This well reached a total depth of 2507 meters after having crossed a thick sequence of Lorraine and having hit Utica at 1987 meters. Trenton came at 2332 meters. Gas shows were observed and the well was completed and suspended in 2009. As of March 31th, 2017, Canbriam hold a 60% interest between surface and the top Trenton over a 8,000 ha block within permits 2009RS296 and 2009RS298. Squatex retains its 70% interest below the top Trenton.

In 2010, Squatex carried out a geochemical sampling survey over a 10 km^2 surface over permits 2009RS291 to 293 located south of Montreal and acquired another 40 km of seismic (three profiles) recorded over the Chambly and St. Hyacinthe regions.

Since then and up to the end of the fiscal year ending on March 31th, 2017, the works in the area remained very limited, bearing in mind the current condition created by the lifting of the statutory work obligations of and the weakness of the gas price in North America. Following the decision of Canbriam and its partners to abandon the A-271 well, the terrain was decontaminated with the agreement of the MDDEFP and a cement plug was injected into the well in 2011. The MERN released an authorization for final abandonment on July 11st, 2014 which was received by Squatex on December 15, 2014. Work for final abandonment was completed in September 2015 by Canbriam Energy Inc, the operator, according to rules standards.

6.7.4 Current and anticipated activities

Since April 3rd 2107, common shares are traded on the Canadian Securities Exchange (CSE) under the stock symbol “SQX”.

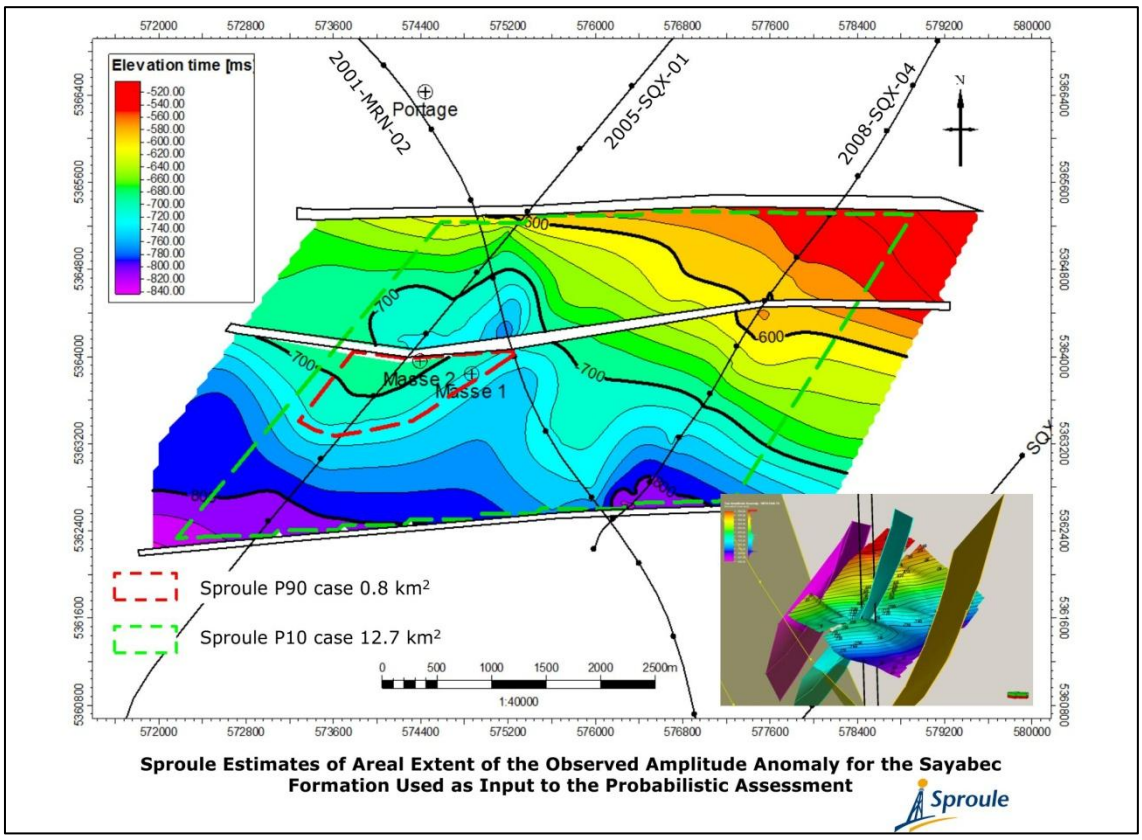
Following the encouraging results of the last two holes in the Massé township area and the revaluation of geological related data, Squatex intends to carry on its exploration efforts over the of Lower St-Lawrence/Gaspé permits and is actively searching for adequate financing to achieve it. The next phase of work will take into account funds available and at the same time the oil and gas outlook. The emphasis will be put mainly on the evaluation of the potential of the Massé structure. No other activity is foreseen in the short term in the St. Lawrence Lowlands.

7. DISCLOSURE OF THE UNRISKED UNDISCOVERED UNRECOVERABLE PETROLEUM INITIALLY-IN-PLACE FOR THE LOWER SILURIAN RESERVOIRS OF THE EASTERN MASSÉ STRUCTURE

In January 2016, Squatex mandated Sproule Associates Limited (Sproule) to assess the eastern sector of the Massé structure which was investigate by the drilling of the Massé N^O 1 and N^O 2 wells. Their study was carried over a territory of 25 km^2 delimited by the existing seismic lines showing similar anomalies (Figure 8).

Unlike the first well, a full suite of logs was run in Massé N^O 2. An in-house Squatex's study pointed out to that the lower St. Leon and the Sayabec Formations (Lower Silurian) could hold a higher volume of hydrocarbon than originally estimated. These data were made available to Sproule. Their study supports that gross unrisked undiscovered unrecoverable petroleum initially-in-place (PIIP) for the project could extend over an area between 0.8 km^2 (probability of 90%, or P90) and 12.7 km^2 (probability of 10% or P10). The potential is found in the Lower St. Lawrence Silurian Basin rocks over a thickness range of almost 540 meters in which the effective net pay can vary between 66 meters and 210 meters with a mean value of 130 meters.

The results of the study point out to a potential (100%) of 53.6 BCF of gas and 52.2 million barrels of oil over a probable average surface of 5.2 km^2, for a total in oil equivalent of 61.1 million barrels (MMBOE) (Table 6). Squatex share (70%) stands for respectively 37.5 BCF of gas, 36.5 million barrels of oil and 42.8 million barrels in MMBOE.



(Source: Sproule report, modified)

Figure 8: Areal extent of assessment by Sproule near Massé No.1 and No.2 wells

Table 6 : Gross unrisked undiscovered unrecoverable petroleum Initially-in-place of the eastern Massé Structure

Table S-2
Summary of Project Gross Unrisked Undiscovered Unrecoverable Petroleum Initially-in-Place (PIIP) of the Eastern Massé Structure, Lower St. Lawrence Area, Québec, Canada[1,2]
Estimated by Sproule Associates Limited, As of April 30, 2016

Structure	Formation		Low[4] (P_{90})	Best[5] (P_{50})	High[6] (P_{10})	Mean[7]
Massé	St. Leon	Gas (BCF)[2,3]	0.2	1.0	3.8	**1.6**
		Oil (MMbbl)[2,3]	2.0	9.9	42.2	**17.0**
	Sayabec	Gas (BCF)[2,3]	4.4	24.0	119.7	**49.0**
		Oil (MMbbl)[2,3]	2.9	17.1	87.3	**35.8**
Total[7]		Gas (BCF)[2,3]	5.7	26.8	127.6	**53.6**
		Oil (MMbbl)[2,3]	10.0	33.9	113.6	**52.2**
		MMBOE[2,3,7]				**61.1**

Notes:

1 Undiscovered Petroleum Initially-In-Place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially in place is referred to as "prospective resources," the remainder as "unrecoverable." Only the in-place volumes are presented here as a development project to recover any hydrocarbons discovered has not been defined. **There is no certainty that any portion of these unrisked undiscovered PIIP will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.**

2 These are the project gross unrisked undiscovered petroleum initially in place volumes (i.e. 100% project gross) estimated for the Sayabec Formation of the Eastern Massé Structure without any adjustments for working interest and before deduction of any royalties.

3 "BCF" is billions of cubic feet, "MMbbl" is millions of barrels of oil, "MMBOE" is millions of barrels of oil equivalent. 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 at the burner tip and does not represent a value equivalency at the wellhead.

4 Low Estimate is considered to be a conservative estimate of the quantity that will actually be in-place. It is likely that the actual remaining quantities in-place will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually in-place will equal or exceed the low estimate.

5 Best Estimate is considered to be the best estimate of the quantity that will actually be in-place. It is equally likely that the actual remaining quantities in-place will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually in-place will equal or exceed the best estimate.

6 High Estimate is considered to be an optimistic estimate of the quantity that will actually be in-place. It is unlikely that the actual remaining quantities in-place will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually in-place will equal or exceed the high estimate.

7 Statistical aggregation is the process of probabilistically aggregating distributions that represent estimates of resource quantities at the reservoir, prospect, or portfolio level. Arithmetic summation and statistical aggregation of the means yield similar results. Arithmetic summation of the Low Estimate, Best Estimate and High Estimate are not statistically appropriate. Both the statistical and arithmetic summation of the unrisked prospects may be misleading because it assumes success for each of the prospect entities. The chance of this occurring is extremely unlikely. Actual recovery is likely to be less and may be zero.