RESSOURCES ET ÉNERGIE
SQUATEX

**FORM 51-101F1**

# STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION FOR FISCAL YEAR ENDED MARCH 31st 2021

**June 30th 2021**

**REPORT SQX-2021-1_EN**

***Note***

*This document was translated from the original document edited in French « FORMULAIRE 51-101 F1 - RELEVÉ DES DONNÉES RELATIVES AUX RÉSERVES ET AUTRES INFORMATION CONCERNANT LE PÉTROLE ET LE GAZ AU* 31 MARS 2021»*. In the event of any apparent discrepancy between the English and the French versions, the French version shall prevail.*

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## 1. DATE OF STATEMENT

The present statement of reserves data and other oil and gas information was completed on June 30, 2020. The effective date of the information provided is **March 31, 2021** and the preparation date of the information provided is June 30, 2020.

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, S*tandards 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 2021**, Ressources & Energy 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 2016, Squatex has mandated Sproule Associates Limited (Sproule) to update its estimated of unrisked undiscovered hydrocarbon initially-in-place (undiscovered, non recoverable) for the lower Silurian reservoirs of the eastern part of the Massé structure located in Lower St. Lawrence area, by using new data from the Massé No.2 well. The Sproule assessment report summary is presented in 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 activities for the research of oil and gas and for the acquisition of stratigraphic knowledge occurred on Squatex exploration permits during the concerned period ended **March 31 st 2021**.

Squatex holds a 28% interest in the Canbriam Farnham No.1 well (A-271) drilled near Farnham over permit 2009RS298 located to the south-est of Montreal in the St. Lawrence Lowlands area. The well was drilled in 2009 and it was abandoned by Canbriam in September 2015 according to the standards of the regulations. The inspection of the site by MERN staff after the work indicates no contamination or gas seepage near the site.

Squatex also holds a majority interest (70%) in the Squatex Massé No.2 stratigraphic well that was suspended with oil and gas shows to be tested in the Lower St. Lawrence area, over license 2009PG556. The Massé structure could contain significant quantities of oil and gas and Squatex intends to focus its exploration efforts on it in the coming years.

### 6.2 PROPERTIES WITH NO ATTRIBUTED RESERVES

#### 6.2.1 Permits

Squatex owns 36 oil and gas exploration licences located onshore in the province of Quebec. These are positioned to the south of the St-Lawrence River into two distinct regions and extend over a total of 6560.93 $Km^2$ (Figure 1).

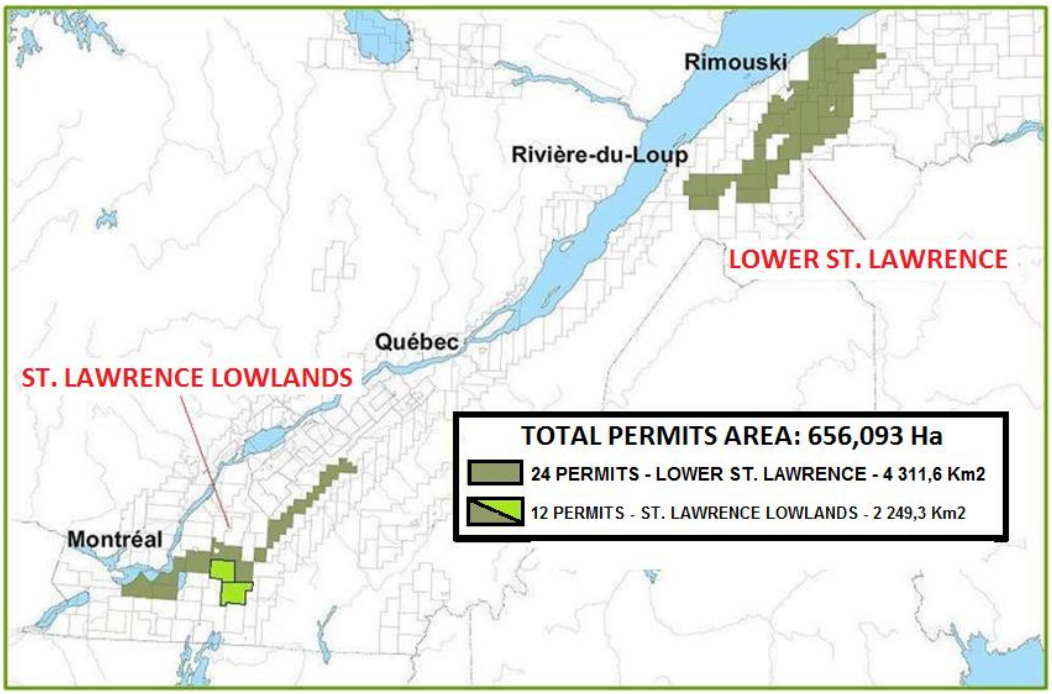


**Figure 1: Squatex permits over the Province of Québec**

These exploration permits issued on September 1, 2009 under the former Mines Act were renewable annually for two consecutive 5-year periods provided they meet the basic requirements of the Act and its regulations, namely the payment of annuities and the completion of the minimum statutory work required.

Following the decrees by the Government of Act 18 in June 2011, and then that of Act 5 in June 2014, the validity period of exploration permits was suspended and the obligation of statutory work by the holders was exempted. However, the payment by the annuity holder of the licences had to be made. Since September 2018, all Squatex Resources and Energy licences have been automatically transferred by the Government under the new Hydrocarbons Act under to the new conditions imposed by the Government's regulations.

Squatex has as its exploration partner Petrolympic Ltd (30% interest) on all 36 exploration licenses. Canbriam Ltd has gained 60% interest on an area of 80.0 km2 (19,768 acres) straddling two Squatex licences in the St. Lawrence Lowlands.

A first block of permits is situated in the Lower St. Lawrence/Gaspé area between Témiscouata and Matapédia (Figure 2). These permits encompass a surface of 4311.6 $Km^2$ (3018.12 $Km^2$ Net). Table 1 is listing permit numbers, the date of issue as well as the total surface in term of $Km^2$.

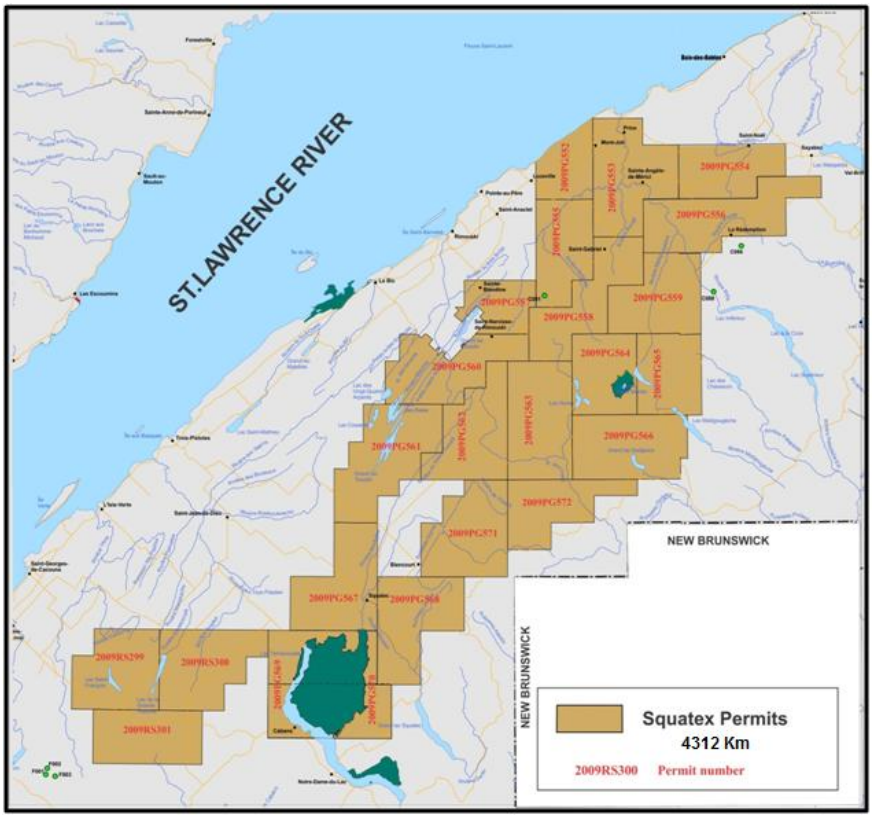


**Figure 2: Squatex permits in the Lower St. Lawrence/Gaspé area**

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

| Permit Number | Issue Date | Area ($Km^2$) |
|---|---|---|
| 2009RS299 | 01/09/2009 | 189.75 |
| 2009RS300 | 01/09/2009 | 207.04 |
| 2009RS301 | 01/09/2009 | 171.36 |
| 2009PG552 | 01/09/2009 | 102.67 |
| 2009PG553 | 01/09/2009 | 230.68 |
| 2009PG554* | 01/09/2009 | 151.50 |
| 2009PG555 | 01/09/2009 | 164.38 |
| 2009PG556* | 01/09/2009 | 236.66 |
| 2009PG557 | 01/09/2009 | 98.94 |
| 2009PG558 | 01/09/2009 | 194.20 |
| 2009PG559 | 01/09/2009 | 187.37 |
| 2009PG560 | 01/09/2009 | 198.17 |
| 2009PG561 | 01/09/2009 | 244.35 |
| 2009PG562 | 01/09/2009 | 198.47 |
| 2009PG563 | 01/09/2009 | 225.73 |
| 2009PG564 | 01/09/2009 | 143.77 |
| 2009PG565 | 01/09/2009 | 153.70 |
| 2009PG566 | 01/09/2009 | 214.54 |
| 2009PG567 | 01/09/2009 | 206.31 |
| 2009PG568 | 01/09/2009 | 206.68 |
| 2009PG569 | 01/09/2009 | 134.97 |
| 2009PG570 | 01/09/2009 | 76.08 |
| 2009PG571 | 01/09/2009 | 209.51 |
| 2009PG572 | 01/09/2009 | 164.77 |
| **Subtotal** | | **4311.60** |

***** Gaspé Area

Figure 3 shows Squatex's permits located in the St. Lawrence Lowlands area covering a total surface of 2249.33 $Km^2$. A first block of licences is located to the southeast of Montreal, between Longueuil, St-Hilaire and Farnham. A second block consists of a band which follows the area to the south of highway 20 between the previous permits and Victoriaville (see Table 2).

Following a partnership with Canbriam Energy in 2008 and the drilling of a well in 2009, the former acquired an interest of 60% from surface to the top of Trenton on a 80.0 $Km^2$ 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 retains a 12% interest. The deeper portion as well as all the remainder of the permits remains at 70% Squatex and 30% Petrolympic Ltd.

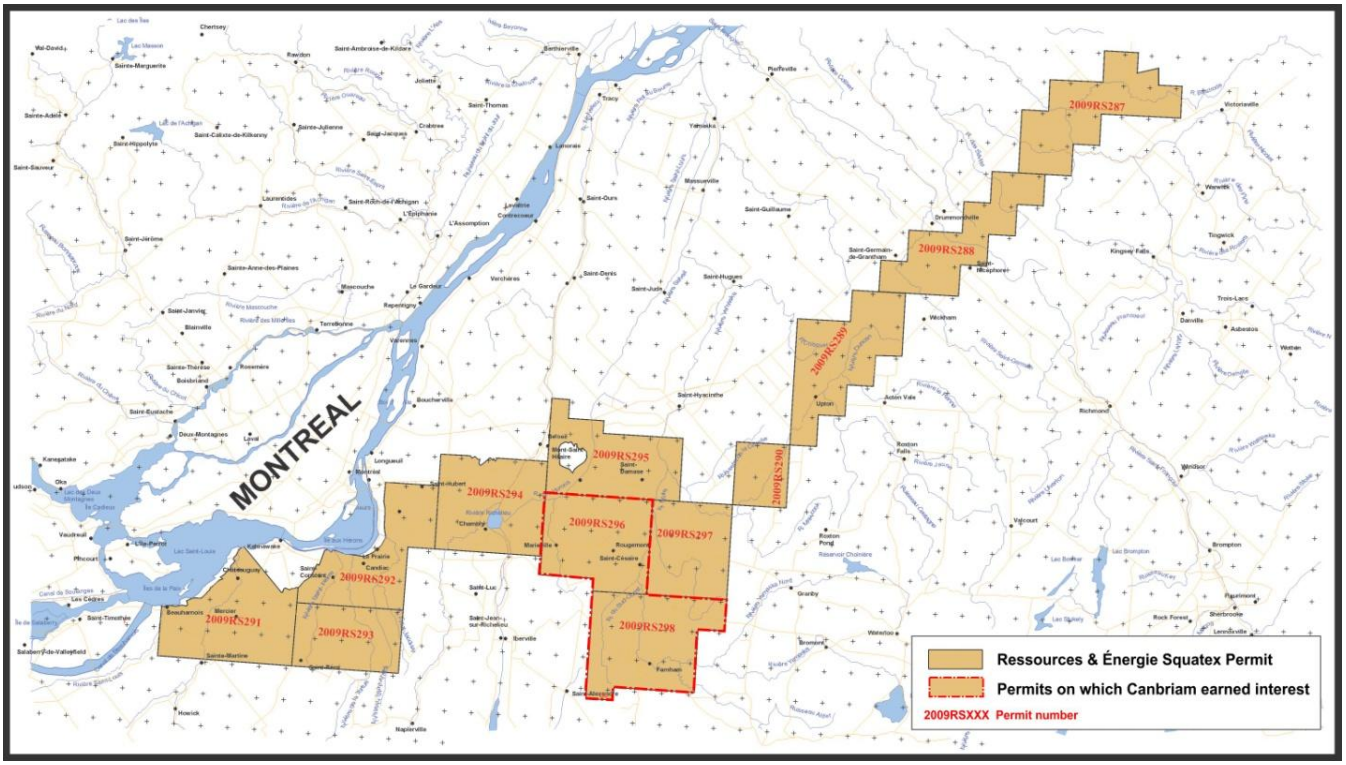


**Figure 3: Squatex permits in St. Lawrence Lowlands area**

## Table 2: Permits in the St. Lawrence Lowlands area

### 70% INTEREST PERMITS WITHIN THE ST. LAWRENCE LOWLANDS

| Permit Number | Issue Date | Area ($Km^2$) |
|---|---|---|
| 2009RS287 | 01/09/2009 | 208.71 |
| 2009RS288 | 01/09/2009 | 179.90 |
| 2009RS289 | 01/09/2009 | 209.09 |
| 2009RS290 | 01/09/2009 | 72.48 |
| 2009RS291 | 01/09/2009 | 224.47 |
| 2009RS292 | 01/09/2009 | 188.27 |
| 2009RS293 | 01/09/2009 | 145.80 |
| 2009RS294 | 01/09/2009 | 216.64 |
| 2009RS295 | 01/09/2009 | 193.16 |
| 2009RS296 (part) | 01/09/2009 | 203.39 ***** |
| 2009RS297 | 01/09/2009 | 163.42 |
| 2009RS298 (part) | 01/09/2009 | 244.00 ***** |
| **Subtotal** | | **2249.33** |

*60% of interests between the surface and the top of Trenton on a block of 80.0 $Km^2$ 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 (FROM SURFACE TO THE TOP OF TRENTON)

| Permit Number | Issue Date | Area ($Km^2$) |
|---|---|---|
| 2009RS296 (part) | 01/09/2009 | Part of 203.39 |
| 2009RS298 (part) | 01/09/2009 | Part of 244.00 |
| **Subtotal** | | **80.0 of 447.39** |

### 6.2.2 Statutory obligations

Since 2011, the validity period of exploration licences for any exploration licensee has been suspended, including the validity period of Squatex's licences. In addition, exploration licensees, including Squatex, are exempt from statutory work obligations.

The introduction of the new Hydrocarbons Act in September 2018 changed the statutory requirements now applicable to exploration permits as follows:

The annual fee payable by the holder of an exploration licence is:

(1) for the first licence term, $52 per sq km;

(2) the renewal of the licence under section 49 of the law, $105 per sq km;

(3) the renewal of the licence under section 50, $262 per sq km.

The amount of minimum statutory work that the holder of an exploration licence must perform each year is:

(1) for the first year of licence validity, the highest between $102 per sq km or $6,103

(2) for the second year of licence validity, the highest between $203 per sq km or $12,206

(3) for the third year of licence validity, the highest between $305 per sq km or $18,310

(4) for the fourth year of licence validity, the highest between $407 per sq km or $24,413

(5) for the fifth year of licence validity, the highest between $509 per sq km or $30,516

(6) from the first renewal of the section 49 licence, the highest between $509 per sq km or $40,688.

Under the new Act, additional statutory spending appropriations of the minimum required are still granted to reduce subsequent obligations. The transition measures announced between the Mining Act and the new Act do not mention whether appropriations for exploration work that Squatex continued to do during the enforcement freeze period will be applied to subsequent years under the new Act.

## 6.3 FORWARD CONTRACTS

No object.

## 6.4 OTHER INFORMATION RELEVANT TO THE ABANDONMENT COST AND FIELD REHABILITATION

The final abandonment costs of the Canbriam Farnham No.1 well were paid in 2015 by operator Canbriam Energy Inc. under the St. Lawrence Lowlands Partnership Agreement. In the Lower St. Lawrence, Squatex will have to abandon the Massé No.2 well when the planned work on it is completed.

## 6.5 TAX HORIZON

No object.

## 6.6 COSTS INCURRED

Squatex's annual exploration work expenses for the year ended **March 31, 2021** consist of expenses incurred to track exploration permit records. These fees were allocated in statutory work on the permits of the St. Lawrence Lowlands and, for the most part, on those of the Lower St. Lawrence/Gaspé area in order to meet the expenditure obligations on them.

Table 3 summarizes the costs incurred this year by Squatex until **March 31, 2021**. During the fiscal year, work valued at $171,598 was invested by Squatex and its partner Petrolympic Ltd in the exploration territory. As a result of Squatex's lawsuit against the Government, the annuities on the permits were not paid for the year.

**Table 3: Exploration expenditure per area in 2020-2021**

| ALLOCATION OF THE EXPLORATION EXPENDITURE PER AREA FROM APRIL 1, 2020 TO MARCH 31, 2021 (TAX EXCLUDED) | | | | | | |
|---|---|---|---|---|---|---|
| **CATEGORY OF EXPENSES** | **Rentals** | **Geol + Geoph Works** | **Geol + Geoph Consultants** | **Professionnal Fees** | **TOTAL OF WORKS EXPENDITURES** | **TOTAL EXPENDITURES** |
| **AREA** | **LOWER ST.LAWRENCE/GASPE** | | | | | |
| Expenditures incurred or provisionned because contested | $ 29 728 | $ 3 216 | $ 33 932 | $ 89 633 | $ 126 781 | $ 156 509 |
| Expenditures rebilled to partner Petrolympic | $ 8 918 | $ 1 200 | $ 12 724 | $ - | $ 13 924 | $ 22 842 |
| Net balance of expenditures | $ 20 810 | $ 2 016 | $ 21 208 | $ 89 633 | $ 112 857 | $ 133 667 |
| **AREA** | **ST.LAWRENCE LOWLANDS** | | | | | |
| Expenditures incurred or provisionned because contested | $ 312 871 | $ - | $ - | $ 44 817 | $ 44 817 | $ 357 688 |
| Expenditures rebilled to partner Petrolympic | $ 93 861 | $ - | $ - | $ - | $ - | $ 93 861 |
| Net balance of expenditures | $ 219 010 | $ - | $ - | $ 44 817 | $ 44 817 | $ 263 827 |
| **TOTAL EXPENDITURES INCURRED or PROVISIONNED BECAUSE CONTESTED** | **$ 342 599** | **$ 3 216** | **$ 33 932** | **$ 134 450** | **$ 171 598** | **$ 514 197** |
| TOTAL EXPENDITURES REBILLED | $ 102 780 | $ 1 200 | $ 12 724 | $ - | $ 13 924 | $ 116 705 |
| **NET BALANCE OF EXPENDITURES** | **$ 239 819** | **$ 2 016** | **$ 21 208** | **$ 134 450** | **$ 157 674** | **$ 397 493** |

## 6.7 EXPLORATION AND DEVELOPMENT ACTIVITIES

### 6.7.1 Introduction

Squatex's main activity is to carry out work and studies to assess the oil and gas potential of the territory covered by its exploration permits in order to discover and produce hydrocarbon reserves. Squatex focuses on areas involving hydrothermal dolomitization of limestones which can yield a high hydrocarbon production potential.

### 6.7.2 Permits in the Lower St. Lawrence/Gaspé area

Squatex has been active in Lower St. Lawrence/Gaspé acreage since 2002 where it actively searches for porous reservoir areas in hydrothermal dolomites. Its current assets include 24 exploration licences totalling 4311.6 km2 (3018.12 km2 Net Squatex) as of March 31, 2021.

Squatex's exploration work involved the acquisition of seismic profiles and numerous geological, geophysical and geochemical surveys that were incorporated into a territory-wide space remote sensing study. Squatex has thus targeted sectors with better oil potential. Starting in 2010, a campaign of 9 stratigraphic coreholes of 300 metres or less was undertaken. In 2011, two wells (La Rédemption No.1, 447 m) and (Portage No.1, 600 m) were drilled. These drillings aimed to better understand the stratigraphy of the Lower Silurian and the distribution of porous zones in the limestone and were used to calibrate the seismic. The Portage No.1 drilling encountered evidence of oil (50o API light oil) in the Sayabec Formation near the surface.

In 2012, the Squatex Massé No.1 discovery well was spudded in the Ste-Jeanne d'Arc area, 2.5 km south of Portage No.1, to determine the cause of an AVO seismic anomaly (amplitude vs offset), which may be related to the presence of fluids or porosity. A porous dolomitized limestone with gas shows was met between 1650 and 1669 m, then a very permeable area at 1847 m where gas quickly reached the surface, indicating an over-pressured zone was reached. Squatex stopped the well at 1874 m and cemented it without testing it in June 2013. The base of the Sayabec Formation showed porosities ranging from less than 5% to more than 20% over a thickness of 10 meters.

In 2013, Squatex drilled the Sayabec No.1 well near the village of the same name at a total depth of 759 m in the Silurian formations. Gas and oil shows were observed in a dolomitized limestone of the Sayabec Formation.

In 2014, the Squatex Massé No.2 appraisal well was spudded at about 490 m northwest of the Squatex Massé No.1 well (Figure 4). This well was equipped with a 210 m cemented casing with a BOP to protect the water table and with a closed-circuit mud circulation system for security and to minimize environmental effects.

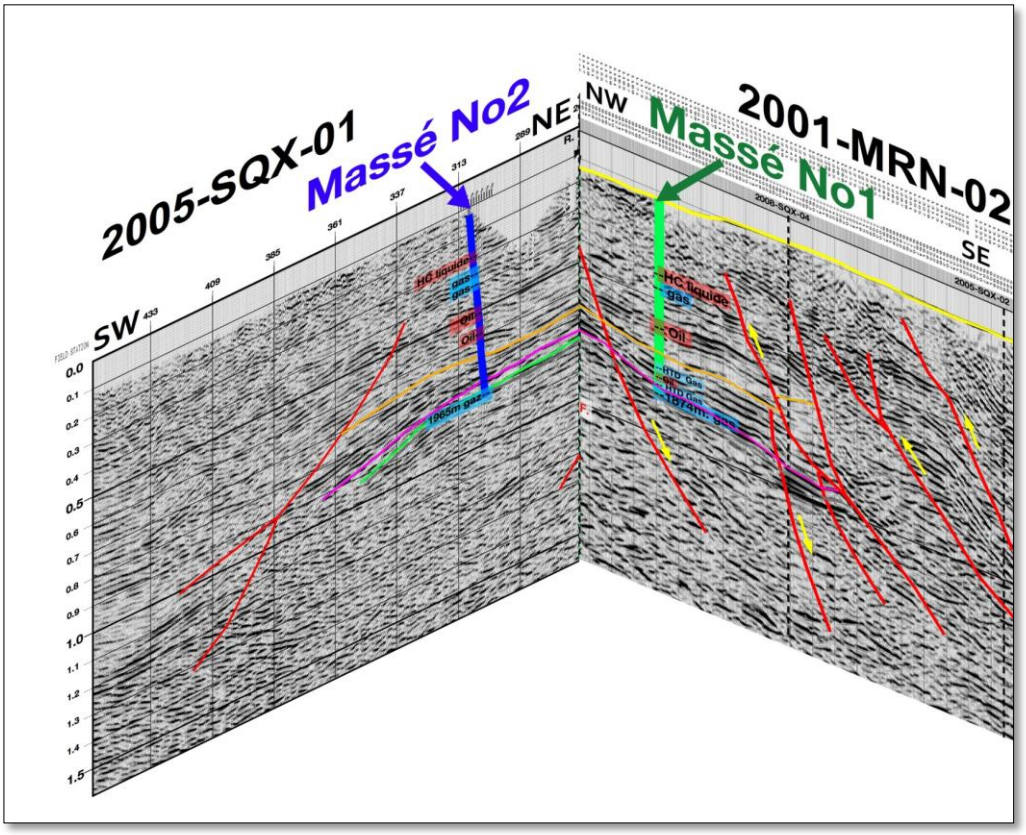


**Figure 4: Seismic profiles SQX-2005-01 and 2001-MRN-02 over Massé**

The Squatex Massé No.2 well was cored to a total depth of 1970.4 m. It drilled through the St-Leon and the Sayabec limestones were encountered at 1534 m and the Val-Brillant sandstones at 1800 m, slightly higher than in the Massé No.1 well. A complete set of loggings was recorded before suspending the well to be able to run productivity tests.. Gas analyses indicate the presence of natural gas liquid (C2 to C8) in the order of 100 ml/m3 without hydrogen sulphide (H2S). The presence of oil (19.85 oAPI) was observed in mud bins from 1040 m. Separate fractured zones are observed in the St-Leon and the Sayabec - Val-Brillant and the well met a total of nearly 1000 meters of porous levels with the presence of gas and oil.

Sproule and Associates Limited ("Sproule") has been mandated to review the potential of the Massé Structure by incorporating data from the Massé No.2 well. The results of this study are presented in Section 7 of this report.

Squatex with its work has so far managed to target a very promising oil and gas potential in the St-Leon and Sayabec Formations. Nine drilling prospects targeting similar hydrothermal porous zones to those observed in the Massé structure are identified on the seismic between St-Anaclet and Sayabec for the continuation of the Squatex exploration program. However, it is possible that the locations of these planned boreholes can no longer be verified because of the new regulations which no longer allow boreholes in water zones and at a distance of less than one kilometer from them.

### 6.7.3 Permits over the St. Lawrence Lowlands

Squatex became involved in the St. Lawrence Lowlands in 2006 to search for hydrothermal dolomite reservoirs within the Ordovician platform. Squatex acquired 12 exploration permits totalling 2253.7 $Km^2$. This acquisition was very favourable for Squatex as this region was the subject of investor enthusiasm for Utica's gas potential. Figure 5 shows the location of Squatex's permits, seismic lines acquired by Squatex since 2008 and the Canbriam Farnham No.1 well drilled in partnership in 2009.

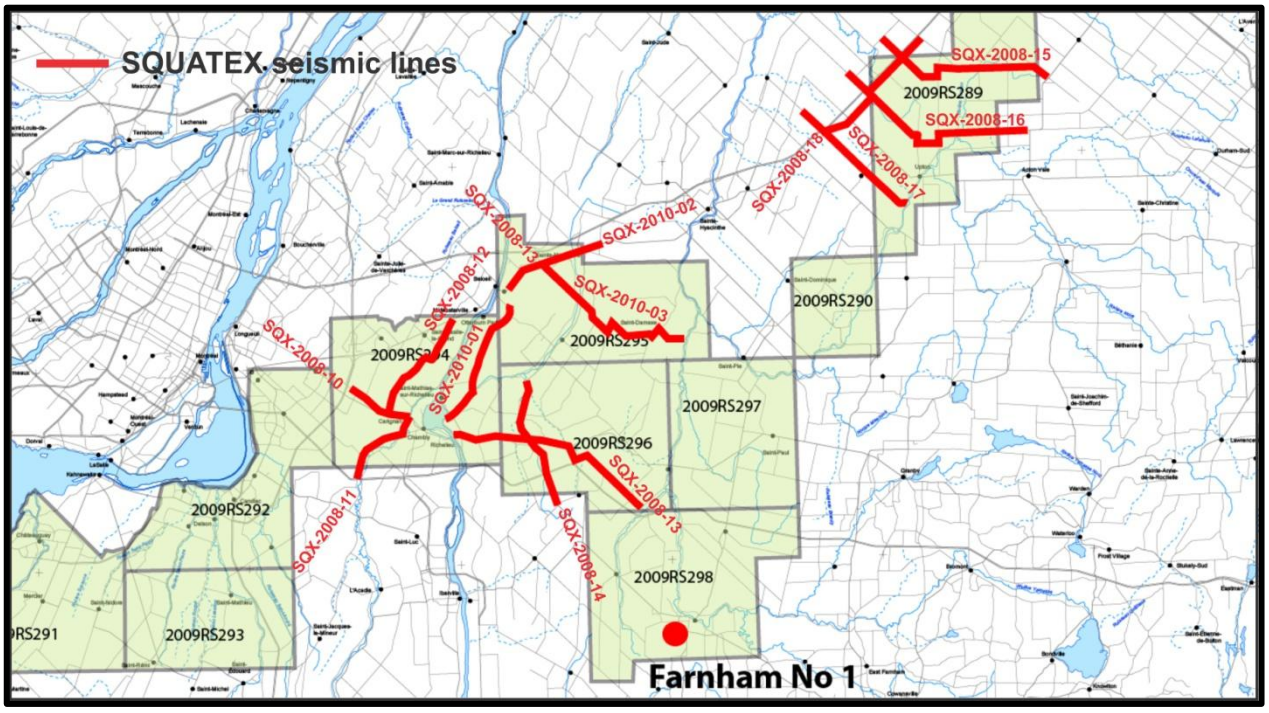


**Figure 5: St. Lawrence Lowlands permits location map**

In 2008, Squatex partnered with Petrolympic Ltd and acquired a 125 km seismic survey in the Chambly and St. Helene regions. A second farmout and joint venture agreement for the Utica shales was also concluded in the same year between Squatex, Petrolympic Ltd and Canbriam Energy Inc. on the 2009RS294 to 298 licences.

In 2009, Canbriam conducted an aeromagnetic survey and then drilled the Farnham No.1 well (A-271), which reached a total depth of 2507 metres after crossing the Lorraine and hitting the Utica at 1987 metres. The Top of the Trenton was met at 2332 meters. The well, suspended in 2009, was finally abandoned in the fall of 2015 by the operator, Canbriam.

As of March 31th, 2020, Canbriam hold a 60% interest between surface and the Top Trenton over a 80.0$Km^2$ 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 in the Chambly and St. Hyacinthe regions.

### 6.7.4 Current and anticipated activities

No field activity was carried out by Squatex in the 2020-2021 fiscal year in both the St. Lawrence Lowlands and the Lower St. Lawrence/Gaspésie.

In the Lower St. Lawrence/Gaspésie, Squatex's encouraging results in the last two holes over the Massé structure and the existence of several possible extensions of porosity zones in the region encourage Squatex to continue its exploration efforts. The next phase of work will take into account both the funds available and the general condition of the evolution of the oil sector in Quebec.

In the St. Lawrence Lowlands, no activities are planned by Squatex in the short term.

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

In 2016, Squatex mandated Sproule and Associates Ltd to assess the potential of the eastern part of the Massé structure which was investigated by the Massé No.1 and No.2 wells. The study covers a territory of 25 km$^2$ delimited by existing seismic anomalies (Figure 6). The analysis of logs recorded in Massé No.2 was used. Sproule's 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 hydrocarbons are found in the Silurian limestones 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 PIIP (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 4).

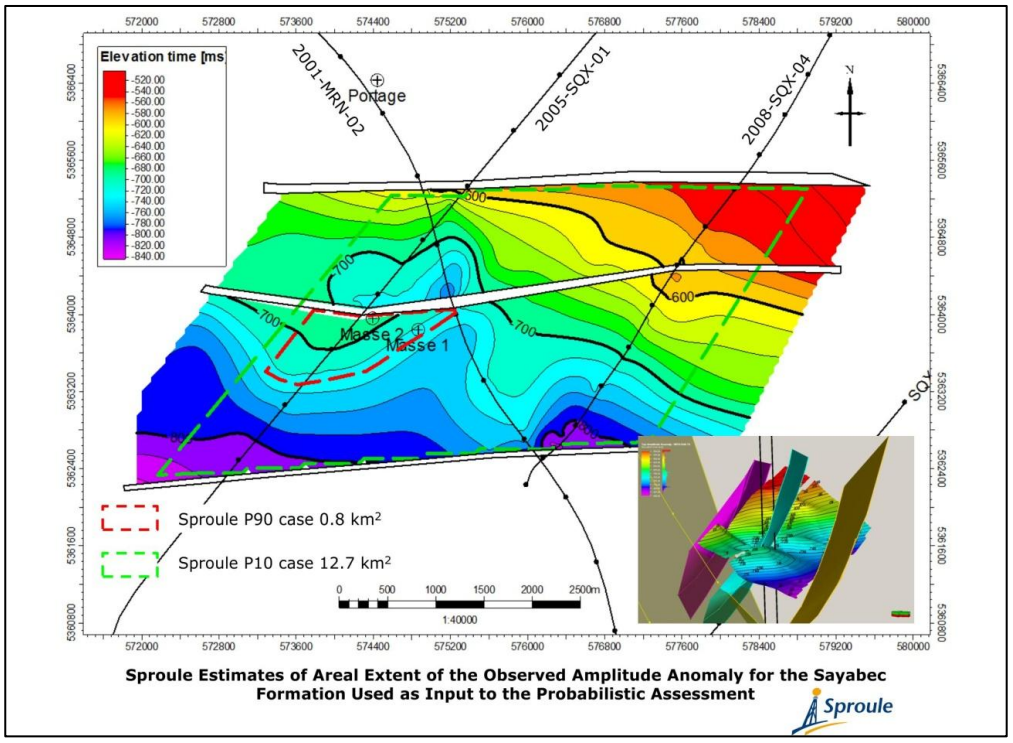


**Figure 6: Areal extent of assessment by Sproule near Massé No.1 and No.2 wells**

## Table 4: 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.