



**FORM 51-101F1**

**STATEMENT OF RESERVES DATA  
AND OTHER OIL AND GAS INFORMATION  
FOR FISCAL YEAR ENDED MARCH 31st 2022**

**July 21<sup>th</sup> 2022**

**REPORT SQX-2022-1\_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 2022 ». 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 July 21, 2022. The effective date of the information provided is **March 31, 2022** and the preparation date of the information provided is July 21, 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, *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 31<sup>st</sup> 2022**, Ressources & Energy Squatex (Squatex) does not produce any oil and gas. 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.

## 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 or for the acquisition of stratigraphic knowledge occurred on Squatex exploration permits during the concerned period ended **March 31<sup>st</sup> 2022**.

Squatex, like all other exploration permit holders in Quebec, saw its oil and gas exploration permits revoked by the entry into force of Bill 21 adopted in April 2022. The company nevertheless retains the obligation to definitively abandon the wells drilled on the territory of its abrogated permits.

In the St. Lawrence Lowlands, the Cambrian Farnham No.1 well (A-271), drilled in 2009, has already been definitively abandoned by the operator in 2015 to the satisfaction of the Government. In the Bas-Saint-Laurent region, Squatex owns a 70% interest in the Squatex Massé No.2 stratigraphic well, which was suspended in 2014, then in 2016. This geological core hole could possibly be submitted by the Government to the obligation of permanent abandonment as for oil and gas wells.

### 6.2 PROPERTIES WITH NO ATTRIBUTED RESERVES

#### 6.2.1 Permits

Since 2009, Squatex has held 36 oil and gas exploration licenses in Quebec on land covering a total area of 6560.93 km<sup>2</sup> (Figure 1).

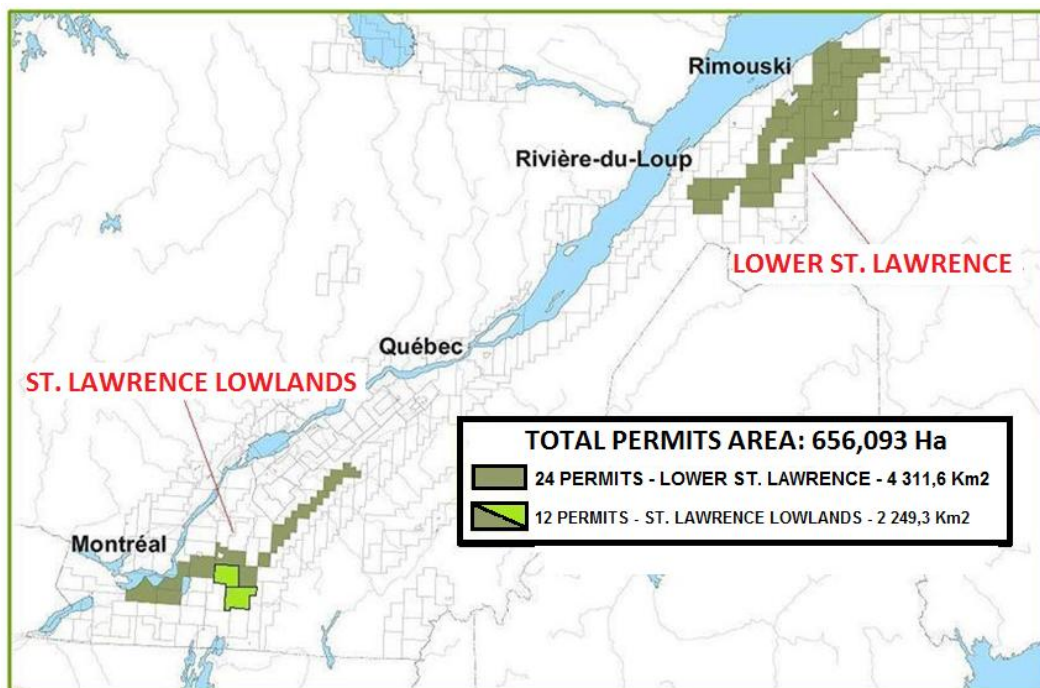


Figure 1: Expropriated Squatex permits in Quebec

These exploration permits issued 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 decree by the Government of Bill 18 in June 2011, then that of Bill 5 in June 2014, the period of validity of the exploration permits was suspended and the obligation of statutory works by the holders was exempted. The payment by the holder of the rent of the permits had however to be made. Since September 2018, all Squatex Resources and Energy permits have been automatically transferred by the Government under the Hydrocarbons Act under the new conditions imposed by its regulations. Finally, Bill 21, adopted by the Government in April 2022, abolished all existing permits in Quebec.

Squatex and its partners therefore no longer own any land with no attributed reserves in Quebec.

### **6.2.2 Statutory obligations**

Bill 21, which abolished Oil and Gas exploration permits in Quebec, retains the obligation for their holders to definitively abandon the wells drilled on the revoked territories.

In the St. Lawrence Lowlands, the Cambrian Farnham No.1 well, drilled in 2009, has already been definitively abandoned by the operator in 2015 to the satisfaction of the Government.

In the Lower St. Lawrence region, Squatex owns a 70% interest in the Squatex Massé No.2 stratigraphic well, which was suspended in 2014, then in 2016. This geological core hole could possibly be submitted by the Government to the obligation of permanent abandonment as for oil and gas wells.

### **6.3 FORWARD CONTRACTS**

No object.

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

The costs of definitive abandonment of wells drilled by former permit holders will be reimbursed up to 75% by the Government according to Bill 21.

### **6.5 TAX HORIZON**

No object.

## 6.6 COSTS INCURRED

Squatex's annual exploration work expenses for the year ended **March 31, 2022** 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, 2022**. During the fiscal year, work valued at \$59,503 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 1: Exploration expenditure per area in 2021-2022**

ALLOCATION OF THE EXPLORATION EXPENDITURE PER AREA FROM APRIL 1, 2021 TO MARCH 31, 2022 (TAX EXCLUDED)						
CATEGORY OF EXPENSES	Rentals	Geol + Geoph Works	Geol + Geoph Consultants	Professional Fees	TOTAL OF WORKS EXPENDITURES	TOTAL EXPENDITURES
<b>AREA</b>	<b>LOWER ST.LAWRENCE/GASPE</b>					
Expenditures incurred or provisionned because contested	\$ 119 714	\$ 4 000	\$ 43 411	\$ 7 741	\$ 55 152	\$ 174 866
Expenditures rebilled to partner Petrolympic	\$ 35 914	\$ -	\$ -	\$ -	\$ -	\$ 35 914
Net balance of expenditures	\$ 83 800	\$ 4 000	\$ 43 411	\$ 7 741	\$ 55 152	\$ 138 952
<b>AREA</b>	<b>ST.LAWRENCE LOWLANDS</b>					
Expenditures incurred or provisionned because contested	\$ 229 473	\$ -	\$ 480	\$ 3 871	\$ 4 351	\$ 233 824
Expenditures rebilled to partner Petrolympic	\$ 68 842	\$ -	\$ -	\$ -	\$ -	\$ 68 842
Net balance of expenditures	\$ 160 631	\$ -	\$ 480	\$ 3 871	\$ 4 351	\$ 164 982
<b>TOTAL EXPENDITURES INCURRED or PROVISIONNED BECAUSE CONTESTED</b>	<b>\$ 349 187</b>	<b>\$ 4 000</b>	<b>\$ 43 891</b>	<b>\$ 11 612</b>	<b>\$ 59 503</b>	<b>\$ 408 690</b>
TOTAL EXPENDITURES REBILLED	\$ 104 756	\$ -	\$ -	\$ -	\$ -	\$ 104 757
<b>NET BALANCE OF EXPENDITURES</b>	<b>\$ 244 431</b>	<b>\$ 4 000</b>	<b>\$ 43 891</b>	<b>\$ 11 612</b>	<b>\$ 59 503</b>	<b>\$ 303 934</b>



## **6.7 EXPLORATION AND DEVELOPMENT ACTIVITIES**

### **6.7.1 Introduction**

Squatex's main activity until now has been to carry out work and studies to assess the gas and oil potential of the territory covered by its exploration permits in Quebec with a view to discovering and producing hydrocarbon reserves. Squatex was focussing on areas involving hydrothermal dolomitization of limestones which can yield a higher hydrocarbon production potential.

### **6.7.2 Exploration Permits**

Squatex has until recently focused its exploration research on its Lower St. Lawrence permits in the sequences of Silurian rocks. This is how Squatex made the discovery of gas in 2013 in the Massé No.1 core hole within very porous hydrothermal dolomites. In 2014, the Massé No.2 well confirmed and substantially increased the initial discovery by encountering nearly 1,000 meters of porous zones with the presence of gas and oil. According to the independent expertise of Sproule and Associates, the Massé Structure indicates the probability of a potential presence in place of 53.6 BCF of gas and 52.2 million barrels of oil over a probable average area of 5.2 km<sup>2</sup>. Squatex hoped to continue its research in this sector in order to demonstrate its commercial production potential.

Bill 21 adopted by the Government in April 2022 abolished the Hydrocarbons Act instituted in 2018 and revoked all oil and gas exploration and exploitation permits in force in the Province of Quebec. Squatex therefore lost the possibility of developing the Massé structure.

### **6.7.3 Current and anticipated activities**

No field exploration activity was carried out by Squatex during the 2021-2022 fiscal year, apart from the usual verifications of the status of the drilling sites in the Lower St. Lawrence/Gaspé region.

The adoption of Bill 21 made the management of Squatex to actively consider the various possible avenues available to either direct the Company's oil and gas exploration activities in territories outside Quebec or to direct its activities to other energy and resource sectors.