



24 October 2016

Ron Prefontaine  
Tim Hoops  
Strata-X Energy  
1624 Market Street  
Suite #302  
Denver, CO USA 80202

**Re: Report on Prospective Resources Data by Independent Qualified Reserves Auditor**

To Mr. Prefontaine and Mr. Hoops of Strata-X Energy Ltd. ("The Company"):

1. We have reviewed the Company's prospective resources data as at 24 October 2016. The prospective resources are unrisks estimates of volume as at 24 October 2016.
2. The prospective resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the prospective resources data based on our review.
3. We carried out our review in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform a review to obtain reasonable assurance as to whether the prospective resources data are free of material misstatement. A review also includes assessing whether the prospective resources data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table sets forth the unrisks volume of prospective resources and identifies the respective portions of the prospective resources data that we have audited and reported. As defined by the COGE Handbook, prospective resources are quantities of petroleum estimated to be potentially recoverably from undiscovered accumulations by application of future development projects.

**Summary of Unrisked Oil and Gas Prospective Resources  
As of 22 October 2016  
Volumes**

Classification	Independent Qualified Reserves Auditor	Location of Resources	Estimated Prospective Resource Gas Volumes (Bcf)					
			Low		Best		High	
Prospective Resources	Auditor	Botswana	Gross	Net	Gross	Net	Gross	Net
						741	556	1,482

*Note: There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that these volumes will be commercially viable to produce any portion of the resources.*

6. In our opinion, the prospective resources data respectively reviewed by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the prospective resources data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our reports referred to in paragraph[s] 5 and 6 for events and circumstances occurring after the effective date of our reports.
8. Because the prospective resources data are based on judgements regarding future events, actual results will vary and the variations may be material.

Sincerely,



Timothy Hower  
Chief Executive Officer  
MHA Petroleum Consultants

## PROSPECT REVIEW

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This review contains the information required under NI 51-101, Sec 5.9.

- a. The Company will have, upon successful completion of contractual obligations staged in 25.00% interval over the next three years, an average of 75% percent working interest in approximately 298,000 gross acres covering exploration licenses PL352-2008 and PL353-2008.
- b. The subject lands are located onshore in Republic of Botswana.
- c. The expected product from a successful prospect is coal bed methane.
- d. The predominant geologic and exploration risks are variations in net coal thickness, areas where coals may be significantly undersaturated, as well as insufficient coal permeability and productivity. The Company will be conducting operations in a foreign country that may not have sufficient exploration equipment, labor, tools and experience to carry out the planned development operations.

The Company will be subject to the risks associated with operating in the Republic of Botswana. These risks may include economic, social or political instability or change, hyperinflation, currency non convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labor relations and government control over petroleum properties. Botswana is a parliamentary representative democratic republic, with a President who serves as both head of state and head of the Government, a legislature and a legal system that is based on both Roman Dutch and the English common law.

While a demand for new energy sources in the Republic of Botswana and regionally is currently present, there is no assurance that the Botswana or regional energy market will be adequately developed to accept the produced CBM, nor at the time of commercial success, is there any assurance the CBM will be the preferred energy source.

The permit area is remote and could be the target of sabotage but evidence is such that this is considered a low risk. There is no assurance that any gas produced from this project will have a ready market. No pipeline infrastructure is currently in place and no contracts to purchase the gas are in place at this time. Infrastructure risk is considered low, assuming commercial quantities of gas are confirmed, due to the growing demand for power in the country. Legal title is through the federal government and is considered a low risk factor. Environmental risks include contamination from drilling and completion fluids are considered low with modern, industry standards. Confirmation and development of the project will rely on outside sources of capital and cannot be assured

however if positive results are obtained from the properties the capital risk is manageable.

- e. The project is based on pre-development study, and it will need various stages of exploration and testing to elevate the properties to a Proved Classification. The anticipated stages include an exploration phase that will involve 2-3 tests of the coals for their gas properties; a pilot project involving several wells to determine potential flow capacity and a feasibility study that will utilize the results and determine the commerciality of the project. It is anticipated that technology that has been developed in Queensland, Australia and other places will be used to maximize the potential of the project. The total anticipated cost net to the 75% working interest is approximately A\$10 million and is anticipated to take approximately 3 years to achieve a feasibility determination.
- f. The prospective resource volumes were obtained by calculating the potentially recoverable portion of the gas-in-place using a range of estimates of coal net thickness, the coal density, the recoverable gas content of the coals, and the overall prospect area. This leads to a Best Estimate of net prospective resources in the subject areas of 1,112 Bcf, a Low Estimate of 556 Bcf, and a High Estimate of 1,667 Bcf. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

## CERTIFICATE OF QUALIFICATIONS

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I, Timothy L. Hower, Licensed Professional Engineer in Colorado, USA, with an office at 730 17<sup>th</sup> Street, Suite 410, Denver, CO 80202, hereby certify:

1. THAT I am a registered Professional Engineer with the Colorado State Board of Licensure for Architects, Professional Engineers and Professional Land Surveyors.
2. THAT I graduated from Penn State University with a Bachelor of Science degree in Petroleum Engineering in 1981, and a Master of Science degree in Petroleum Engineering in 1983.
3. THAT I have been employed in the petroleum industry since graduation by various companies and have been directly involved in reservoir engineering, oil and gas production operations, and reserves and resources evaluations during that time.
4. THAT I have in excess of 30 years of experience in evaluation and engineering studies related to oil and gas fields in North America and around the world.
5. THAT I conducted the review of these assets and preparation of this report for Strata-X Energy, dated 22 October 2016.
6. THAT I have not, nor do I expect to receive, any direct or indirect interest in the properties or securities of Strata-X Energy, its participants or any affiliate thereof.
7. THAT I have not examined all of the documents pertaining to the ownership and agreement referred to in this report, or the chain of Title for the properties discussed.
8. THAT I have not performed a field examination of these properties.

Timothy Hower  
Chief Executive Officer  
MHA Petroleum Consultants

Colorado Professional Engineer  
License # 28053

