



Massé No2 well



**2016**

**15 YEARS OF ACCOMPLISHMENTS**



# Corporate Presentation

September 2016

# FORWARD-LOOKING STATEMENTS

Certain statements made herein may constitute forward-looking statements. These statements relate to future events or the future economic performance of SQUATEX and carry known and unknown risks, uncertainties and other factors that may appreciably affect their results, economic performance or accomplishments when considered in light of the content or implications or statements made by SQUATEX. Actual events or results could be significantly different.

SQUATEX does not intend and undertakes no obligation to update these forward-looking statements.

It should be noted that the previous exploration work on the SQUATEX properties have not yet established oil and gas reserves or resources. However, significant oil and gas shows observed on drilled wells so far and the several other structural and stratigraphic traps recognized on seismic data warrant further exploration of permits of the Company.

# HIGHLIGHTS

- ❑ **Ressources et Énergie Squatex (SQUATEX)**, founded in 2001 and issuer since 2011, is the operator of the exploration work on its properties and is looking for investment to accomplish its exploration projects.
- ❑ **656 093 Hectares** : Territory under exploration permits by SQUATEX in Quebec (NET 70% interest).
- ❑ **18 M\$** : Total investment to date in exploration expenses
- ❑ **14 M\$** : Work planned for the next two years in the Lower St. Lawrence:
  - **6,8 M\$** in 2016-17:  
Field work schedule preparation, re-entry and workover of the Massé No.2 well for production tests, Drilling of 3 lateral legs Massé No.2A, No.2B and No.2C, Drilling of a vertical well south of Massé and Seismic Acquisition
  - **6,8 M\$** in 2017-18:  
Drilling 3 vertical wells on new hydrothermal dolomites targets

# PRESENTATION OF SQUATEX

Ressources et Énergie Squatex Inc (SQUATEX) is a junior Quebec oil and gas exploration company created 15 years ago, in 2001. It was established on 12 April 2002 under the Canada Business Corporations Act. SQUATEX is a reporting issuer since 2011 ([www.sedar.com](http://www.sedar.com)) in the province of Quebec.

**Shares issued: 104,629,244**

**Number of shareholders: 170**

SQUATEX is the operator of the work and studies accomplished to assess the oil and gas potential of the territory under exploration permits to explore and possibly produce hydrocarbon reserves in Quebec.

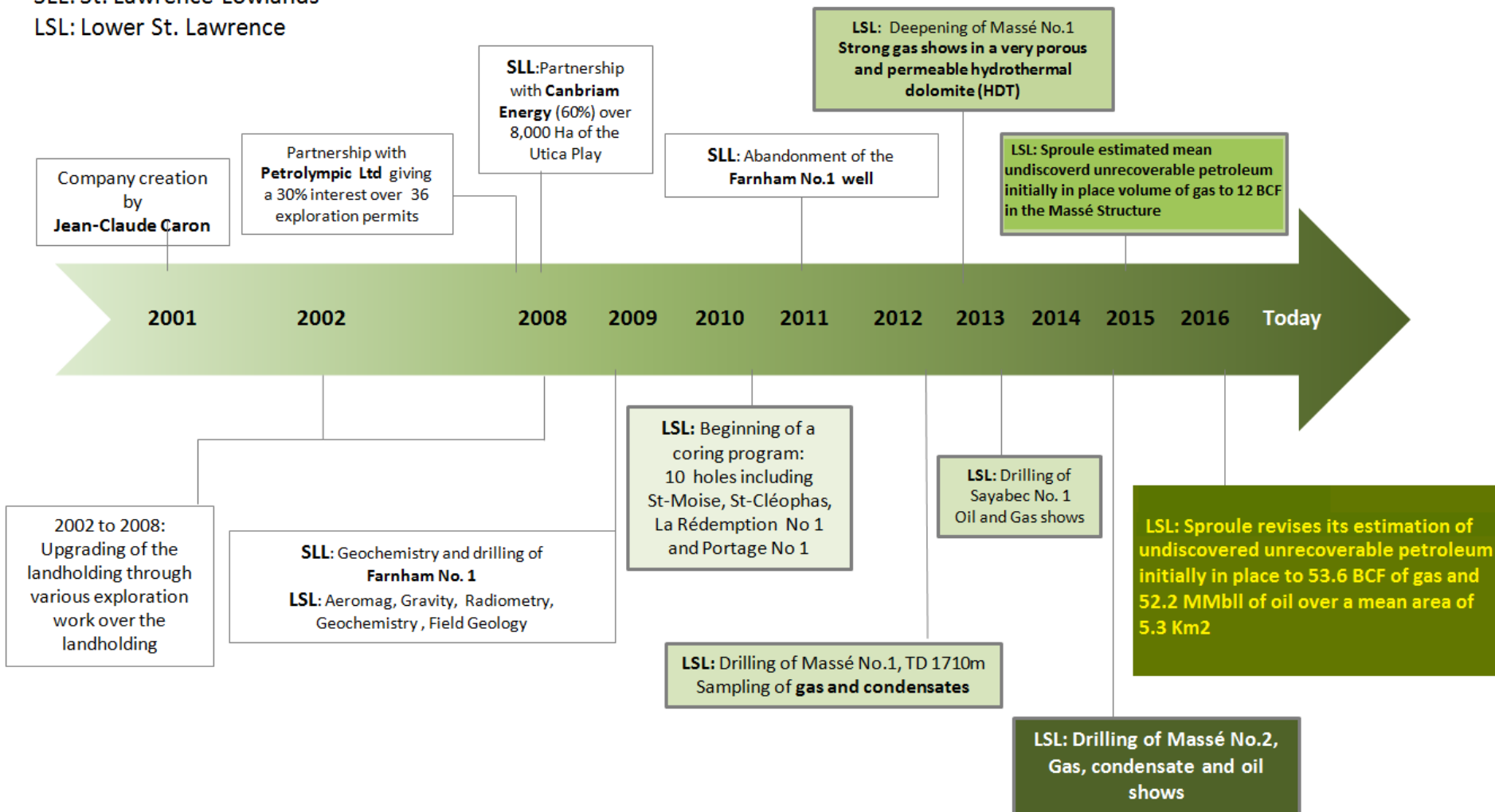
## **SQUATEX TEAM**

- **Jean-Claude, President** - More than 50 years of business and project management experience along with 15 years in the oil industry.
- **René Guimond, Vice-president Finances** - Over 30 years experience as a CPA.
- **Mario Levesque, Development Manager** - Over 20 years experience in oil operations.
- **Paul Laroche, Exploration Manager - Petroleum Geologist and Engineer** with a Masters in Geology and Geophysics (1973) from Laval University and over 45 years experience in Quebec, elsewhere in North America and overseas.
- **Alexandre Aubiès Trouilh - Petroleum Geologist**, holds a PhD in Geology, 3D modeling from Laval University (2009) with over 10 years experience in Quebec and France (TOTAL).
- **Yves Duchaine, Petroleum Geologist** - holds a bachelor's degree in Geology from University of Montreal (1971) with over 40 years experience in Quebec, Western Canada and North Africa.
- **The Institut National de Recherches Scientifiques (INRS)** with the collaboration of MITACS and NSERC, joined the Lower St. Lawrence project in 2015 to support the SQUATEX exploration research work with further studies.

# SQUATEX WORK HISTORY IN THE PROVINCE OF QUEBEC

SLL: St. Lawrence Lowlands

LSL: Lower St. Lawrence

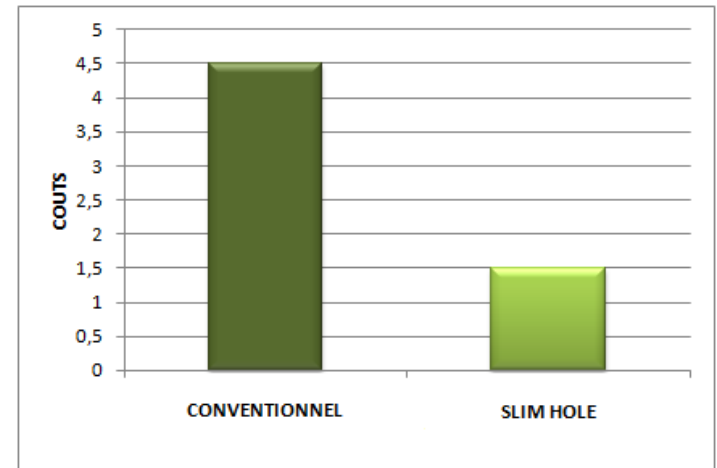


# OUR DRILLING TECHNIQUES

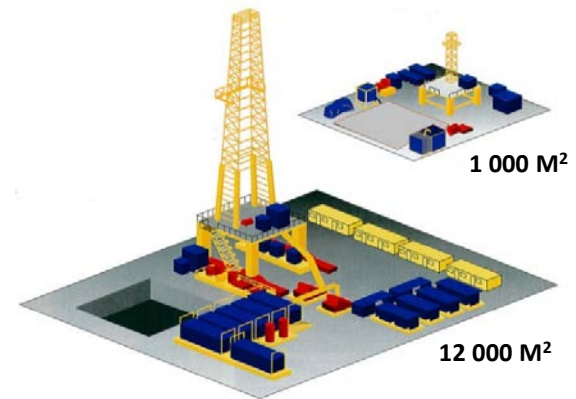
## SLIM HOLE DRILLING TECHNIQUES AT LOWER COST AND REDUCED ENVIRONMENTAL IMPACT

Since 2010, SQUATEX makes use of technical innovations and appropriate drilling methods (**Slim Hole**) to carry out its exploration works (like other oil companies that use them as **Shell, Amoco, Elf and Conoco Phillips**). The same data and technical results are obtained at costs much lower than using a conventional oil and gas rig. Also, these techniques allow to eventually case the hole and put on production.

The impact of SQUATEX drilling work in the field and on the environment is **substantially** reduced. The use of a closed circuit system allows mud recycling and greatly reduces the water consumption. The small size of the equipment allows the reduction of ambient noise as well as the emission of air pollutants.



DRILLING COST

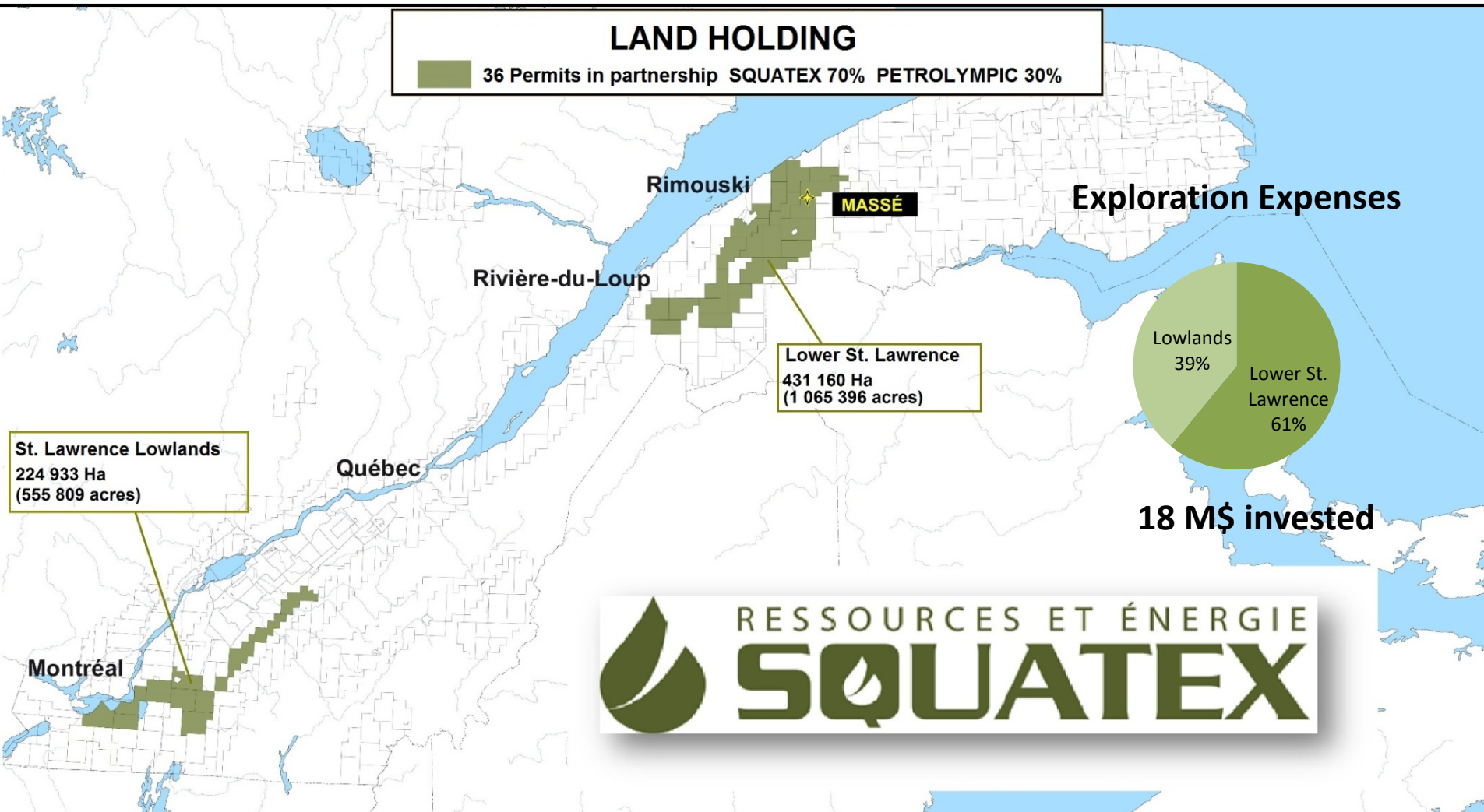


SIZE OF THE DRILLING SITE

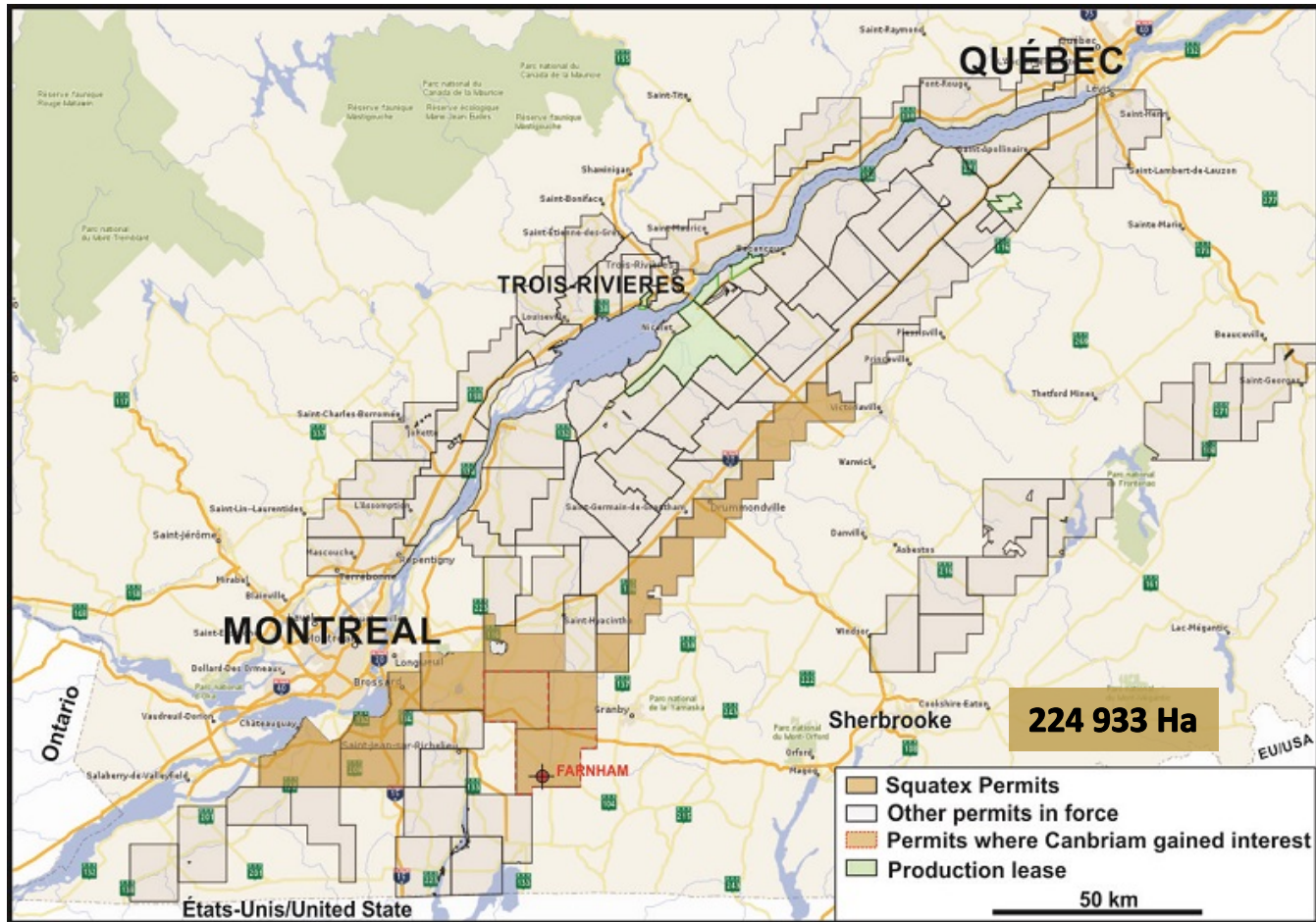


# PRESENTATION OF SQUATEX

**Property covering 656 093 Hectares (1 621 205 Acres)**



# THE ST. LAWRENCE LOWLANDS



Since 2006, SQUATEX is holding a large territory under permits in the St. Lawrence Lowlands that is very well sited with respect to prospective areas. This property covers in part, the carbonated Ordovician platform (Trenton, Black River, Beekmantown), the overlapped areas and includes a significant portion of Utica shale play.



# THE ST. LAWRENCE LOWLANDS

After performing various geochemistry and seismic works, SQUATEX signed an agreement with Petrolympic then with Canbriam Energy in 2008. The company drilled the Farnham No.1 well in the Utica Shale in 2009.

SQUATEX and its partners have suspended the exploration of the property until the government confirms its clear intention to allow the exploration and the potential exploitation of hydrocarbons.

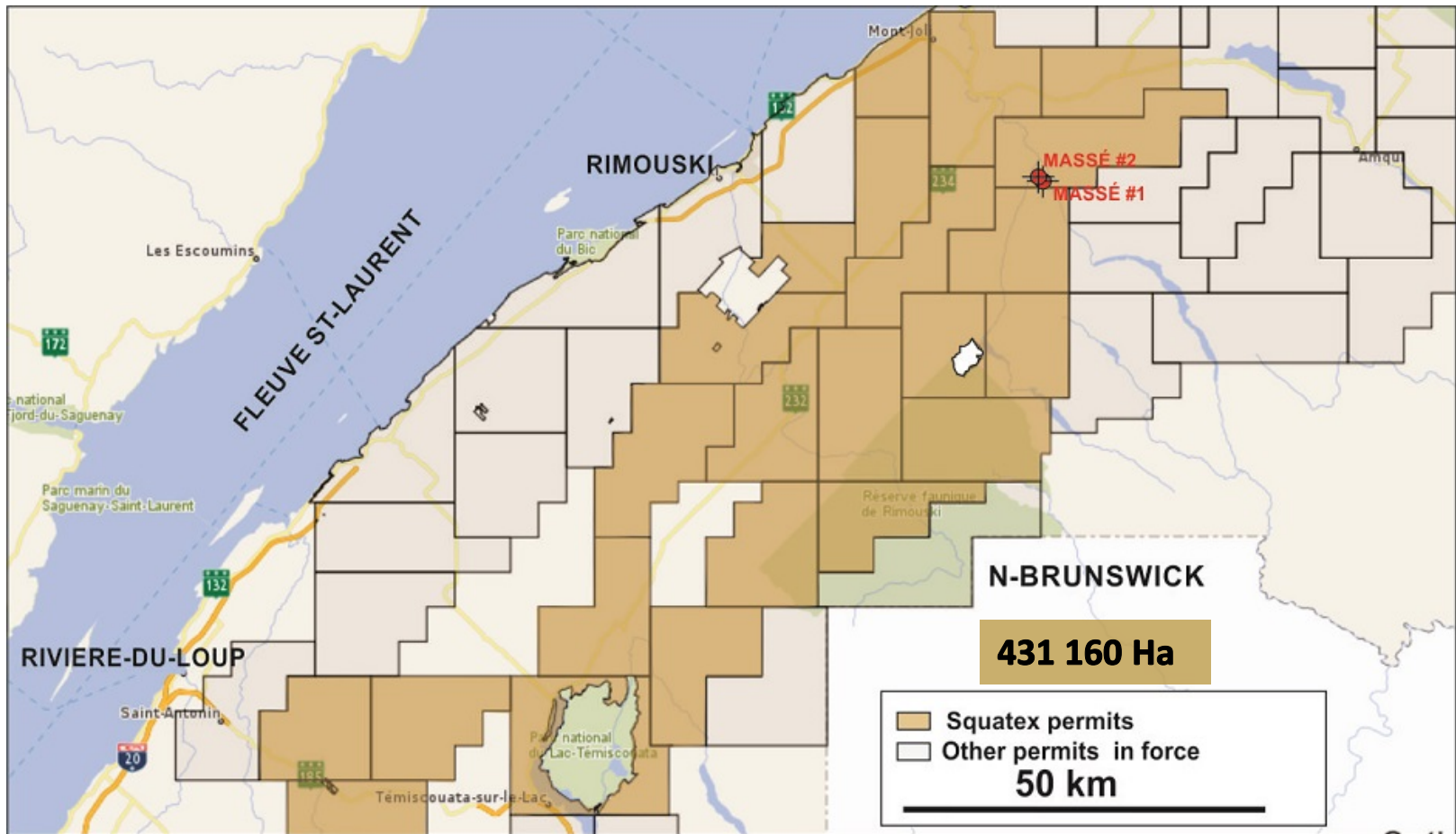
SQUATEX and its partners have invested in exploration in the Lowlands over \$ 7M.

The interest and SQUATEX's first goal in the exploration of the St. Lawrence Lowlands is to look for hydrothermal-type reservoirs as the ones existing in Ontario, Michigan and western Canada. These reservoirs are **conventional** and do not require any hydraulic fracturing of rocks to improve production.

SQUATEX remains highly confident of the imminent return of the industry's investment in the Lowlands to carry on the exploration and eventually reach commercial production.



# THE LOWER ST. LAWRENCE

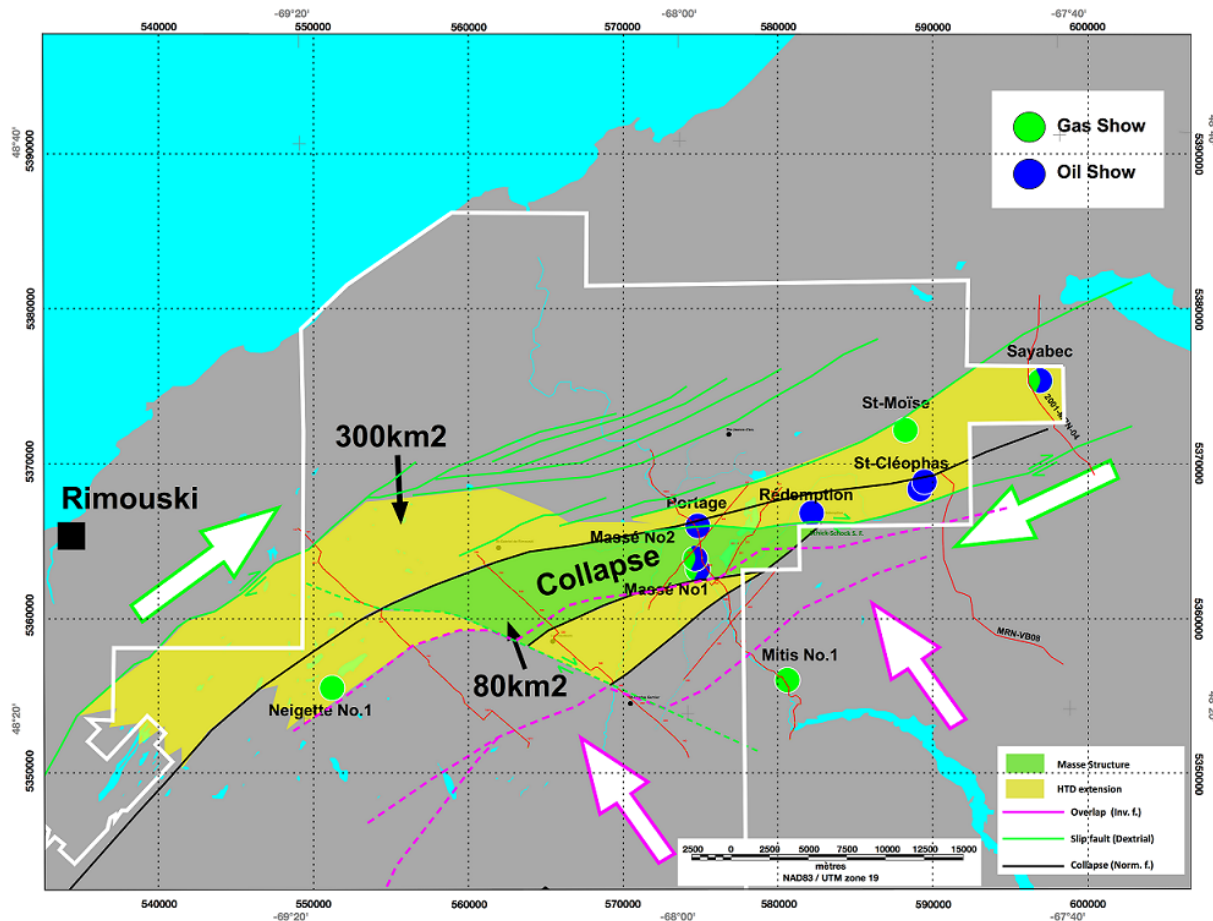


Squatex exploration investments over this permits block have exceeded so far \$ 11M. The work accomplished includes the recording of seismic profiles in 2002, 2005 and 2008, the acquisition of regional gravity and high resolution aeromagnetic surveys in 2009, followed since by comprehensive geological field surveys and drilling. These data allowed to recognize a large prospective area: **A previously unknown rift basin in the Mitis River area.**

# EXPLORATION IN THE LOWER ST. LAWRENCE

In 2010, as part of its geological field assessment, SQUATEX carried 10 stratigraphic core drilling, with depths varying from a few meters to almost 300 meters. In 2011, two additional wells (600m and 400m) were drilled.

Between 2012 and 2014, SQUATEX drilled three more holes, two of them nearly reaching 2000 m on the MASSÉ Structure, to assess the oil potential of the sector.



**Eight of SQUATEX's drilled holes presented noteworthy gas, condensate and oil shows**

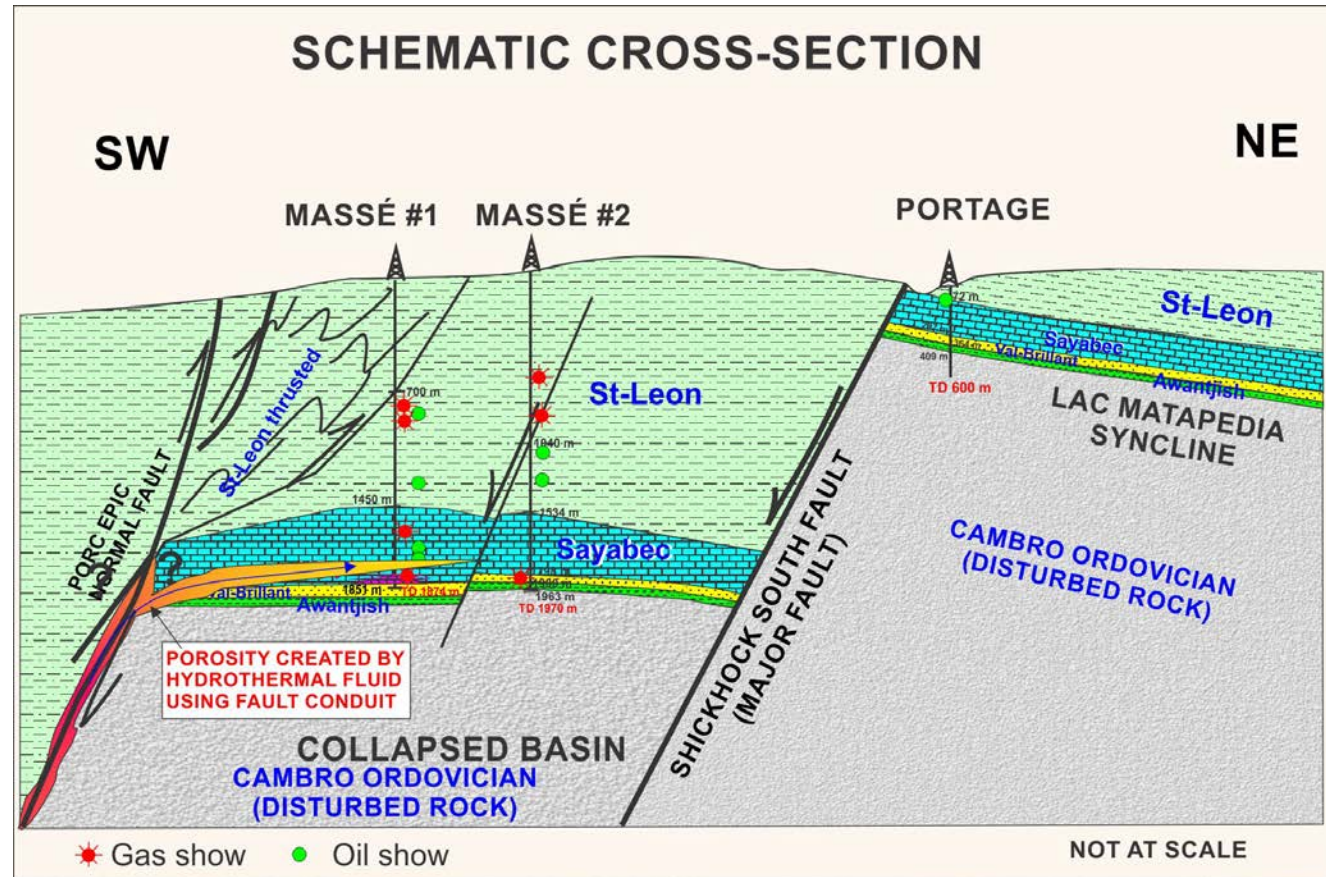
SQUATEX exploration work allowed to recognize a prospective area of 80 km<sup>2</sup> (including the Massé Structure) which could itself extend over 300 km<sup>2</sup> according to seismic data interpretation.



# THE MASSÉ PROJECT

The Massé No.1 and No.2 wells are located on a structural collapsed block within a large shears and overlaps zone between dextral offset Neigette and Shickshock South faults.

These two deep wells have exhibited very significant oil and gas shows within fractures and primary porosity levels in the Sayabec reefal limestone. The important increase in porosity is due to the circulation through faults planes of hydrothermal fluids that have leached the formation near fractures (hydrothermal dolomitization or HTD).



Oil and gas production in this type of **conventional reservoir** does not require any hydraulic fracturing.

**Sproule estimated on the eastern part of Massé (5,3Km<sup>2</sup>) a mean volume of hydrocarbons (ND-NR) initially in place to 53.6 BCF of gas and 52.2 million barrels of oil**

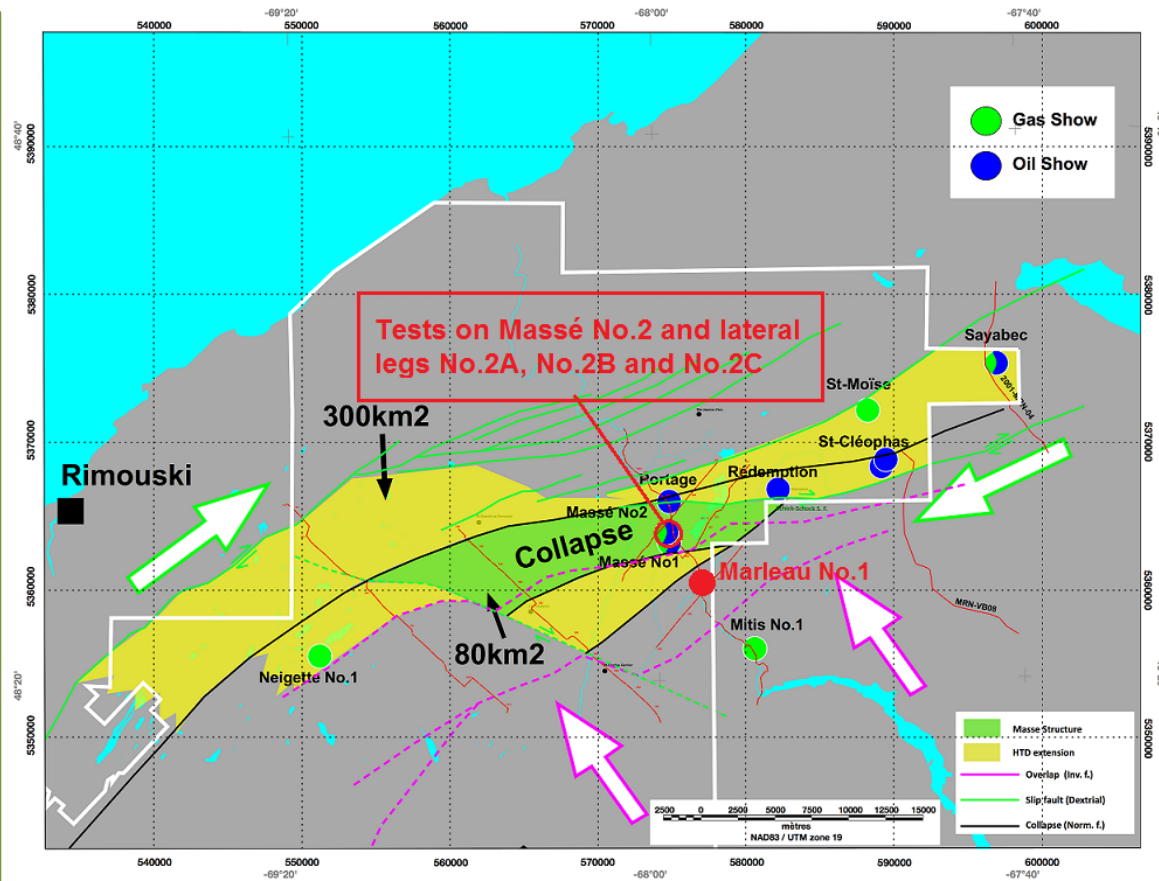


# PROPOSED WORK IN 2016-17

## Phase 1 : 2016-2017

### Appraisal of the extent of dolomitization (HTD) over the Massé Structure and beyond

- Reconditioning of the Massé No.2 well and production tests
- Directional drilling of three lateral legs from various kick off depths:
  - Massé No.2 A** (Length 1000m)
  - Massé No.2 B** (Length 1400m)
  - Massé No.2 C** (Length 1000m)
- Drilling of a vertical well:
  - Marleau No.1** (Total depth 2000m)
- Seismic Acquisition

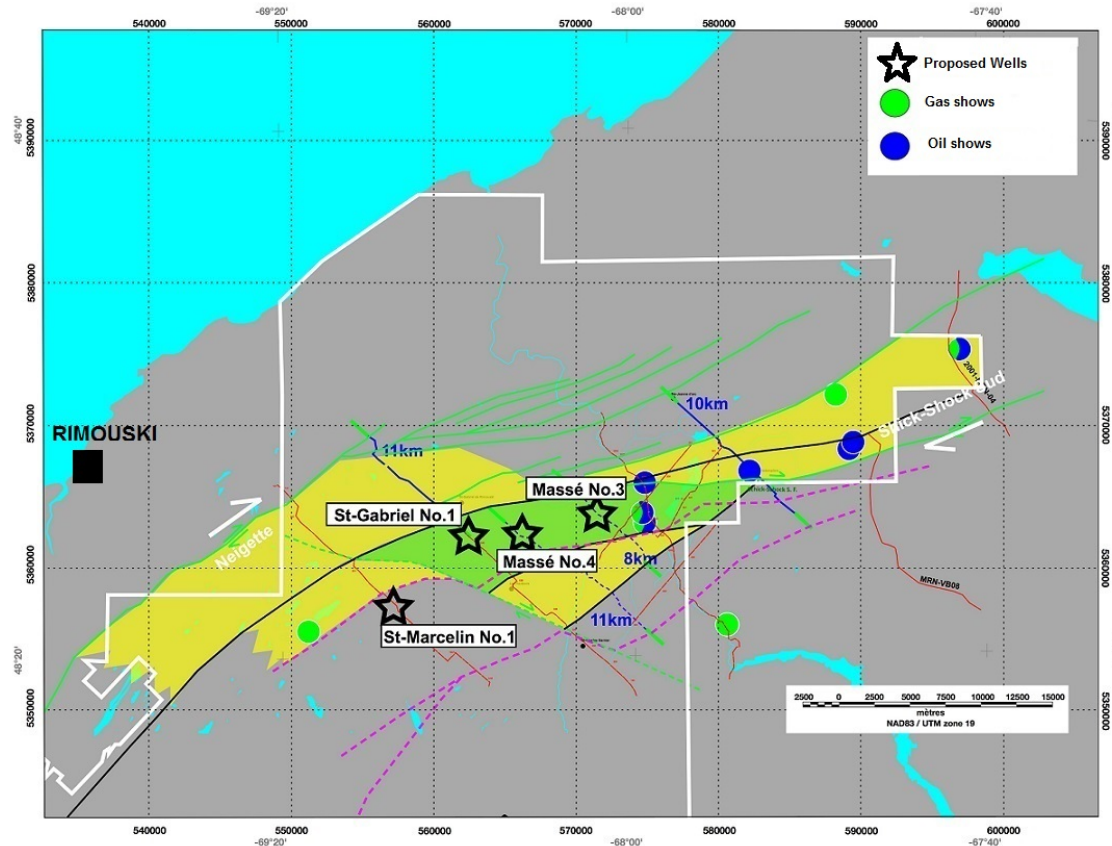


# PROPOSED WORK IN 2017-18

## Phase 2 : 2017-2018

### Appraisal of the extent of dolomitization (HTD) West of Massé

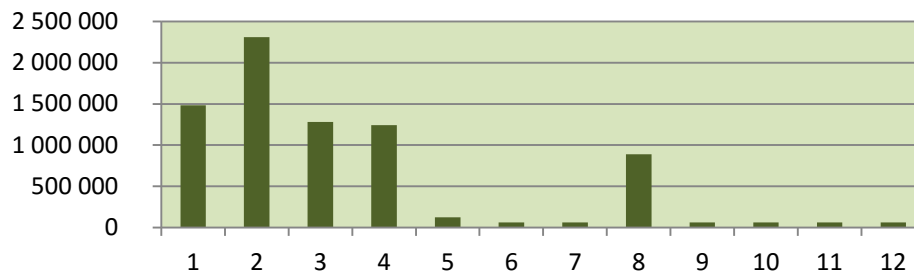
- Drilling of vertical well  
**St-Marcelin No.1** (Total depth 1800m)
- Drilling of vertical well  
**St-Gabriel No.1** (Total depth 2100m)
- Drilling of vertical well **Massé No.3** or **No.4**  
(Total depth 2000m)



# ESTIMATED COST OF WORK

## Current program of work for phase 1 in 2016-2017

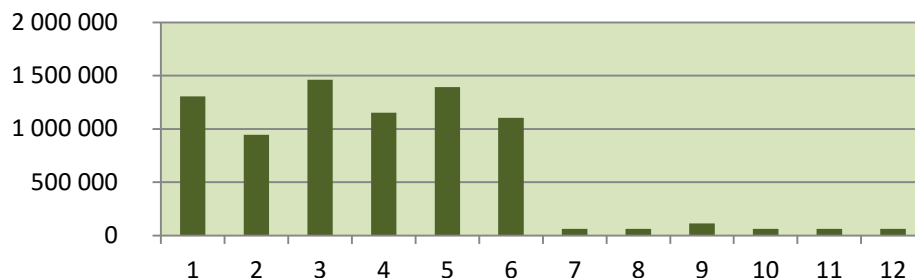
**\$ 6 831 000**



Distribution of exploration expenditures over 12 month

## Planned work program for Phase 2 in 2017-2018

**\$ 6 886 000**



Distribution of exploration expenditures over 12 month



## FOR MORE INFORMATION

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