



Abbey Resources Corp.

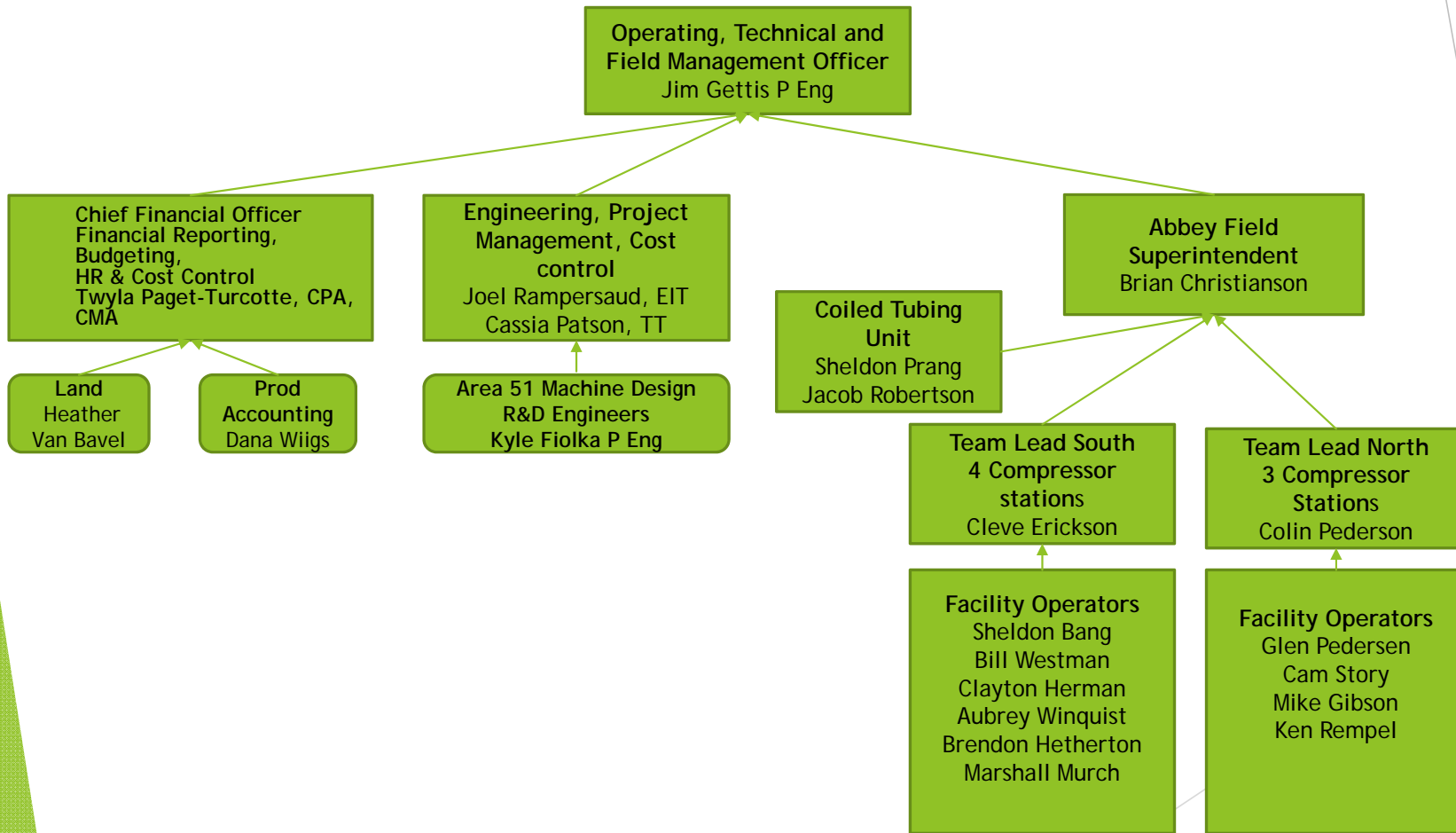
Working together to remain profitable during the next 3 years with Gas Prices of \$1.60/GJ based on the AECO Strip at April 2018

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Abbey's plan to generate free cash flow using \$1.60/gj gas prices for 3 years

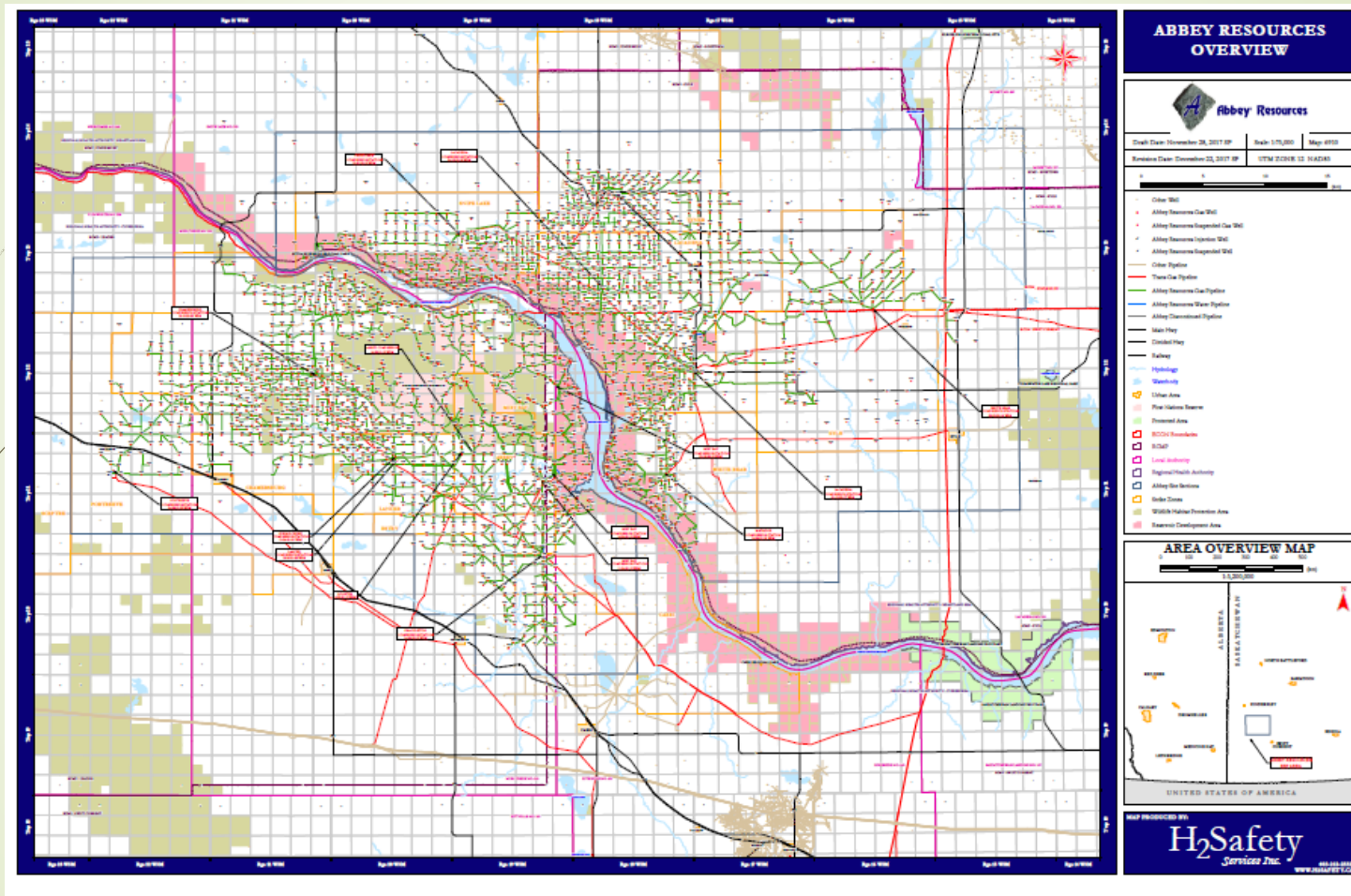
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Abbey Resources Corp - Field Org Chart, April 2018



The Assets

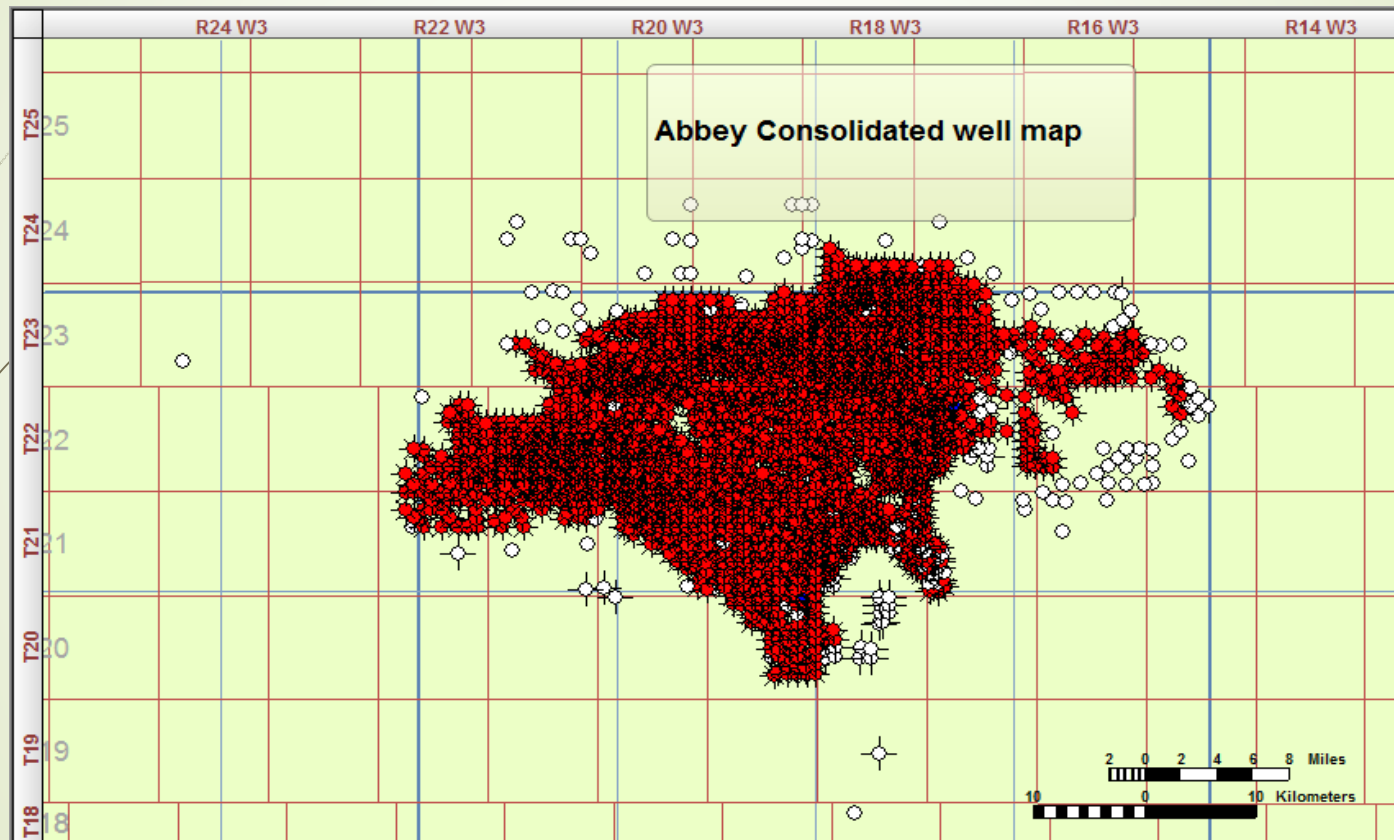
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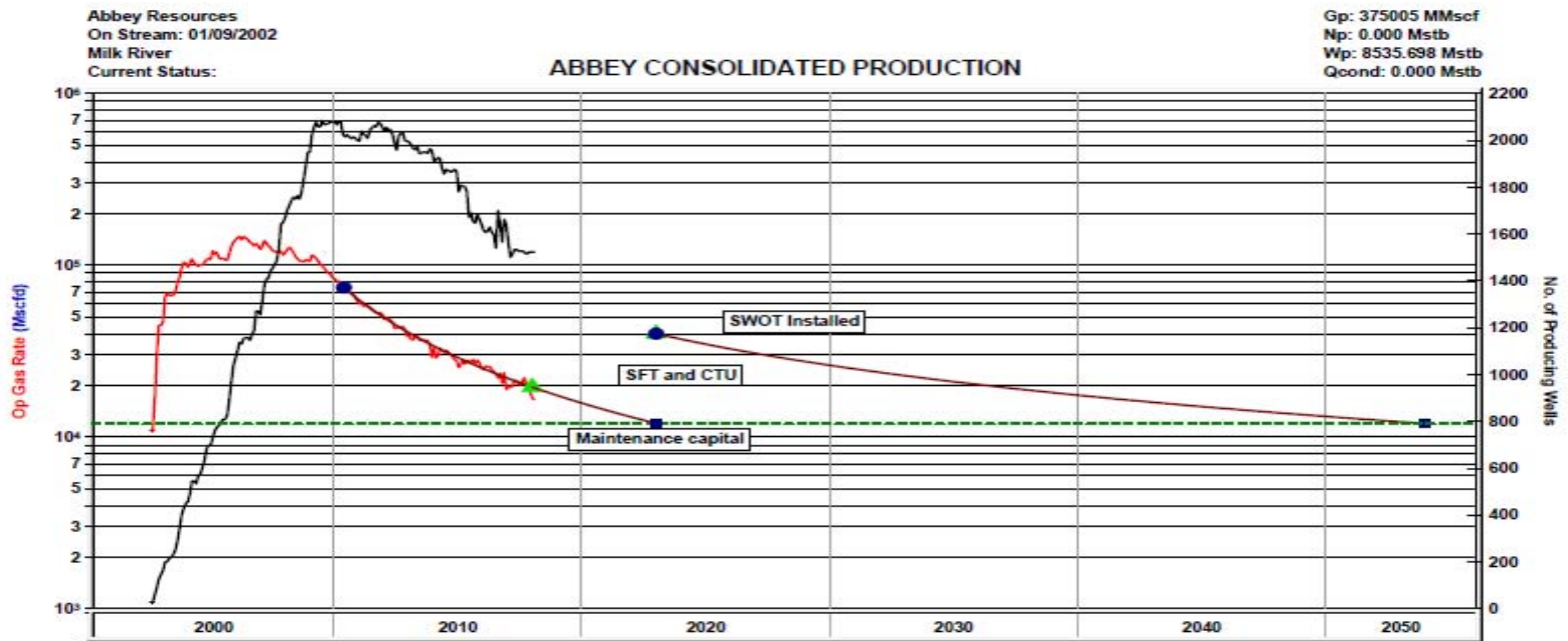
Consolidation at April 5th, 2018 and the importance of keeping all of these wells on production.



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4/5/2018

Reserves and Project Life



Decline Analysis Summary (Gas)

Analysis Name	Classification	EUR _g MMscf	G _p MMscf	RR _g MMscf	Start Date DD/MM/YYYY	q _i Mscfd	d _i sec %/year	b	q _r Mscfd	End Date DD/MM/YYYY	R ² _{log q vs t}
SWOT installed		608701	375005	233696	01/01/2023	40000.0	7.000	1.000	12000.0	31/12/2053	
Maintenance Capital		402491	374489	28002	01/01/2018	19568.3	10.526	0.680	12000.0	08/01/2023	0.981

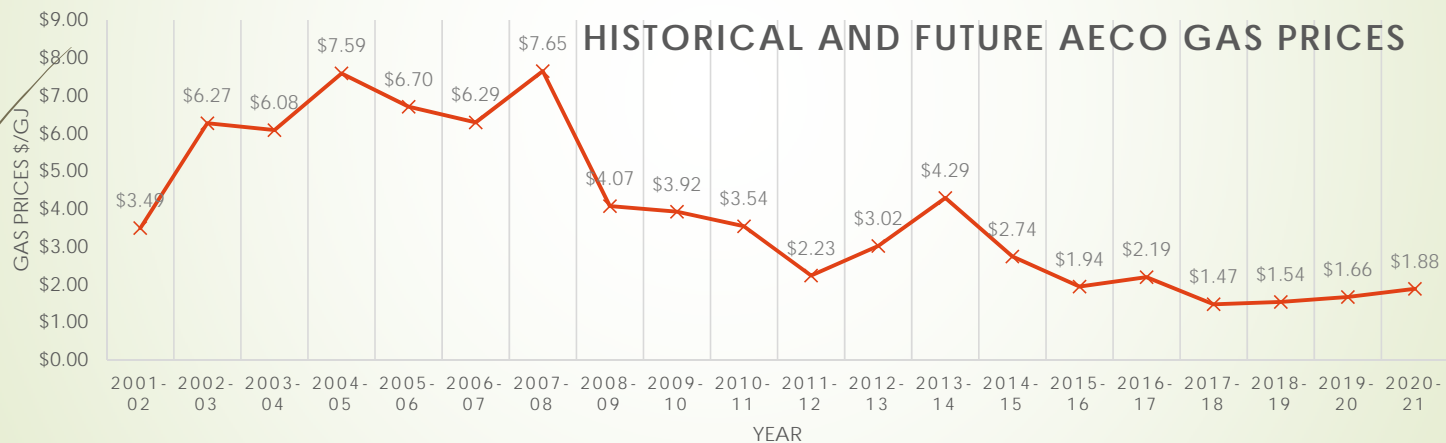
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Technology and Innovation

- ▶ **Smart Well Optimization Tool (SWOT)**
 - ▶ Innovation (\$50,000 per well),
 - ▶ Works on the principle of how we get beer from a keg into a glass in a bar.
- ▶ **Sonic Frac Tool (SFT)**
 - ▶ Innovation (\$100/well),
 - ▶ Connects to a Coiled Tubing Unit (Abbey owns a 100% interest in a CTU),
 - ▶ Uses sound to generate sufficient pressure at the perforations to clean them out.
- ▶ **Milk River Mud and Zeolite as a fertilizer**
 - ▶ Innovation (free for agricultural use),
 - ▶ Already in use in an Agricultural situation at Golden Prairie, Saskatchewan,
 - ▶ Crop yield increases of 10% to 15% compared to conventional fertilizers,
- ▶ **Power Generation and Co Generation**
 - ▶ Technology (\$1mm / mega watt installed),
 - ▶ Convert \$1.60/GJ gas to \$4.25/GJ equivalent (\$.06/kw-hr at the generator).

Current Surface Lease rental fees and existing municipal and provincial government fees are not sustainable in this \$1.60/GJ environment.

The Milk River Shallow Gas field was developed from 2003 to 2006, and gas prices averaged \$6.50/GJ, when the wells were drilled. Currently, the average gas price forecast (over next 3 years) is estimated to be \$1.60/GJ.



Fixed Cost Reduction Plan

- ▶ The cost reductions are listed in order of priority (based on the biggest impact to reduce Abbey's per unit operating cost). Most of these costs are fixed costs such as:
 - 1) Surface lease rentals,
 - 2) Rural Municipal property taxes,
 - 3) Saskatchewan Agriculture surface lease rentals,
 - 4) Saskatchewan well levies, and
 - 5) Some remaining conventional costs, such as fluid trucking and contract labor.

Abbey Cash Flow Proforma, Dec 31,2017			Reduction
Description	Total-Amount	Budget 2018	\$
REVENUE Totals:	-12,502,737.11	-\$11,217,062	
TRANSPORATION COSTS Totals:	1,190,287.75	\$1,049,357	\$140,931
OPERATING COSTS			
TRUCKING - WATER	377,474.74	94,368.69	\$283,106
CONTRACT OPERATORS	1,463,930.49	1,244,340.92	\$219,590
LEASE RENTALS, TAXES & FEES			
LEASE RENTALS - MINERAL	585,996.03	292,998.02	\$292,998
LEASE RENTALS - SURFACE	4,023,588.33	2,011,794.17	\$2,011,794
PROPERTY TAXES	2,299,516.02	1,724,637.02	\$574,879
ADMINISTRATION LEVY	289,080.00	144,540.00	\$144,540
	7,448,652.61	4,424,441.43	\$3,024,211
OPERATING EXPENSES Totals:	12,548,737	8,880,900	\$3,667,837
Gas Price \$/GJ	\$2.39	\$1.60	
Operating Costs \$/GJ	\$2.40	\$1.28	
Annual Volumes GJ	5,232,227	6,935,000	
Daily Rates GJ/Day	14,335	19,000	
Net Operating Income \$	-\$110,826	-\$2,336,162	

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Why Did Abbey Purchase these assets?

- To generate returns for shareholders, My wife and I own 44% of the shares
 - Production is stable and predictable as it produces low volumes from many wells.
- Provide Natural gas for the province of Saskatchewan to offset 750,000 GJ/day currently imported from Alberta during the Winter.
- Provide employment for 4 employees and 13 contract employees located in Saskatchewan.
- Provide opportunities for service contractors:
 - Trucking
 - Maintenance and Construction
- Support the local economy by paying:
 - Surface Lease rentals,
 - Property and education taxes.
- Support the government of Saskatchewan by paying:
 - Mineral lease rentals,
 - Well Taxes and
 - Crown mineral lease rentals.

Benefits for Surface lease owners by supporting Abbey

- Surface lease rentals can supplement farming and retirement income for the next 30 years according to Abbey's business plan,
- If Agricultural commodity prices drop surface lease rentals help bridge the gap,
- Property taxes currently being paid by Abbey would have to be redistributed to the Agricultural industry Residential communities, if Abbey were to shut down operations,
- Power generation could benefit rural power consumption by lowering the \$/KW rate presently being charged to rural consumers.
 - Abbey would enter into private contracts with large rural consumers in the municipality,
- Mud mixed with Zeolite could benefit the agricultural industry by lowering input costs for production.

Revised Proposal for Surface lease Owners

- Prepare a rental review letter for signature by each of the surface lease owners to be effective May 1, 2018:
- The review letter would contain the following terms:
 - Rental Reduction of 50% from May 1, 2018 to April 30, 2019,
 - Rental reduction of 45% from May 1, 2019 to April 30, 2020,
 - Rental Reduction of 40% from May 1, 2020 to April 30, 2021,
 - After April 30, 2021 there will be no rental reduction.
- Benefits of new deal:
 - Simpler deal for surface owners, no liability or tax issues,
 - Minor impact on NPV,
 - preserves 90% of the NPV over the next 30 years for banking and value creation,
 - Abbey can use the cash it would have needed to buy the ASE shares to develop the property instead,
 - Abbey saves \$75,000 in legal fees.