

TSX:PPY
PAINTED PONY PETROLEUM LTD.

Corporate Presentation

July 6, 2015



DRIVING FORWARD

Growing a Premier Natural Gas Asset

Focus on Montney Natural Gas in Northeast British Columbia:

- **Successfully assembled, explored and de-risked a massive resource play**
 - **2.9 Tcfe (488 Mmboe) Proved Plus Probable Reserves⁽¹⁾**

- **Moving into full development phase supported by PPY – AltaGas Strategic Alliance**
 - **Projecting production growth to over 100,000 boe/d in 2019**
 - **Fully funded with cash balance, cash flow and syndicated bank credit facilities**
 - **5-year plan based entirely on North American sales, with no reliance on LNG**

- **Premium assets in the optimum area**
 - **Montney is one of the most economic gas plays in North America**
 - **PPY wells have the highest average peak month rate of all Montney operators over the past 3 years**
 - **West of BC Royalty Line (larger royalty credit per well)**
 - **Current and proposed sales pipelines intersect PPY properties**
 - **Ideally suited & situated to be a future west coast LNG supplier**

(1) See “Disclaimer” section.

Corporate Snapshot

Financial

TSX: PPY*PPY is included in the TSX Composite Index*

99.7 million	Shares Outstanding⁽¹⁾
107.5 million	Fully Diluted Shares Outstanding (\$9.19 average strike price)⁽¹⁾
\$5.68 - \$14.75	52-Week Trading Range
\$786 million	Market Capitalization (\$7.88/share)
\$325 million	Syndicated Bank Credit Facilities – Two Year Term ((\$225 million currently, staged increases to \$325 million by Oct. 31, 2016))
\$104 million	2015 Forecast Capital Expenditures⁽²⁾
\$39.5 million	Net debt as of March 31, 2015

(1) As of March 31, 2015.

(2) See "Disclaimer" section.

Corporate Snapshot

Production, Reserves & Net Asset Value

16,243 boe/d

Q1 2015 Average Production (93% natural gas)
67% increase over Q1 2014 Average Production of 9,734 boe/d

2.9 Tcfe

Proved + Probable Reserves – Dec. 31, 2014⁽¹⁾

68%

Increase in 2P Reserves in 2014

30%

Increase in 2P Undeveloped Reserves per well in 2014

23%

Decrease in 2P FDC per Mcfe in 2014 to \$1.13

98 years

Proved + Probable Reserve Life Index⁽²⁾

25 years

Proved Reserve Life Index⁽²⁾

5.1 times

2014 Proved + Probable Recycle Ratio (FD&A)

3.1 times

2014 Proved Recycle Ratio (FD&A)

4,215%

2014 Production Replacement (Proved + Probable)

\$2.6 billion

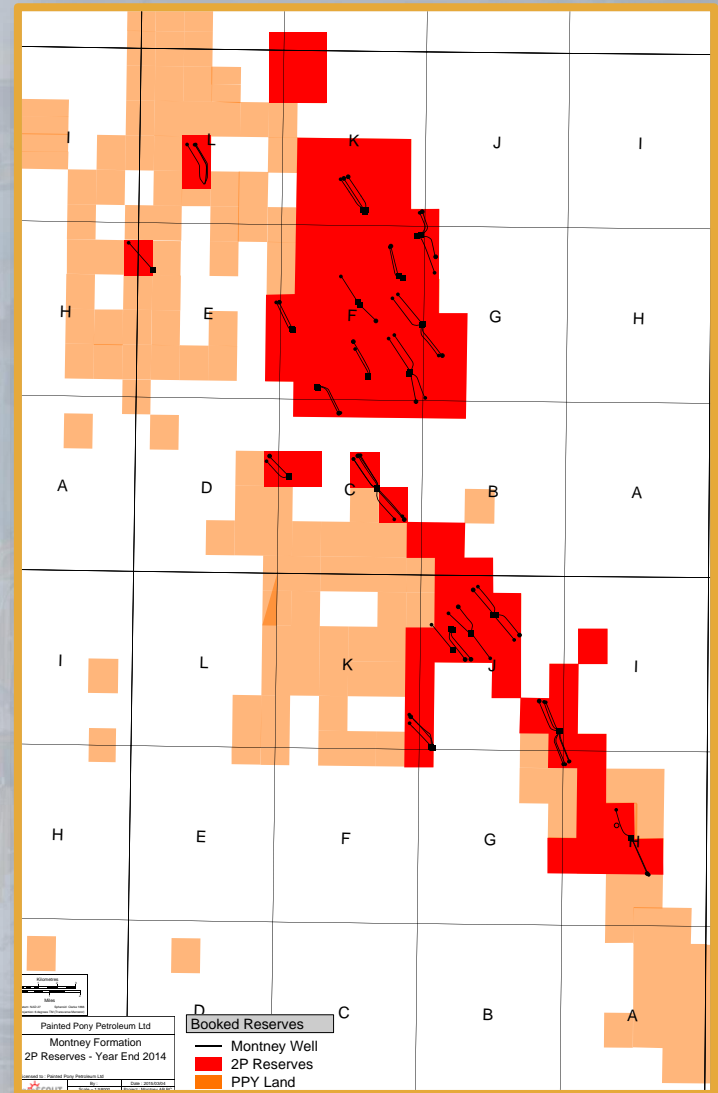
NPV10 Proved + Probable Reserves – Dec. 31, 2014⁽¹⁾

\$2.9 billion

Net Asset Value (NAV)⁽³⁾

\$27.50

NAV Per Fully Diluted Share⁽³⁾

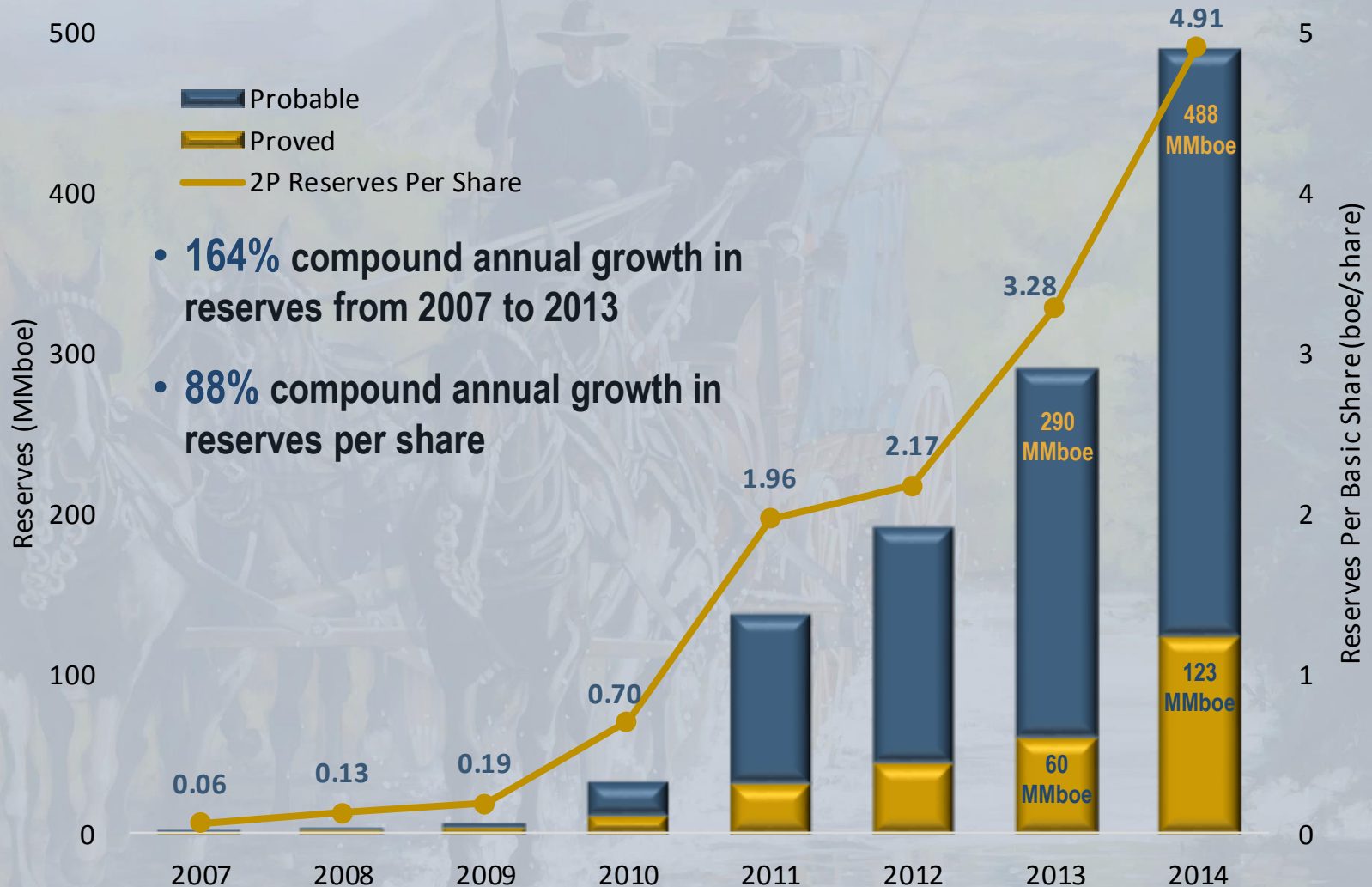


(1) See "Disclaimer" section.

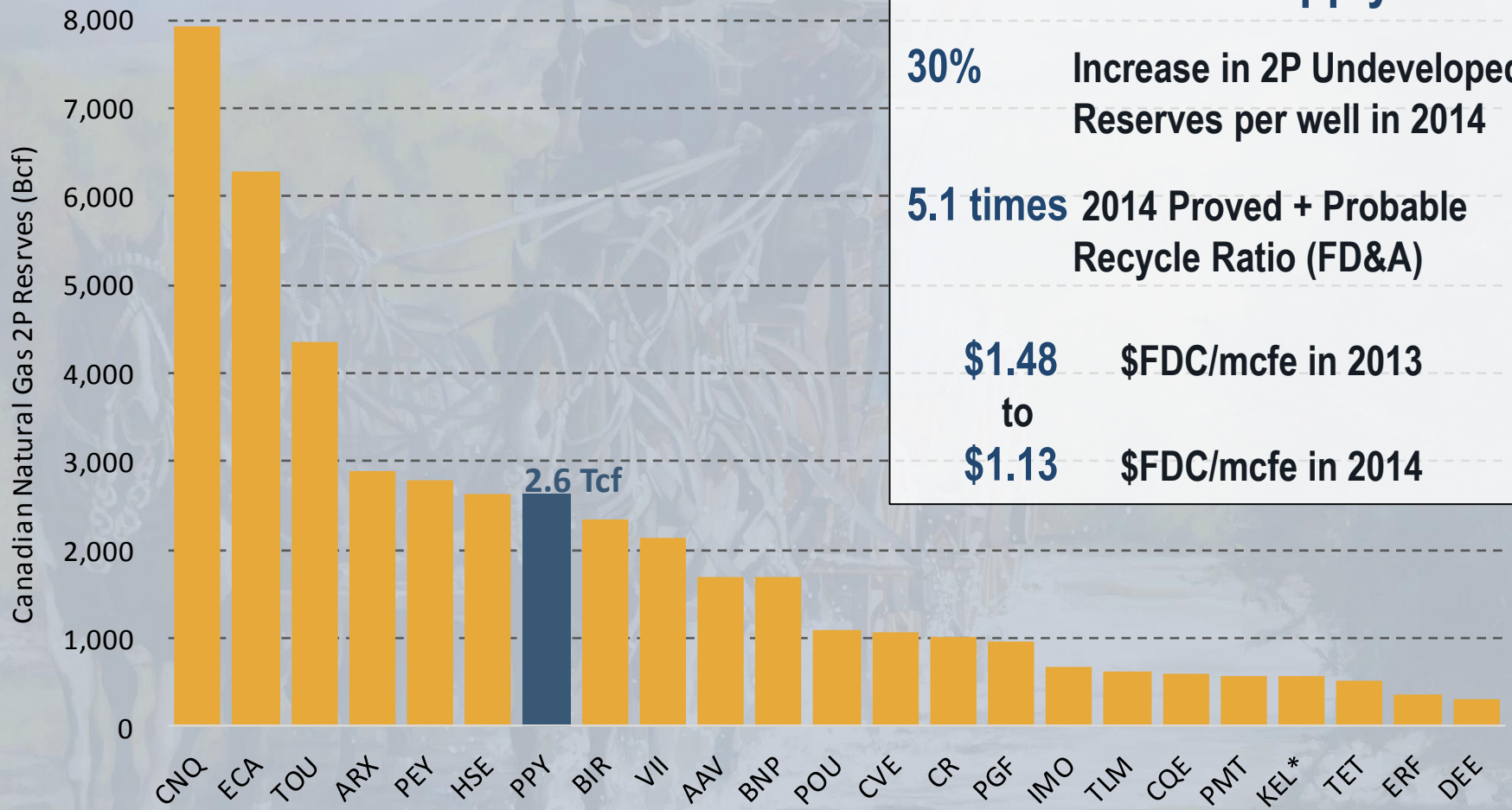
(2) Based on fourth quarter 2014 annualized production

(3) NAV calculated using the NPV10 of 2P reserves as prepared by GLJ Petroleum Consultants effective December 31, 2014, plus undeveloped land evaluated by Seaton-Jordan & Associates Ltd., plus working capital as of December 31, 2014. NAV Per Share calculated using shares outstanding as of December 31, 2014.

Impressive & Consistent Reserves Growth ^(R)



Dec. 31, 2014 Canadian Natural Gas Reserves



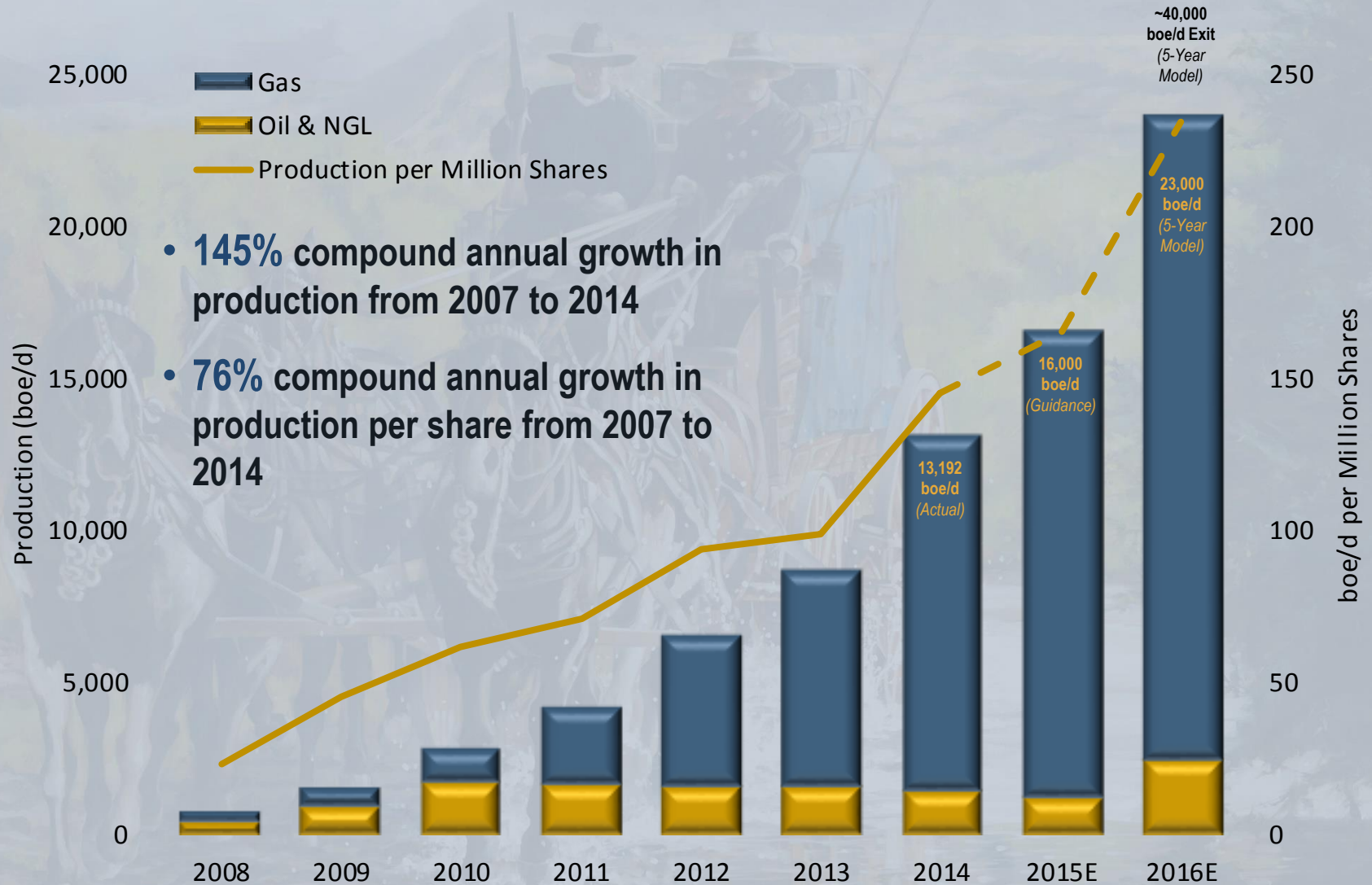
Cost of Supply

- 30%** Increase in 2P Undeveloped Reserves per well in 2014
- 5.1 times** 2014 Proved + Probable Recycle Ratio (FD&A)
- \$1.48** \$FDC/mcfe in 2013
to
\$1.13 \$FDC/mcfe in 2014

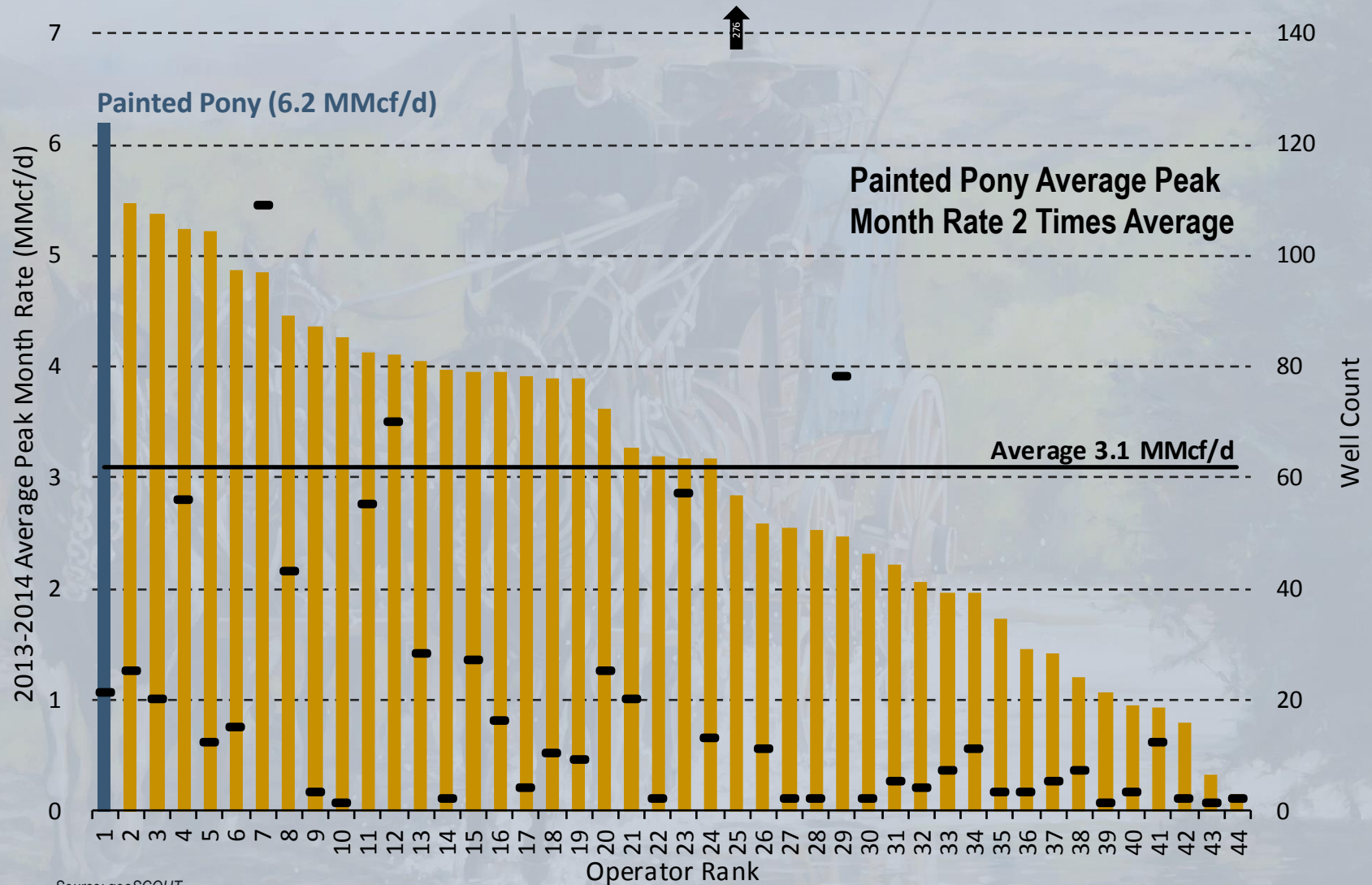
Source: Company press releases and Annual Information Forms.

* KEL + RTK

Impressive & Consistent Production Growth^(P)

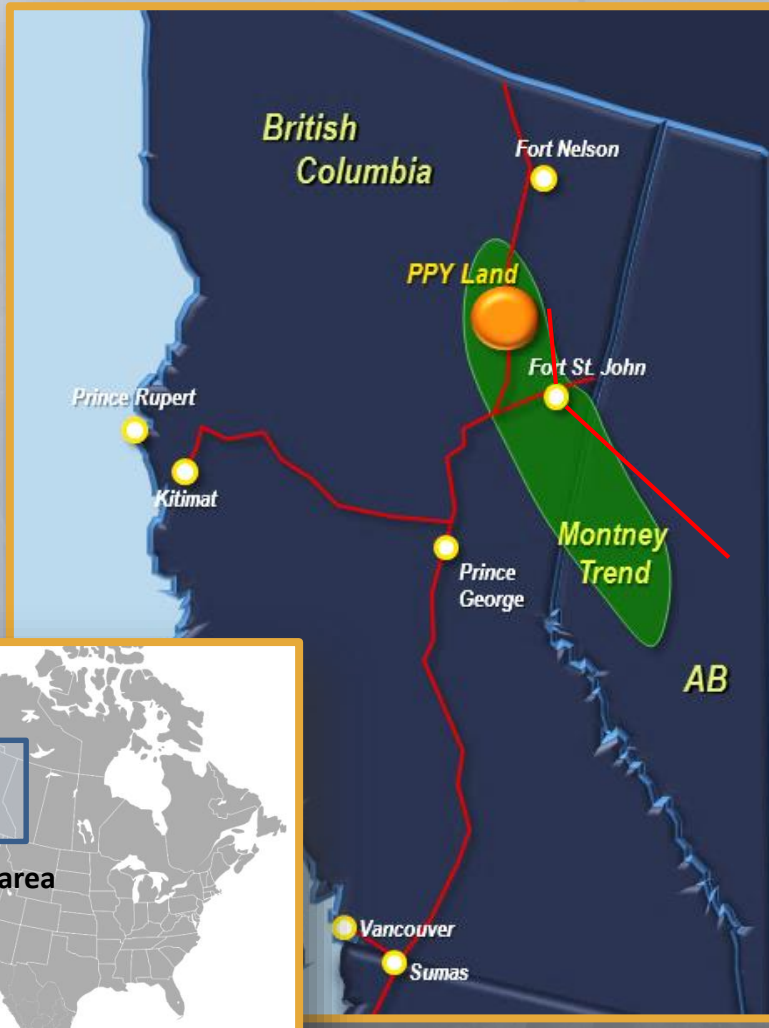


Top Wells Among All Montney Operators



The Montney Trend in Western Canada

A Leading North American Gas Play

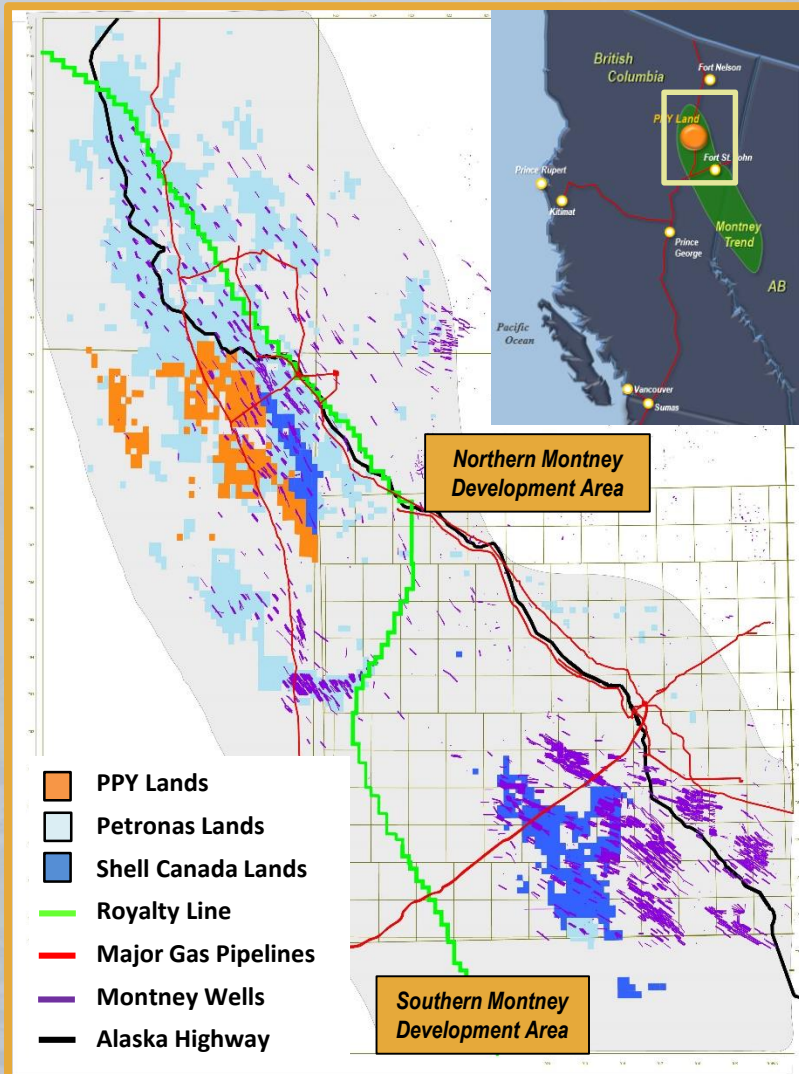


Key Attributes

- Tight dolomitic siltstone reservoir
Better reservoir than a shale
- 300 meters (1,000 ft.) thick
4x Thicker than the Marcellus
- Continuous gas-saturated zone
No associated or underlying water
- Sweet gas
No acid or sour gas residue
- High heat content gas
Associated gas liquids enhance gas value
- 3 distinct layers proven commercial to date
4 - 6 Layer potential under full exploitation
- Excellent pipeline egress to N. American markets
With existing spare capacity

Painted Pony's Montney Position

Premium Assets Located in the Optimum Area



Key Attributes

- **Large contiguous land base with year-round access**
217 Net sections (139,049 net acres)
2nd Largest position in northern Montney west of royalty line
- **High working interest**
Average 75%, with operatorship on all key properties
- **Significantly over-pressured reservoir (sweet spot)**
- **Attractive B.C. provincial royalty structure**
\$2.2 million average royalty credit per well
- **Highest avg. peak rate among Montney operators**
75 wells drilled to date (57 operated by PPY)
~249 locations in 5-year plan
- **High gas liquids (C3+) content**
Up to 60 bbls/MMcf forecast yield at Townsend
1,080 Btu/scf residual heat content
- **Proven low cost operator as well costs continue to decrease**

Substantially De-Risked

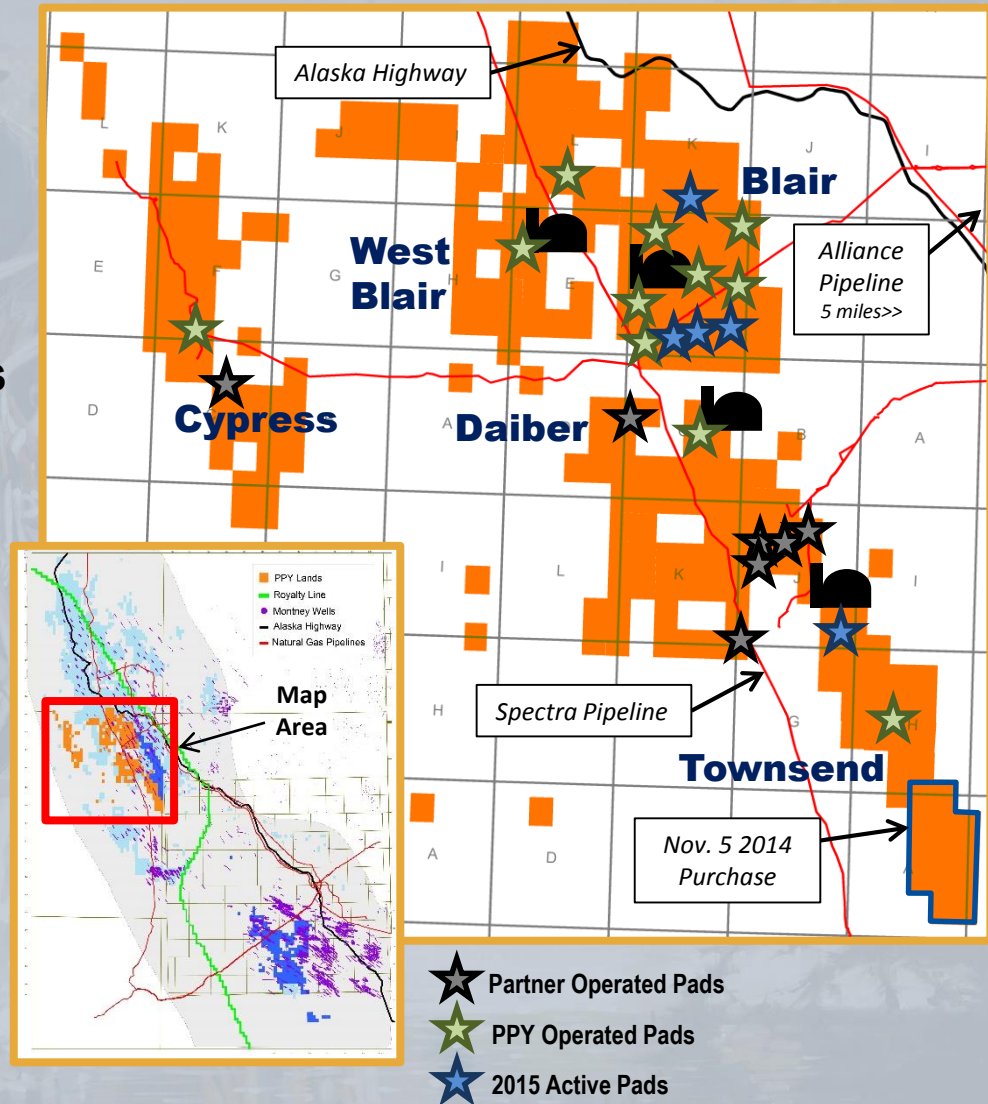
Moving into Development Phase

2015 Budget

\$104	Estimated expenditures (millions)
8.0	Gross and net wells - pre drills for Townsend Plant in 2016
14.0	Total gross and net planned drills
10.0	Gross and net planned completions

AECO Hedges (CDN\$)

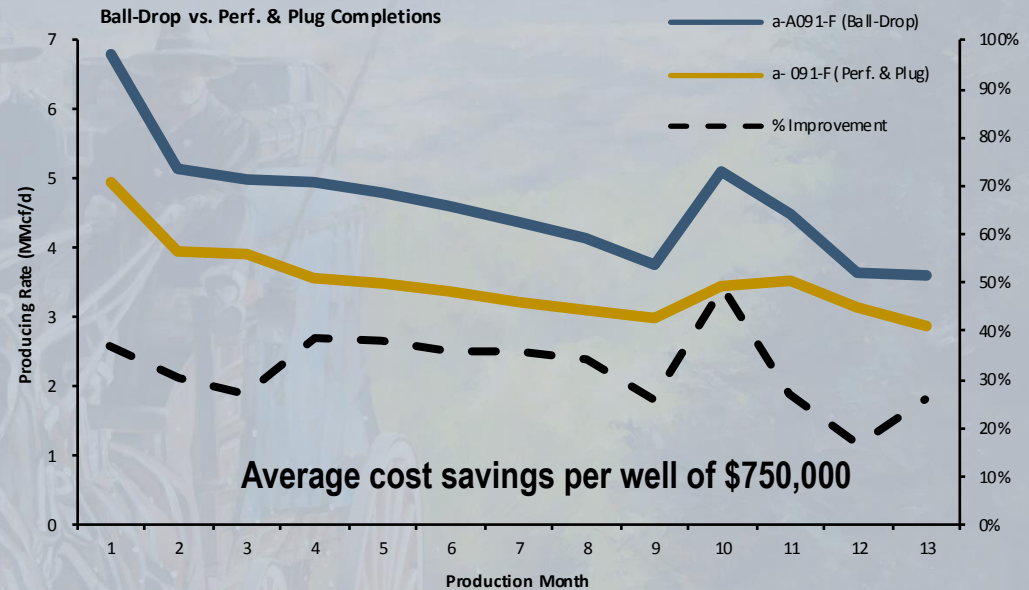
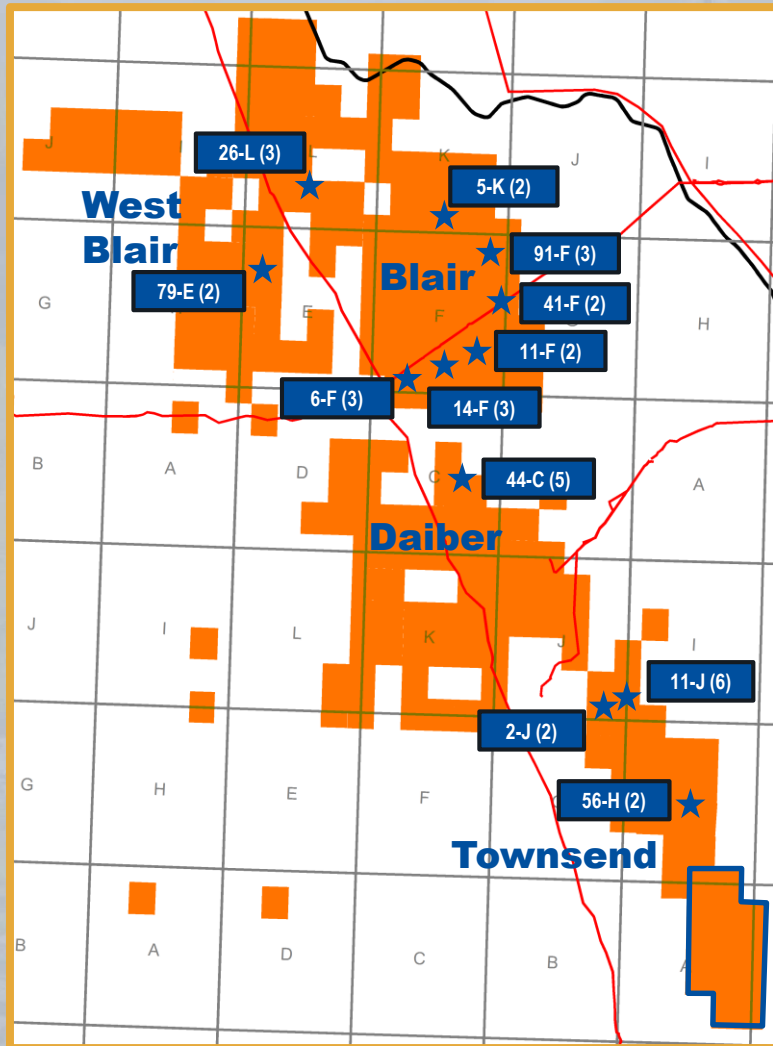
2015 Q2-Q4	37.9 MMcf/d at \$3.14/Mcf
2016 Q1	66.4 MMcf/d at \$3.02/Mcf
2016 Q2-Q4	66.4 MMcf/d at \$3.03/Mcf
2017 Q1	66.4 MMcf/d at \$3.03/Mcf
2017 Q2	42.7 MMcf/d at \$3.06/Mcf
2017 Q3-Q4	29.4 MMcf/d at \$3.13/Mcf
2018 Q1-Q2	5.7 MMcf/d at \$3.19/Mcf



Improved Performance Through Technology

Open-Hole Ball-Drop Completions

★ PPY-operated Ball-Drop Completions



a-A91-F/94-B-16 Ball-Drop Completion

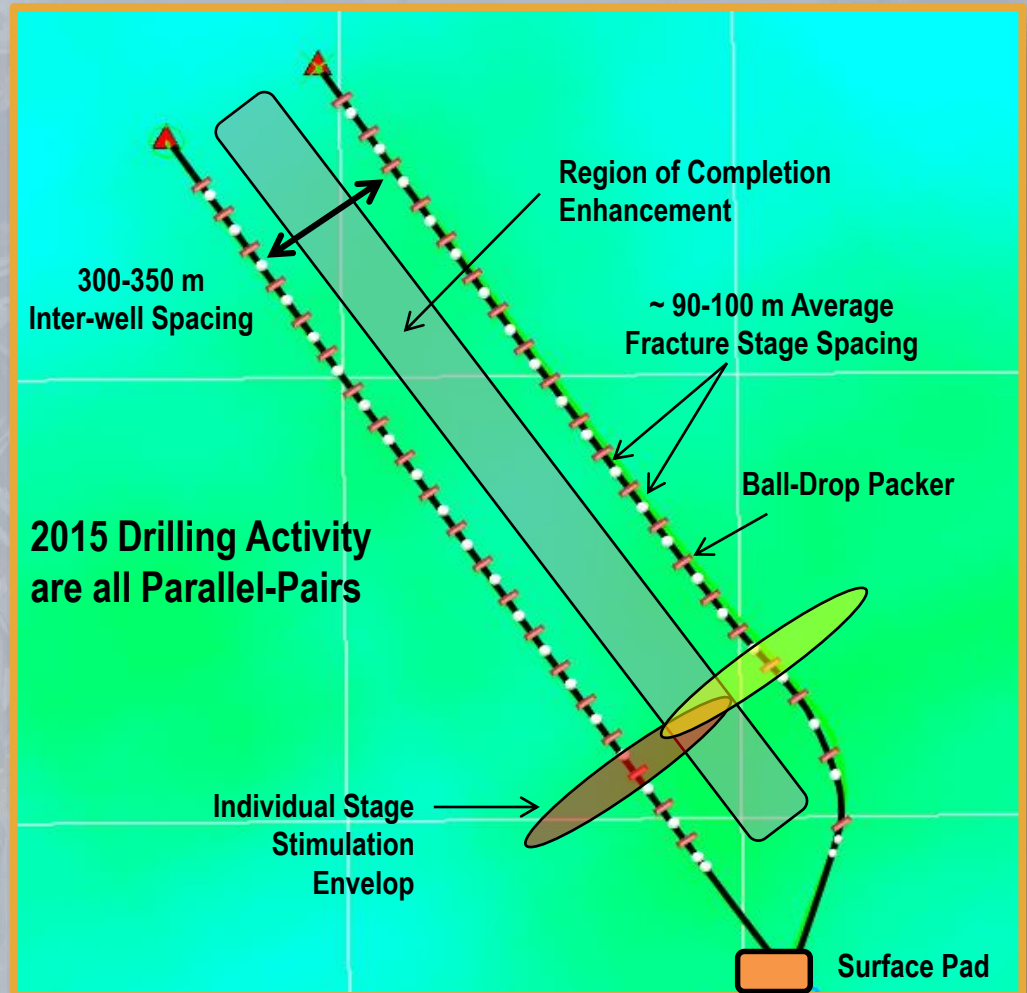
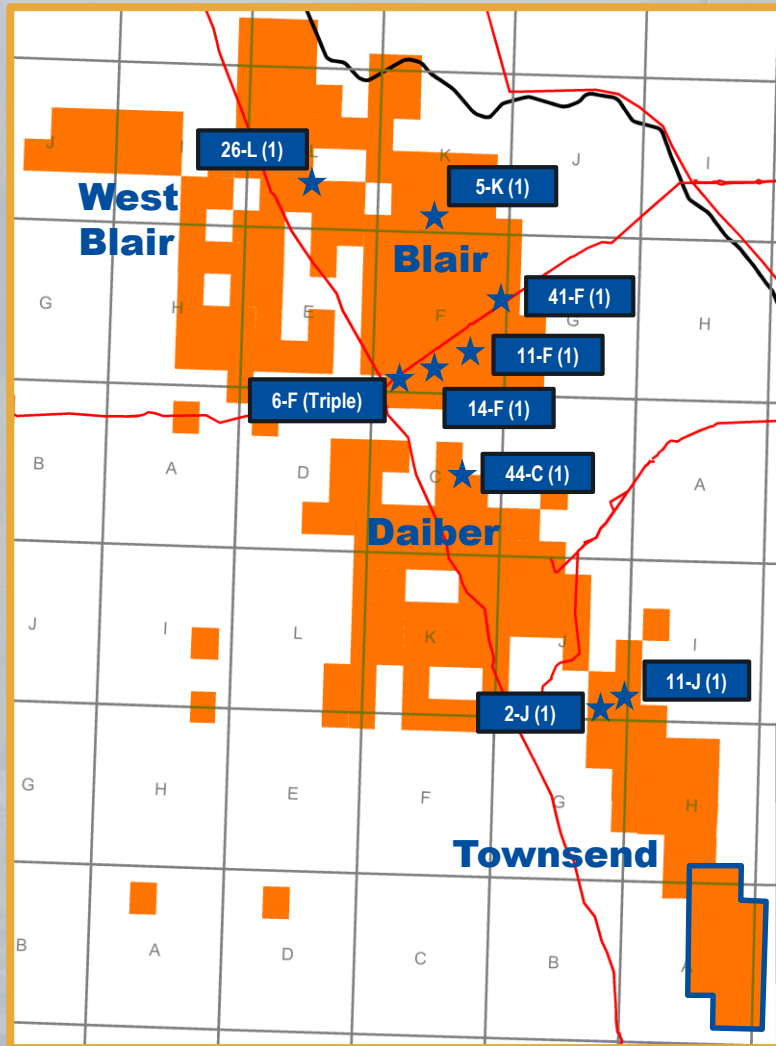
- Peak test rate: **8.7 MMcf/d** (1,870 boe/d)
- Cumulative production: **1.8 Bcf** over 13 months

a-91-F/94-B-16 Perf-and-Plug Completion

- Peak test rate: **6.7 MMcf/d** (1,450 boe/d)
- Cumulative production: **1.4 Bcf** over 13 months

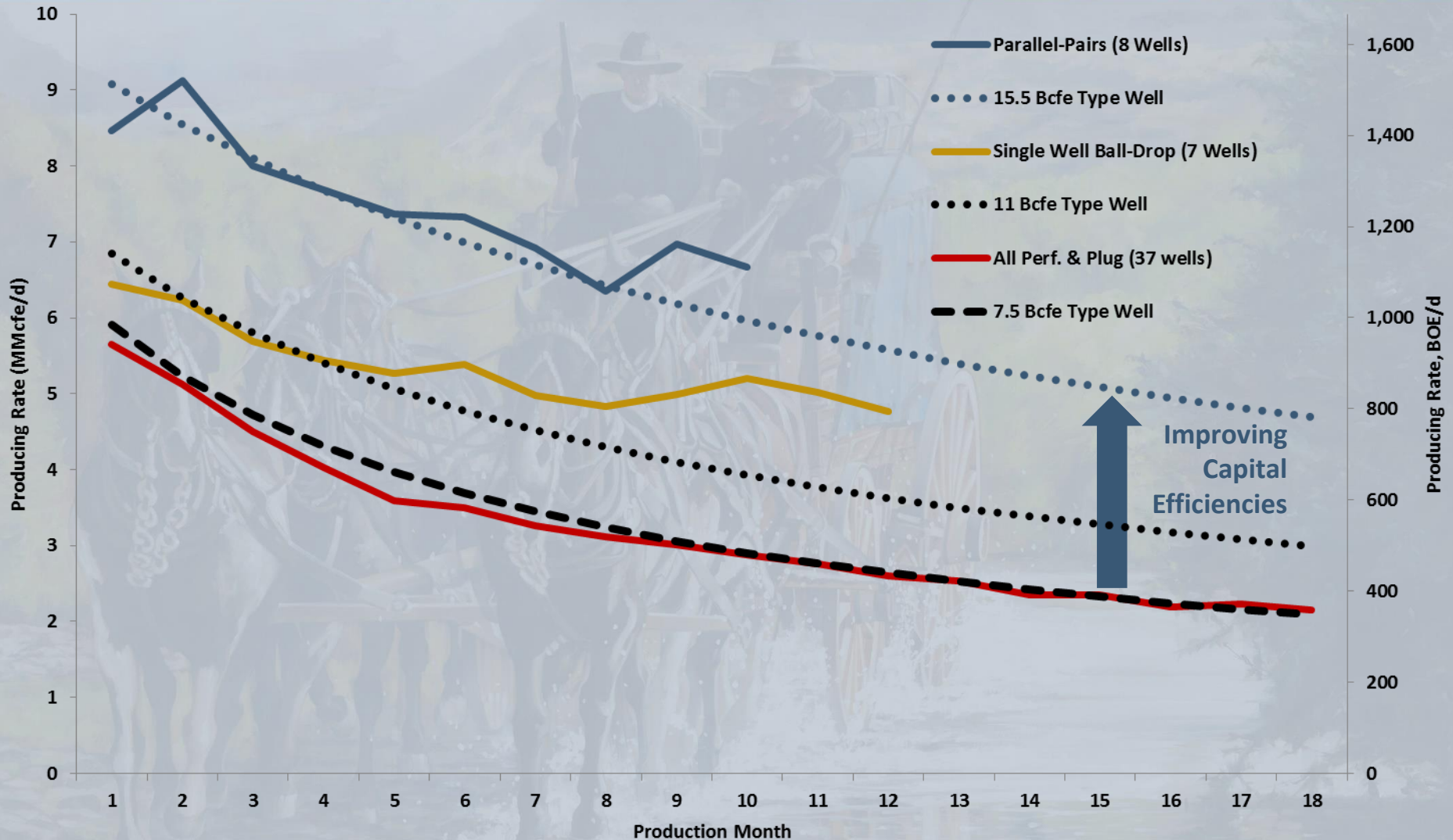
Improved Performance Through Technology

Parallel-Pair Drilling



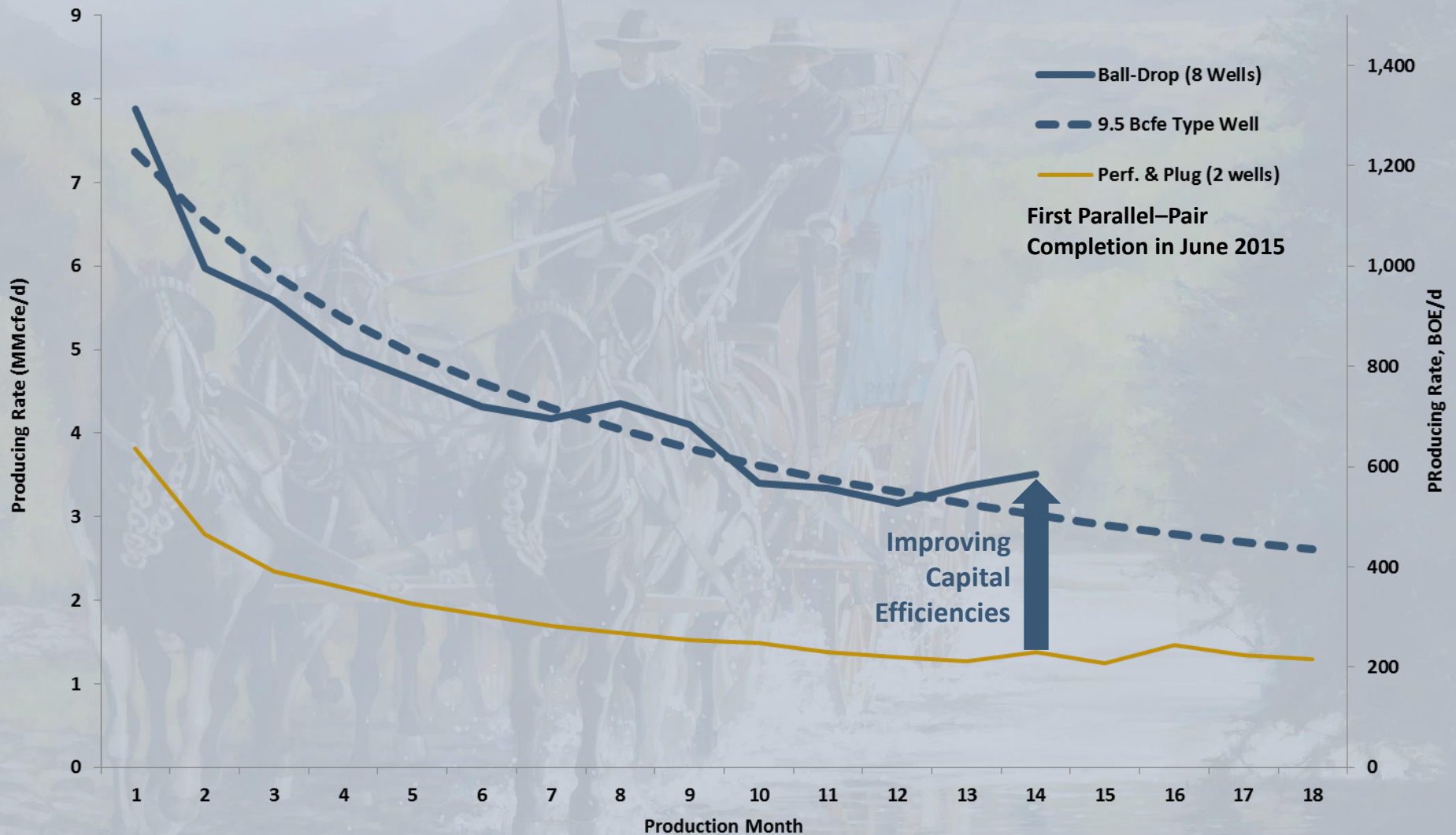
PPY Average Montney Well Production - Blair-Daiber

Technology Drives Step-Change



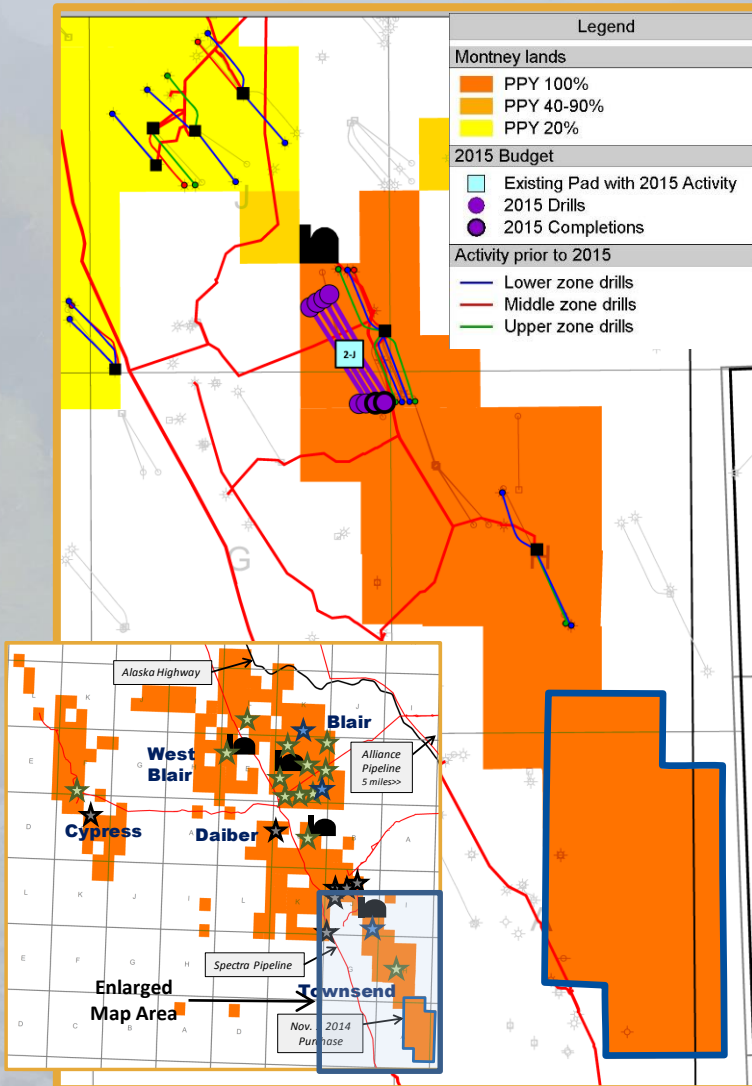
PPY Average Montney Well Production - Townsend

Technology Drives Step-Change



Townsend Development Plan

2015 Program



Development Program Economics

- **\$6.7 million (CDN\$)** Drill, complete, and equip (2015 ↓ 10%)
- **7.4 MMcf/d** I.P. 30 production rate
- **9.5 Bcfe** P+P reserves per well (includes 420 Mbbl of liquids)
- **60 bbls/MMcf** Liquids recovery (C3+)
- **\$10.6 million (CDN\$)** NPV 10% per well
- **73%** Internal rate of return^(IRR)
- **1.6 years** Payout period (from spud)

Activity Highlights

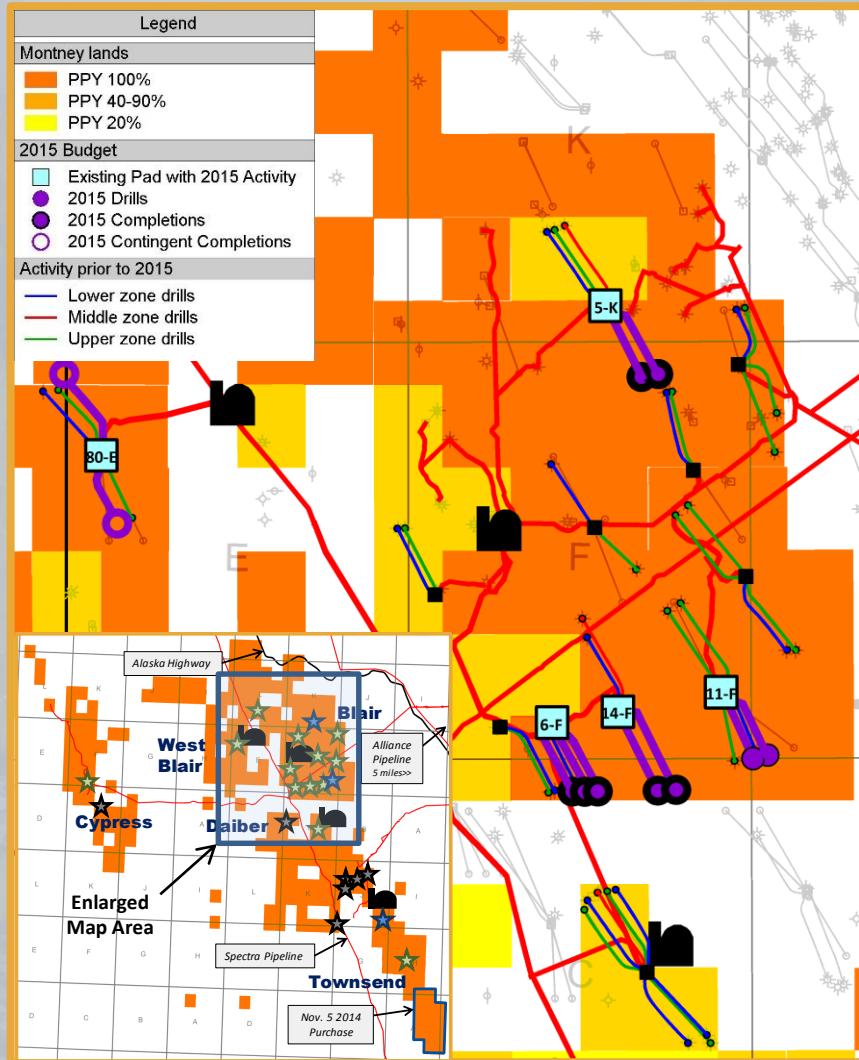
- Expect to drill 10.0 net wells in 2015 including 6.0 net pre-drills for the Townsend Plant
- AltaGas to commence refrigeration plant construction in Q3 2015

GLJ Price Deck

	2015	2016	2017	2018
NYMEX (US\$/MMBtu)	\$3.31	\$3.75	\$4.00	\$4.25
WTI (US\$/bbl)	\$62.50	\$75.00	\$80.00	\$85.00

Blair-Daiber Development Plan

2015 Program



Development Program Economics

- \$6.7 million (CDN\$) Drill, complete, and equip (2015 ↓ 10%)
- 6.8 MMcfe/d I.P. 30 production rate
- 11 Bcfe P+P reserves per well (includes 150 Mbbbl of liquids)
- 15 bbls/MMcf Liquids recovery (C3+)
- \$8.5 million (CDN\$) NPV 10% per well
- 56% Internal rate of return^(IRR)
- 1.8 years Payout period (from spud)

Activity Highlights

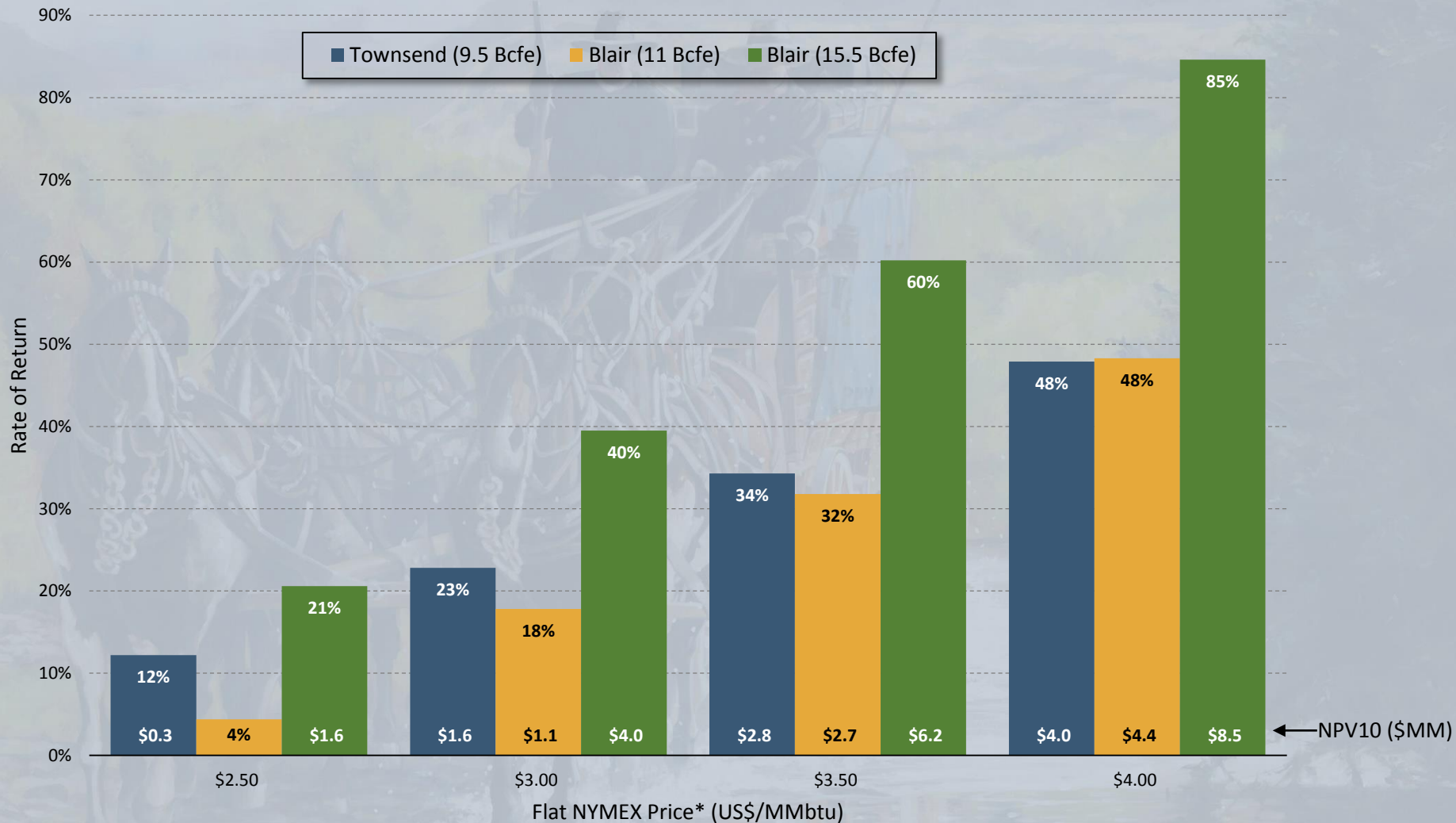
- Expect to drill 4.0 net wells in 2015 including 2.0 net pre-drills for the Townsend Plant
- Expanded Daiber lean gas processing facility (Feb. 2015)
- Constructed West Blair lean gas processing facility (Feb. 2015)
- Constructed Blair-Daiber pipeline interconnect (Jan. 2015)

GLJ Price Deck

	2015	2016	2017	2018
NYMEX (US\$/MMBtu)	\$3.31	\$3.75	\$4.00	\$4.25
WTI (US\$/bbl)	\$62.50	\$75.00	\$80.00	\$85.00

Montney Development Economics

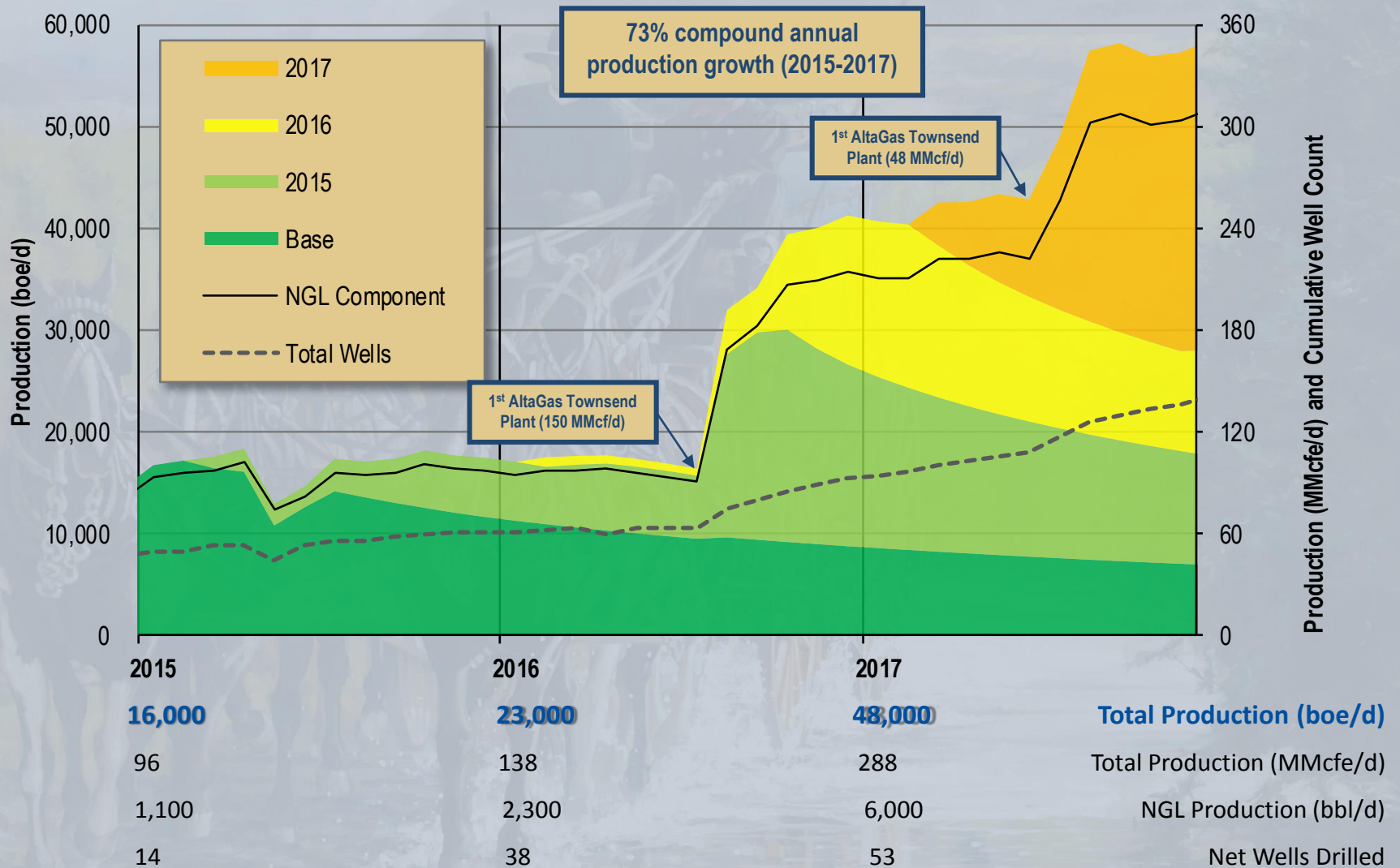
Flat Price Sensitivities



* Assumes flat WTI of US\$59/bbl and US \$0.80/C\$

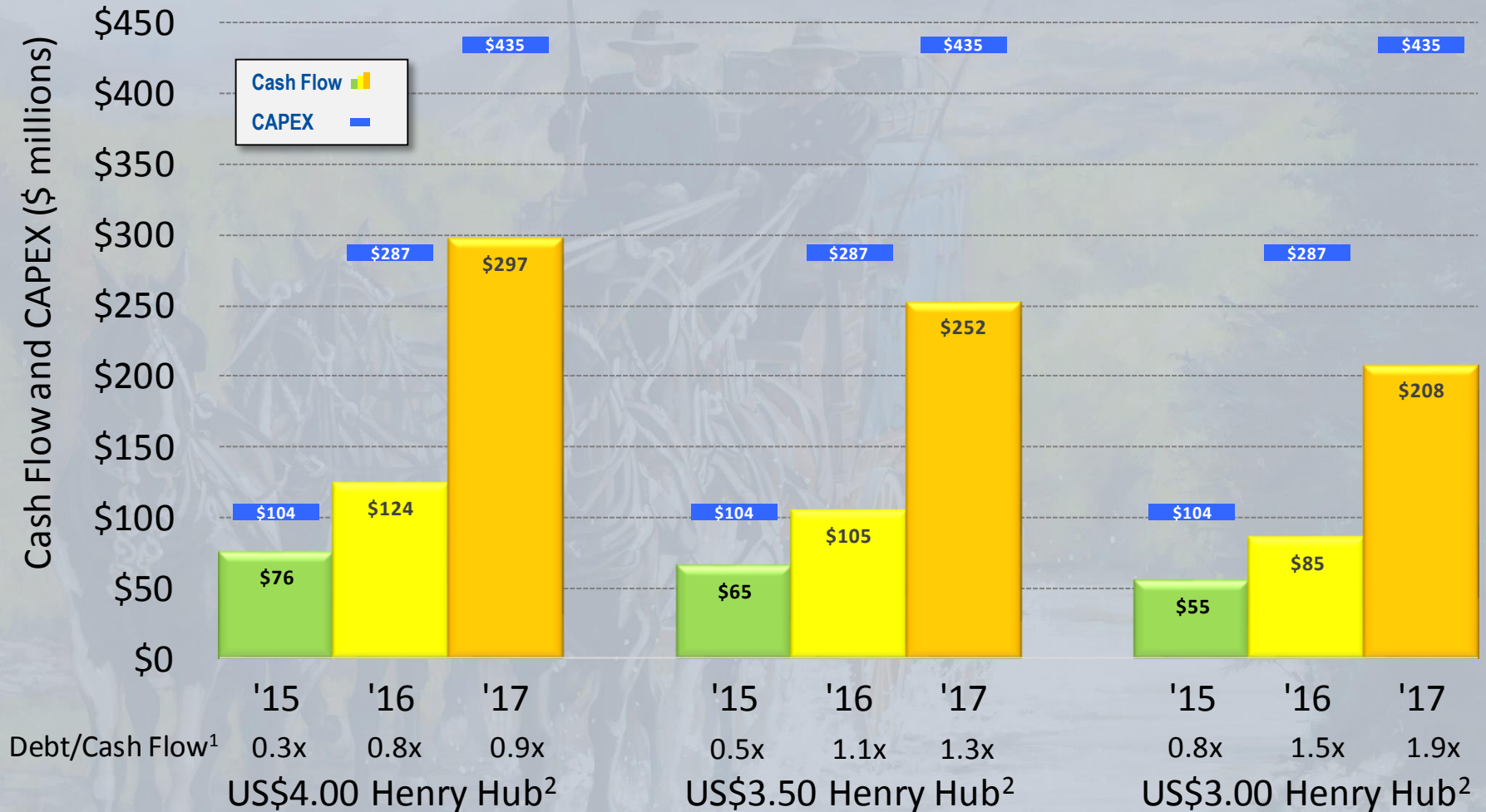
First 3-Years Montney Development Model

Processing Infrastructure Build-out Drives Growth



First 3-Years Montney Development Model

Cash Flow Growth



1 - Year-end debt divided by annualized fourth quarter cash flow

2 - Assumes flat WTI of US\$59/bbl and US\$0.80/C\$

Deal with People You Trust

Strategic Alliance with AltaGas - Marketing Opportunities

AltaGas becomes PPY's Primary Natural Gas and NGL Marketer

Liquids-Rich Natural Gas Processing

- Provides for the development of essential liquids-rich gas processing facilities

Market-Competitive Product Pricing

- AltaGas commits to seeking transactions at sales prices greater than comparable area third party marketers

PPY Becomes AltaGas' Primary Export Supplier

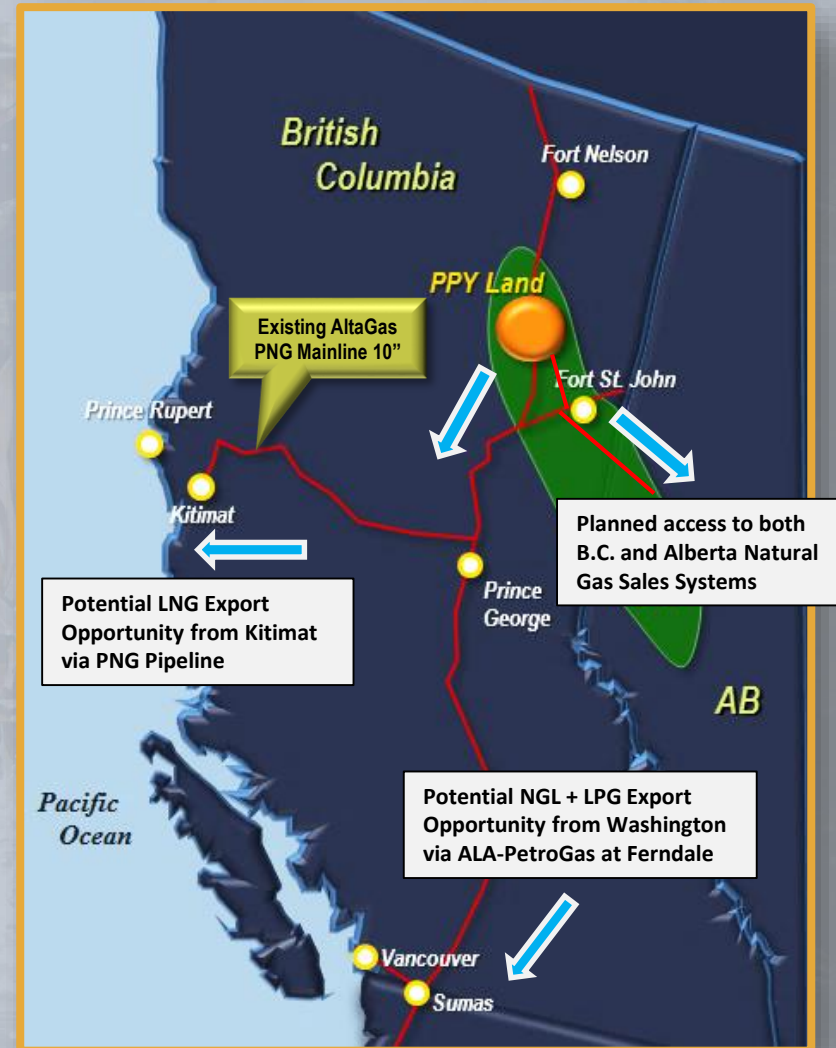
- PPY receives preferred access to delivering gas on export contracts which flow through AltaGas operated facilities

Flexibility to Develop and Process Lean Gas

- Allows PPY to independently build lean gas processing facility anywhere in the Montney (e.g. planned West Blair facility)

Private Placement of \$50 million at \$12.00/share

- With a one-year hold period (August 2015)



Painted Pony – AltaGas Strategic Alliance

Key Facilities

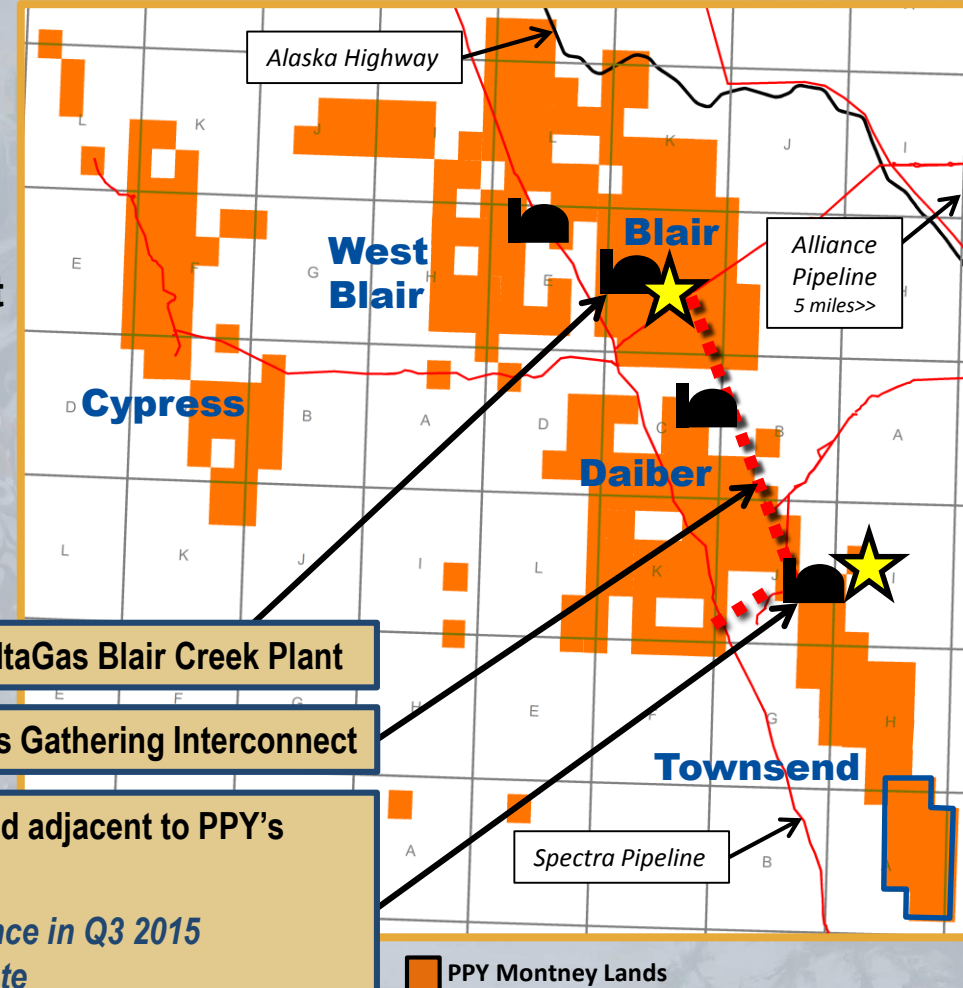
Townsend Liquids-Rich Gas Processing

New Townsend Facility:

- Major new shallow-cut facility
- 198 MMcf/d gross capacity
- PPY has secured firm capacity for the entire plant
- Expected completion in Q3 2016

Additional Townsend Area Facilities:

- Potential for additional facilities which could include a deep-cut system for the enhanced recovery of additional natural gas liquids and liquids fractionation on same site



Existing AltaGas Blair Creek Plant

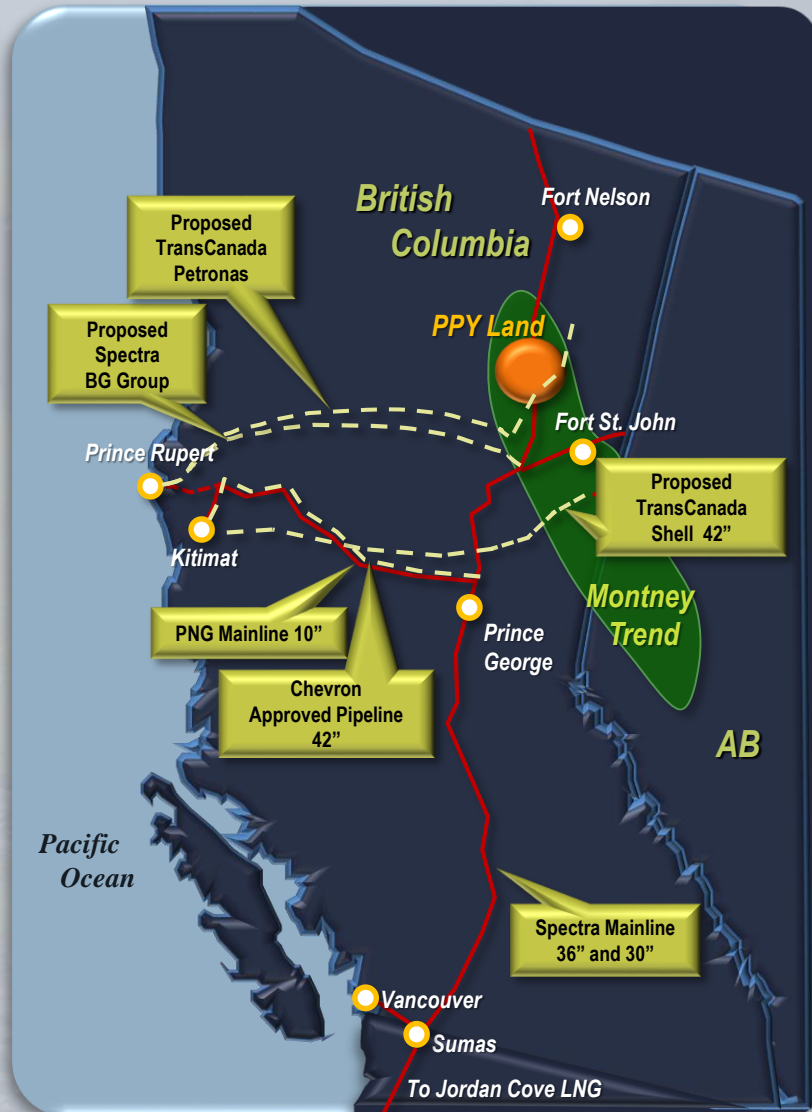
Proposed Blair-Townsend Gas Gathering Interconnect

AltaGas Townsend facility will be located adjacent to PPY's existing 25 MMcf/d Townsend plant

- ✓ Construction scheduled to commence in Q3 2015
- ✓ Site expansion & grading is complete
- ✓ Preliminary engineering (FEED) study is complete
- ✓ Multiple options for pipeline egress

Proposed West Coast LNG Projects

A Long Call Option for PPY Gas



Selected Canadian LNG Projects	Export Capacity
Shell LNG Canada <i>In-service 2019</i>	~3.2 Bcf/d
Petronas Pacific NW LNG* <i>In-service 2019</i>	~2.6 Bcf/d
AltaGas-Idemitsu Douglas Channel LNG <i>In-service 2018</i>	~0.1 Bcf/d

* Petronas Announced Conditional FID in June 2015

Key Advantages for Canadian LNG:

- Short sailing times to Japan and northern Asia
- Average ambient temperature (6 Celsius) reduces liquefaction energy costs
- Canada's well-established oilfield service industry provides cost insulation

The Best Pony in the Race

Premier Montney Asset Base

- Large, contiguous land position with year-round access, located 100% in B.C.
- Geological, infrastructure and royalty sweet spot
- High-rate, liquids-rich, sweet natural gas wells

Proven low cost Montney operator

- Excellent economics at domestic gas prices
- Significant value uplift from increased liquids recovery
- Top decile 2014 FD&A recycle ratios of 5.1x (2P), 3.1x (1P) and 2.3x (PDP)
- 2014 2P FD&A cost of \$0.70/Mcfe

Ideally situated and timed for LNG projects

- On existing and proposed pipeline routes to Canada and U.S. west coasts
- Optimum heat content for LNG export - 1,080 Btu/scf
- Substantially de-risked – Aggressive development phase has commenced
- Line-of-sight to increased net processing capacity of 198 MMcf/d over 18 months

Daiber d-44-C Test Flare 25 MMcf/d @ 2,700 psi



TSX:PPY
PAINTED PONY PETROLEUM LTD.

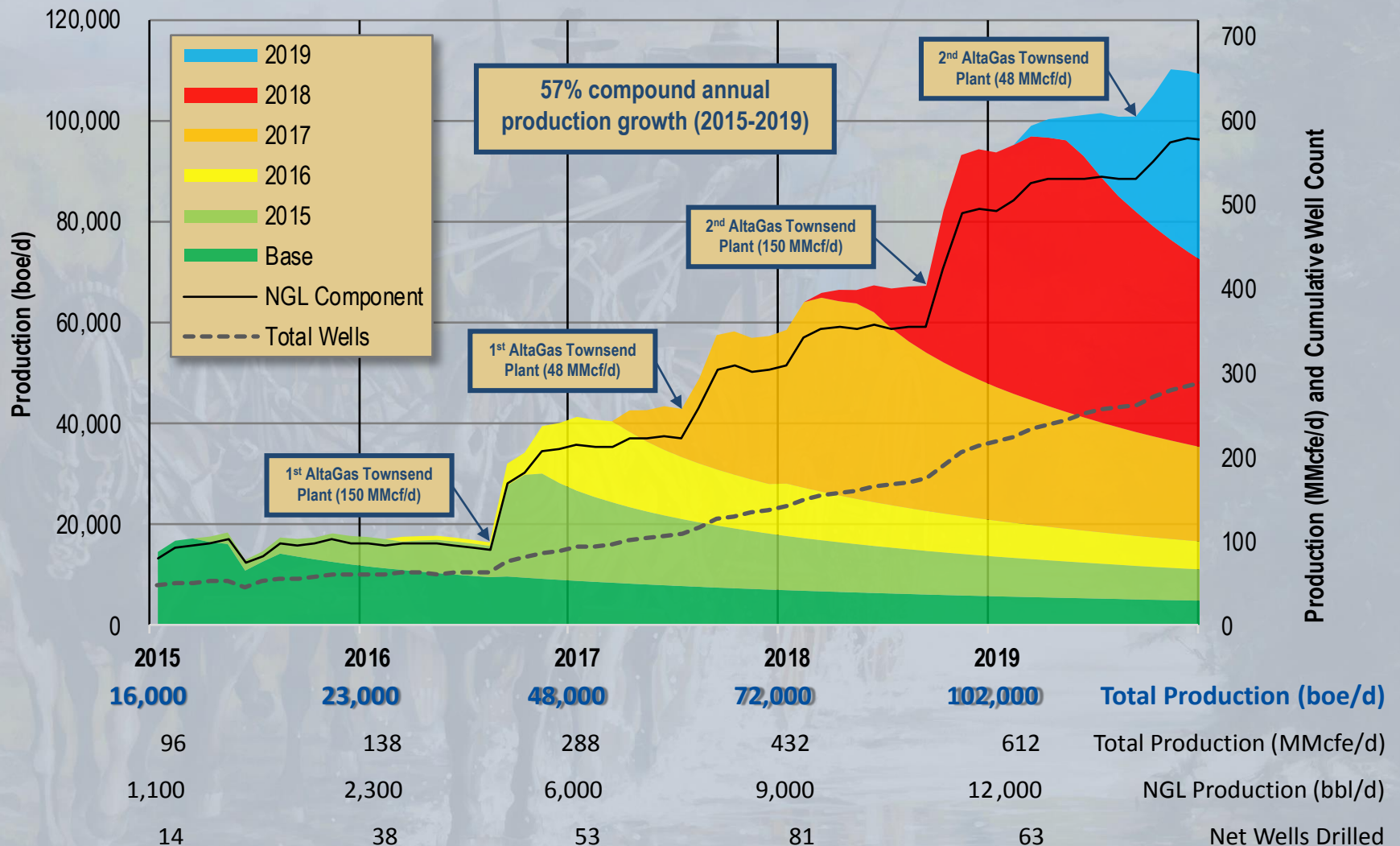
Appendices & Disclosures



DRIVING FORWARD

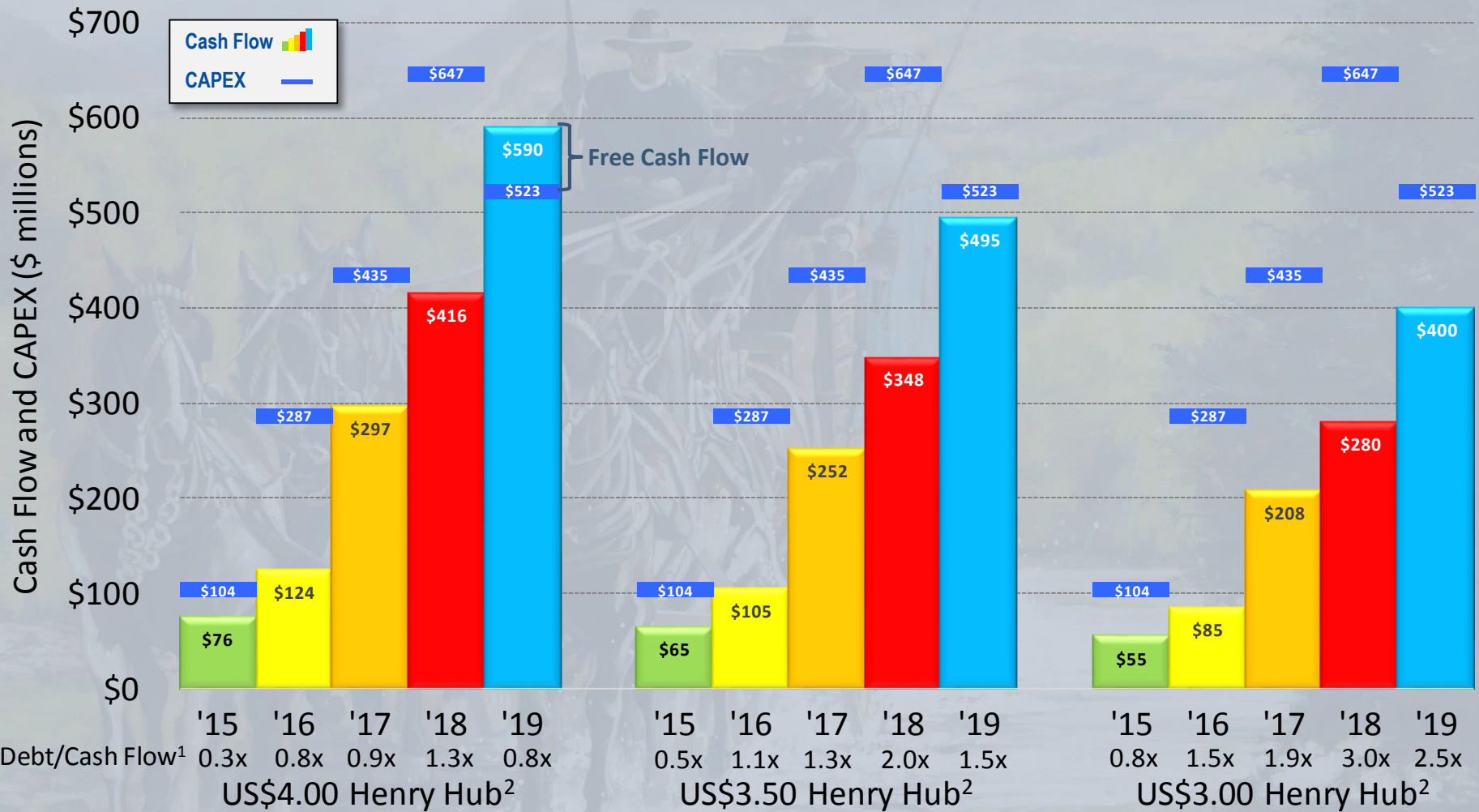
5-Year Montney Development Model

Processing Infrastructure Build-out Drives Growth



5-Year Montney Development Model

Cash Flow Growth



Debt/Cash Flow¹ 0.3x '15 0.8x '16 0.9x '17 1.3x '18 0.8x '19

0.5x '15 1.1x '16 1.3x '17 2.0x '18 1.5x '19

0.8x '15 1.5x '16 1.9x '17 3.0x '18 2.5x '19

1 - Year-end debt divided by annualized fourth quarter cash flow
 2 - Assumes flat WTI of US\$59/bbl and US\$0.80/C\$ in all three scenarios

Analyst Coverage

Institution

AltaCorp Capital

Canaccord Genuity Corp.

CIBC World Markets

Cormark Securities Inc.

Credit Suisse Securities

Desjardins Capital Markets

FirstEnergy Capital

GMP Securities

National Bank Financial

Paradigm Capital Inc.

RBC Capital Markets

Scotiabank Global Banking & Markets

TD Securities

Analyst

Jeremy McCrea

Anthony Petrucci

Adam Gill

Garett Ursu

David Phung

Jamie Kubik

Cody Kwong

Aaron Swanson

Dan Payne

Ken Lin

Michael Harvey

Cameron Bean

Juan Jarrah

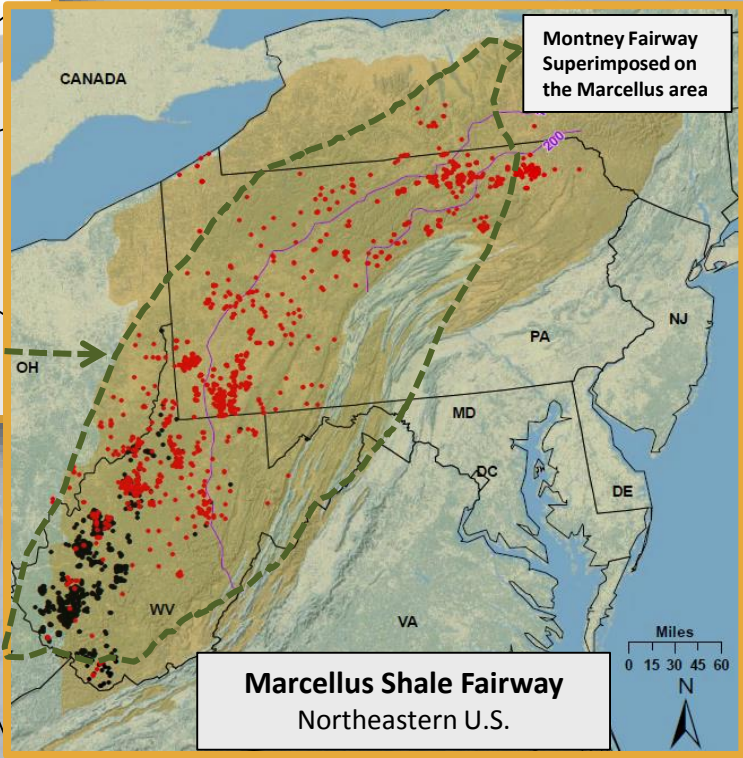
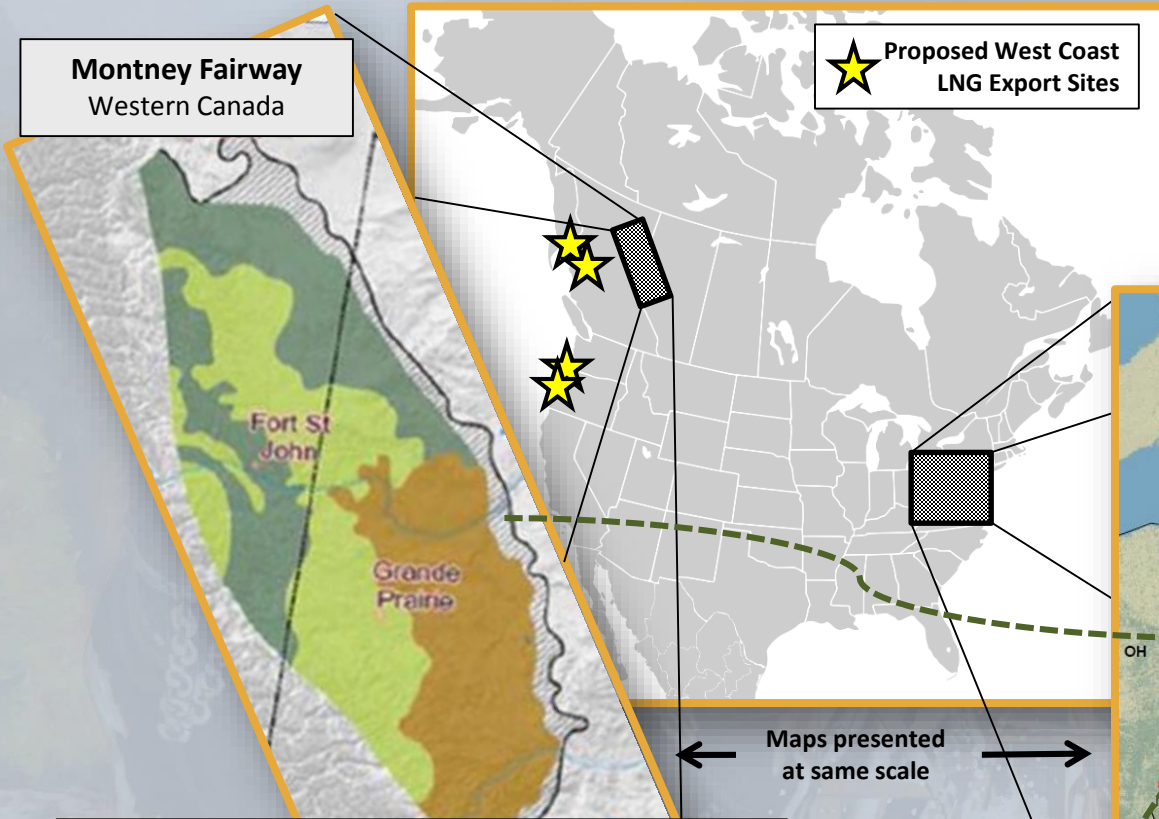
Montney - The Canadian Marcellus

Similar Play Area - But 4x Thicker with Better Initial Declines

Montney Fairway
Western Canada

★ Proposed West Coast
LNG Export Sites

The Marcellus: A true shale reservoir.
~70 meters (up to 225 ft) thick
~62% first year decline rate
~12 Bcf/d current production
~20 Bcf/d expected by 2020



Maps presented at same scale

The Montney: A tight siltstone reservoir.
~300 meters (1,000 ft) thick
~47% first year decline rate
~2 Bcf/d current production
~5-10 Bcf/d expected by 2020 – Mainly for Export

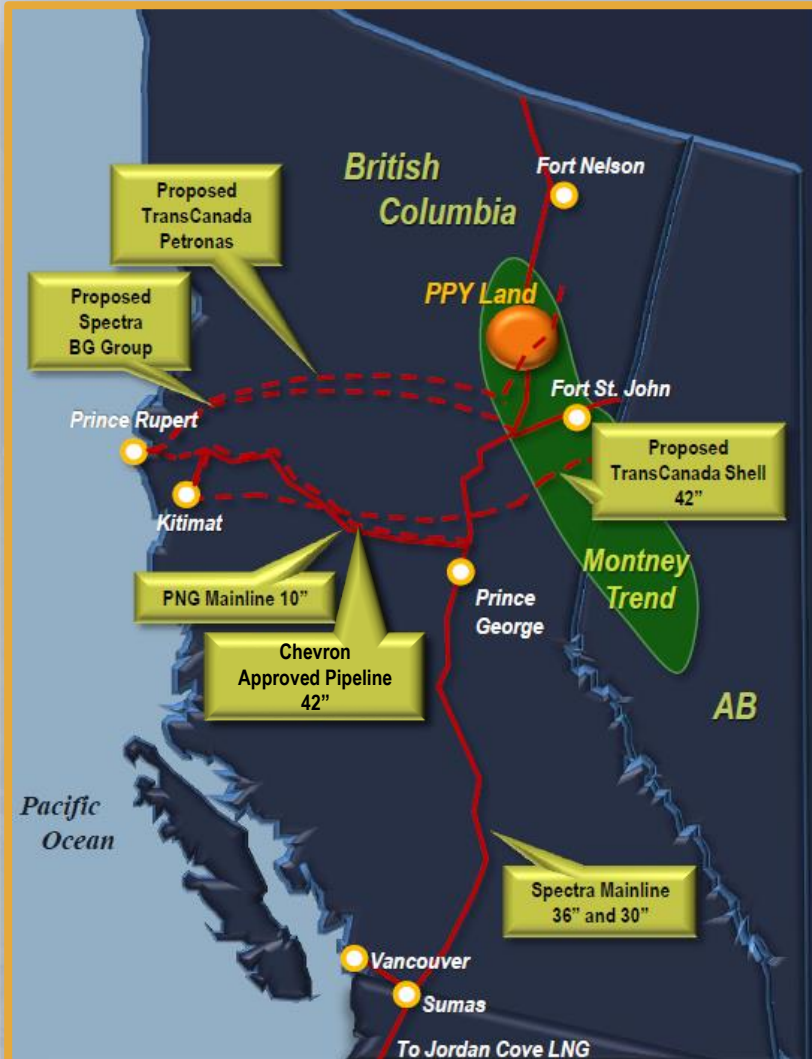
Sources: NEB of Canada & U.S. EIA.

Strategic Alliance with AltaGas

AltaGas Corporate Profile

- ✓ ***Calgary-headquartered, Canadian natural gas mid-streamer***
- ✓ ***Currently processing more than 2 Bcf/d natural gas and 70,000 bbls/d NGL***
- ✓ ***Owns over 1,100 km of gas and NGL transmission pipelines***
- ✓ ***Marketing natural gas in Alberta for 20 years and B.C. for 10 years***
- ✓ ***Owns the only existing natural gas sales pipeline line to Canada's West Coast: Pacific Northern Gas (PNG)***
- ✓ ***1/3 Owner of PetroGas (NGL marketing and logistics), with the only LPG export terminal on the west coast of North America at Ferndale, Washington***
- ✓ ***Established partnership with Idemitsu Corp., Japan's 2nd largest petroleum refiner, to pursue Canadian gas (LNG, NGL, LPG) export initiatives***

Canada's Proposed West Coast LNG Projects



Proposed LNG Projects

Proposed LNG Projects	Capacity
Exxon – Imperial WCC LNG: 2022	~4.0 Bcf/d
Shell – PetroChina, Mitsubishi, KOGAS LNG Canada: 2019	~3.2 Bcf/d
Nexen/CNOOC – Inpex, JGC Aurora Liquefied Natural Gas Ltd.: 2017	~3.1 Bcf/d
BG Group Prince Rupert LNG: 2020	~2.9 Bcf/d
Petronas-Japex Pacific Northwest LNG: 2018	~2.6 Bcf/d
Kitsault Energy Ltd. Kitsault Energy Ltd. (Privately Held): 2018	~2.6 Bcf/d
Veresen Inc. Jordan Cove LNG: 2019	~1.4 Bcf/d
Chevron KM LNG: 2017	~1.3 Bcf/d
AltaGas – Idemitsu Triton LNG: 2017	~0.3 Bcf/d
Pacific Oil & Gas Woodfibre LNG: 2017	~0.3 Bcf/d
Total Filed Application Capacity (NEB):	~21.7 Bcf/d

PPY Corporate Overview

Auditor

KPMG LLP

Evaluation Engineers

GLJ Petroleum Consultants Ltd.

Banks

**The Toronto-Dominion Bank
The Bank of Nova Scotia
Alberta Treasury Branches
Canadian Imperial Bank of Commerce
HSBC Bank Canada
Wells Fargo Bank**

Corporate Office

1800, 736 – 6th Avenue SW, Calgary, AB T2P 3T7

Toll Free Investor 1 (866) 975-0440

Tel (403) 475-0440 Fax (403) 238-1487

Email: info@paintedpony.ca

www.paintedpony.ca

Endnotes

- R: Reserves per share are calculated by dividing P+P reserves by million basic weighted average shares during the year. For the year ended December 31, 2014, Painted Pony's P+P reserves were 488.4 MMboe and there were 99.5 million shares outstanding. Also see "Note Regarding Reserves Disclosure" in "Disclaimer" section.
- P: Production per million shares is calculated by dividing average production in the time period by the basic weighted average shares for the same time period. 2014 production averaged 13,192 boe/d and Painted Pony had 91.2 million shares outstanding. Amounts and estimates beyond 2014 are those of Painted Pony's management as of the date hereof. Also see "Disclaimer" section.
- IRR: The internal rate of return on an investment or project is the "annualized effective compounded return rate" that makes the net present value of all cash flows from a particular investment or project equal to zero.
- IRR, NPV and Payout Period are all pre-tax

Disclaimer

This presentation contains a summary of management's assessment of results and should be read in conjunction with the Consolidated Financial Statements and related Management's Discussion and Analysis for the quarter ended March 31, 2015, as filed on SEDAR. This presentation contains certain forward-looking statements, which include assumptions with respect to (i) drilling success; (ii) commodity prices; (iii) production; (iv) reserves; (v) future capital expenditures; (vi) future operating costs; (vii) availability of gas processing facilities; (viii) cash flow; (ix) potential markets for the Company's production; and (x) the availability of LNG export facilities. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect.

Certain information regarding the Company set forth in this presentation, including statements regarding management's assessment of the Company's future plans and operations, the planning and development of certain prospects, production estimates, reserve estimates, productive capacity and economics of new wells, undeveloped land holdings and values, capital expenditures and the timing and allocation thereof (including the number, location and costs of planned wells), facility expansion plans, the total future capital required to bring undeveloped proved and probable reserves onto production, and expected production growth, may constitute forward-looking statements under applicable securities laws and necessarily involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, failure of foreign markets to become accessible, the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, environmental risks, competition, the lack of availability of qualified personnel or management, inability to obtain drilling rigs or other services, capital expenditure costs, including drilling, completion and facility costs, unexpected decline rates in wells, wells not performing as expected, stock market volatility, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, fluctuations in foreign exchange or interest rates and market valuations of companies with respect to announced transactions and the final valuations thereof. Readers are cautioned that the foregoing list of factors is not exhaustive. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or the Company's website (www.paintedpony.ca), including the Company's MD&A for the quarter ended March 31, 2015.

The forward-looking statements contained in this presentation are made as of the date on the front page and the Company assumes no obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. Certain information contained herein is based on, or derived from, information provided by independent third-party sources. The Company believes that such information is accurate and that the sources from which it has been obtained are reliable. The Company cannot guarantee the accuracy of such information, however, and has not independently verified the assumptions on which such information is based. The Company does not assume any responsibility for the accuracy or completeness of such information.

This presentation also contains future-oriented financial information and financial outlook information (collectively, "FOFI") about prospective results of operations, future net revenue, share capital, cash flow, capital expenditures, net debt and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this presentation was made as of the date of this presentation and was provided for the purpose of providing information about management's current expectations and plans relating to the future, including with respect to the Company's ability to fund its expenditures. The Company disclaims any intention or obligation to update or revise any forward looking statements or FOFI contained in this presentation, whether as a result of new information, future events or otherwise, unless required pursuant to applicable securities law. Readers are cautioned that the forward looking statements and FOFI contained in this presentation should not be used for purposes other than for which it is disclosed herein. The forward looking statements and FOFI contained in this presentation are expressly qualified by this cautionary statement.

NON-GAAP MEASURES

This presentation contains references to measures used in the oil and gas industry such as "cash flow" and "net debt". These measures do not have any standardized meanings within International Financial Reporting Standards ("IFRS") and, therefore, reported amounts may not be comparable to similarly titled measures reported by other companies. These measures have been described and presented in this presentation in order to provide shareholders and potential investors with additional information regarding Painted Pony's liquidity and its ability to generate funds to finance its operations. Cash flow should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net earnings as determined in accordance with IFRS, as an indicator of Painted Pony's performance or liquidity. Cash flow is used by Painted Pony to evaluate operating results and the Company's ability to fund capital expenditures and repay debt. Painted Pony uses net debt as a measure to assess its financial position. Net debt includes current liabilities, including Painted Pony's credit facility, less current assets excluding risk management contracts.

Included in this presentation are estimates of the Company's 2015-2019 cash flow which are based on various assumptions as to production levels, commodity prices and other assumptions, are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to a variety of contingencies including prior years' results. To the extent such estimates constitute a financial outlook, they were approved by management of the Company in March 2015 and are included to provide readers with an understanding of the Company's anticipated cash flow based on the capital expenditures and other assumptions described and readers are cautioned that the information may not be appropriate for other purposes.

Disclaimer

NOTE REGARDING RESERVES DISCLOSURE

The reserves and resources estimates contained herein, including the corresponding estimates of future net revenue, are estimates only and the actual results may be greater than or less than the estimates provided herein. There is no certainty that it will be commercially viable to produce any portion of the resources.

"Contingent Resources" is defined in the Canadian Oil and Gas Evaluation Handbook as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

"Prospective Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

"Total Petroleum Initially-In-Place" or **"TPIIP"** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

The most significant positive and negative factors with respect to the resource estimates relate to the fact that the field is currently at an evaluation/delineation stage. The Montney formation is aerially extensive in this region, however well control is limited. Both resources-in-place and productivity may be higher or lower than current estimates.

Boe 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. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 bbl, utilizing a conversion ratio at 6 Mcf: 1 bbl may be misleading as an indication of value. Mcfe may be misleading, particularly if used in isolation. A Mcfe conversion ratio of 1 bbl: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of natural gas as compared to crude oil is significantly different from the energy equivalency of 1 bbl: 6 Mcf, utilizing a conversion ratio at 1 bbl: 6 Mcf may be misleading as an indication of value.

The estimated values of future net revenue disclosed in this presentation, whether calculated with or without a discount rate, do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.

Painted Pony's total working interest reserves, Contingent Resources and Prospective Resources are before royalties owned by others. The estimated future net revenues are stated before deducting income taxes and future estimated site restoration costs, and are reduced for estimated future abandonment costs and estimated capital for future development associated with the contingent resources. It should not be assumed that the undiscounted and discounted net present values represent the fair market value of the contingent resources and Prospective Resources.

In this presentation, information has been provided with respect to certain production information for lands and wells which is "analogous information" as defined applicable securities laws. This analogous information is derived from publicly available information sources which Painted Pony believes are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with the Canadian Oil & Gas Evaluation Handbook. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Painted Pony believes that the provision of this analogous information is relevant to Painted Pony's activities, given its acreage position and operations (either ongoing or planned) in the area in question, however, readers are cautioned that there is no certainty that any of the development on Painted Pony's properties will be successful to the extent in which operations on the lands in which the analogous historical production information is derived from were successful, or at all.

The well test results disclosed in this presentation represent short-term results, which may not necessarily be indicative of long-term well performance or ultimate hydrocarbon recovery therefrom. In this presentation, "working interest" reserves are calculated as the Company's share of reserves, excluding royalty interest reserves and before the deduction of royalty burdens payable. The reserves report was prepared utilizing definitions as set out under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.