STRACHAN CORPORATE

AFSL: 259730

Strata-X Energy

DEVELOPING OPERATING CASH FLOW FROM EARLY STAGE OIL & GAS PROJECTS

Capital Structure

Code	**SXA**
CDIs & TSX Shares	168.0 m. *
Options	5.77 m.
Warrants	19.1 m.
Con debt	2.6 m.
Share Price	$0.195
Market Cap $m.	$33 m.
Net Cash $m. (est.)	$4.5 m. *
Director's equity	15.4%

** including private placement*

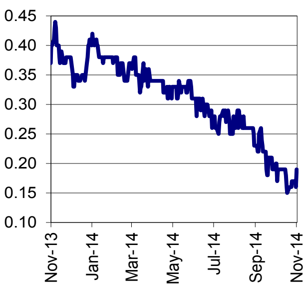
Source: Strachan Corporate

Valuation

SXA	$m.	$/shr
Net cash	$4.5	$0.02
New equity *	$6	$0.02
Risked Exploration	$430	$1.89
Option exercise	$11	$0.05
Corporate	-$8.0	-$0.04
Total	$444	$1.95

** assumed*

Source: Strachan Corporate



Board

Ron Prefontaine	Chairman of the Board
Tim Hoops	Managing Director
Tim Bradley	Non Exec Director
Don Schurman	Non Exec Director
Dennis Nerland	Non Exec Director
Don Romaniuk	Non Exec Director

Opinion*

Shareholders are set to benefit from the experience of Mr Prefontaine and Mr Hoops, who have previously extracted value from early stage exploration and development programmes.

Strachan Corporate calculates that low cost oil production from the Illinois Basin is set to build cash flow towards US$0.6 million per month by mid 2015 from a target production of ~550 BOPD and up to US$2.4 million per month by the end of CY 2015, supporting further development and Reserve certification.

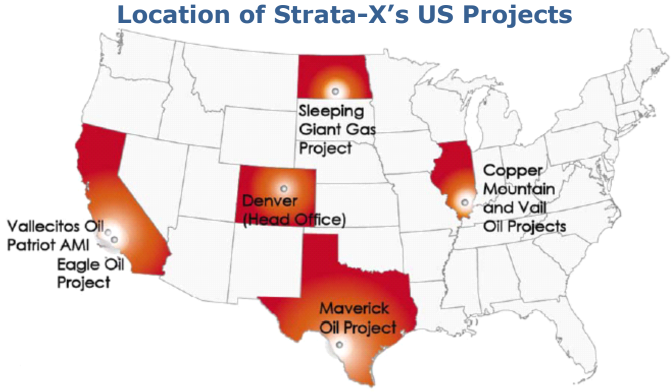
Peter Strachan.

*No recommendation is offered for this commissioned research.

Investment Drivers

- **HORIZONTAL LINGLE WELL RAMPS UP TO >300 BOPD:** A flow of over 300 BOPD was achieved from a proof of concept well with a short, sub-optimal horizontal completion in the Lingle dolomite Formation. Strata-X believes that extended horizontal completions with more but smaller stimulation zones will perform strongly. Strachan Corporate anticipates peak flow rates of over 500 BOPD and up to 700 BOPD and EURs of +250,000 BOE from wells with an appropriate completion in the Burkett oil field..
- **SUSTAINING OPERATING CASH FLOW EMERGING:** Strachan Corporate estimates that five planned shallow vertical wells at the Illinois Basin project, plus one additional horizontal well in the Lingle Formation should produce at a combined rate of over 550 BOPD by mid-'15, generating an operating cash flow of US$0.6 million per month, rising to 2,050 BOPD and US$2.4 million per month by December 2015 as more wells are added.
- **LOW COST SHALLOW WELL DEVELOPMENT AT COPPER MTN:** Wells planned to cost ~US$0.3 million when drilled vertically to <1,110 metres in the Illinois Basin. Targeting bypassed 'pay' and untested intervals from which historic drilling has produced at an IP of ~40 BOPD, to deliver ~50,000 bbls per well.
- **SLEEPING GIANT GAS TESTING IN 2015:** Testing of a 24 metre gas zone at the Rohweder#1-11 well could be followed by 3 additional low cost wells to appraise this large gas target in 2015.
- **EXPERIENCED MANAGEMENT:** The company is led by a strong technical team with significant equity in the company and a track record of building shareholder value. Modest executive and Board remuneration, combined with high 'skin in the game' ensures alignment of objectives with other shareholders.
- **CONTROL & FUNDING FLEXIBILITY:** Strata-X holds high working interest in four major project areas, giving it control over expenditure timing and flexibility on future funding.
- **STRONG VALUE UPSIDE:** Strachan Corporate assesses a risked adjusted target value of $1.95 per share, but over time any of its four main projects holds potential for a 5 to 10 fold value expansion with success.

Location of Strata-X's US Projects



Source: Strata-X

Background

Proven management team & high impact exploration portfolio

Strata-X Energy listed on the TSX-V Exchange during 2011 (SXE: CN) and on the ASX in March 2013. It holds an exploration and development portfolio of three high impact projects in the USA and one in Australia's Canning Basin.

Modest remuneration & skin in the game

The company is led by proven management that retains significant 'skin in the game' through equity in the company. Strata-X holds high equity positions in lead projects, providing flexibility to fund development if proof of concept drilling continues to show recent success. Appraisal and development drilling planned during 2015 offers opportunity to establish early cash flow from operations.

Projects

Strata-X's Four Main Projects & Three Minor Projects

Exploration Projects	Equity	Net K Acres	Activity	Prospects
Illinois Basin	100%	67	Douglas Fir #1 + 4 shallow vt wells Plan Hz well at Burkett	Mississippian Fm Devonian dolomite
Maverick, Texas	75%-100%	9.78	Stimulate horizontal well	Eagle Ford Shale & Buda Fm
Sleeping Giant Williston Basin	100%	120	Test Rohweder #1-11 drill 3 wells	Shallow biogenic gas + liquids
Canning, WA	100%	1,438	Native title then seismic data	Laurel
Vallecitos AMI	22.5%	4.73	Boosting production	Fox, Caribou
Eagle Field	23.9%	0.77	study	Shannon
Margarita	37.5%	0.09	study	La Capilla

Source: Strata-X & Strachan Corporate

Strata-X holds projects in four proven petroleum provinces. Historic oil and gas zones from target horizons are being tested with modern well completion technology.

Horizontal drill sections plus completion using fracture stimulation show expanded opportunities for commercial production.

The company's four main projects hold promise to deliver significant multiples of current market value.

Burkett/Copper Mountain - Illinois Basin 100% WI

The Illinois Basin has produced over 4.3 billion barrels of oil while a region within a 32 kilometre radius of the Strata-X project areas has produced over 1.5 billion barrels of oil. Lease terms are favourable with a 15% royalty payable to mineral rights holders.

15% royalty over 67,000 acres

Most legacy wells in the basin were drilled without the benefit of modern seismic data or drilling and completion practices, at a time when oil prices were significantly lower. At its Copper Mountain project, Strata-X plans to test direct offsets to historical wells with shallow vertical wells and may recomplete wells in Lower Carboniferous (Mississippian) bypassed pay intervals.

Douglas Fir & Blue Spruce wells approved… 65 well locations identified for Copper Mountain Project

The company estimates that vertical wells to depths between 750 and 1,110 metres can be drilled and completed for around US$300,000, with a dry-hole drill cost of US$150,000 each. Based on the performance of previous wells drilled into shallow productive zones, Strata-X estimates that production from each well will build to ~50 BOPD and that each well will deliver on average about 50,000 barrels of oil. StockAnalysis estimates that at an oil price of US$80 per barrel, each well would have an NPV of about US$1.8 million while at US$90/bbl, the NPV would be close to US$2 million per well.

~50K bbls oil per well… water flood could boost to 100K bbls per well

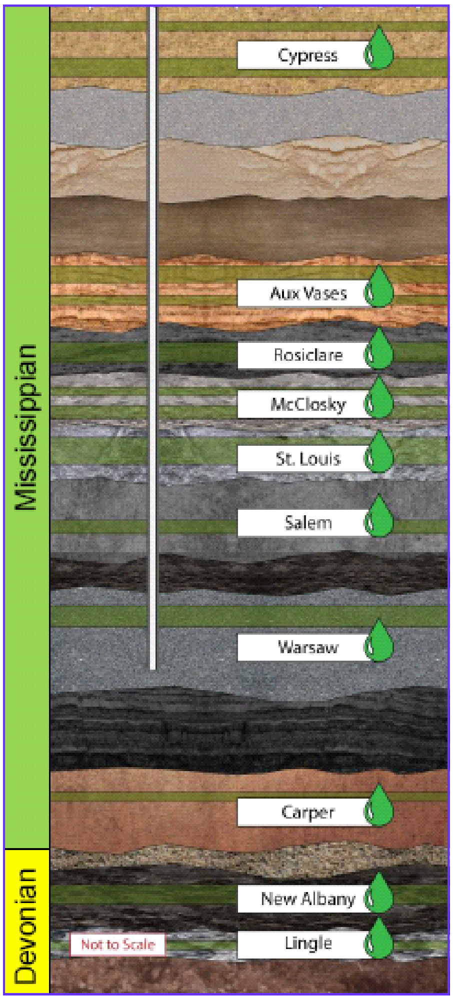
The company has identified 65 well locations and has so far permitted the Douglas Fir and Blue Spruce wells, which are planned for drilling once funds are at hand. At an oil price of US$80/bbl, low finding and development costs from this programme result in a net-back value of about US$45 per barrel for this conventional, premium grade oil product.

The upcoming Douglas Fir well will offset a legacy well that flowed with a peak production rate of 300 BOPD. This well will follow Blue Spruce.

High porosity, low perm thin dolomite oil play at Burkett Project

Following a study of many vertical wells in the basin, Strata-X identified the relatively thin Lingle dolomite zone at a depth of around 1,300 metres, within a limestone formation that has recorded shows and flows of 37^{O} API oil. The dolomite zone is part of a thicker limestone unit overlying the Albany Shale, which is thought to be the source for contained hydrocarbons. The dolomite zone is composed of microscopic fossils giving it a relatively high porosity of between 7% and 19% but leaving it with low permeability.

Illinois Basin Stratigraphic Section



Source: Strata-X

Lingle is similar to +200 mmbbl Elm Coulee field analogue

The accumulation was mapped applying a 1.5 metre minimum cut off thickness to deliver an estimated average thickness of 3 metres, but dolomite is found to be more than 6 metres thick in some parts of the accumulation. These dimensions compare favourably with the Elm Coulee analogue oilfield in the Bakken play, which averages 4.3 metres thick. Elm Coulee has similar average porosity and lower permeability with slightly higher oil saturation and oil per section, but has produced over 123 million barrels from horizontal fracc completions.

Target +20 - 34 mmbbls

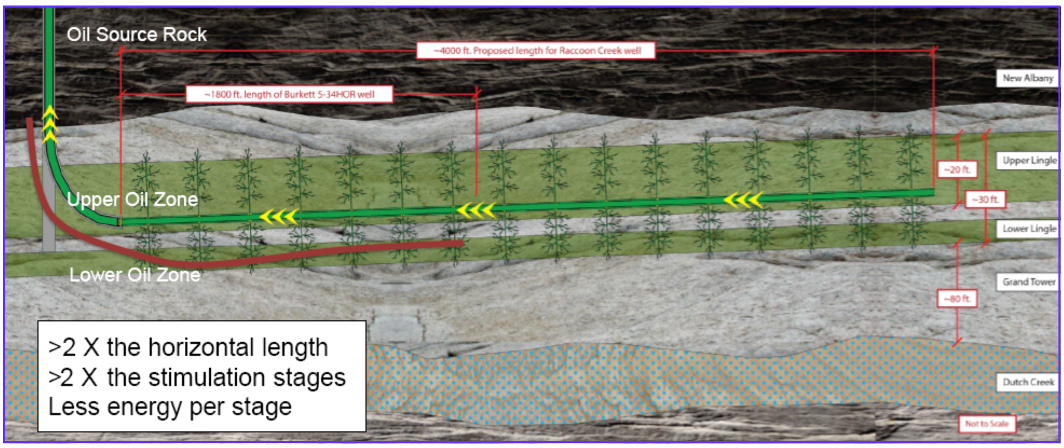
A full hydrocarbon saturation calculation from the over 100 wells within the accumulation suggests a target of 3 million bbls of oil-in-place per 640 acre section. Independent consultants have estimated Prospective resources of 338 million barrels of oil in place on Strata-X's permits. Applying a modest 16% recovery enables Strachan Corporate to set a target of 56 mmbbls of Contingent reserves.

On this basis, 2 wells per 640 acre section might yield a target of 480,000 bbls per section and a likely recovery target of 240,000 bbls per well.

Proof of concept well flows at +300 BOPD

The Burkett 5-34 well provides an initial test of the Devonian Lingle dolomite at the Vail project. It drilled a 549 metre horizontal section but its 7 stages of fracture stimulation extended into adjacent water saturated formations from which water needed to be drawn down before an accurate measure of oil deliverability could be achieved. Oil production rose to around 100 BOPD but as water pressure was reduced a peak oil flow so far of 310 BOPD has been recorded.

Lingle Well Completions



Source: Strata-X

Strata-X has been a first mover on this horizontal play. The next step will be to drill a well with a ~1,220 metre horizontal section with 14 smaller fracture stages, aiming to minimise associated water flow and maximise oil delivery.

Strachan Corporate has estimated an NPV of $18 per barrel of oil from the Lingle dolomite, but final valuation will depend amongst other factors, on flow rates achieved, EURs and capital costs for drilling on a production basis. At this stage of appraisal, with a 35% POS and costs to prove concept of $17.5 million, Strachan Corporate assesses a risked value of $323 million but upside to over $970 million is apparent. Once well performance dynamics are better understood and the oil price returns to US$110/bbl, Strachan Corporate believes that NPV per barrel could rise towards $20, significantly enhancing economic assessment.

Sleeping Giant 100% WI

Strata-X took advantage of a weak US domestic gas price to acquire this shallow biogenic gas play in North Dakota where it retains leases over 120,000 acres. Strata-X has identified leads and prospects in mostly four-way dip closures at around 400-500 metres depth. Targeted chalk formation, which has produced flares in previous drilling off structure, has very high porosity and low permeability, but natural fractures may enhance deliverability.

Low domestic gas price facilitated early entry into gas play

Strata-X has drilled the Rohweder #1-11 well to 442 metres, encountering gas over 24 metres and unexpectedly, florescence and oil cut. The company is designing a well completion to test for gas and plans three additional wells in 2015.

The target chalk formation within the Niobrara Shale is sealed by the Ardmore bentonite. The Beecher Island gas project has been identified as a Niobrara chalk analogue. An initial three prospects have been assessed by the company's consultants with potential to hold 398 Bcf of methane gas, which Strachan Corporate assesses to be 240 Bcf of deliverable product.

Target shallow gas in place of 398 Bcf

The company sees no urgency on this work until the US domestic as price improves beyond US$5/mmBtu. The project area sits just 10.5 kilometres from the Chicago natural gas pipeline and power generation on site could also represent a viable market for smaller gas flows.

Commercialisation of gas at Sleeping Giant will require a significantly higher gas price and demonstration of commercial flows. While each well may only flow at around 160 Mcf/day, the capital cost per well will be low. Strachan Corporate believes that moves by gas exporters to construct LNG export facilities in the USA by 2017, combined with current cutbacks in exploration and development for natural gas, are set to see gas prices rise over a 4 year period. Over time, Strata-X's early low cost positioning in this project holds promise to add significant value once proof of flow rates can be established.

Strachan Corporate applies an NPV of 65 cents per Mcf to gas and assumes a 20% POS. Proof of concept should be low cost, leaving a risked target value of $19 million but upside to over $150 million should the project work in a US$7/Mcf gas market.

Maverick – Eagle Ford Shale 75% -100% WI

Strata-X has a net working interest of 9,777 acres along the western extension of the prolific Eagle Ford Shale trend. Oil production from the Upper Cretaceous Eagle Ford Shale play in Texas has risen from a standing start of about 200,000 BOPD in 2008 to current levels of over 1.6 mmBOPD. Proven productive areas along the trend have recently changed hands for prices that would imply significant upside potential to Strata-X if it is successful in demonstrating commercial production.

Eagle Ford Shale extension in the light oil & wet gas window

Recent drilling in the region and within the company's permit area by a previous operator indicates that target shale within these leases is within a light-oil plus condensate and wet gas window. Neighbours in this part of the shale play include experienced shale oil players Anadarko, Newfield and EnCana.

Prospective 42 mmBOE

Sanchez Energy's successful Mark & Sandra #2H well, located 42 kilometres to the north-east of the Maverick project flowed 34^{O} API oil at rates of close to 930 BOEPD from a 1,670 metre horizontal section with 19 fracc stages. On Strata-X's permits, the poorly managed and completed Jadela-El Indio 1H well produced 40^{O} API oil at a rate of 175 BOPD plus 1.8 mmcuft of gas per day from a 550 metre horizontal section at 1,300 metres depth from 6 effective fraccs. This well applied insufficient propant, its horizontal section was too short and post-fracc flow testing was delayed for seven days when it should have been completed immediately after the fracc job.

Recent transaction at ~US$3,000 per acre in Maverick County

The company's consultants estimate that the project area contains 900 million barrels of oil in place, from which 42.3 mmBOE might be recoverable. The project area's relatively shallow shale at 1,300 metres should ensure overall development costs of around $7 million per well, compared with around $9-10 million per well at the deeper plays being developed by BHP Petroleum and Sundance Energy in McMullen County. Overall economics will be similar, since the shallower Maverick play is likely to exhibit lower capital costs, offset by initial flow rates of around 500 BOEPD and lower recoverable oil per well of around 350,000 barrels per well, but revenue should be dominated by high grade light oil.

Strachan Corporate calculates that at a price of US$80 per barrel of oil and a gas price rising to US$5/Mcf by 2015 and US$6.50/ Mcf by 2017, production from the Maverick project will have a post tax NPV of US$9.6 per BOE.

Upside value estimated at over $260 million

In the light of success it has had in the Illinois Basin, Maverick will weigh its options at Maverick.

Strata-X drilled the Cinco Saus Creek well to 1,286 metres, coring 183 metres of Eagle Ford Shale and Buda Formations. The plan going forward should be to stimulate and test the oil baring interval ahead of designing a horizontal development programme.

Canning Basin - Laurel Formation 100%

Subject to negotiating a satisfactory Native Title agreement, Strata-X has been granted a 1.438 million acre permit in the far east of Western Australia's Canning Basin. The permit straddles the oil and wet gas phases of the Laurel Shale fairway that has recently delivered significant conventional and unconventional discoveries to Buru Energy (ASX: BRU) along the north eastern portion of the Fitzroy Trough.

Significant position in underexplored basin

Buru has discovered an estimated 5-8 million barrels of oil at its Ungani and Ungani North prospects and recorded oil flows of up to 1,600 BOPD at Ungani. Closer to the company's permits, Buru estimates that drilling on its Paradise / Valhalla unconventional shale play has outlined potential for 187 million barrels of condensate plus 6.5 Tcf of gas.

This part of the Canning Basin is extremely remote. The closest part of Strata-X's permit area is approximately 440 kilometres east of the regional administration hub at Broome and 350 kilometres from the Port of Derby. While the Great Northern Highway runs along the permit's northern and eastern boundaries, other infrastructure is poor. Beyond a simple trucking operation for any conventional oil discovery, commercialisation of petroleum products found at this location would involve establishment of significant pipe and port infrastructure.

Strachan Corporate assesses an estimated Prospective Resource of 277 Bcf of gas plus 51 mmbbls of associated liquids with an NPV of $18 per barrel of oil and 20 cents per Mcf of gas, allowing a 6.5% POS and costs of $62 million to bring the project towards commerciality. These metrics result in a risked target value of $1 million at its current stage of exploration, but upside NPV of close to $1 billion is possible if unconventional petroleum delivery can be established as a commercial option.

Other Projects

Low risk oil target

MARGARITA 37.5% WI

Strata-X has identified a seismically well defined, shallow Frio Sand oil target in southern Texas. A 3.6 metre thick sand is estimated at the La Capilla prospect which has potential to yield about 400,000 bbls of oil or 131,500 net to Strata-X.

EAGLE FIELD 20%

Strata-X has engaged with a consortium in California's San Joaquin Valley that is seeking to resurrect the Eagle Field project.

VALLECITOS 22.5%

In San Benito County California, Strata-X is a partner in an area of mutual interest over about 21,000 acres of leased permits. The project provides modest production revenue to Strata-X.

Risked Value Assessment

Exploration Projects	Equity	Prospective Resources gas Bcf	oil mmb	Success case insitu value $/Bcf	$/bbl	$m	Suc's	POS %	Cost $m.	Risked Value $m.	Per shr
Illinois Basin	100%		3.4		13	44	$ 0.19	50%	1.5	$ 21	$ 0.09
			54		18	973	$ 4.27	35%	17.5	$ 323	$ 1.42
Other projects		568	88			1455	$6.39		$111	$ 43	$ 0.19

Source: Strachan Corporate

Valuation

Following its current $3.7 million capital raising at 17 cps and the receipt of a $0.5 million convertible loan from Directors, Strata-X should hold about $4.5 million of cash Strata-X plans to deploy these funds on drilling vertical wells in the Illinois Basin.

Strachan Corporate assumes the addition of a further $6 million at around current share price to support development prior to establishing supporting cash flow. After option and debt conversion, Strachan Corporate assumes total diluted capital of 227.8 million shares.

Risked target value of 57 cps with upside value of over $360 million

Strachan Corporate assesses a total risked target valuation of $1.95 per share and recognises value of over $1 billion for successful development of both projects in the Illinois Basin, which compares favourably with the company's current and recapitalised market capitalisation of $33 million.

SXA	$m.	$/shr
Net cash	$4.5	$0.02
New equity *	$6	$0.02
Risked Exploration	$430	$1.89
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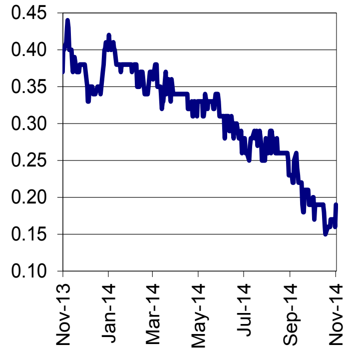
Total	$444	$1.95

* *assumed*

SXA Price History



Board & Management

Ron Prefontaine **Chairman**

Ron is a Geophysicist with over 35 years of experience in the oil and gas industry. He has worked for Santos and Oil Company of Australia on their Cooper, Surat, Bowen and Canning Basin projects. Between 1994 and 2001, while consulting to the industry, he acquired several petroleum permits in his private companies which he sold or farmed out to Oilex, Arrow Energy, Bow Energy and Queensland Gas. He was an Executive Director of Arrow Energy from 2001 until late 2005. It was taken over in 2010 for $3.5 billion. He was also co-founder and Managing/ Executive Director of Bow Energy from 2005 until it was taken over in 2011 for $550 million.

Tim Hoops **Managing Director**

Tim is a Geological Engineering with over 35 years experience in the petroleum industry and has been President of Peak Resource Management Inc., a private oil and gas exploration company, since 1986. He previously served as President and Director of Kestrel Energy Inc., a NASDAQ listed company, from 1992 to 2005, and as a director of Victoria Petroleum NL (now Senex Energy Ltd), an ASX listed company, from 1988 to 2008. He was Exploration Manager at Royal Resources and managed the company's exploration activities in the Canning Basin from 1984 to 1986 and previously worked for Amoco Production Company.

Tim Bradley **Non Executive Director**

Tim is a Certified Public Accountant with 30 years of management experience, much of which in the oil and gas industry. He has been CEO of Bradley Consulting Group, PC in Colorado since 1983. His professional emphasis is in business consulting and he specialises in succession planning for the purposes of mergers and acquisitions, and other financial service products.

Dennis Nerland **Non Executive Director**

Dennis is a lawyer with extensive experience in trust and tax law. He a Queen's Counsel in Alberta and also holds a Master of Arts and a Bachelor of Science in economics and Mathematics.

Don Romaniuk **Director**

Don is an attorney, economist and business executive. He has held several senior executive positions in both small and very large enterprises over a business career spanning nearly 30 years. He has served on the Boards of several publicly listed companies and is currently the Chairman of the Board and Audit Committee of Acceleware Corp., a TSX-V listed company. Hi is currently a part-time Commissioner of the Alberta Utilities Commission pursuant to an Order-in-Council of the Government of Alberta.

He remains active in several private business ventures focused on developing technology for stem cell research and related medical and commercial applications.

Don Schurman **Director**

Dan has a Bachelor of Commerce degree and a Masters of Health Administration degree. He has served in senior executive and corporate director roles for more than 40 years and is an independent director for Strata-X Energy. He served as a senior executive for a variety of health care organizations including serving as the Executive Vice President of Extendicare, a TSX listed company, and 8 years as the President and CEO of the University of Alberta Hospital. He has served as a director and board chair of two TSX listed companies: Liberty Mines, a nickel mining company; and Isotechnika Inc., a drug development company.

David Hettich **Controller & Land Manager**

David has a Bachelor of Business Administration in Banking and Financial Economics and is the Land Manager and Controller for Strata-X Energy. He has many years project management experience in the oil and gas industry and is an active member in multiple North American oil and gas associations.

Dr Ira Pasternack **VP - Exploration**

Ira is a graduate of Occidental College with a PhD from Colorado School of Mines. For over thirty years he has worked as a consultant to several petroleum companies and has evaluated conventional and unconventional petroleum systems. His experience ranges from wildcat exploration to detailed reservoir studies conducted to optimize field development programs.