

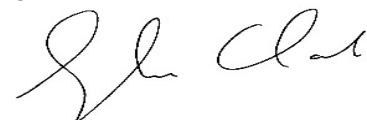
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Statements of Financial Position

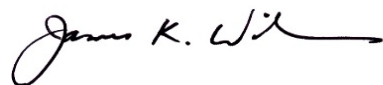
(Canadian \$000s) (unaudited)	Notes	June 30, 2020	December 31, 2019
ASSETS			
Current			
Accounts receivable	12	\$ 10,788	\$ 21,961
Prepays and deposits		634	764
Risk management contracts	12	-	1,113
		11,422	23,838
Exploration and evaluation	3	99,630	99,737
Property and equipment	4	497,351	490,264
Right-of-use asset	7	2,439	2,657
		\$ 610,842	\$ 616,496
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 12,381	\$ 30,018
Current portion of decommissioning liability	8	1,144	448
Current portion of lease liability	7	509	507
Risk management contracts	12	2,554	2,042
		16,588	33,015
Bank indebtedness	5	129,358	121,608
Risk management contracts	12	2,626	904
Lease liability	7	2,046	2,234
Decommissioning liability	8	29,245	27,667
Deferred income taxes		9,520	9,360
		\$ 189,383	194,788
Shareholders' equity			
Share capital	9	391,444	391,444
Contributed surplus	10	18,509	17,605
Retained earnings		11,506	12,659
		421,459	421,708
Commitments	14		
		\$ 610,842	\$ 616,496

See accompanying notes to the condensed interim consolidated financial statements.

On behalf of the Board:



Director



Director

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Canadian \$000s except per-share amounts) (unaudited)	Notes	Three Months Ended June 30		Six Months Ended June 30	
		2020	2019	2020	2019
Revenue					
Revenue from product sales	6	\$ 30,191	\$ 37,568	\$ 72,114	\$ 93,334
Royalties		(949)	(577)	(3,056)	(5,234)
		29,242	36,991	69,058	88,100
Realized gain (loss) on risk management contracts	12	6,513	(407)	9,250	(10,000)
		35,755	36,584	78,308	78,100
Expenses					
Production		9,792	10,681	21,051	21,543
Transportation		11,982	10,808	22,816	21,014
General and administrative		1,570	1,228	3,437	4,079
Share-based compensation	10	428	564	904	1,160
Depletion and depreciation	4, 7	11,853	9,954	23,858	19,700
Exploration and evaluation costs expensed	3	-	1,119	450	1,119
Accretion	8	81	123	186	252
Interest and finance costs		1,519	1,315	3,165	2,433
Unrealized (gain) loss on risk management contracts	12	13,824	(9,625)	3,347	(4,817)
Unrealized revaluation loss on investment		69	4	87	17
		51,118	26,171	79,301	66,500
Net income (loss) and comprehensive income (loss)		(15,363)	10,413	(993)	11,600
Deferred income tax expense (recovery)		(3,698)	2,549	160	3,129
Net income (loss) and comprehensive income (loss)		\$ (11,665)	\$ 7,864	\$ (1,153)	\$ 8,471
Net income (loss) per share	11				
- Basic and diluted		\$ (0.10)	\$ 0.06	\$ (0.01)	\$ 0.07

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Canadian \$000s) (unaudited)				Six Months to June 30, 2020	
	Notes	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance, beginning of period		\$ 391,444	\$ 17,605	\$ 12,659	\$ 421,708
Net income (loss) for the period		-	-	(1,153)	(1,153)
Share-based compensation	10	-	904	-	904
Balance, end of period		\$ 391,444	\$ 18,509	\$ 11,506	\$ 421,459

(Canadian \$000s) (unaudited)				Six Months to June 30, 2019	
	Notes	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance, beginning of period		\$ 391,444	\$ 15,141	\$ 1,346	\$ 407,931
Net income for the period		-	-	8,471	8,471
Share-based compensation	10	-	1,160	-	1,160
Balance, end of period		\$ 391,444	\$ 16,301	\$ 9,817	\$ 417,562

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

		Three Months Ended June 30		Six Months Ended June 30	
(Canadian \$000s) (unaudited)	Notes	2020	2019	2020	2019
Operating activities					
Net income (loss) for the period		\$ (11,665)	\$ 7,864	\$ (1,153)	\$ 8,471
Non-cash items:					
Unrealized (gain) loss on risk management	12	13,824	(9,625)	3,347	(4,817)
Depletion, depreciation and accretion	4, 7, 8	11,934	10,077	24,044	19,952
Share-based compensation	10	428	564	904	1,160
Lease interest	7	33	38	67	76
Exploration and evaluation costs expensed	3	-	1,119	450	1,119
Unrealized revaluation loss on investment		69	4	87	17
Deferred income tax expense (recovery)		(3,698)	2,549	160	3,129
Decommissioning expenditures	8	(21)	-	(113)	-
Funds flow		10,904	12,590	27,793	29,107
Net change in non-cash working capital items	13	2,636	6,960	2,164	12,904
		13,540	19,550	29,957	42,011
Financing activities					
Payment of lease liability	7	(126)	(124)	(253)	(249)
Increase (decrease) in bank indebtedness		4,534	(5,034)	7,750	(2,204)
		4,408	(5,158)	7,497	(2,453)
Investing activities					
Additions to property and equipment	4	(2,293)	(22,193)	(28,535)	(38,554)
Additions to exploration and evaluation assets	3	(101)	(952)	(334)	(1,535)
Net change in non-cash working capital items	13	(15,554)	8,753	(8,585)	531
		(17,948)	(14,392)	(37,454)	(39,558)
Change in cash during the period		-	-	-	-
Cash, beginning of period		-	-	-	-
Cash, end of period		\$ -	\$ -	\$ -	\$ -

See accompanying notes to the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2020 and December 31, 2019 and for the three and six months ended June 30, 2020 and 2019

Tabular amounts in thousands of Canadian dollars, except per-share amounts
(unaudited)

1. REPORTING ENTITY

Storm Resources Ltd. (the "Company" or "Storm"), is a crude oil and natural gas exploration and development company incorporated in the province of Alberta, Canada on June 8, 2010 and is listed on the TSX under the symbol "SRX". The Company operates primarily in the province of British Columbia and its head office is located at Suite 600, 215 – 2nd Street S.W., Calgary, Alberta T2P 1M4. The Company became a reporting issuer in August 2010.

These unaudited condensed interim consolidated financial statements (the "financial statements") include the accounts of Storm and its wholly owned subsidiary, Storm Gas Resource Corp. All inter-entity transactions have been eliminated upon consolidation. Storm's operations are viewed as a single operating segment by the chief decision maker of the Company for the purpose of resource allocation and assessing asset performance.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain information and disclosures normally included in the notes to the consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2019. All financial information is reported in thousands of Canadian dollars, which is the functional currency of the Company.

These financial statements were authorized for issue by the Board of Directors on August 12, 2020.

Basis of Measurement

The Company's financial statements have been prepared on a going concern basis consistent with prior years, and follow the historical cost convention, except for certain financial assets and financial liabilities, which are measured at fair value, as explained in Note 12.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, shareholders' equity, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed with the financial statement effect being recognized in the reporting period that the changes to estimates are made.

Critical judgments applied by management to accounting policies that have the most significant effect on the amounts in the financial statements are described in Note 5 to the Company's audited consolidated financial statements for the year ended December 31, 2019.

In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The rapid outbreak and subsequent measures intended to limit the spread of COVID-19 have contributed to a significant increase in economic uncertainty, with more volatile commodity prices, currency exchange rates and interest rates. The duration and severity of the business disruptions and reduction in consumer activity internationally and the resulting financial effect is difficult to reliably estimate. The results of the economic downturn and any potential resulting direct or indirect

effect on the Company has been considered in management's estimates at period end. However, there could be further prospective material effects in future periods.

3. EXPLORATION AND EVALUATION

	Six Months Ended June 30, 2020	Year ended December 31, 2019
Balance, beginning of period	\$ 99,737	\$ 102,277
Additions	334	2,169
Dispositions	-	(1,083)
Expiries - exploration and evaluation costs expensed	(450)	(1,140)
Future decommissioning costs	9	178
Transfer to property and equipment	-	(2,664)
Balance, end of period	\$ 99,630	\$ 99,737

As at June 30, 2020, the Company reviewed the carrying amounts of exploration and evaluation assets for indicators of potential impairment. As a result of this assessment, no indicators of impairment were identified.

4. PROPERTY AND EQUIPMENT

	Six Months Ended June 30, 2020	Year ended December 31, 2019
Cost		
Balance, beginning of period	\$ 746,515	\$ 646,983
Additions	28,535	95,757
Future decommissioning costs	2,192	1,111
Transfer from exploration and evaluation assets	-	2,664
Balance, end of period	\$ 777,242	\$ 746,515
Accumulated depletion and depreciation		
Balance, beginning of period	\$ (256,251)	\$ (216,182)
Depletion and depreciation	(23,640)	(40,069)
Balance, end of period	\$ (279,891)	\$ (256,251)
Net book value, beginning of period	\$ 490,264	\$ 430,801
Net book value, end of period	\$ 497,351	\$ 490,264

As at June 30, 2020, the Company evaluated property and equipment for indicators of potential impairment. Given the ongoing changes in the overall business environment and current uncertainties in commodity markets, at June 30, 2020 the Company reviewed externally available forward commodity prices and as a result of this assessment, no indicators of impairment were identified on property and equipment.

As at December 31, 2019, the balance of assets under construction not subject to depreciation or depletion was \$65.0 million and related to the construction of the Nig Creek Gas Plant located in northeast British Columbia. In February 2020, construction of the Nig Creek Gas Plant was completed and the gas plant is being depreciated on a straight-line basis over its estimated useful life of 35 years.

5. BANK INDEBTEDNESS

As at June 30, 2020, the Company had an extendible revolving credit facility in the amount of \$190 million (December 31, 2019 - \$205 million) based on a bank determined borrowing base related to the Company's producing reserves. Although the borrowing base was set at \$205 million, the Company voluntarily reduced the credit facility amount to \$190 million in order to reduce the associated fees. The credit facility is available to the Company until May 28, 2021, at which time the borrowing base amount will be reviewed and in the ordinary course of business the Company will have the option to extend the facility for an additional year. If the credit facility is not extended, the facility moves into a term phase whereby the outstanding loan amount is to be repaid in full one year later. In the event that the lenders reduce the borrowing base below the amount drawn, the Company would have 90 days to eliminate any borrowing base shortfall by repaying the amount drawn in excess of the re-determined borrowing base or by providing additional security or other consideration satisfactory to the lenders. Repayments of principal are not required provided that the borrowings under the credit facility do not exceed the authorized borrowing amount. Interest is paid on the utilized

portion of the credit facility at bankers' acceptance rates, plus a stamping fee. Collateral comprises a floating charge demand debenture on the assets of the Company.

At June 30, 2020, debt including outstanding letters of credit amounted to \$142.7 million, representing approximately 75% of the available credit facility.

As at June 30, 2020, the Company had issued letters of credit in the amount of \$13.3 million (December 31, 2019 - \$10.0 million) in support of future natural gas transportation and processing obligations.

6. REVENUE FROM PRODUCT SALES

The following table presents the Company's revenue from product sales disaggregated by revenue source:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Natural gas	\$ 23,335	\$ 23,396	\$ 50,185	\$ 62,400
Condensate	5,437	13,468	19,915	25,890
NGL	1,419	704	2,014	5,044
Total	\$ 30,191	\$ 37,568	\$ 72,114	\$ 93,334

Storm's revenue was generated mostly in British Columbia where production was sold primarily to three major energy customers with investment grade credit ratings which accounted for 90% and 95% of the Company's total revenue from product sales for the three and six months ended June 30, 2020, respectively (June 30, 2019 - 80% and 81%, respectively, from two major customers). The majority of revenues are derived from variable price contracts based on index prices at each sales point. Of total natural gas revenue for the six months ended June 30, 2020, 53% received Chicago pricing, 18% received BC Station 2 pricing, 12% received AECO pricing, 11% received Sumas pricing, and the remaining 6% received ATP pricing.

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-Use Asset

The following table provides a reconciliation of the carrying amount of the right-of-use asset pertaining to the Company's corporate office lease in Calgary:

	Six Months Ended June 30, 2020	Year Ended December 31, 2019
Cost		
Balance, beginning of period	\$ 3,094	\$ 3,094
Additions	-	-
Balance, end of period	\$ 3,094	\$ 3,094
Accumulated depreciation		
Balance, beginning of period	\$ (437)	\$ -
Depreciation	(218)	(437)
Balance, end of period	\$ (655)	\$ (437)
Net book value, beginning of period	\$ 2,657	\$ 3,094
Net book value, end of period	\$ 2,439	\$ 2,657

As at June 30, 2020, the net book value of the right-of-use asset for the Company's corporate office lease in Calgary is \$2.4 million (December 31, 2019 - \$2.7 million) with a remaining lease term to the year 2026.

Lease Liability

The following table provides a reconciliation of the carrying amount of the liability pertaining to the Company's corporate office lease in Calgary:

	Six Months Ended June 30, 2020	Year Ended December 31, 2019
Balance, beginning of period	\$ 2,741	\$ 3,094
Lease payments	(253)	(500)
Lease interest	67	147
Balance, end of period	\$ 2,555	\$ 2,741
Less current portion	509	507
Long-term portion	\$ 2,046	\$ 2,234

As at June 30, 2020, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liability over the remaining lease term is \$2.9 million.

Short-term leases are leases with a lease term of twelve months or less. During the six months ended June 30, 2020, short-term lease costs of approximately \$0.5 million (June 30, 2019 - \$1.7 million) were incurred primarily relating to the lease of drilling equipment which was captured within property and equipment costs.

8. DECOMMISSIONING LIABILITY

The Company provides for the future cost of decommissioning crude oil and natural gas production assets, including well sites, gathering systems and facilities. The total decommissioning obligation is estimated based on the Company's net ownership interest in wells and facilities, the estimated costs to abandon and reclaim the wells, gathering systems and facilities and the estimated timing of future costs. The total estimated inflated and undiscounted liability required to settle the Company's decommissioning obligation is approximately \$35.4 million (December 31, 2019 - \$38.3 million), with the majority of payments being made in the years 2034 to 2054. A risk-free discount rate of 1.0% (December 31, 2019 - 1.7%) and an inflation rate of 1.0% (December 31, 2019 - 1.4%) was used to calculate the present value of the decommissioning obligation, amounting to \$30.4 million at June 30, 2020.

The following table provides a reconciliation of the carrying amount of the obligation:

	Six Months Ended June 30, 2020	Year Ended December 31, 2019
Balance, beginning of period	\$ 28,115	\$ 26,334
Obligations incurred	127	2,706
Obligations settled	(113)	(246)
Change in estimates ⁽¹⁾	2,074	(1,171)
Accretion expense	186	492
Balance, end of period	\$ 30,389	\$ 28,115
Less current portion	1,144	448
Long-term portion	\$ 29,245	\$ 27,667

(1) Relates to changes in risk-free discount rates, inflation rates and estimated settlement dates.

9. SHARE CAPITAL

Authorized

An unlimited number of voting common shares without nominal or par value

An unlimited number of first preferred shares without nominal or par value

Issued

	Number of Common Shares	Consideration
Balance as at December 31, 2019 and June 30, 2020	121,557	\$ 391,444

For the period from January 1, 2020 to August 12, 2020 there were no common shares issued upon the exercise of stock options.

10. SHARE-BASED COMPENSATION

The Company has a stock option plan under which it may grant, at the Company's discretion, options to purchase common shares to directors, officers and employees. Options are granted at the volume weighted average price of the shares on the TSX for the five trading days immediately preceding the date of grant, have a four-year term and vest in one-third tranches over three years. Under the stock option plan, at June 30, 2020, a total of 12,155,681 common shares were available for issuance. At June 30, 2020 and at August 12, 2020, the date of this report, options in respect of 10,277,100 common shares were issued and outstanding and options in respect of 1,878,581 common shares were available for future issue.

Details of the options outstanding at June 30, 2020 are as follows:

	Number of Options (000s)	Weighted Average Exercise Price
Outstanding at December 31, 2019	10,188	\$ 2.74
Granted during the period	238	\$ 1.29
Forfeited during the period	(149)	\$ 2.46
Outstanding at June 30, 2020	10,277	\$ 2.72
Number exercisable at June 30, 2020	4,659	\$ 3.83

Range of Exercise Price	Outstanding Options			Exercisable Options	
	Number of Options Outstanding (000s)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number of Options Outstanding (000s)	Weighted Average Exercise Price
\$1.11 - \$2.85	5,632	3.0	\$ 1.63	852	\$ 1.83
\$2.86 - \$4.50	2,631	1.5	\$ 2.98	1,793	\$ 3.03
\$4.51 - \$5.50	2,014	0.4	\$ 5.39	2,014	\$ 5.39
Total	10,277	2.1	\$ 2.72	4,659	\$ 3.83

The fair value of employee stock options is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on measurement date, exercise price of the instrument, expected volatility, forfeiture rate, weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds).

The weighted average inputs used in the Black-Scholes pricing model to determine the fair value of the options granted during the six months ended June 30, 2020 of \$0.46 per share include the following:

	2020
Share price	\$1.29
Exercise price	\$1.29
Volatility	48%
Forfeiture rate	2%
Expected option life (years)	3.7
Risk-free interest rate	0.4%

Share-based compensation expense of \$0.4 million and \$0.9 million was charged to the consolidated statement of income (loss) during the three and six months to June 30, 2020, respectively (2019 - \$0.6 million and \$1.2 million, respectively) with an equivalent offset to contributed surplus.

11. NET INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per share were calculated as follows:

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Net income (loss) for the period	\$ (11,665)	\$ 7,864	\$ (1,153)	\$ 8,471
Weighted average number of common shares outstanding – basic				
Common shares outstanding at beginning of period	121,557	121,557	121,557	121,557
Effect of shares issued	-	-	-	-
Weighted average number of common shares outstanding – basic	121,557	121,557	121,557	121,557
Dilutive effect of outstanding options ⁽¹⁾	-	-	-	-
Weighted average number of common shares outstanding – diluted	121,557	121,557	121,557	121,557
Net income (loss) per share				
Basic and diluted	\$ (0.10)	\$ 0.06	\$ (0.01)	\$ 0.07

(1) For the three and six months ended June 30, 2020, the Company incurred net losses and therefore there were no dilutive effects of stock options. For the three and six months ended June 30, 2019, 9.1 million weighted average common shares related to stock options were anti-dilutive.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments include accounts receivable, prepaids and deposits, accounts payable and accrued liabilities, bank indebtedness and risk management contracts.

Storm classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide continual and verifiable pricing information.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities and interest rates, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of bank indebtedness approximates its fair value as it bears interest at market rates. The fair value of the Company's risk management contracts described below is based on forward prices of commodities and interest rates available in the market place and they are therefore classified as Level 2 financial instruments. The Company does not have any financial instruments classified as Level 3 and there were no transfers between levels within the fair value hierarchy for the three and six months ended June 30, 2020.

The Company's risk management contracts are subject to master netting agreements that create a legally enforceable right to offset by counterparty the related financial assets and financial liabilities on the Company's consolidated statements of financial position. The following is a summary of the Company's financial assets and financial liabilities that are subject to offset as at June 30, 2020:

	Gross Amounts Recognized as Financial Assets (Liabilities)	Gross Amounts of Financial Assets (Liabilities) Offset	Net Amounts Recognized as Financial Assets (Liabilities)
Risk management contracts			
Current asset	\$ 7,829	\$ (7,829)	\$ -
Long-term asset	1,222	(1,222)	-
Current liability	(10,383)	7,829	(2,554)
Long-term liability	(3,848)	1,222	(2,626)
Net position	\$ (5,180)	\$ -	\$ (5,180)

The following is a summary of the Company's financial assets and financial liabilities that were subject to offset as at December 31, 2019:

	Gross Amounts Recognized as Financial Assets (Liabilities)	Gross Amounts of Financial Assets (Liabilities) Offset	Net Amounts Recognized as Financial Assets (Liabilities)
Risk management contracts			
Current asset	\$ 1,805	\$ (692)	\$ 1,113
Long-term asset	-	-	-
Current liability	(2,734)	692	(2,042)
Long-term liability	(904)	-	(904)
Net position	\$ (1,833)	\$ -	\$ (1,833)

Accounts Receivable

The Company's accounts receivable tend to be concentrated with a limited number of marketers of the Company's production as well as joint venture partners and are subject to normal industry credit risk. Receivables from crude oil and natural gas marketers are typically collected on or about the 25th of the following month. The Company's production is sold to organizations whose credit worthiness is in part assessable from publicly available information. As at June 30, 2020, the Company's three major energy customers with investment grade credit ratings accounted for \$9.5 million of total receivables (June 30, 2019 - \$8.1 million from two major customers) and 90% and 95% of total revenues for the three and six months ended June 30, 2020, respectively (three and six months ended June 30, 2019 - 80% and 81%, respectively). Where operations involve partners in a joint venture, the Company attempts to mitigate the risk from joint venture receivables by obtaining pre-approval and cash call deposits from its partners in advance of significant capital expenditures. Receivables from joint ventures are typically collected within one to three months of the joint venture bill being issued. As at June 30, 2020, there were no receivables outstanding for more than 60 days. No material default on outstanding receivables is anticipated as none of the Company's outstanding receivables are considered past due at June 30, 2020.

The maximum exposure to credit risk at June 30, 2020 was the carrying amount of accounts receivable of \$10.8 million. No receivables were impaired at June 30, 2020.

Commodity Price Risk

The Company uses risk management contracts to manage its exposure to fluctuations in commodity prices, by fixing prices of future deliveries of crude oil and natural gas and thus providing stability of funds flow. Although the Company had no crude oil production at June 30, 2020, part of its condensate and NGL stream is sold at a price based on crude oil. Accordingly, a financial investment based on crude oil is used as a proxy for the Company's condensate and NGL stream. At the date of this report, the Company had entered into the following outstanding financial risk management contracts in place to manage commodity price risk:

As at August 12, 2020	Daily Volume	Period Hedged	Average Price (Cdn\$)
Natural Gas Swaps			
NYMEX (US\$)	2,000 Mmbtu	Jul 1, 2020 – Oct 31, 2020	US\$2.42/Mmbtu
NYMEX (US\$)	4,500 Mmbtu	Nov 1, 2020 – Dec 31, 2020	US\$2.49/Mmbtu
NYMEX (US\$)	2,500 Mmbtu	Jan 1, 2021 – Oct 31, 2021	US\$2.32/Mmbtu
NYMEX	2,500 Mmbtu	Jul 1, 2020 – Oct 31, 2020	\$2.86/Mmbtu
NYMEX	2,500 Mmbtu	Jan 1, 2021 – Mar 31, 2021	\$3.69/Mmbtu
NYMEX	10,000 Mmbtu	Apr 1, 2021 – Oct 31, 2021	\$3.32/Mmbtu
NYMEX	2,000 Mmbtu	Nov 1, 2021 – Dec 31, 2021	\$3.55/Mmbtu
Chicago	1,500 Mmbtu	Jul 1, 2020 – Oct 31, 2020	\$3.29/Mmbtu
Chicago	6,000 Mmbtu	Nov 1, 2020 – Dec 31, 2020	\$3.55/Mmbtu
Chicago	13,500 Mmbtu	Jan 1, 2021 – Mar 31, 2021	\$3.65/Mmbtu
Chicago	22,000 Mmbtu	Apr 1, 2021 – Oct 31, 2021	\$3.04/Mmbtu
Chicago	6,000 Mmbtu	Nov 1, 2021 – Dec 31, 2021	\$3.53/Mmbtu
Chicago	4,500 Mmbtu	Nov 1, 2021 – Mar 31, 2022	\$3.65/Mmbtu
Sumas	4,500 Mmbtu	Jul 1, 2020 – Oct 31, 2020	\$3.08/Mmbtu
AECO	10,500 GJ	Jul 1, 2020 – Oct 31, 2020	\$1.72/GJ
AECO	5,000 GJ	Nov 1, 2020 – Mar 31, 2021	\$2.25/GJ
AECO	11,000 GJ	Apr 1, 2021 – Oct 31, 2021	\$2.14/GJ
BC Station 2	5,000 GJ	Jul 1, 2020 – Oct 31, 2020	\$1.57/GJ
BC Station 2	3,000 GJ	Jul 1, 2020 – Aug 31, 2020	\$1.65/GJ
BC Station 2	18,000 GJ	Nov 1, 2020 – Mar 31, 2021	\$2.05/GJ
BC Station 2	25,000 GJ	Apr 1, 2021 – Oct 31, 2021	\$1.87/GJ

As at August 12, 2020	Daily Volume	Period Hedged	Average Price (Cdn\$)
Natural Gas Swaps (continued)			
BC Station 2	15,500 GJ	Nov 1, 2021 – Mar 31, 2022	\$2.31/GJ
BC Station 2	3,000 GJ	Apr 1, 2022 – Oct 31, 2022	\$1.90/GJ
Natural Gas Collars			
NYMEX (US\$)	13,000 Mmbtu	Jul 1, 2020 – Oct 31, 2020	US\$1.92 - \$2.41/Mmbtu
NYMEX (US\$)	8,000 Mmbtu	Nov 1, 2020 – Dec 31, 2020	US\$1.96 - \$2.49/Mmbtu
NYMEX (US\$)	3,000 Mmbtu	Jan 1, 2021 – Mar 31, 2021	US\$2.40 - \$2.75/Mmbtu
NYMEX	22,500 Mmbtu	Jul 1, 2020 – Sep 30, 2020	\$2.78 - \$3.30/Mmbtu
NYMEX	17,500 Mmbtu	Oct 1, 2020 – Oct 31, 2020	\$2.74 - \$3.31/Mmbtu
NYMEX	19,500 Mmbtu	Nov 1, 2020 – Dec 31, 2020	\$2.81 - \$3.36/Mmbtu
NYMEX	5,000 Mmbtu	Jan 1, 2021 – Mar 31, 2021	\$3.45 - \$4.10/Mmbtu
NYMEX	10,500 Mmbtu	Jan 1, 2021 – Mar 31, 2021	\$3.46 - \$3.96/Mmbtu
NYMEX	2,000 Mmbtu	Nov 1, 2021 – Dec 31, 2021	\$3.60 - \$3.78/Mmbtu
NYMEX	6,000 Mmbtu	Nov 1, 2021 – Mar 31, 2022	\$3.53 - \$4.13/Mmbtu
AECO	9,000 GJ	Nov 1, 2020 – Mar 31, 2021	\$2.02 - \$2.49/GJ
AECO	7,000 GJ	Nov 1, 2020 – Mar 31, 2021	\$1.90 - \$2.58/GJ
Natural Gas Differential Swaps			
NYMEX:Chicago (US\$)	12,500 Mmbtu	Jul 1, 2020 – Dec 31, 2020	NYMEX minus US\$0.274/Mmbtu
NYMEX:Chicago (US\$)	5,000 Mmbtu	Jul 1, 2020 – Oct 31, 2020	NYMEX minus US\$0.315/Mmbtu
NYMEX:Chicago (US\$)	12,500 Mmbtu	Jan 1, 2021 – Dec 31, 2021	NYMEX minus US\$0.256/Mmbtu
NYMEX:Chicago	22,500 Mmbtu	Jul 1, 2020 – Sep 30, 2020	NYMEX minus \$0.30/Mmbtu
NYMEX:Chicago	17,500 Mmbtu	Oct 1, 2020 – Oct 31, 2020	NYMEX minus \$0.31/Mmbtu
NYMEX:Chicago	19,500 Mmbtu	Nov 1, 2020 – Dec 31, 2020	NYMEX minus \$0.28/Mmbtu
NYMEX:Chicago	10,500 Mmbtu	Jan 1, 2021 – Mar 31, 2021	NYMEX plus \$0.048/Mmbtu
NYMEX:Chicago	6,000 Mmbtu	Nov 1, 2021 – Mar 31, 2022	NYMEX plus \$0.073/Mmbtu
AECO:BC Station 2	7,000 GJ	Nov 1, 2020 – Mar 31, 2021	AECO minus \$0.10/GJ
Crude Oil Swaps			
WTI	950 Bbls	Jul 1, 2020 – Dec 31, 2020	\$59.56/Bbl
WTI	850 Bbls	Jan 1, 2021 – Jun 30, 2021	\$52.01/Bbl
WTI	400 Bbls	Jul 1, 2021 – Dec 31, 2021	\$53.98/Bbl
Crude Oil Collars			
WTI	800 Bbls	Jul 1, 2020 – Dec 31, 2020	\$57.81 - \$67.08/Bbl
WTI	900 Bbls	Jan 1, 2021 – Jun 30, 2021	\$50.78 - \$59.83/Bbl
WTI	400 Bbls	Jul 1, 2021 – Dec 31, 2021	\$50.00 - \$60.15/Bbl
Crude Oil Differential Swaps			
WTI:C5	800 Bbls	Jul 1, 2020 – Aug 31, 2020	WTI minus \$7.58/Bbl
WTI:C5	1,100 Bbls	Sep 1, 2020 – Dec 31, 2020	WTI minus \$6.67/Bbl
WTI:C5	1,100 Bbls	Jan 1, 2021 – Jun 30, 2021	WTI minus \$4.06/Bbl
Propane Swaps			
Conway	200 Bbls	Jul 1, 2020 – Dec 31, 2020	\$28.25/Bbl
Conway	100 Bbls	Jan 1, 2021 – Jun 30, 2021	\$27.30/Bbl

Physical Delivery Sales Contracts

The Company also enters into physical delivery sales contracts from time to time to manage commodity price risk. These contracts are considered normal executory contracts and are not recognized in the consolidated statement of income (loss) and comprehensive income (loss) until volumes are delivered.

	Daily Volume	Contract Price
Natural Gas		
Jul 2020 – Oct 2020	14,028 Mmbtu at BC Station 2	Sumas less US\$0.69/Mmbtu
Jul 2020 – Oct 2020	6,000 GJ at BC Station 2	AECO 7A less Cdn\$0.295/GJ
Nov 2020 – Oct 2021	5,000 GJ at BC Station 2	AECO 7A less Cdn\$0.125/GJ
Jul 2020 – Mar 2021	6,000 GJ at ATP	AECO 5A plus Cdn\$0.09/GJ

Interest Rate Risk

The Company may enter into interest rate swap contracts to manage the uncertainty of variable interest rates by fixing the variable component of a portion of the interest paid on the Company's revolving bank facility. As at June 30, 2020, the Company had the following outstanding financial risk management contracts in place to manage interest rate risk:

Index	Effective Date	Notional Principal	Remaining Term	Fixed Contract Rate
One-month bankers' acceptance - CDOR ⁽¹⁾	May 2019	\$25 million	Jul 2020 – May 2022	1.949%
One-month bankers' acceptance - CDOR ⁽¹⁾	Jan 2020	\$10 million	Jul 2020 – Jan 2023	1.943%
One-month bankers' acceptance - CDOR ⁽¹⁾	Jan 2020	\$15 million	Jul 2020 – Jan 2021	1.985%

(1) Canadian Dollar Offered Rate.

Risk Management

Risk management contracts may be used by the Company to manage exposure to market risks related to commodity prices, exchange rates and interest rates. The use of financial risk management contracts is governed by Storm's Board of Directors and follows guidelines and limits approved by the Board. Storm does not use derivative contracts for speculative purposes. All derivative contracts are classified at fair value through profit and loss and measured at fair value, with gains and losses on re-measurement included as a component of unrealized risk management contracts in the period in which they arise.

The fair market value of these risk management contracts at June 30, 2020 was a net liability position of \$5.2 million (December 31, 2019 - net liability position of \$1.8 million) and is included on the balance sheet as either a risk management asset or liability and is classified as current or non-current based on the contractual terms specific to the instruments. For the three and six months ended June 30, 2020, this resulted in unrealized mark-to-market losses of \$13.8 million and \$3.3 million, respectively, (June 30, 2019 - unrealized mark-to-market gains of \$9.6 million and \$4.8 million, respectively) when measured against the fair market value at the end of the preceding reporting period. These amounts are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

The Company realized gains from risk management price contracts in place in the amount of \$6.5 million and \$9.3 million, respectively, for the three and six months ended June 30, 2020 (June 30, 2019 - realized losses of \$0.4 million and \$10.0 million, respectively).

Sensitivities

The following table summarizes the effects of movement in commodity prices and interest rates on net income (loss) due to changes in the fair value of risk management contracts in place at June 30, 2020. Changes in the fair value generally cannot be extrapolated because the relationship of a change in an assumption to the change in fair value may not be linear.

Factor	Six Months Ended June 30, 2020	
	Gain/(Loss)	
Increase of US\$10.00/Bbl in the price of WTI ⁽¹⁾	\$	(6,999)
Decrease of US\$10.00/Bbl in the price of WTI ⁽¹⁾	\$	6,999
Increase of US\$0.10/Mmbtu in the price of NYMEX natural gas	\$	(4,072)
Decrease of US\$0.10/Mmbtu in the price of NYMEX natural gas	\$	4,072
Increase of 100 basis points (1%) in interest rates	\$	827
Decrease of 100 basis points (1%) in interest rates	\$	(827)

(1) A portion of the Company's condensate and NGL production is sold at a price based on WTI.

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital

	Three Months ended June 30, 2020	Three Months ended June 30, 2019	Six Months ended June 30, 2020	Six Months ended June 30, 2019
Accounts receivable	\$ 9,637	\$ 12,235	\$ 11,086	\$ 18,263
Prepays and deposits	(73)	201	130	466
Accounts payable and accrued liabilities	(22,482)	3,277	(17,637)	(5,294)
Change in non-cash working capital	\$ (12,918)	\$ 15,713	\$ (6,421)	\$ 13,435
Relating to:				
Operating activities	\$ 2,636	\$ 6,960	\$ 2,164	\$ 12,904
Investing activities	(15,554)	8,753	(8,585)	531
Change in non-cash working capital	\$ (12,918)	\$ 15,713	\$ (6,421)	\$ 13,435
Interest paid during the period	\$ 1,566	\$ 1,268	\$ 3,135	\$ 2,305
Income taxes paid during the period	\$ -	\$ -	\$ -	\$ -

14. COMMITMENTS

At June 30, 2020, the Company has the following long-term commitments over the next five years and thereafter:

	2020	2021	2022	2023	2024	Thereafter	Total
Transportation and processing commitments	\$ 31,967	\$ 63,024	\$ 50,677	\$ 27,567	\$ 27,702	\$ 208,397	\$ 409,334
Office lease ⁽¹⁾	178	356	356	356	356	385	1,987
Total	\$ 32,145	\$ 63,380	\$ 51,033	\$ 27,923	\$ 28,058	\$ 208,782	\$ 411,321

(1) Office lease commitment includes the operating cost component of the office lease costs.

CORPORATE INFORMATION

Officers

Brian Lavergne
President & Chief Executive Officer

Robert S. Tiberio
Chief Operating Officer

Michael J. Hearn
Chief Financial Officer

Emily Wignes
Vice President, Finance

Jamie P. Conboy
Vice President, Geology

H. Darren Evans
Vice President, Exploitation

Bret A. Kimpton
Vice President, Production

Directors

Matthew J. Brister ⁽²⁾⁽³⁾

John A. Brussa

Mark A. Butler ⁽¹⁾⁽³⁾

Stuart G. Clark ⁽¹⁾
Chairman

Brian Lavergne
President & Chief Executive Officer

Sheila A. Leggett ⁽²⁾

Gregory G. Turnbull ⁽²⁾

P. Grant Wierzbowski ⁽²⁾⁽³⁾

James K. Wilson ⁽¹⁾

(1) Member, Audit Committee (2) Member, Reserves, Environment, Health and Safety Committee (3) Member, Compensation, Governance and Nomination Committee

Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol "SRX"

Solicitors

Stikeman Elliott LLP
Burnet Duckworth & Palmer LLP
Calgary, Alberta

Auditors

Ernst & Young LLP
Calgary, Alberta

Registrar & Transfer Agent

Alliance Trust Company
Calgary, Alberta

Bankers

ATB Financial
Canadian Imperial Bank of Commerce
Royal Bank of Canada
Canadian Western Bank
Calgary, Alberta

Executive Offices

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Abbreviations

ATP	Alliance Transfer Point	Mbbl	Thousands of barrels
Bbls	Barrels of oil or natural gas liquids	Mboe	Thousands of barrels of oil equivalent
Bbls/d	Barrels per day	Mcf	Thousands of cubic feet
Bcf	Billions of cubic feet	Mcf/d	Thousands of cubic feet per day
Boe	Barrels of oil equivalent	Mmbtu	Millions of British Thermal Units
Boe/d	Barrels of oil equivalent per day	Mmbtu/d	Millions of British Thermal Units per day
Bopd	Barrels of oil per day	Mmcf	Millions of cubic feet
Btu	British thermal unit	Mmcf/d	Millions of cubic feet per day
Cdn\$	Canadian dollar	NGL	Natural gas liquids
CGU	Cash generating unit	OPEC	Organization of Petroleum Exporting Countries
DPIIP	Discovered Petroleum Initially in Place	PDP	Proved developed producing (reserves)
GJ	Gigajoules	TSX	Toronto Stock Exchange
GJ/d	Gigajoules per day	US	United States
kPa	Kilopascal	US\$	United States dollar
		WTI	West Texas Intermediate



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