

Storm Resources Ltd. Enters into Agreement to be Acquired by Canadian Natural Resources Limited

CALGARY, Alberta, November 9, 2021 - Storm Resources Ltd. ("**Storm**" or the "**Company**") (TSX: **SRX**) is pleased to announce that it has entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with Canadian Natural Resources Limited (the "**Purchaser**") (TSX, NYSE: **CNQ**) pursuant to which the Purchaser has agreed to acquire all of the issued and outstanding common shares of Storm ("**Storm Shares**") for cash consideration of \$6.28 per Storm Share (the "**Purchase Price**"). The proposed transaction (the "**Transaction**") is to be completed by way of a plan of arrangement under the *Business Corporations Act* (Alberta) and is expected to close in December 2021.

STRATEGIC RATIONALE

- **Attractive Value for Storm Shareholders.** The Purchase Price implies an enterprise value for Storm of approximately \$960 million including transaction related expenses and decommissioning obligations. The resulting transaction metric is estimated to be 7.2 times annualized funds flow in the first six months of 2021 or 6.5 times excluding loss on risk management contracts (hedging losses).
- **All Cash Premium to Market Trading Prices.** The Purchase Price represents an all-time high share price for Storm as well as a premium of 10% to Storm's 10 day volume weighted average trading price on the Toronto Stock Exchange (the "**TSX**") as of the close of markets on November 9, 2021.

THE ARRANGEMENT AGREEMENT AND APPROVALS

Under the Transaction, the Purchaser will acquire all of the issued and outstanding Storm Shares in exchange for the payment to shareholders of the Purchase Price for each Storm Share held.

Storm will seek approval of the Transaction by its shareholders and holders of options (together, the "**Securityholders**") at a special meeting expected to be held in December 2021 (the "**Meeting**"). The Transaction is subject to approval by Securityholders at the Meeting, including the approval of at least: (a) two-thirds of the votes cast by the shareholders in person or represented by proxy at the Meeting; (b) two-thirds of the votes cast by the Securityholders in person or represented by proxy at the Meeting, voting together as a single class; and (c) if required, a majority of the votes cast by shareholders in person or represented by proxy at the Meeting, after excluding the votes cast by those shareholders whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

The Transaction is subject to various closing conditions, including receipt of court approval, the required Storm Securityholder approval at the Meeting and certain regulatory approvals, including clearance under the *Competition Act* (Canada). Upon closing of the Transaction, the Storm Shares will be de-listed from the TSX.

The Arrangement Agreement contains customary representations and warranties of each party and interim operational covenants by Storm. The Arrangement Agreement also provides for, among other things, customary support and non-solicitation covenants by Storm, subject to a "fiduciary out" for unsolicited "superior proposals" in favour of Storm and a provision for the right to match any superior proposals in favour of the Purchaser.

The Arrangement Agreement provides for a non-completion fee of \$43.5 million, payable in the event that the Transaction is not completed or is terminated in certain circumstances, including if Storm enters into an agreement with respect to a superior proposal or if the Board withdraws or modifies its recommendation with respect to the Transaction.

Contemporaneous with the execution of the Arrangement Agreement, all of the directors and executive officers of Storm have entered into support agreements, agreeing to support the Transaction and vote an aggregate of approximately 12.6% of the outstanding Storm Shares in favour of the Transaction, subject to the provisions of such support agreements.

Further details with respect to the Transaction will be included in the information circular to be mailed to the Securityholders in connection with the Meeting. A copy of the Arrangement Agreement and the information circular will be filed on Storm's SEDAR profile and will be available for viewing at www.sedar.com.

RECOMMENDATION OF THE BOARD

Based on the Fairness Opinion (as defined below) and through discussions with its financial and legal advisors, among other considerations, the Board has unanimously: (i) determined that the Arrangement is fair, from a financial point of view, to Storm shareholders; (ii) resolved to recommend that the Securityholders vote in favour of the Transaction; and (iii) determined that the Arrangement and the entering into of the Arrangement Agreement are in the best interests of Storm shareholders.

ABOUT STORM

Storm Resources Ltd. began operations in August 2010, is headquartered in Calgary, Alberta and is focused on growing net asset value for shareholders through the development of a large, liquids-rich resource in the Montney formation in northeast British Columbia.

ADVISORS

Stifel FirstEnergy acted as exclusive financial advisor to Storm in connection with the Transaction and has provided a verbal fairness opinion (the "**Fairness Opinion**") that, subject to review of the final form of documents affecting the Transaction, as at the date of the Arrangement Agreement, the consideration to be received by Storm shareholders pursuant to the Transaction is fair, from a financial point of view, to Storm shareholders.

Stikeman Elliott LLP acted as legal counsel to Storm.

Dentons Canada LLP acted as legal counsel to the Purchaser.

DEFINITIONS AND ADVISORIES

Currency: All amounts referred to in this press release are stated in Canadian dollars unless otherwise specified.

Forward-Looking Information: This press release contains certain forward-looking information within the meaning of Canadian securities laws. Forward-looking information relates to future events or future performance and is based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. All information other than historical fact is forward-looking information. Words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words that indicate events or conditions may occur are intended to identify forward-looking information. More particularly and without limitation, this press release contains forward looking information relating to the anticipated benefits of the Transaction to Storm and its shareholders; the timing and anticipated receipt of required Securityholder, court, regulatory, stock exchange and other third party approvals for the Transaction; the ability of Storm and the Purchaser to satisfy the other conditions to, and to complete, the Transaction; and the anticipated timing of the holding of the Meeting and the closing of the Transaction. In respect of the forward-looking statements concerning the anticipated benefits and completion of the Transaction, the timing and anticipated receipt of required third party approvals and the anticipated timing for completion of the Transaction, the Purchaser and Storm have provided such in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail special meeting materials, including the information circular; the ability of the parties to receive, in a timely manner, the necessary Securityholder, court, regulatory, stock exchange and other third party approvals, including but not limited to the receipt of applicable competition approvals; and the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Transaction. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Storm's control. Completion of the Transaction is subject to a number of conditions which are typical for transactions of this nature. Failure to satisfy any of these conditions, the emergence of a superior proposal or the failure to obtain approval of Securityholders may result in the termination of the Arrangement Agreement. The foregoing list is not exhaustive. Additional information on these and other risks that could affect completion of the Transaction will be set forth in the information circular, which will be available on SEDAR at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such

information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Storm 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 that Storm will derive therefrom. The forward-looking statements in this press release should not be interpreted as providing a full assessment or reflection of the unprecedented impacts of the COVID-19 pandemic and the resulting indirect global and regional economic impacts. Storm disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Non-GAAP Measures. This press release refers to the terms "enterprise value" and "annualized funds flow" which are not recognized under Generally Accepted Accounting Principles ("GAAP") and are regarded as non-GAAP measures. These non-GAAP measures may not be comparable to the calculation of similar amounts for other entities and readers are cautioned that use of such measures to compare enterprises may not be valid. Non-GAAP terms are used to benchmark operations against prior periods and peer group companies and are widely used by investors, analysts and other parties. "Enterprise value" is calculated as market capitalization plus debt including working capital deficiency. Management believes that enterprise value provides a useful measure of the market value of Storm's debt and equity. "Market capitalization" is calculated as share price multiplied by the number of shares outstanding. Management believes that market capitalization provides a useful measure of the market value of Storm's equity. "Annualized funds flow" is calculated based on funds flow from operating activities for the most recently completed, or referenced, half-year.