



# Seymourville Frac Sand Project

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Investor Presentation

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March 2018

# Disclaimer

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Claim Post Resources is guided by three values that anchor the company to our core purpose of continuously generating value for all of our stakeholders. These values act as a compass to guide us in how we do our work, and how we balance competing priorities as an organization.

### **Putting People First**

- Health and safety are our number one priority – among employees, partners, and in the community in which we operate
- We always treat each other with fairness and respect, and we constantly seek to provide opportunities for professional development and personal growth
- We ensure all of our people are kept informed of important company developments and issues

### **High Performance Culture**

- We are a results-oriented company, with a relentless focus on the delivery and execution of high business objectives
- We value innovation, adaptability, and accountability in executing against our business strategy
- Teamwork is essential to working at Claim Post Resources
- Continuous improvement is central to our business culture

### **Rigorous Financial Discipline**

- We are at all times prudent with shareholders' money
- Discipline is central to our management philosophy

*We always seek new, more efficient ways to use the company's resources.*

# Management & Board Leadership

## **Lowell Jackson**

*Executive Chairman & Interim President*

- 40+ years of technical, operational, and executive experience in the oil and natural gas industry
- Served as the CEO and President of both WestFire Energy Ltd. and Real Resources Inc.
- Senior management roles at Grad & Walker Energy Corporation from 1991 to 1997

## **Bob Archibald**

*Chief Operating Officer*

- 40 years of technical, operational and executive experience in mining, construction materials, aggregates and industrial minerals industries
- Previously involved in eleven successful frac sand operations:
  - Texas - 3
  - Illinois - 2
  - Wisconsin - 5
  - Alberta - 1
- Qualified Person as defined by National Instrument 43-101. Mr. Archibald has served on the Board of Directors of the National Stone, Sand and Gravel Association, Manufacturers and Services Division.

## **John Assman**

*Independent Director*

- Currently serves as a third generation owner, President & C.E.O. of Landtran Systems Inc.
- Provides funding to young businesses in an angel investor capacity

## **Todd Garman**

*Independent Director*

- Currently Vice-President, Corporate Development at Iron Horse Energy Services
- Previously spent several years as a partner and oilfield services analyst primarily at Peters & Co. Limited

## **Tom MacInnis**

*Independent Director*

- Former Head of Financial Markets, Energy for National Bank Financial, where he was responsible for leading the firm's global energy practice
- Previously co-founder and Managing Director of Tristone Capital Inc., an energy focused boutique investment bank

## **Rick Williams**

*Independent Director*

- Currently serves as president of Blackwell Investor Relations and Waseco Resources
- Served as a corporate lawyer, PR professional, and an executive in the junior mining industry for the past 30 years

# Capitalization Summary & Material Insider Ownership

<b>Current Share Price (TSX-V: CPS)</b>	<b>\$0.10</b>
Basic Shares Outstanding (March 2018)	131,224,707
Intended Debenture Conversion into CPS equity	57,171,717
Total Shares Outstanding	188,396,424
Options Outstanding	10,750,000
F.D. Shares Outstanding	199,146,424
Net Debt (March 2018)	Nil
<b>F.D. Enterprise Value (\$mm)</b>	<b>\$19.91</b>

<b>Insider (Basic Ownership)</b>	<b>25.1%</b>
<b>Insider Ownership (F.D.)</b>	<b>28.3%</b>
<b>Major Shareholders:</b>	
John Assman (Independent Director)	12.3%
David Wilson (CEO, Kelt Exploration)	10.7%
Lowell Jackson (Chairman & President)	7.9%
Tom MacInnis (Independent Director)	4.8%

# Investment Highlights

## **Unprecedented & Increasing Demand for Frac Sand**

- Average Western Canadian Sedimentary Basin (WCSB) per well sand usage up over 300% since 2012 and climbing
- Despite 2018E WCSB well count ~15% lower than 2012, 2018E WCSB sand placed forecast to be 180% higher (Scotiabank – The Frac Book, Dec. 2017)

## **Tier 1 Quality Deposit**

- Independent API testing confirmed Claim Post's sand resource as a Tier 1 resource with the high grade, purity and strength preferred for plays at depths greater than 2000m
- Grain size distribution sample shows 85% of sand is 40/70 and finer
- Seymourville represents a major domestic deposit of Tier 1 quality in Canada

## **Strategic Location; Excellent Access to Transportation Infrastructure**

- ~1,000 km closer to WCSB markets than Wisconsin sand
- Minimum C\$5/MT to \$15/MT transportation cost advantage
- Existing developed infrastructure; Deposit trend has 90 years of quarry production history
- Close proximity to CN, CP and BNSF via Winnipeg CentrePort facility provides logistics optionality, cost advantages, and access to every North American resource play – allowing CPS to focus on basins where transportation advantages exist (Canada & North Dakota Bakken)

## **Highly Experienced Energy Services Leadership**

- Management and board comprised of expertise and experience in frac sand production, oil & gas, trucking and logistics, capital markets, and energy services
- Compelling value proposition & investment opportunity

## **Compelling Value Proposition & Investment Opportunity**

- Most Recent Economic Analysis shows Base Case PV 10% values of \$536mm (1mmt/year) and \$1,267mm (2mmt/year)

# Growth Trends in Frac Sand Demand

## Frac Sand Overview

- Frac sand is a high-purity quartz sand with extremely durable and very round, uniform grains
- It is a crush resistant material used in the process of hydraulic fracturing
- In order for sand to qualify as frac sand, it must meet very specific API requirements
  - High silica purity
  - Appropriate grain size
  - Spherical shape enables it to be carried in hydraulic fracturing fluid with minimal turbulence
  - Durability to resist crushing forces of closing fractures
  - Low solubility in hot, acid conditions

## Robust Growth in WCSB Frac Sand Market

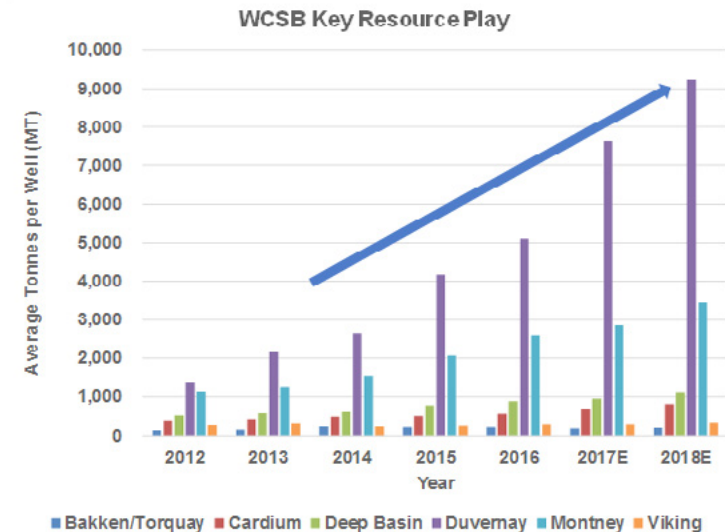
- Despite the downturn in commodity prices, use of frac sand has significantly increased since 2012, with 2018 average per well volumes growing by ~300% in key WCSB Plays (Peters & Co. Limited)
  - Improved well economics through enhanced, high density well completions that target improved reservoir contact through increased proppant intensity (tonnes/well)
- In Canada, the 2018E average amount of proppant per well forecast to increase by ~575% in the Duvernay and ~210% in the Montney since 2012 (Peters & Co. Limited)
- ~60% of WCSB Tier 1 sand demand provided by a single supplier (Source Energy Services)
- Finer mesh sizes represents ~60% of demand (Headwaters – Sept. 2017)
- ~55% of total demand is supplied by US based mines (Headwaters – Sept. 2017)

## TIER 2 FRAC SAND



## TIER 1 FRAC SAND

Note the difference between Tier 1 frac sand (right) and Tier 2 sand (left); Tier 1 sand has a more uniform grain size, rounded grain shapes, higher strength and uniform composition.



# Tier 1 Quality Frac Sand Deposit

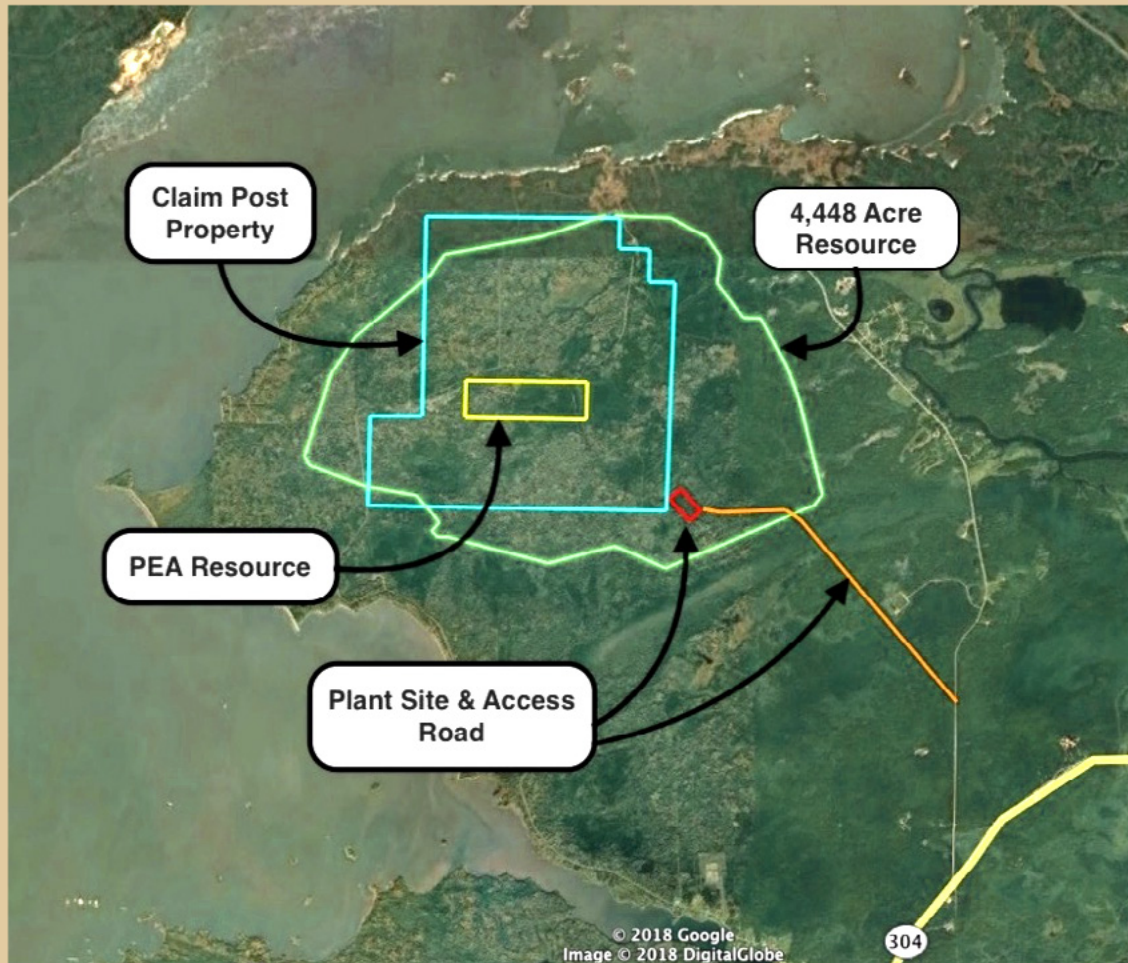
## Seymourville Reserves

- Tier 1 frac sand deposit located 200 km north of Winnipeg on the east shore of Lake Winnipeg
- Seymourville sand deposit has an estimated resource of 600 million tonnes (Manitoba Department of Energy & Mines)
  - Claim Post controls 62% of the total deposit
  - ~80% recovery to frac sand and silica flower
- Sand reserves made up of different mesh sizes
  - Lower mesh frac sand is coarser and used for higher oil / liquids yield wells; higher mesh frac sand is finer and used for dry gas wells, to initiate oil fracks and control fluid losses
  - 85%+ of Seymourville sand is fine sand
  - 99.2% of Seymourville sand is silica
- NI 43-101 Report on ~26 mmt of sand (BFIT@PV10%; constant pricing)
  - 1 mmt per year represents PV of \$229.5mm
  - 2 mmt per year represents PV of \$311.0mm

*Black Island quarry directly across Lake Winnipeg has sand pay zones of up to 30 meters thick.*



# Scale & Materiality of Upside Potential



## 600 Million Tonne Resource over 4,448 acres

- Sand Resource determined by Manitoba Government Economic Geology Report (ER84-2)

## PEA Analysis covers 200 acres

- Identifying sand resource of 26 million tonnes
- Represents just 5% of the Manitoba Government estimated sand resource.

## Claim Post Controls 2,770 acres

- Represents 62% of the sand resource

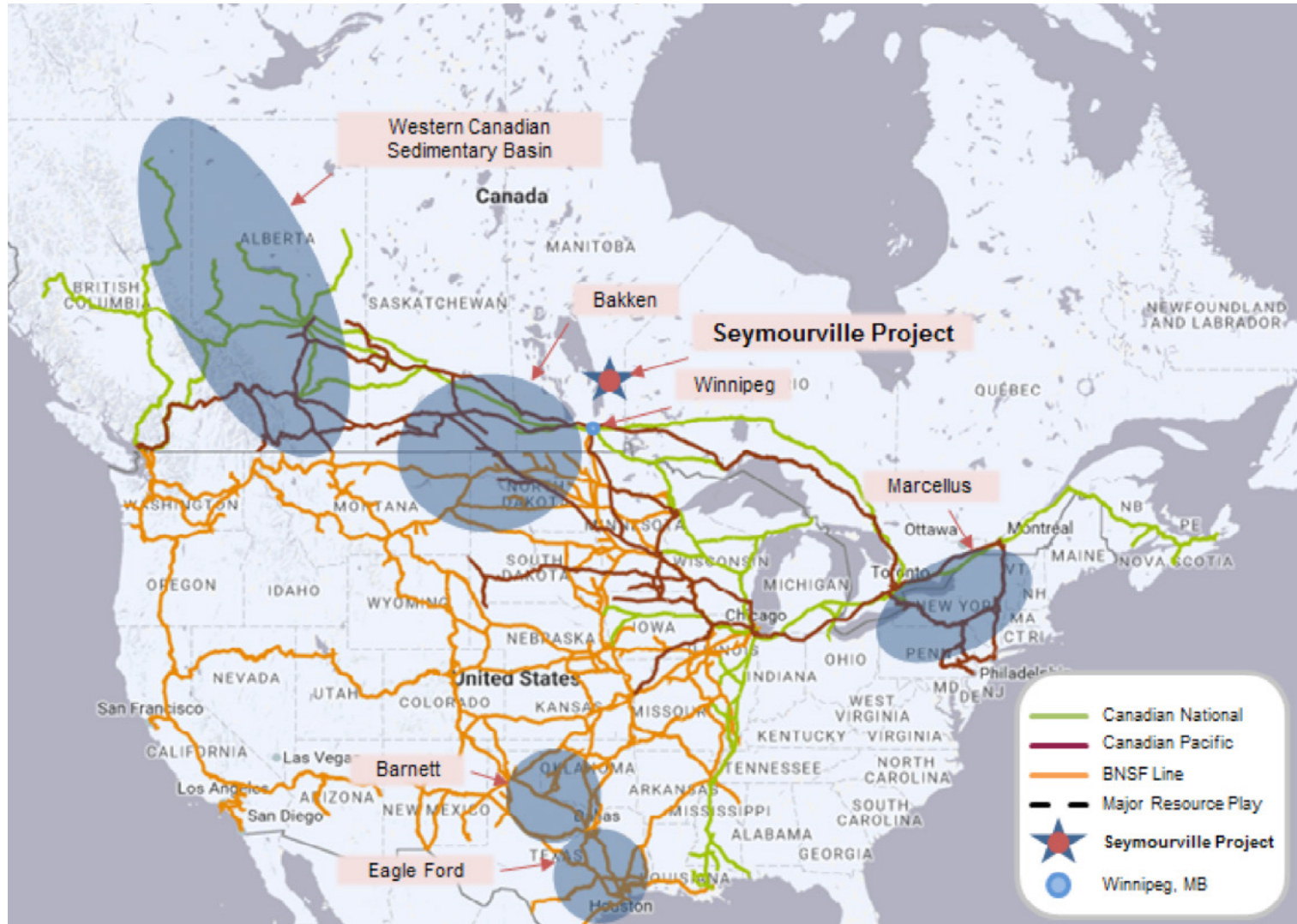
# Seymourville: Strategic Location

## Logistics Advantage

- ~1,000 km closer to WCSB markets than Wisconsin sand
- **Minimum C\$5/MT to \$15/MT transportation cost advantage**
- Winnipeg's world class CentrePort Canada rail terminal provides efficient access to three first class rail lines (CN, CP, BNSF)
- 30 potential destination locations off of the CN rail line; 14 potential destination locations off of the BNSF and CP lines
- Unit train capability (100 tonnes per car, 100 cars per unit train)
- Potential to truck directly to destinations in North Dakota and Saskatchewan
- Claim Post has strong historical relationships with key Indigenous People
  - Executed Memorandum of Understanding in place



# Established Rail Line Access





# Seymourville Sand Quality: API Test Results

Completed by Proptester Inc.

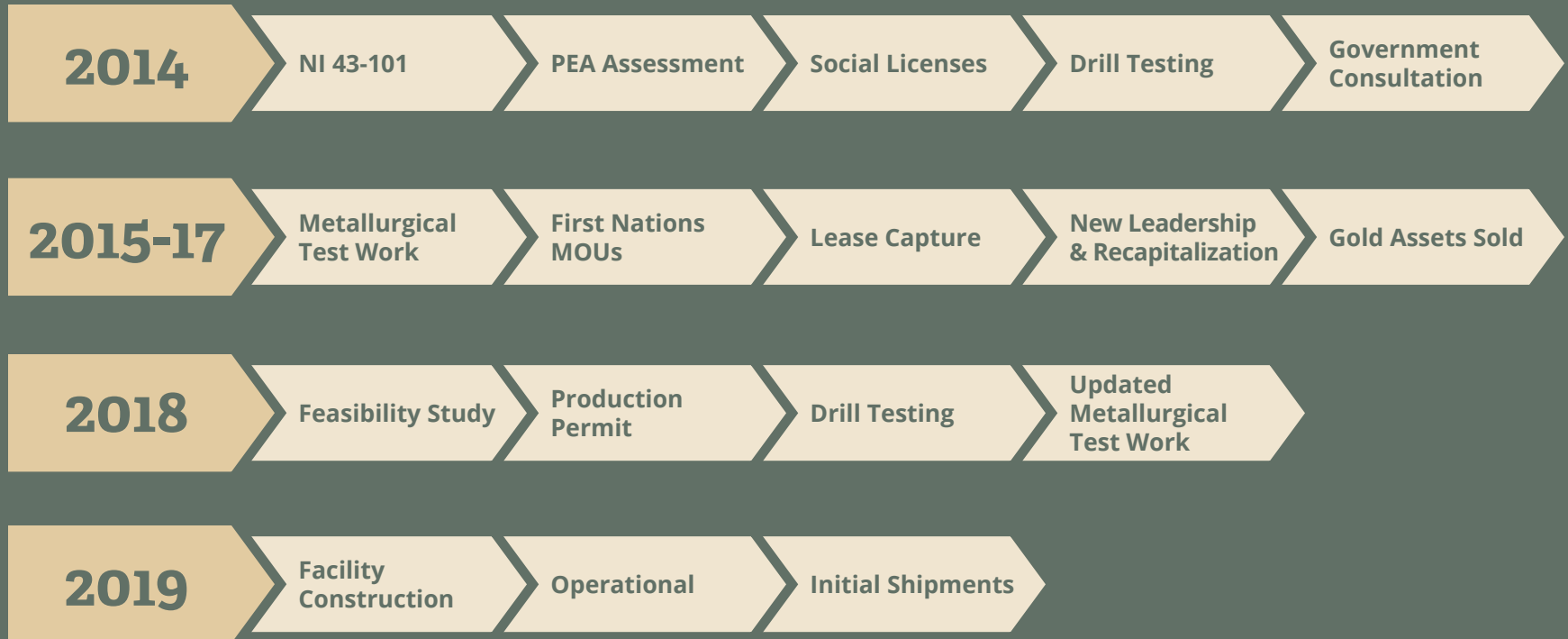
Parameter	40/70	50/140	70/140
Sphericity	0.8	0.8	0.7
Roundness	0.8	0.8	0.8
Clusters (%)	0	0	0
Acid Solubility (%)	1.1	1.7	1.6
Turbidity (NTU)	16	25	18
Bulk Density (glcm3)	1.46	1.46	1.41
K Value	8 K	10 K	11 K
Crush Test (psi)	9.4% fines @ 8,000	9.0% fines @ 10,000	9.3% fines @ 11,000
Crush Test (psi)	10.7% fines @ 9,000	10.6% fines @ 11,000	10.3% fines @ 12,000

Random Sample Size Distribution	SGS Screening
20/40 Mesh	10%
40/70 Mesh	38%
70/140 Mesh	35%
140/325 Mesh	5%

# Sand Quality: *Product Comparison*

Company / Deposit	Location	Sand	40/70 fraction	50/140	70/140
<b>Claim Post / Seymourville</b>	Manitoba, Canada	Canada White	8,000 psi	10,000 psi	11,000 psi
<b>US Silica</b>	Wisconsin, USA	Northern White	9,000 psi	8k – 13k psi	7k-13k psi
<b>US Silica</b>	Texas, USA	Brady Brown	6,000 psi	7,000 psi	9,000 psi
<b>Hi-Crush Partners</b>	Wisconsin, USA	Northern White	9,000 psi	10,000 psi	10,000 psi
<b>Select Sands Corp.</b>	Arkansas, USA	Northern White	7,000 psi	n/a	10,000 psi

# Project Advancement Timeline



## Permitting Process in Manitoba

- Manitoba Government will require CPS to address issues such as water usage and waste water handling, environmental assessments, dust emissions, noise levels, traffic levels, ground water protection, biodiversity, and archaeological studies
- Preliminary meetings have been held with the Manitoba Mines Branch. Timelines for a quarry permit will require a minimum of 6 months but do not exceed one year
- Infrastructure expected to be fast tracked given previous experience and strong relationships with service providers

# Preliminary Economic Assessment

Preliminary Economic Assessment (PEA)	PEA Scenario	
	1.0 MM MT/Year	2.0 MM MT/Year
Mine Life (Years)	18	8.5
NI 43-101 Resource Deposit (MT)	26	26
FOB Winnipeg Sand Price (C\$/MT)	110	110
Mine Capital Cost (C\$ MM)	93	93
BTAX IRR	27%	37%
NPV @ 10% (C\$ MM)	229	311

### Constant Pricing & Costs

F.O.B. Grande Prairie	\$150/MT
Total Costs	\$100/MT
Cash Flow	\$52/MT
<b>CURRENT F.O.B. Grande Prairie Price</b>	<b>\$235-\$255/MT</b>

# Seymourville Project Economics *(Internal Estimates)*

Operating Proforma	Downside			Base Case			Upside			Current Price		
Sand Price per tonne (FOB Grande Prairie)	\$150			\$200			\$250			\$235		
Tonnes per Year	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million
<b>Annual Revenue</b> <i>(millions)</i>	\$150MM	\$300MM	\$600MM	\$200MM	\$400MM	\$800MM	\$250MM	\$500MM	\$1,000MM	\$235MM	\$470MM	\$940MM
<b>Operating Costs</b> <i>(per tonne)</i>												
<b>Mining, Processing, Loadout, Reclamation</b>	\$29.00	\$25.00	\$19.00	\$29.00	\$25.00	\$19.00	\$29.00	\$25.00	\$19.00	\$29.00	\$25.00	\$19.00
<b>G&amp;A</b>	\$4.00	\$3.00	\$2.00	\$4.00	\$3.00	\$2.00	\$4.00	\$3.00	\$2.00	\$4.00	\$3.00	\$2.00
<b>Trucking to Winnipeg</b>	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00	\$22.00
<b>Winnipeg Transload</b>	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
<b>Rail Freight to Grande Prairie</b>	\$50.00	\$45.00	\$40.00	\$50.00	\$45.00	\$40.00	\$50.00	\$45.00	\$40.00	\$50.00	\$45.00	\$40.00
<b>Grande Prairie Transload</b>	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
<b>Royalties</b>	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
<b>TOTAL</b>	\$120.00	\$110.00	\$98.00	\$120.00	\$110.00	\$98.00	\$120.00	\$110.00	\$98.00	\$120.00	\$110.00	\$98.00
<b>Annual Operating Expenditure</b> <i>(millions)</i>	\$120MM	\$220MM	\$392MM	\$120MM	\$220MM	\$392MM	\$120MM	\$220MM	\$392MM	\$120MM	\$220MM	\$392MM
<b>Annual Cash Flow</b> <i>(millions)</i>	\$30MM	\$80MM	\$208MM	\$80MM	\$108MM	\$408MM	\$130MM	\$280MM	\$608MM	\$115MM	\$250MM	\$548MM



# Claim Post Development Scenarios: Valuation & Cash Flow Projections *(Internal Estimates)*

Valuation Estimates

Note: Partial Production 2019,  
Full Production 2020

No Escalation, 20 year life

Plant Rebuild yr. 10

	Downside			Base Case			Upside			Current Price		
Sand Price per tonne (FOB Grand Prairie)	\$150			\$200			\$250			\$235		
Tonnes per Year	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million	1 Million	2 Million	4 Million
<b>Capital Costs (millions)</b>												
<b>Pre-construction Costs (millions)</b>	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM	\$5.5MM
<b>Seymourville Plant (millions)</b>	\$60MM	\$80MM	\$115MM	\$60MM	\$80MM	\$115MM	\$60MM	\$80MM	\$115MM	\$60MM	\$80MM	\$115MM
<b>Winnipeg Transload Facility (millions)</b>	\$6MM	\$8MM	\$10MM	\$6MM	\$8MM	\$10MM	\$6MM	\$8MM	\$10MM	\$6MM	\$8MM	\$10MM
<b>TOTAL (millions)</b>	\$71.5MM	\$93.5MM	\$130.5MM	\$71.5MM	\$93.5MM	\$130.5MM	\$71.5MM	\$93.5MM	\$130.5MM	\$71.5MM	\$93.5MM	\$130.5MM
<b>Normalized Annual Cash Flow (millions)</b>												
<b>Normalized Annual Cash Flow (millions)</b>	\$30MM	\$80MM	\$208MM	\$80MM	\$180MM	\$408MM	\$130MM	\$280MM	\$608MM	\$115MM	\$250MM	\$548MM
<b>DCFNPV10</b>	\$151MM	\$514MM	\$1,460MM	\$536MM	\$1,267MM	\$2,991MM	\$921MM	\$2,037MM	\$4,555MM	\$901MM	\$1,809MM	\$4,092MM
<b>DCFNPV12</b>	\$122MM	\$431MM	\$1,238MM	\$452MM	\$1,075MM	\$2,549MM	\$782MM	\$1,734MM	\$3,891MM	\$763MM	\$1,539MM	\$3,494MM
<b>DCFNPV15</b>	\$91MM	\$338MM	\$988MM	\$357MM	\$857MM	\$2,048MM	\$624MM	\$1,391MM	\$3,138MM	\$607MM	\$1,234MM	\$2,816MM

Current CPS Shares (F.D.):  
199,146,424

\$5.5MM Equity at \$0.10/sh:  
55,000,000

Sub Total:  
**254,146,424**

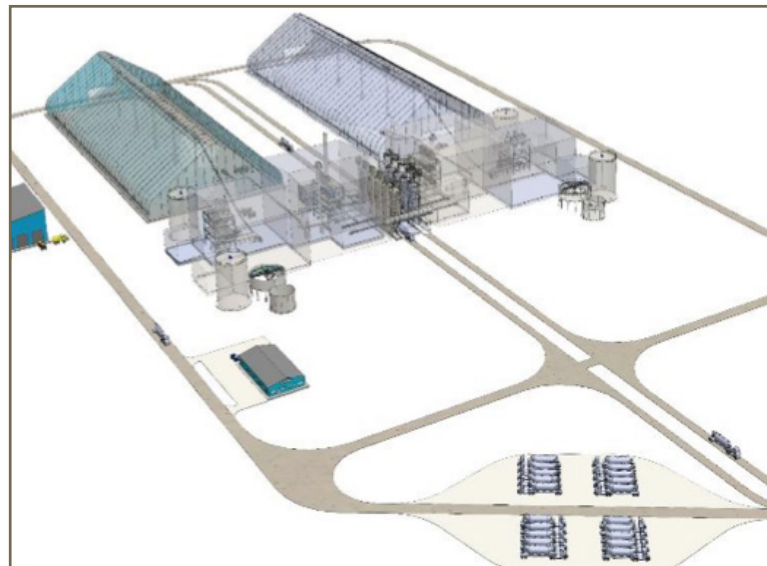


# Claim Post Development Scenarios: Valuation & Cash Flow Projections (cont'd)

	Downside			Base			Upside			Current Price		
Sand Price per tonne (FOB Grand Prairie)	\$150			\$200			\$250			\$235		
<b>Construction Funding (50% Equity):</b>												
# of shares (millions) <b>\$0.10</b>	584MM	694MM	879MM	584MM	694MM	879MM	584MM	694MM	879MM	584MM	694MM	879MM
<b>\$0.15</b>	474MM	547MM	671MM	474MM	547MM	671MM	474MM	547MM	671MM	474MM	547MM	671MM
<b>\$0.20</b>	419MM	474MM	567MM	419MM	474MM	567MM	419MM	474MM	567MM	419MM	474MM	567MM
<b>Operating Cash Flow per Share:</b>												
<b>\$0.10</b>	\$0.05	\$0.12	\$0.24	\$0.14	\$0.26	\$0.46	\$0.22	\$0.40	\$0.69	\$0.20	\$0.36	\$0.62
<b>\$0.15</b>	\$0.06	\$0.15	\$0.31	\$0.17	\$0.33	\$0.61	\$0.27	\$0.51	\$0.91	\$0.24	\$0.46	\$0.82
<b>\$0.20</b>	\$0.07	\$0.17	\$0.37	\$0.19	\$0.38	\$0.72	\$0.31	\$0.59	\$1.07	\$0.27	\$0.53	\$0.97
<b>Construction Funding (25% Equity):</b>												
# of shares (millions) <b>\$0.10</b>	419MM	474MM	567MM	419MM	474MM	567MM	419MM	474MM	567MM	419MM	474MM	567MM
<b>\$0.15</b>	364MM	401MM	462MM	364MM	401MM	462MM	364MM	401MM	462MM	364MM	401MM	462MM
<b>\$0.20</b>	337MM	364MM	410MM	337MM	364MM	410MM	337MM	364MM	410MM	337MM	364MM	410MM
<b>Operating Cash Flow per Share:</b>												
<b>\$0.10</b>	\$0.07	\$0.17	\$0.37	\$0.19	\$0.38	\$0.72	\$0.31	\$0.59	\$1.07	\$0.27	\$0.53	\$0.97
<b>\$0.15</b>	\$0.08	\$0.20	\$0.45	\$0.22	\$0.45	\$0.88	\$0.36	\$0.70	\$1.31	\$0.32	\$0.62	\$1.18
<b>\$0.20</b>	\$0.09	\$0.22	\$0.51	\$0.24	\$0.49	\$0.99	\$0.39	\$0.77	\$1.48	\$0.34	\$0.69	\$1.34

# Potential Use of Equity Proceeds

Feasibility Study - Seymourville	\$500,000
Line Cutting and Additional Drilling	\$300,000
Engineering	\$500,000
Pre-order Equipment	\$1,000,000
Winnipeg Transload	\$1,000,000
Miscellaneous (SG&A, Permitting, Procurement, Studies)	\$2,200,000
<b>Total</b>	<b>\$5,500,000</b>



# Investment Highlights

## Massive Tier 1 Quality Sand Deposit in Canada

- 600 million tonnes in place; Claim Post controls 62% of total deposit
- Demand Increasing: 2018E average WCSB per well sand usage forecast to increase by ~300% since 2012 (Peters & Co. Limited)

## Strategic Location; Project Economics Demonstrate Competitive Advantages

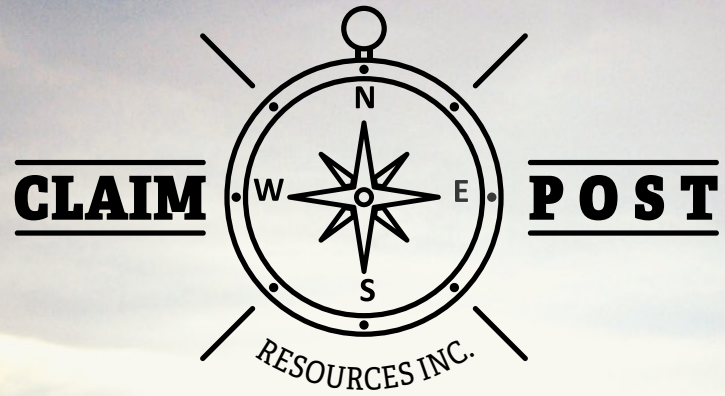
- ~1,000 km closer to WCSB markets than Wisconsin sand
  - **Minimum C\$5 - \$15/MT transportation cost advantage**
- Close proximity to existing infrastructure provides logistics optionality, cost advantages, and access to every North American resource play
  - WCSB infrastructure sites identified

## Clarity & Direction in Place

- Management changed; Board reconstituted, now composed of significant expertise and experience in frac sand plant design, construction and production, oil & gas, trucking and logistics, capital markets, and energy services
- Process to add further management underway
- Business plan refocused; Non-Frac Sand (Mining) assets divested (royalty upside retained)
- Balance sheet repaired
- CPS intends to pursue share consolidation, debenture conversion & name change to reflect single focus on frac sand project

## Compelling Value Proposition & Investment Opportunity

- Most Recent Economic Analysis shows Base Case PV 10% values of \$536mm (1mmt/year) and \$1,267mm (2mmt/year)



CONTACT

**Lowell Jackson**, *Executive Chairman*

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(403) 660-3702  
lowellj@shaw.ca