

STORM EXPLORATION INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2004

MARCH 31, 2005

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein should not be unduly relied upon. These statements speak only as of the date hereof.

In particular, this annual information form contains forward-looking statements pertaining to the following:

- oil and natural gas production levels;
- capital expenditure programs;
- the quantity of the oil and natural gas reserves;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through exploration, development and acquisitions; and
- treatment under governmental regulatory regimes.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this annual information form:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- failure to realize the anticipated benefits of acquisitions; and
- the other factors discussed under "Risk Factors".

These factors should not be construed as exhaustive. We do not undertake any obligation to publicly update or revise any forward-looking statements.

SELECTED ABBREVIATIONS

In this annual information form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	Mmcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
Mmbbls	million barrels	Mmcf/d	million cubic feet per day
Mstb	1,000 stock tank barrels	MMBTU	million British Thermal Units
Bbls/d	barrels per day	Bcf	billion cubic feet
NGLs	natural gas liquids	GJ	gigajoule
STB	standard tank barrels		
AECO	Alberta Energy Company's natural gas storage facility located at Suffield, Alberta		
API	American Petroleum Institute		
° API	is an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specific gravity of 28° API or higher is generally referred to as light crude oil		
ARTC	means the Alberta royalty tax credit		
BOE ⁽¹⁾	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Bbl for 6 (unless otherwise stated) Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)		
BOE/D	barrel of oil equivalent per day		
MBOE	1,000 barrels of oil equivalent		
MMBOE	1,000,000 barrels of oil equivalent		
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade		

Note:

- (1) The term BOE, or barrel of oil equivalent, can be misleading, particularly if used in isolation. A BOE conversion ratio of 6Mcf:1 Bbl is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

In this annual information form, references to "dollars" and "\$" are to the currency of Canada, unless otherwise indicated.

CURRENCY OF INFORMATION

The information set out in this annual information form is stated as at December 31, 2004 unless otherwise indicated.

THE CORPORATION

Storm Exploration Inc. ("Storm" or the "Corporation") was continued under the *Canada Business Corporations Act* (the "CBCA") on October 26, 1999 under the name of Alterna Technologies Group Inc. On June 29, 2004, the Corporation filed Articles of Amendment to change its name to Storm Exploration Inc.

Storm is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves in the provinces of Alberta and British Columbia. The Corporation's growth is focused on a selective combination of exploratory and development drilling, along with strategic asset and corporate acquisitions where the Corporation believes further exploitation, development and exploration opportunities exist. Storm's main areas of activity are located in the Peace River Arch area of Alberta and British Columbia, Red Earth in north central Alberta, at Kotcho/Cabin/Junior in north eastern British Columbia and Brazeau – Pembina in west central Alberta.

Storm commenced oil and gas operations effective July 1, 2004 as an exploration company emerging from the plan of arrangement (the "Plan of Arrangement") involving Harvest Energy Trust and Storm Energy Ltd. ("SEM"). Pursuant to the Plan of Arrangement, SEM transferred to Storm oil and gas properties having approximately 900 BOE/D of production and 4,046 MBOE of proven plus probable reserves, together with an undeveloped land inventory of 287,000 net acres.

Under the Plan of Arrangement the Corporation also received a 26% interest in Storm Ventures International Inc., ("SVI"), a private company involved in the identification and exploitation of oil and gas opportunities outside of the Western Canadian Sedimentary Basin. SVI currently operates and holds a 100% interest in a one million acre exploratory permit in the Ghadames basin in south east Tunisia and has completed a 225 kilometre seismic program in the area with a view to drilling one or more wells in the fourth quarter of 2005. Additional opportunities in Tunisia are being evaluated. SVI also has a 50% interest in a 110,000 acre block in the United Kingdom sector of the North Sea, prospective for both oil and natural gas with excellent step out potential into adjacent blocks. Although the cost of participation in the North Sea is considerable, fiscal terms are highly attractive and the basin offers SVI the best near term opportunity to generate cash flow.

Storm is a reporting issuer (or the equivalent) in the provinces of British Columbia, Alberta, Ontario and Québec. On July 2, 2004, the common voting shares (the "Common Shares") of Storm were listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "SEO".

The Corporation's registered office is located at 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, and its head and principal office is located at Suite 3300, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7.

GENERAL DEVELOPMENT OF THE BUSINESS

Recent Developments

On June 29, 2004, Storm completed an initial private placement of 2,500,000 Common Shares and 2,100,000 Common Share purchase warrants ("Warrants") to certain employees of the Corporation for gross proceeds of \$4,320,000 (the "Storm Initial Private Placement"). The Warrants will become exercisable if the weighted

average trading price of the Common Shares for any consecutive twenty trading day period is equal to or greater than 125% of the pro forma net asset value of Storm as at March 31, 2004. This condition has been satisfied. The Warrants are exercisable for a period of one year following the release from escrow, as described under the heading "Escrowed Shares".

Also on June 29, 2004, Storm issued an aggregate of 512,500 performance warrants ("Performance Warrants") of the Corporation to certain employees of the Corporation. The Performance Warrants are exercisable for Common Shares. The number of Common Shares issuable upon exercise of the Performance Warrants is equal to the number of Performance Warrants held, multiplied by the closing price (the "Closing Price") per share of the Common Shares on the TSX on the day immediately preceding the exercise date, less \$2.00, divided by the Closing Price. The Performance Warrants are exercisable in three equal annual amounts commencing June 29, 2005. Using the Black-Scholes pricing model, the fair value of each Performance Warrant was estimated to be \$0.51 using a risk free interest rate of 4.25%, volatility of 40% and an expected average life of two years. The cost of the Performance Warrant thus determined is amortized over its expected life, the expense being included in general and administrative costs with an equivalent allocation to contributed surplus.

On July 29, 2004 the Corporation issued a total of 2,250,000 flow-through Common Shares at a price of \$3.50 for gross proceeds of \$7,875,000. The terms of the share issue require the Corporation to renounce to subscribers Canadian Exploration Expenditures ("CEE") in the amount of \$7,875,000, to be incurred prior to December 31, 2005.

On December 17, 2004, the Corporation issued a total of 3,000,000 Common Shares at a price of \$3.35 for total proceeds of \$10,050,000, before commission and expenses.

On December 21, 2004 the Corporation issued an additional 1,000,000 flow-through Common Shares at a price of \$4.35 for total proceeds of \$4,350,000, before commission and expenses. The terms of the share issue require the Corporation to renounce to subscribers CEE of \$4,350,000, to be incurred prior to December 31, 2005.

Significant Acquisitions

On September 30, 2004, Storm acquired an interest in two producing gas wells (0.88 net) and 6,290 acres of net undeveloped land in the Kotcho and Doe areas of Northeast British Columbia. Storm already had a 50% working interest in one of the wells and acquired the remaining 50% working interest as part of this transaction. Net production acquired in this transaction was 187 BOE/D. Total acquired reserves are estimated to be 424,000 BOE (proven plus probable) based on an independent engineering report prepared by Paddock Lindstrom & Associates Ltd. ("Paddock"), with an effective date of September 1, 2004. A Form 51-102F4 – Business Acquisition Report in respect of this acquisition was filed on SEDAR on December 15, 2004 and a copy may be obtained from Storm's profile on the SEDAR website at www.sedar.com.

On December 21, 2004, Storm closed the acquisition, effective December 1, 2004, of interests in oil and gas properties in the Peace River Arch area of northeast British Columbia and northwest Alberta. The acquisition added to Storm's existing areas of operations in the Peace River Arch at Parkland and Cabin. Production from the acquired properties at the time of acquisition was approximately 1,200 BOE per day, primarily natural gas and natural gas liquids from 52 wells (31 net). A Form 51-102F4 – Business Acquisition Report in respect of this acquisition was filed on SEDAR on March 7, 2005 and a copy may be obtained from Storm's profile on the SEDAR website at www.sedar.com.

Commitments

In 2004, Storm did not enter into any hedges or fixed price or volume contracts, although Storm's risk management strategies can involve the use of financial instruments. In the first quarter of 2005, Storm entered into a physical sales contract providing for the sale of 6,500 GJ per day of natural gas at a fixed price of \$7.22 per GJ for the months of April and May.

Pursuant to a private placement of Common Shares issued on a "flow-through basis" on July 29, 2004, Storm is obligated to incur and renounce CEE totalling \$7,875,000 by December 31, 2005.

Pursuant to a private placement of Common Shares issued on a "flow-through basis" on December 21, 2004, Storm is obligated to incur and renounce CEE totalling \$4,350,000 by December 31, 2005.

NARRATIVE DESCRIPTION OF BUSINESS

General

Storm's strategy involves the identification and exploitation of opportunities to develop oil and natural gas assets profitably and consistently in Western Canada. The Corporation uses a number of strategies to manage the operational and financial risks associated with this challenge, including a strong geographical and geological focus to its operations, and the generation of its own prospects and operatorship of its assets wherever possible.

The Corporation will acquire assets in areas with which it is familiar, provided that the acquired assets come at a price competitive with the Corporation's internal finding and development costs and are strategic to the Corporation's continued growth and expansion.

Management of the Corporation balances its aggressive operating philosophy with a conservative financial strategy, based on funding the Corporation's capital expenditure program out of cash flow, available debt (within a defined multiple of cash flow) and, in appropriate circumstances, the issuance of equity. In certain circumstances the Corporation will temporarily exceed internal debt guidelines to complete an acquisition; however, debt reduction programs are then initiated to bring debt levels within corporate guidelines.

Competitive Conditions

The Corporation actively competes for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than the Corporation. The Corporation's competitors include major integrated oil and natural gas companies and numerous other independent oil and natural gas companies and individual producers and operators.

The oil and gas industry is highly competitive. The Corporation's competitors for the acquisition, exploration, production and development of oil and natural gas properties, and for capital to finance such activities, include companies that have greater financial and personnel resources available to them than the Corporation.

Certain of the Corporation's customers and potential customers are themselves exploring for oil and natural gas, and the results of such exploration efforts could affect the Corporation's ability to sell or supply oil or gas to these customers in the future. The Corporation's ability to successfully bid on and acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working

relationships with its future industry partners and joint operators and its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment.

Cyclical Nature of Business

The Corporation's business is generally not cyclical, however, its revenue from the sale of natural gas (approximately 70% of total revenue) is highly seasonal, with demand for natural gas rising during cold winter months and hot summer months.

Environmental Protection Requirements

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to third parties and may require the Corporation to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, capital expenditures, results of operations, competitive position or prospects.

Renegotiation or Termination of Contracts

It is not expected that the Corporation's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Employees

As of December 31, 2004, the Corporation had 14 full-time employees, and 4 part-time consultants.

MANAGEMENT OF THE CORPORATION

As at the date hereof, the name, municipality of residence and principal occupation of the directors and senior officers of the Corporation are as follows:

Name and Municipality of Residence	Position Held	Date First Elected or Appointed as Director⁽⁴⁾
Matthew J. Brister ^{(1) (3)} Calgary, Alberta	Chairman and Director	June 29, 2004
Brian Lavergne Calgary, Alberta	President, Chief Executive Officer and Director	September 20, 2004
Donald G. McLean Calgary, Alberta	Vice President, Finance and Chief Financial Officer	

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Date First Elected or Appointed as Director⁽⁴⁾</u>
Robert S. Tiberio Calgary, Alberta	Chief Operating Officer	
Harry Ediger Calgary, Alberta	Vice President, Land	
Eric Blakely Calgary, Alberta	Vice President, Exploration	
John J. Devlin Calgary, Alberta	Controller	
Gregory G. Turnbull Calgary, Alberta	Corporate Secretary	
John A. Brussa ⁽²⁾ Calgary, Alberta	Director	June 29, 2004
Stuart G. Clark ⁽¹⁾ Calgary, Alberta	Director	June 29, 2004
Henry R. Lawrie ⁽¹⁾⁽³⁾ Calgary, Alberta	Director	June 29, 2004
Mark A. Butler ⁽²⁾ Calgary, Alberta	Director	May 19, 2004

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation, Governance and Nomination Committee.
- (3) Member of the Reserves Committee.
- (4) The directors will hold office until the next annual meeting of holders of Common Voting Shares or until their successor is duly elected or appointed, unless their office is earlier vacated in accordance with the By-laws.

As at the date hereof, the officers and directors, as a group, held, directly or indirectly, or exercise control or direction over 9,094,932 Common Voting Shares of Storm, 140,625 Common Non-Voting Shares of Storm.

Each of Messrs. Lavergne, McLean, Ediger, Tiberio, Blakely and Devlin devotes his full time and attention to the business and affairs of Storm. The remaining directors and officers of Storm devote their time and attention to the affairs of Storm only as required. Profiles of Storm's directors and officers and the particulars of their respective principal occupations during the last five years is set forth below.

Matthew J. Brister, Chairman and Director

Mr. Brister has a Bachelor of Science in Geology from the University of Calgary and is a registered Professional Geologist in the Province of Alberta. Mr. Brister has been the Chairman of the Corporation since completion of the Plan of Arrangement. Mr. Brister was the President and Chief Executive Officer of SEM. from August, 2002 to June, 2004. From November, 1998 to August, 2002, Mr. Brister was the President and Chief Executive officer of Storm Energy Inc. ("SEI"). From May, 1987 to July, 1998, Mr. Brister was employed by Pinnacle Resources Ltd. ("Pinnacle") in positions of increasing responsibility and

from January, 1994 to July, 1998 was President and Chief Executive Officer thereof. Pinnacle was a publicly traded oil and gas company listed on the TSX and the Montreal Exchange prior to its acquisition by Renaissance Energy Ltd. in July, 1998. Mr. Brister is a director of FET Resources Ltd. the administrator of Focus Energy Trust, Rock Energy Inc., Stallion Energy and is the Chief Executive Officer and a director of SVI

Brian Lavergne, President, Chief Executive Officer and Director

Mr. Lavergne has a Bachelor of Science in Mechanical Engineering from the University of Alberta (1989) and is a registered Professional Engineer in the Province of Alberta. Mr. Lavergne has been the President and Chief Executive Officer of Storm since completion of the Plan of Arrangement. Mr. Lavergne was Vice President, Production of SEM from August, 2002 until June 2003, when he was appointed its Chief Operating Officer. From December, 1998 until August 2003, Mr. Lavergne was employed with SEI, his last position being Vice President, Production. From February, 1994 to December, 1998, Mr. Lavergne was employed by Renaissance Energy Ltd. in positions of increasing responsibility including Exploitation Manager and Operations District Manager. Mr. Lavergne is a director of Titan Exploration Inc.

Donald G. McLean, Vice President, Finance, Chief Financial Officer

Mr. McLean has been the Chief Financial Officer of the Corporation since completion of the Plan of Arrangement. Mr. McLean was the Chief Financial Officer of SEM from August, 2002 to June, 2004. Mr. McLean was the Chief Financial Officer of SEI from September, 2001 to August, 2002. Mr. McLean is a member of the Institute of Chartered Accountants of Alberta. Mr. McLean was a director of Pinnacle from 1991 to 1998. From 1991 to 2001, Mr. McLean was Chief Financial Officer and director of a number of public and private companies. Prior to 1991, Mr. McLean was a partner of Deloitte & Touche LLP, an accounting firm.

Robert S. Tiberio, Chief Operating Officer

Mr. Tiberio has been the Chief Operating Officer of the Corporation since completion of the Plan of Arrangement. Mr. Tiberio was appointed Vice President of Production of SEM in June 2003 and held that position until June, 2004. Prior to Mr. Tiberio's appointment as Vice President of Production, he was a senior Exploitation Engineer with SEM. Prior thereto, Mr. Tiberio spent 10 years with Renaissance Energy and Husky Energy in positions of increasing responsibility, ultimately as General Manager of Southern Alberta and Saskatchewan.

Harry Ediger, Vice President, Land

Mr. Ediger has a Bachelor of Arts in Economics from the University of Western Ontario, a Bachelor of Commerce (Honours) from the University of Windsor and is a member of the Canadian Association of Petroleum Landmen. Mr. Ediger has been the Vice President, Land of the Corporation since completion of the Plan of Arrangement. Prior thereto, Mr. Ediger was the Vice President, Land of SEM from August, 2003 to June, 2004. From August, 1987, to March, 1997, Mr. Ediger was employed by Cimarron Petroleum Ltd. in positions of increasing responsibility and from November, 1994 until March, 1997, held the position of Vice President, Land. Cimarron Petroleum Ltd. was a publicly traded oil and gas company which was listed on the TSX prior to its acquisition by Newport Petroleum Corporation in March, 1997. From April, 1997 to May, 1999, Mr. Ediger was a self-employed consultant. From May, 1999 to August, 2002, Mr. Ediger was the Vice President, Land of SEI. Mr. Ediger was a co-founder of Moxie Petroleum Ltd., a publicly traded oil and gas company which was listed on the TSX Venture Exchange prior to its plan of arrangement with Richland Petroleum Corporation in December 1999.

Eric C. Blakely, Vice President, Exploration

Mr. Blakely is a 1983 graduate of the University of Calgary, with a BSc Honours Geology and a geophysics minor. Mr. Blakely has been the Vice President, Exploration of the Corporation since completion of the Plan of Arrangement. Mr. Blakely is a member of Canadian Society of Exploration Geophysicists. He was Exploration Manager of SEM, a position he held in the company and its predecessors since 1998. For several years prior to that Mr. Blakely held positions as Chief Geophysicist at Startech Energy Inc. and Pinnacle Resources and made important contributions to exploration driven growth of each of these companies.

John J. Devlin, Controller

Mr. Devlin joined the Corporation in February, 2005. He has a B. Comm. Honours from McGill University. From 1998 until February, 2005, Mr. Devlin was a self employed financial consultant. Prior thereto, Mr. Devlin was the Controller of Pinnacle.

Gregory G. Turnbull, Corporate Secretary

Since July 1, 2002, Mr. Turnbull has been a partner with the law firm of McCarthy Tétrault LLP. From September 2001 to June 2002, Mr. Turnbull was a partner of Donahue LLP. Prior thereto, Mr. Turnbull was a partner of Gowlings LLP and its predecessor law firms for over ten years. During this time, Mr. Turnbull has been the Corporate Secretary or Assistant Corporate Secretary of the following public companies: Baytex Energy Ltd., Barrington Petroleum Ltd., Hawk Oil Inc., Kensington Energy Ltd., Lexxor Energy Inc., Newquest Energy Inc., Mannville Oil & Gas Ltd., Petrostar Petroleum Inc., Pinnacle, Quadron Resources Ltd., Quintex Energy Ltd., ResoQuest Resources Ltd., Tri Ex Oil & Gas Ltd., Trigas Exploration Ltd., Twin Energy Ltd. and Westward Energy Ltd.

From March 1994 to December 1997, Mr. Turnbull was a director of Tri Ex Oil & Gas Ltd., a publicly traded company which was listed on the TSX prior to its acquisition by Real Resources Ltd. in December, 1997. From December 1998 to June 2002, Mr. Turnbull was a director of Spire Energy Ltd., a publicly traded natural gas company which was listed on the TSX prior to its acquisition by Quintana Minerals. From August 1997 to March 2004, Mr. Turnbull was a director of Seventh Energy Ltd., a publicly traded natural gas company which was listed on the TSX prior to its acquisition by PrimeWest Gas Corp. Mr. Turnbull was a director of SEM from July, 2002 until completion of the Arrangement. Mr. Turnbull is currently a director of Crescent Point Resources Ltd., Hawk Energy Corp., Heritage Oil Corporation and Rally Energy Corp., all publicly traded entities listed on the TSX Venture Exchange or the TSX.

John A. Brussa, Director

Mr. Brussa has been a partner of Burnet, Duckworth & Palmer LLP since 1987 and is presently the head of its tax department. Mr. Brussa received his Bachelor of Law Degree from the University of Windsor in 1981 and currently serves as a director of a number of publicly listed resource corporations, a mutual fund trust and several non-profit or charitable organizations.

Stuart G. Clark, Director

Mr. Clark has a Bachelor of Commerce (Honours) from the University of Manitoba. Mr. Clark was the Executive Director of SEM from August, 2002 to May 2003. Mr. Clark was the Vice President, Finance and Chief Financial Officer of SEI from November, 1998 to November 8, 2001 when he assumed the office of Executive Director until August, 2002. From January, 1986 to July, 1998, Mr. Clark was employed by Pinnacle in positions of increasing responsibility, the last being Executive Vice President and Chief Financial Officer. Mr. Clark was a director of Pinnacle from January, 1986 to July, 1998 and a director of Quadron Resources Ltd., a publicly traded oil and gas company which was listed on the TSX prior to its acquisition by

HCO Energy Ltd. in June, 1995. From April, 1989 to May, 1994, Mr. Clark was a director of Avid Oil and Gas Ltd., a publicly traded oil and gas company which was listed on the TSX and the TSX Venture Exchange prior to its acquisition by Husky Energy Ltd. in July, 2001. Mr. Clark is a director of FET Resources Ltd. the administrator of Focus Energy Trust, and Rock Energy Inc.

Henry R. Lawrie, Director

Mr. Lawrie is a Fellow of the Institute of Chartered Accountants of Alberta. Mr. Lawrie had a 40 year career with PricewaterhouseCoopers LLP and predecessor firms, serving in Calgary, Dallas and Midland, Texas, and Toronto. He was managing partner of his firm's Calgary office and co-chaired his firm's Oil and Gas specialty group. He also chaired the Alberta Securities Commission Oil and Gas Securities Taskforce and the Canadian Institute of Chartered Accountants Oil and Gas Full Cost Accounting Taskforce. Mr. Lawrie has served as Chief Accountant of the Alberta Securities Commission, and he is currently a director of several public companies.

Mark A. Butler, Director

Mr. Butler is a business consultant specializing in the commercialization of early stage technologies. Most recently, he was Chief Operating Officer of the Corporation prior to completion of the Arrangement. Prior to that position, Mr. Butler was General Counsel and Vice-President Commercial Transactions at Alterna with responsibility for product licensing and intellectual property management. He has significant experience in private equity funding and has led and managed a number of acquisition and divestiture transaction. Mr. Butler holds a Bachelor of Law degree from the University of Saskatchewan and a Masters of Business Administration from the University of Calgary.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of management of the Corporation, there has been no director or officer, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation that is, or within the 10 years before the date of this annual information form has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the knowledge of management of the Corporation, no director or officer, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has:

- (c) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- (d) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of management of the Corporation, there has been no director or officer, or any shareholder holding sufficient number of securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such person that has, within the 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Conflicts of Interest

Circumstances may arise where members of the board of directors of Storm are directors or officers of corporations which are in competition to the interests of Storm. No assurances can be given that opportunities identified by such board members will be provided to Storm. Pursuant to the Canada Business Corporations Act, directors who have an interest in a proposed transaction upon which the board of directors is voting are required to disclose their interests and refrain from voting on the transaction.

Mr. John A. Brussa, a director of Storm, is a partner of Burnet, Duckworth & Palmer LLP, a law firm that provides services to Storm. The board of directors of Storm does not believe that any of the activities undertaken by Mr. Brussa or by Burnet, Duckworth & Palmer LLP interfere, or could be perceived to interfere, in any material way with their ability to act with a view to the best interests of Storm.

Interest of Management and Others in Material Transactions

None of the current executive officers or directors of Storm, nor any associate or affiliate of such officers or directors has or has had any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect Storm.

AUDIT COMMITTEE

The purpose of Storm's Audit Committee is to provide assistance to the board of directors of Storm in fulfilling its legal fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and certain compliance functions of the Corporation. It is the objective of the Audit Committee to maintain a free and open means of communications among the board of directors of Storm, the independent auditors and the financial and senior management of the Corporation.

The full text of the Audit Committee's Charter is included as Appendix C to this Annual Information Form.

Composition of Audit Committee

The Audit Committee is comprised of Henry Lawrie, Stuart Clark and Matthew Brister. Each of the members of the Audit Committee is financially literate under section 1.5 of Multilateral Instrument 52-110 ("MI 52-110"). All members of the Audit Committee are independent as such term is described under section 1.4 of MI 52-110.

Relevant Education and Experience

See "Management of the Corporation" for descriptions of the Audit Committee members' relevant education and experience.

Pre-Approval Policies and Procedures

The Audit Committee has the authority to pre-approve non-audit services which may be required from time-to-time (see "*Specific Responsibilities and Duties -Other Responsibilities*" in the Audit Committee Charter attached as Appendix C to this Annual Information Form).

Audit Fees

The aggregate fees billed by the Corporation's external auditor for audit services for the fiscal year ended December 31, 2004 were \$42,157.

Audit-Related Fees

The aggregate fees billed by the Corporation's external auditor for the quarterly reviews of the Corporation's financial statements for the fiscal year ended December 31, 2004 were \$12,000.

Tax Fees

The aggregate fees billed by the Corporation's external auditor for professional services including tax compliance, tax advice and tax planning in the fiscal year ended December 31, 2004 were \$3,000.

All Other Fees

Fees for additional advice were \$1,500.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Disclosure of Reserves Data

In accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities, Paddock prepared a report (the "Paddock Report") dated January 29, 2005. The Paddock Report evaluated, as at December 31, 2004, Storm's crude oil, NGL and natural gas reserves. The Paddock December 31, 2004 future price forecast was used to determine all estimates of future net revenue. The tables below are a summary of Storm's crude oil, NGL and natural gas reserves and the net present value of future net revenue attributed to such reserves as evaluated in the Paddock Report based on constant and forecast price and cost assumptions. The tables summarize the data contained in the Paddock Report and as a result may contain slightly different numbers than such Reports due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to the Corporation's reserves is stated without provision for interest costs, general and administrative costs and income taxes, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Paddock. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation's reserves estimated by Paddock represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of Storm's crude oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

The Paddock Report is based on certain factual data supplied by the Corporation and Paddock's opinion of reasonable practice in the industry, including requirements under National Instrument 51-101. The extent and

character of ownership and all factual data pertaining to the Corporation's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to Paddock and accepted without any further investigation. Paddock accepted this data as presented and neither title searches nor field inspections were conducted.

Reserves Data – Constant Prices and Costs

Summary of Oil and Gas Reserves

	Gross Reserves				Net Reserves			
	Light Crude Oil <i>(Mbbls)</i>	Natural Gas Liquids <i>(Mbbls)</i>	Natural Gas <i>(Mmcf)</i>	Oil Equivalent <i>(Mboe)</i>	Light Crude Oil <i>(Mbbls)</i>	Natural Gas Liquids <i>(Mbbls)</i>	Natural Gas <i>(Mmcf)</i>	Oil Equivalent <i>(Mboe)</i>
Proved								
Developed Producing	300	535	22,102	4,519	256	367	16,891	3,438
Developed Non-Producing	-	30	2,188	395	-	23	1,726	311
Undeveloped	-	1	5,039	841	-	1	3,730	623
Total Proved	300	566	29,329	5,755	256	391	22,347	4,372
Probable	104	188	10,340	2,015	94	129	7,894	1,539
Total Proved plus Probable	404	754	39,669	7,770	350	520	30,241	5,911

Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Before Future Income Tax Expenses and Discounted at		After Future Income Tax Expenses and Discounted at	
	0% <i>(M\$)</i>	10% <i>(M\$)</i>	0% <i>(M\$)</i>	10% <i>(M\$)</i>
Proved				
Developed Producing	101,453	72,631	101,453	72,631
Developed Non-Producing	8,277	5,442	8,277	5,441
Undeveloped	9,326	5,744	8,799	5,420
Total Proved	119,057	83,817	118,530	83,492
Probable	44,609	24,152	36,328	19,200
Total Proved plus Probable	163,666	107,969	154,858	102,692

Additional Information Concerning Future Net Revenue – (Undiscounted)

Reserves Category	Revenue <i>(M\$)</i>	Royalties <i>(M\$)</i>	Operating Costs <i>(M\$)</i>	Development Costs <i>(M\$)</i>	Abandonment and Reclamation Costs <i>(M\$)</i>	Future Net Revenue Before Income Taxes <i>(M\$)</i>	Income Taxes <i>(M\$)</i>	Future Net Revenue After Income Taxes <i>(M\$)</i>
Total Proved	235,025	56,920	49,004	8,771	1,273	119,057	527	118,530
Total Proved plus Probable	317,079	76,184	66,660	9,211	1,359	163,665	8,808	154,857

Future Net Revenue by Production Group

		Future Net Revenue Before Income Taxes and ARTC (Discounted at 10%)
		(M\$)
Proved	Light and Medium Crude Oil	9,108
	Heavy Crude Oil	-
	Natural Gas	74,098
	Total	83,206
Proved Plus Probable	Light and Medium Crude Oil	11,625
	Heavy Crude Oil	-
	Natural Gas	95,507
	Total	107,133

Reserves Data – Forecast Prices and Costs*Summary of Oil and Gas Reserves*

	Gross Reserves				Net Reserves			
	Light Crude Oil	Sales Gas	Natural Gas Liquids	6:1 Oil Equivalent	Light Crude Oil	Sales Gas	Natural Gas Liquids	6:1 Oil Equivalent
	(Mbbls)	(Mmcf)	(Mbbls)	(Mboe)	(Mbbls)	(Mmcf)	(Mbbls)	(Mboe)
Proved Producing	293	21,928	535	4,483	251	16,771	370	3,416
Proved Non-Producing	-	2,166	30	391	-	1,723	24	311
Total Proved Developed	293	24,094	565	4,874	251	18,494	394	3,727
Proved Undeveloped	-	5,027	1	839	-	3,720	-	620
Total Proved	293	29,121	566	5,713	251	22,214	394	4,347
Probable Additional	102	10,341	187	2,013	93	7,892	131	1,539
Total Proved plus Probable	395	39,462	753	7,725	344	30,106	525	5,887

Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed-Producing	86,024	72,808	63,882	57,366	52,354
Developed Non-Producing	6,805	5,493	4,590	3,932	3,434
Undeveloped	5,942	4,564	3,546	2,778	2,187
Total Proved	98,771	82,865	72,018	64,075	57,975
Probable	36,034	25,857	19,987	16,215	13,601
Total Proved plus Probable	134,805	108,722	92,005	80,290	71,577

After Future Income Tax Expense and Discounted at

	0%	5%	10%	15%	20%
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved					
Developed Producing	86,024	72,808	63,882	57,366	52,354
Developed Non-Producing	6,805	5,493	4,589	3,932	3,435
Undeveloped	5,942	4,563	3,546	2,778	2,186
Total Proved	98,771	82,864	72,017	64,075	57,975
Probable	35,156	25,171	19,446	15,780	13,249
Total Proved plus Probable	133,927	108,035	91,463	79,855	71,224

Additional Information Concerning Future Net Revenue – (Undiscounted)

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Abandonment and Reclamation Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Total Proved	215,285	51,869	54,216	8,904	1,525	98,771	-	98,771
Total Proved plus Probable	291,701	69,624	76,217	9,350	1,705	134,805	878	133,927

Future Net Revenue by Production Group

	Future Net Revenue Before Income Taxes and ARTC (Discounted at 10%)
	(M\$)
Proved	
Light and Medium Crude Oil	8,265
Heavy Crude Oil	-
Natural Gas	63,172
Total	71,437
Proved Plus Probable	
Light and Medium Crude Oil	10,383
Heavy Crude Oil	-
Natural Gas	80,841
Total	91,224

Notes and Definitions

In the tables set forth above in "Disclosure of Reserves Data" and elsewhere in this annual information form, the following notes and other definitions are applicable.

Reserve Categories

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have

been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

- (a) **"Reserves"** are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.
- (b) **"Proved"** reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (c) **"Developed Producing"** reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- (d) **"Developed Non-Producing"** reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- (e) **"Undeveloped"** reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved and probable) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.
- (f) **"Probable"** reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserve entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- At least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- At least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However,

the majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, there should be no difference between estimates prepared using probabilistic or deterministic methods.

Additional Definitions

The following terms, used in the preparation of the Paddock Report (as defined herein) in accordance with National Instrument 51-101 and this annual information form, have the following meanings:

- (a) "**associated gas**" means the gas cap overlying a crude oil accumulation in a reservoir.
- (b) "**constant prices and costs**" means prices and costs used in an estimate that are:
 - (i) the Corporation's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;
 - (ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (i).

For the purpose of paragraph (i), the Corporation's prices are the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity and other factors.

- (c) "**crude oil**" or "**oil**" means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.
- (d) "**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:
 - (i) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
 - (ii) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
 - (iii) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
 - (iv) provide improved recovery systems.
- (e) "**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

- (f) **"exploration costs"** means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:
- (i) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
 - (ii) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;
 - (iii) dry hole contributions and bottom hole contributions;
 - (iv) costs of drilling and equipping exploratory wells; and
 - (v) costs of drilling exploratory type stratigraphic test wells.
- (g) **"exploratory well"** means a well that is not a development well, a service well or a stratigraphic test well.
- (h) **"field"** means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".
- (i) **"future prices and costs"** means future prices and costs that are:
- (i) generally accepted as being a reasonable outlook of the future;
 - (ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (i).
- (j) **"future income tax expenses"** means future income tax expenses estimated (generally, year-by-year):
- (i) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
 - (ii) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

- (iii) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
 - (iv) applying to the future pre-tax net cash flows relating to the Corporation's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.
- (k) "**future net revenue**" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs before general and administrative charges, interest and taxes,.
- (l) "**gross**" means:
- (i) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;
 - (ii) in relation to wells, the total number of wells in which the Corporation has an interest; and
 - (iii) in relation to properties, the total area of properties in which the Corporation has an interest.
- (m) "**natural gas**" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.
- (n) "**natural gas liquids**" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.
- (o) "**net**" means:
- (i) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;
 - (ii) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
 - (iii) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.
- (p) "**non-associated gas**" means an accumulation of natural gas in a reservoir where there is no crude oil.
- (q) "**operating costs**" or "production costs" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

- (r) "**production**" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.
- (s) "**property**" includes:
- (i) fee ownership or a lease, concession, agreement, permit, license or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;
 - (ii) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and
 - (iii) an agreement with a foreign government or authority under which the Corporation participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

- (t) "**property acquisition costs**" means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:
- (i) costs of lease bonuses and options to purchase or lease a property;
 - (ii) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee; and
 - (iii) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.
- (u) "**proved property**" means a property or part of a property to which reserves have been specifically attributed.
- (v) "**reservoir**" means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
- (w) "**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.
- (x) "**solution gas**" means natural gas dissolved in crude oil.
- (y) "**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (i) "exploratory type" if not drilled into a proved property; or (ii) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

- (z) **"support equipment and facilities"** means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.
- (aa) **"unproved property"** means a property or part of a property to which no reserves have been specifically attributed.
- (bb) **"well abandonment costs"** means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

Pricing Assumptions – Constant Prices and Costs

The product prices used by Paddock for the constant price and cost evaluation were as follows:

- Cdn. \$48.07/Bbl for crude oil; and
- AECO-C at \$6.88/Mcf for natural gas.

These amounts correspond to product prices at December 31, 2004.

Pricing Assumptions –Forecast Prices and Costs

Paddock employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2004 in estimating the Corporation's reserves data using forecast prices and costs.

Year	Natural Gas		Crude Oil		Natural Gas Liquids		Inflation Rate (%/yr)	CDN/US Exchange Rate (\$US/\$Cdn)
	Henry Hub (\$US/MMBTU)	AECO-C Spot (\$Cdn/MMBTU)	WTI @ Cushing (\$US/Bbl)	EDM Ref Price (\$Cdn/Bbl)	Butane (\$Cdn/Bbl)	Propane (\$Cdn/Bbl)		
2005	6.30	6.78	42.00	50.22	37.16	30.13	2%	0.820
2006	6.10	6.52	40.00	47.76	34.87	28.66	2%	0.820
2007	5.90	6.26	37.50	44.69	32.18	26.81	2%	0.820
2008	5.70	6.00	35.00	41.62	29.14	24.97	2%	0.820
2009	5.50	5.73	33.00	39.16	27.41	23.50	2%	0.820
2010	5.61	5.85	33.50	39.75	27.82	23.85	2%	0.820
2011	5.72	5.96	34.00	40.34	28.24	24.20	2%	0.820
2012	5.84	6.08	34.50	40.92	28.65	24.55	2%	0.820
2013	5.95	6.21	35.00	41.51	29.06	24.91	2%	0.820
2014	6.07	6.33	35.50	42.10	29.47	25.26	2%	0.820
2015	6.19	6.46	36.00	42.68	29.88	25.61	2%	0.820
2016	6.32	6.59	36.50	43.27	30.29	25.96	2%	0.820
2017	6.44	6.72	37.00	43.85	30.70	26.31	2%	0.820
2018	6.57	6.85	37.50	44.44	31.11	26.66	2%	0.820
2019	6.70	6.99	38.00	45.02	31.52	27.01	2%	0.820

Thereafter +2% per annum

The weighted average realized sales prices before hedging for the period ended December 31, 2004 were \$6.55/Mcf for natural gas, \$57.61/Bbl for crude oil and \$55.76/Bbl for NGLs.

Reconciliations of Changes in Reserves and Future Net Revenue

Reserves Reconciliation

The following table sets forth a reconciliation of the Corporation's gross company interest reserves comprising total proved, total probable and total proved plus probable reserves as at December 31, 2004 against such reserves as at June 30, 2004 based on forecast price and cost assumptions.

Factors	Light Crude Oil (Mbbls)			NGLs (Mbbls)			Sales Gas (Mmcf)			6:1 Oil Equivalent (Mboe)		
	Total Proved	Probable	Proved Plus Probable	Total Proved	Probable	Proved Plus Probable	Total Proved	Probable	Proved Plus Probable	Proved	Probable	Proved Plus Probable
June 30, 2004	-	-	-	-	-	-	-	-	-	-	-	-
Reserves Acquired from Harvest as part of Plan of Arrangement	-	-	-	501	162	663	16,315	3,987	20,302	3,220	826	4,046
Acquisitions	158	37	195	166	43	209	14,971	5,943	20,914	2,819	1,071	3,890
Revisions – to properties acquired from Harvest as part of Plan of Arrangement	-	-	-	(136)	(49)	(190)	(3,837)	(631)	(4,468)	(775)	(159)	(934)
Revisions – existing properties	-	-	-	-	-	-	-	-	-	-	-	-
Discoveries	88	27	115	56	31	86	1,485	839	2,324	391	197	588
Extensions	62	38	100	27	-	32	1,323	203	1,526	309	77	386
Dispositions	-	-	-	-	-	-	-	-	-	-	-	-
Production	(15)	-	(15)	(47)	-	(47)	(1,136)	-	(1,136)	(251)	-	(251)
December 31, 2004	293	102	395	567	187	753	29,121	10,341	39,462	5,713	2,012	7,725

Future Net Revenue Reconciliation

The following table sets forth a reconciliation of the estimate of the net present value of future net revenue attributable to the Corporation's total proved reserves as evaluated in the Paddock Report as at December 31, 2004 against the estimate of such amount as at July 1, 2004, calculated after tax using a discount rate of 10% and constant price and cost assumptions.

	(M\$)
July 1, 2004	\$ -
Sales of Oil and Gas Produced during the Period Net of Production Costs and Royalties ⁽¹⁾	\$ (6,100)
Change in Prices, Production Costs and Royalties related to Forecast Production ⁽²⁾	-
Changes in Previously Estimated Development Capital Expenditures Incurred During the Period ⁽³⁾	20,049
Changes in Estimated Future Development Costs	(28,031)
Net Change Resulting from Extensions and Improved Recovery	3,558
Net Change Resulting from Discoveries	7,790
Changes Resulting from Acquisitions of Reserves	95,360
Changes Resulting from Dispositions of Reserves	-
Net Change Resulting from Revisions in Quantity Estimates for Acquired Reserves	(12,198)
Accretion of Discount	1,373
Net Change in Income Taxes ⁽⁴⁾	324
Other Significant Factors	1,367
December 31, 2004	\$ 83,492

Notes:

- (1) Before income taxes, excluding general and administrative costs and interest.
- (2) Effect of changes in prices and other economic factors on future net reserves.
- (3) Actual expenditures relating to the exploration, development and production of oil and gas reserves.
- (4) Difference between forecast income taxes at the beginning of the period and actual taxes for the period plus forecast income taxes at the end of the period.

Proved and Probable Undeveloped Reserves

The following discussion generally describes the basis on which the Corporation attributes proved and probable undeveloped reserves and the Corporation's plans for developing those undeveloped reserves.

Proved undeveloped reserves are generally those reserves that can be estimated with a high degree of certainty and will be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. The Corporation's reserves are evaluated by Paddock, an independent engineering firm.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment will affect these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves (using both constant prices and costs and forecast prices and costs) and proved plus probable reserves (using forecast prices and costs only).

	Constant Prices and Costs		Forecast Prices and Costs	
	Proved	Proved Plus Probable	Proved	Proved Plus Probable
	(\$M)	(\$M)	(\$M)	(\$M)
2005	2,121	2,411	2,121	2,411
2006	6,650	6,650	6,783	6,783
2007	-	150	-	156
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
Remaining Years	-	-	-	-
Total Undiscounted	8,771	9,211	8,904	9,350
Total Discounted at 10% per year	7,786	8,181	7,902	8,301

The Corporation estimates that its internally generated cash flow will be sufficient to fund the future development costs disclosed above. The Corporation typically has available three sources of funding to finance its capital expenditure program; internally generated cash flow from operations, debt financing and new equity.

The Corporation expects to fund its total 2005 capital program with internally generated cash flow although quarterly fluctuations in funding levels are expected. The Corporation's objective is to maintain its debt to cash flow ratio to less than 1.5 times current year's estimated cash flows.

Oil and Gas Properties

The following is a description of the oil and natural gas properties, plants, facilities and installations in which the Corporation has an interest and that are material to its operations and activities. The production numbers stated refer to the Corporation's working interest share before deduction of Crown and freehold royalties. Reserve amounts are stated before deduction of royalties, based on escalated cost and price assumptions as evaluated in the Paddock Report as at December 31, 2004.

Brazeau – Pembina, Alberta

The Brazeau area is located 140 km southwest of the City of Edmonton. Storm's production in this area is mostly from the Nisku zone. Storm has 1 producing oil well (0.3 net) and 7 producing gas wells (2.3 net). Production from the area averaged 1,657 mcf/d of sales gas and 232 bbls/d of natural gas liquids for the six months ended December 31, 2004. Production in February, 2005 was approximately 1,600 mcf/d of sales gas and 230 bbls/d of oil and natural gas liquids or 500 BOE/d.

All of Storm's production is tied in to third party facilities for gas processing.

Northeast British Columbia/Peace River Arch

The majority of Storm's production from the Northeast British Columbia area is from wells located in the Cabin/Kotcho and Parkland areas. Production in February, 2005 was approximately 11,500 mcf/d of sales gas and 430 bbls/d of liquids or 2,350 BOE/d.

At Cabin/Kotcho, there are 2 producing gas wells (1.15 net) and production from the area averaged 2,600 mcf/d of sales gas for the six months ended December 31, 2004. Production is tied into third party facilities for gas processing.

In the Peace River Arch area, there are 6 oil wells and 59 producing gas wells (33 net) and production from the area averaged 2,400 mcf/d of sales gas for the six months ended December 31, 2004. Storm operates one sour gas processing facility (75 net ownership).

Oil and Gas Wells

The following table summarizes the Corporation's interest as at December 31, 2004 in wells that are producing and non-producing.

	Producing Wells				Non-Producing Wells			
	Oil		Natural Gas		Oil		Natural Gas	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Alberta	16	10.4	40	22.8	20	11.80	44	23.90
British Columbia	-	-	17	9.6	1	0.25	23	14.80
Totals	16	10.4	57	32.4	21	12.05	67	38.70

Properties With No Attributed Reserves

The following table summarizes the gross and net acres of unproved properties in which the Corporation has an interest and also the number of net acres for which the Corporation's rights to explore, develop or exploit will, absent further action, expire within one year.

As of December 31, 2004			
	Gross Acres	Net Acres	Net Acres Expiring Within One Year
Red Earth, Alberta	128,000	115,000	21,510
Brazeau-Pembina	25,000	12,000	240
Kotcho/Cabin/Junior	29,000	17,000	330
Peace River Arch	51,000	33,000	6,680
Other	147,000	108,000	23,270
Total	380,000	285,000	52,030

Drilling Activity

The following table summarizes the gross and net exploration and development wells in which the Corporation participated during the year ended December 31, 2004.

	Development Wells		Exploration Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
Oil wells	2	1.15	1	0.26	3	1.41
Natural Gas wells	1	0.25	5	3.73	6	3.98
Service wells	-	-	-	-	-	-
Dry holes	1	0.5	4	4	5	4.50
Total	4	1.9	10	7.99	14	9.89

Additional Information Concerning Abandonment and Reclamation Costs

Abandonment and reclamation costs are estimated based on current regulations, actual costs incurred to date, technology and industry standards. Costs to abandon and reclaim approximately 81 (48 net) wells totalling \$1.346 million net (undiscounted) are included in the estimate of future net revenue for the proved developed producing and proved non-producing reserve categories. The present value of this cost is \$0.692 million using a 10% discount rate. Abandonment and reclamation costs for proven and probable undeveloped drilling locations are not included as these wells have not been drilled. Storm owns an interest in 168 wells (121 net). Over the next three years, Storm's net well abandonment cost is expected to total \$186,000. Storm's total undiscounted net cost to abandon and reclaim all wells, facilities and pipelines (net of salvage) is expected to be \$2.465 million.

Tax Horizon

As at December 31, 2004, the Corporation had operating tax losses carried forward totalling \$37 million, which will begin to expire in 2007. In addition, the Corporation has a capital loss in the amount of \$10 million, available for application against future capital gains. The Corporation also has resource pools of approximately \$107 million available for deduction against future taxable income. As a result the Corporation does not expect to pay income tax in 2005.

Costs Incurred

The following table summarizes the Corporation's property acquisition costs, exploration costs and development costs for the year ended December 31, 2004.

Total (M\$)	Property Acquisition Costs (\$000)			
	Proved Properties	Unproved Properties	Exploration Costs	Development Costs
	37,686	1,772	7,404	10,688

Production Estimates

The following table discloses for each product type the total volume of production estimated by Paddock for 2005.

2005 – Total Proved	Crude Oil & NGL Mbbbls	Natural Gas Mmcf
Peace River Arch	74	3,094
Brazeau-Pembina	96	725
Kotcho-Cabin	-	995
Other	45	166
Total	215	4,980

Production History

The following table discloses, on a quarterly basis for the period ended December 31, 2004, the Corporation's share of average daily production volume, prior to royalties, and the prices received, royalties paid, production costs incurred and netbacks on a per unit of volume basis for each product type.

Average Daily Production Volume

	July 2004	Aug/Sep/Oct 2004	Nov/Dec 2004	Total 2004
Light and Medium Crude Oil (Bbl/d)	53	68	118	82
Natural Gas (Mcf/d)	3,241	5,039	9,382	6,176
NGL (Bbl/d)	83	265	327	255
Oil Equivalent	-	-	-	-
Total BOE/D	676	1,173	2,008	1,366

Prices, Royalties Paid, Production Costs and Netback – Light and Medium Crude Oil

	July 2004	Aug/Sep/Oct 2004	Nov/Dec 2004	Total 2004
Price Received	49.43	61.24	56.29	57.61
Royalties Paid	(19.94)	(20.71)	(15.58)	(18.19)
Production Costs	(5.82)	(5.18)	(7.28)	(6.25)
Transportation	-	(1.60)	(1.52)	(1.39)
Netback	23.67	33.75	31.91	31.78

Prices, Royalties Paid, Production Costs and Netback – Natural Gas

(\$/Mcf)	July 2004	Aug/Sep/Oct 2004	Nov/Dec 2004	Total 2004
Price Received	6.21	6.35	6.77	6.55
Royalties Paid	(1.56)	(1.81)	(1.75)	(1.76)
Production Costs	(1.10)	(1.50)	(1.15)	(1.29)
Transportation	-	(0.62)	(0.46)	(0.48)
Netback	3.55	2.42	3.41	3.02

Prices, Royalties Paid, Production Costs and Netback – NGL

(\$/Bbl)	July 2004	Aug/Sept/Oct 2004	Nov/Dec 2004	Total 2004
Prices Received – net of hedging	48.78	57.68	54.33	55.76
Royalties Paid	(14.78)	(23.43)	(19.69)	(21.36)
Production Costs	-	-	-	-
Transportation	-	(1.26)	(1.10)	(1.12)
Netback	34.00	32.99	33.54	33.28

Production Volume by Field

The following table discloses for each important field, and in total, the Corporation's production volumes for the period ended December 31, 2004 for each product type.

Field	Crude Oil (Bbl/d)	Natural Gas (Mcf/d)	NGLs (Bbl/d)	BOE (Bbl/d)
Brazeau-Pembina	1	1,657	232	508
Peace River Arch	10	1,499	19	279
Cabin/Kotcho	-	2,424	-	404
Red Earth, Alberta	60	-	-	60
Other	11	596	4	115
Estimated Total Production	82	6,176	255	1,366

SELECTED FINANCIAL INFORMATION**Summary of Operating Results**

The following table sets forth selected financial information of the Corporation for the period from June 29, 2004 to December 31, 2004.

June 29, 2004
to December 31, 2004

(M\$, except per share amounts)

Revenue before royalties	11,414
Cash flow from operations	5,114 ⁽¹⁾
Per share - basic	0.15
- diluted	0.14
Net income	6,497
Per share - basic	0.19
- diluted	0.18
Total assets – December 31, 2004	107,948
Bank indebtedness – December 31, 2004	23,665

Note:

- (1) Cash flow from operations in a non-GAAP measure that represents cash generated from operating activities before changes in non-cash working capital items.

DESCRIPTION OF SHARE CAPITAL

The authorized capital of Storm consists of an unlimited number Common Shares, an unlimited number of common non-voting shares ("Common Non-Voting Shares"), an unlimited number of Class "A" common voting shares, an unlimited number of Class "B" common non-voting shares, an unlimited number of Class I preferred shares, issuable in series, and an unlimited number of Class II preferred shares, issuable in series, and an unlimited number of Class III preferred shares, issuable in series. As at December 31, 2004, an aggregate of 37,172,755 Common Shares were issued and outstanding; an aggregate of 1,275,000 Common Non-Voting Shares of the Corporation were issued and outstanding; and no Class "A" common voting shares, Class "B" common voting shares, Class I preferred shares, Class II preferred shares or Class III preferred shares were issued or outstanding.

The following is a summary of the rights, privileges, restrictions and conditions that will attach to the Common Shares and the Common Non-Voting Shares.

Common Shares

Storm is authorized to issue an unlimited number of Common Shares. Holders of Common Shares (a) are entitled to receive dividends as and when declared by the board of directors of Storm, subject to the rights of holders of shares of any class having priority over the Common Shares, provided that no dividends may be declared in respect of or any benefit conferred upon the holders of the Common Non-Voting Shares unless the same dividend or benefit is conferred upon the holders of the Common Shares, (b) are entitled to share ratably, together with the holders of the Common Non-Voting Shares, in the assets of Storm as are available for distribution in event of any liquidation, dissolution or winding up of Storm or other distribution of the assets of Storm among its shareholders for the purpose of winding up its affairs, subject to the rights of the holders of shares of any class having priority over the Common Shares, and (c) are entitled to receive notice of and to attend any meeting of the shareholders of Storm and to vote at any meeting of shareholders of Storm.

Common Non-Voting

Storm is authorized to issue an unlimited number of Common Non-Voting Shares. Holders of Common Non-Voting Shares (a) are entitled to receive dividends as and when declared by the board of directors of Storm, subject to the rights of holders of shares of any class having priority over the Common Non-Voting Shares, provided that no dividends may be declared in respect of or any benefit conferred upon the holders of the Common Shares unless the same dividend or benefit is conferred upon the holders of the Common Non-Voting Shares, (b) are entitled to share ratably, together with the holders of the Common Shares, in the assets of Storm as are available for distribution in the event of any liquidation, dissolution or winding up of Storm or other distribution of the assets of Storm among its shareholders for the purpose of winding up its affairs, subject to the rights of holders of shares of any class having priority over the Common Non-Voting Shares, and (c) are entitled to receive notice of and to attend any meeting of the shareholders of Storm provided that, except as required by law, holders of Common Non-Voting Shares will not be entitled to vote at any meeting of the shareholders of Storm..

In addition, the terms of the Common Non-Voting Shares provide that such shares will be redeemable at the option of the holder thereof in the event of a bona fide offer (an "Offer") to acquire all of the issued and outstanding Common Shares, which Offer has not been rejected by holders of the Common Shares holding not less than 50% of the outstanding Common Shares. The redemption price payable in respect of each Common Non-Voting Share redeemed will be the value of the consideration offered under an Offer.

DIVIDENDS

The Corporation has not declared or paid any dividends on its Common Shares since the completion of the Plan of Arrangement. Any decision to pay dividends on the Common Shares will be made by the board of directors of the Corporation on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

MARKET FOR SECURITIES

On July 2, 2004, the Common Shares were listed and posted for trading on the TSX under the symbol "SEO". The following table sets forth the price range and trading volume of these securities as reported by the TSX Venture Exchange and the TSX for the period July 2, 2004 to December 31, 2004.

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
July 2 to 31, 2004	2.90	2.45	4,794,250
August, 2004	2.85	2.60	1,329,444
September, 2004	3.00	2.40	1,661,510
October, 2004	3.88	2.88	1,276,851
November, 2004	3.65	3.11	1,007,890
December, 2004	4.15	3.30	1,239,460

ESCROWED SHARES

On June 30, 2004, Storm entered into an escrow agreement (the "Escrow Agreement") whereby the 2,500,000 Common Shares subscribed for by the employees of the Corporation pursuant to the Storm Initial Private Placement (see "General Development of the Business – Recent Developments"). Pursuant to the terms of the Escrow Agreement, 1,700,000 Common Shares and 2,100,000 Warrants subscribed for pursuant to the Storm Initial Private Placement will be released from escrow on July 1, 2005 if the employee continues to be

an employee of Storm at such date. If the employee ceases to be an employee of Storm prior to July 1, 2005, they are not entitled to a release of Common Shares or Warrants under the Escrow Agreement after the date of cessation of employment. Storm shall have the right to repurchase such Common Shares at a price equal to the price paid for such Common Shares, \$1.60, within 10 days of such person ceasing to be an employee. Any Common Shares not repurchased by Storm will be released under the provisions of the Escrow Agreement. Any Warrants which are not released under the Escrow Agreement will expire in accordance with their terms. There was no escrow agent involved. All share certificates representing the Common Shares under escrow carry a legend indicating that the shares under the certificates are subject to the provisions of an Escrow Agreement and are restricted from trading until July 1, 2005.

The following table provides the number and class of securities under escrow and the percentage of the class issued and outstanding as at December 31, 2004:

Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	1,700,000	4.4%
Warrants	2,100,000 exercisable into Common Shares	5.7%

INDUSTRY CONDITIONS

The oil and natural gas industry is subject to extensive controls and regulation governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada, Alberta, Saskatchewan and British Columbia, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing - Oil and Natural Gas

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Such price depends in part on oil quality, prices of competing oils, distance to market, the value of refined products and the supply/demand balance. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "NEB"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an export licence from the NEB and the issuance of such licence requires the approval of the Governor in Council.

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas exports for a term of less than 2 years or for a term of 2 to 20 years (in quantities of not more than 30,000 m³/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or a larger quantity requires an exporter to obtain an export licence from the NEB and the issue of such licence requires the approval of the Governor in Council.

The governments of British Columbia, Alberta and Saskatchewan also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve ability, transportation arrangements and market considerations.

The lack of firm pipeline capacity continues to limit the ability to produce and market natural gas production although pipeline expansions are ongoing. In addition, the prorationing of capacity on the interprovincial pipeline systems continues to limit oil exports.

Kyoto Protocol

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nationwide emissions of carbon dioxide, methane, nitrous oxide and other so called "greenhouse gases". The Corporation's exploration and production facilities and other operations and activities will emit a small amount of greenhouse gases which may subject the Corporation to legislation regulating emissions of greenhouse gases. The Government of Canada has put forward a Climate Change Plan for Canada which suggests further legislation will set greenhouse gases emission reduction requirements for the various industrial activities, including oil and gas exploration and production. Future federal legislation, together with provincial emission reduction requirements, such as those proposed in Alberta's Bill 32: Climate Change and Emissions Management, may require the reduction of emissions or emissions intensity with the Corporation's operations and facilities. The direct or indirect costs of these regulations may adversely affect of the Corporation.

The North American Free Trade Agreement

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, United States of America and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada U.S. Free Trade Agreement. Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to domestic use (based upon the proportion prevailing in the most recent 36 month period); (ii) impose an export price higher than the domestic price; or (iii) disrupt normal channels of supply. All three countries are prohibited from imposing minimum export or import price requirements.

NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The agreement also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

Provincial Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee although production from such lands is subject to certain provincial taxes and royalties. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced.

From time-to-time the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty reductions, royalty holidays and tax

credits, and are generally introduced when commodity prices are low. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry.

In the Province of Alberta, a producer of oil or natural gas is entitled to a credit against the royalties payable to the Crown by virtue of the ARTC program. The ARTC rate is based on a price sensitive formula and varies between 75% at prices at and below \$100 per m³ and 25% at prices at and above \$210 per m³. The ARTC rate will be applied to a maximum of \$2,000,000 of Alberta Crown royalties payable for each producer or associated group of producers. Crown royalties on production from producing properties acquired from a corporation claiming maximum entitlement to ARTC will generally not be eligible for ARTC. The rate will be established quarterly based on the average "par price", as determined by the Alberta Department of Energy for the previous quarterly period.

In 1998 and 1999, the Alberta government conducted a review of the ARTC program with the objective of setting out better targeted objectives for a smaller program and to deal with administrative difficulties. On August 30, 1999, the Alberta government announced that it would not be reducing the size of the program but that it would introduce new rules to reduce the number of persons who qualify for the program. The new rules will preclude companies that pay less than \$10,000 in royalties per year and non-corporate entities from qualifying for the program. Such rules will not presently preclude the Corporation from being eligible for the ARTC program.

Crude oil and natural gas royalty holidays for specific wells and royalty reduction reduce the amount of Crown royalties paid by the Corporation to the provincial governments. In general, the ARTC provides a rebate on Alberta Crown royalties paid.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits for varying terms from two years and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

Environmental Regulation

The oil and gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of material fines and penalties.

Environmental legislation in the Province of Alberta has been consolidated into the Environmental Protection and Enhancement Act (the "EPEA"). The EPEA imposes strict environmental standards, requires stringent compliance, reporting and monitoring obligations and significant penalties for non-compliance. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment and will take such steps as required to ensure compliance with the EPEA and similar legislation in other jurisdictions in which it operates. The Corporation believes that it is in material compliance with applicable environmental laws and regulations. The

Corporation also believes that it is reasonably likely that the trend towards stricter standards in environmental legislation and regulation will continue.

RISK FACTORS

An investment in the Corporation should be considered speculative due to the nature of the Corporation's involvement in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas and due to its current stage of development. Oil and gas operations involve many risks which even a combination of experience and knowledge and careful evaluation may not be able to overcome. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other participants in the search for the acquisition of oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include oil companies which have greater financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

The marketability of oil and natural gas acquired or discovered are affected by numerous factors beyond the control of the Corporation. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government which may be amended from time-to-time. See "Industry Conditions". The Corporation's oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Although the Corporation believes that it is in material compliance with current applicable environmental regulations, changing government regulations may have a material adverse affect on the Corporation. See "Industry Conditions Environmental Regulation".

Volatility of Oil and Gas Prices

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue and overall value and could result in ceiling test write-downs. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's net production revenue causing a reduction in its oil and gas exploration and development activities. In addition, bank borrowings available to the Corporation are in part determined by the borrowing base of the Corporation. A sustained material decline in prices from historical average prices could further reduce the Corporation's borrowing base, therefore reducing the bank credit available to the Corporation and possibly require that a portion of the Corporation's bank debt be repaid.

Accounting for Oil and Gas Properties

The Corporation uses the full cost method of accounting for oil and natural gas properties. Under this accounting method, capitalized costs are reviewed for impairment to ensure that the carrying amount of these costs is recoverable based on forecast future cash flows plus the cost of undeveloped properties. To the extent

that such capitalized costs (net of accumulated depreciation and depletion) less future taxes exceed the present value of estimated future net cash flows from the Corporation's proved oil and natural gas reserves, those excess costs would be required to be charged to operations.

Hedging Activities

From time-to-time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases.

Exchange Rate Fluctuations

From time-to-time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the changing exchange rate.

Operating Risks

Oil and natural gas exploration is subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Availability of Equipment

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities. To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title Reviews

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation which could result in a reduction of the revenue received by the Corporation.

Reserve Estimate Uncertainty

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors that are beyond the control of the Corporation. The reserve and cash flow information set forth in this annual information form represent estimates only. The reserves and estimated future net cash flow from the Corporation's properties have been independently evaluated effective December

31, 2004 by Paddock. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Corporation. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of exploitation activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such exploitation activities do not achieve the level of success assumed in the evaluations.

Financial Risks

From time-to-time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. Depending on future exploration and development plans, the Corporation may require additional financing which may not be available or, if available, may not be available on favourable terms.

Conflicts of Interest

Certain directors of the Corporation are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the CBCA.

Dependence on Key Personnel

Storm's success depends in large measure on certain key personnel including Brian Lavergne, Donald G. McLean, Harry Ediger, Eric Blakely, and Robert S. Tiberio. The loss of the services of such key personnel could have a material adverse effect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, no contracts entered into by Storm within the two years immediately prior to the date hereof can reasonably be regarded as presently material to Storm.

INTERESTS OF EXPERTS

As of the date hereof, the partners and associates of Pricewaterhouse Coopers LLP, the auditors of Storm, as a group, held no Common Shares directly and indirectly in the Corporation.

As of the date hereof, principals of Paddock, as a group, held no Common Shares directly and indirectly in the Corporation.

TRANSFER AGENT AND REGISTRAR

The co-transfer agent and registrar for the Common Shares of Storm is Valiant Trust Company at its office in Calgary, Alberta and Equity Transfer Services Inc. at its office in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis for the period ended December 31, 2004.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions is contained in the Corporation's Information Circular dated March 29, 2005. A copy of the Information Circular may be obtained from the SEDAR website at www.sedar.com.

APPENDIX A

**REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED
RESERVES EVALUATOR OR AUDITOR**

Terms to which a meaning is ascribed in National Instrument 51-101 have the same meaning herein.

To the board of directors of Storm Exploration Inc. (the "Corporation"):

1. We have prepared an evaluation of the Corporation's reserves data as at December 31, 2004. The reserves data consists of the following:
 - (a)
 - (i) Proved and Proved plus probable oil and gas reserves estimated as at December 31, 2004 using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - (b)
 - (i) Proved oil and gas reserves estimated as at December 31, 2004 using constant prices and costs; and
 - (ii) the related estimated future net revenue.
2. The reserves data are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Corporation evaluated by us for the year ended December 31, 2004, and identifies the respective portion thereof that we have audited, evaluated and reviewed and reported on to the Corporation's board of directors.

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or (Country or Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated	Reviewed	Total
Paddock Lindstrom & Associates Ltd.	January 29, 2005	Canada	Nil	\$91,224	Nil	\$91,224
	Totals		Nil	\$91,224	Nil	\$91,224

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our reports referred to in paragraph 4 above for events and circumstances occurring after their respective preparation date.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above.

Paddock Lindstrom & Associates Ltd.,
Calgary, Alberta, Canada

Dated March 31, 2005.

(signed) "Dennis L. Paddock"

President

APPENDIX B**REPORT OF MANAGEMENT AND DIRECTORS
ON RESERVES DATA AND OTHER INFORMATION**

Management of Storm Exploration Inc. (the "Corporation") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a) (i) Proved and proved plus probable oil and gas reserves estimated as at December 31, 2004 using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) Proved oil and gas reserves estimated as at December 31, 2004 using constant prices and costs; and
- (ii) the related estimated future net revenue.

Paddock Lindstrom & Associates Ltd., independent qualified reserves evaluators, have evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluators will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Corporation has

- (a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluators;
- (b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluators.

The Reserves Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved

- (d) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (e) the filing of the report of the independent qualified reserves evaluators on the reserves data; and
- (f) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

"Brian Lavergne"

Brian Lavergne
President and Chief Executive Officer

"Donald G. McLean"

Donald G. McLean
Vice President, Finance and Chief Financial Officer

"Matthew J. Brister"

Matthew J. Brister
Director and Chairman of the Reserves Committee

"Henry Lawrie"

Henry Lawrie
Director

March 31, 2005

APPENDIX C

AUDIT COMMITTEE CHARTER