

Clerk's Stamp

COURT FILE NO. B301-163430
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC
1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CLEO ENERGY CORP.

APPLICANT CLEO ENERGY CORP.

DOCUMENT **AFFIDAVIT**

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AFFIDAVIT OF CHRIS LEWIS
Sworn March 17, 2025

I, **CHRIS LEWIS**, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the sole Director, Executive Chairman, and Chief Executive Officer of Cleo Energy Corp. (“**Cleo**”). As such I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true.
2. I am authorized to swear this Affidavit as corporate representative of Cleo.
3. In preparing this Affidavit, I consulted with Cleo’s management and its legal, financial and other advisors. I also reviewed Cleo’s business records relevant to these proceedings and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit.
4. All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

Relief Requested

5. This Affidavit is sworn in support of an Application by Cleo in its proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**” and such proceedings, the “**Proposal Proceedings**”) seeking the following Orders:
- (a) an Order extending the period within which Cleo is required under section 50.4(8) of the *BIA* to file a proposal, currently ending April 4, 2025, by an additional 35 days to end on May 9, 2025 (such period, as extended from time to time under section 50.4(9) of the *BIA*, being the “**Filing Period**”);
 - (b) an Order (the “**IHH SAVO**”) approving the sale of certain assets (the “**IHH Assets**”) pursuant to an asset purchase agreement dated as of March 14, 2025 (the “**IHH APA**”) between CLEO and IHH Energy Corp. (“**IHH**”) and vesting all of the right, title and interest of CLEO in and to the IHH Assets, free and clear of any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “**Encumbrances**”);
 - (c) an Order (the “**Nuova SAVO**”) approving the sale of certain assets (the “**Nuova Assets**”) pursuant to an asset purchase agreement dated as of March 14, 2025 (the “**Nuova APA**”) between CLEO and Nuova Strada Ventures Ltd. (“**Nuova**”) and vesting all of the right, title and interest of CLEO in and to the Nuova Assets, free and clear of any and all Encumbrances;
 - (d) an Order (the “**Surge SAVO**”, and together with the IHH SAVO and the Nuova SAVO, the “**SAVOs**”) approving the sale of certain assets (the “**Surge Assets**”) pursuant to an asset purchase agreement dated as of March 14, 2025 (the “**Surge APA**”, and together with the IHH APA and the Nuova APA, the “**APAs**”) between CLEO and Surge Energy Inc. (“**Surge**”) and vesting all of the right, title and interest of CLEO in and to the Surge Assets, free and clear of any and all Encumbrances;

- (e) an Order (the “**Sealing Order**”) sealing the confidential supplement (the “**Confidential Supplement**”) to the fourth report of Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as proposal trustee of Cleo (in such capacity, the “**Proposal Trustee**”, and such report, the “**Fourth Report**”); and
- (f) such other relief as this Honourable Court deems appropriate.

Proposal Proceedings

- 6. Cleo is a privately owned Alberta corporation that was incorporated in 2016. Cleo carries on business as a producer of oil and natural gas and holds operated and non-operated working interests, wells, facilities and pipelines in the Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe and Silver Heights areas of Alberta. Cleo’s head office is located at 200 – 117 8th Avenue SW, Calgary, Alberta T2P 1B4 and its field office is located in Shorncliffe, Alberta.
- 7. Throughout 2024, Cleo’s production of oil and natural gas suffered severe reductions because of shut-ins arising from a variety of causes, including deferred repair and maintenance of its main producing wells, verbal directives of the Alberta Energy Regulator (the “**AER**”) responding to complaints about flaring from gas wells, thefts and vandalism of equipment at its largest oil and gas field, and low natural gas prices.
- 8. As a result of these production issues, Cleo experienced a severe decline in revenue and working capital and was unable to make regular payments to its trade creditors and secured lenders. The directors and management of Cleo determined that in order to address its financial difficulties, Cleo required protection from its creditors under Division I of Part III of the *BIA*. On December 8, 2024, Cleo filed a notice of intention to make a proposal and A&M was named as Proposal Trustee.
- 9. The initial 30-day time period within which a proposal was required to be filed under section 50.4(8) of the *BIA* ended on January 7, 2025. Pursuant to an Order of the Honourable Justice Lema pronounced on January 6, 2025 (the “**January 6 Order**”), the time within which Cleo was required to file a proposal was extended to February 21, 2025. Pursuant to a second Order of the Honourable Justice Lema pronounced on February 19, 2025 (the “**February 19 Order**”), that time period was extended to April 4, 2025.

10. Under the January 6 Order, the Court also:
 - (a) created an administration charge against the undertaking, property and assets of Cleo (the “**Properties**”) in favour of the Proposal Trustee and its counsel and Cleo’s counsel to secure the payment of their respective professional fees and disbursements in an amount not to exceed \$700,000 (the “**Administration Charge**”);
 - (b) created a charge against the Properties to secure Cleo’s obligation to indemnify its director and officer for obligations and liabilities incurred after the commencement of the Proposal Proceedings in an amount not to exceed \$250,000 (the “**D&O Charge**”);
 - (c) approved an interim financing facility (the “**Interim Facility**”) provided by uCapital – uLoan Solutions Inc. (“**uCapital**”) pursuant to a commitment letter dated January 5, 2025 and created a charge against the Properties to secure Cleo’s obligations to pay such facility in the maximum amount of \$900,000 (the “**Interim Lender Charge**”); and
 - (d) declared that the Administration Charge, the D&O Charge and the Interim Lender Charge rank in priority to any other Encumbrance, and as between each other, the Administration Charge ranks first in priority, the Interim Lender Charge ranks second in priority and the D&O Charge ranks third in priority.
11. The February 19 Order amended the January 6 Order to approve the increase in the principal amount of the Interim Facility to \$1,000,000 and increase the maximum principal amount secured by of the Interim Lender Charge to \$1,000,000, together with any interest accrued thereon or costs and expenses incurred thereunder.

Marketing of the Properties under the SSP

12. Cleo in consultation with the Proposal Trustee and their respective professional advisors concluded that the most value maximizing strategy for Cleo and its stakeholders during the Proposal Proceedings was to carry out a sale and investment solicitation process in order to sell its business and Properties, either as a going concern or in parcels, or to recapitalize and restore the solvency of Cleo. Cleo and the Proposal Trustee therefore prepared a sale and solicitation process that provided for the marketing of the business and Properties of Cleo and the manner in which bids to purchase Properties or invest in Cleo are to be made and assessed (the “**SSP**”).

13. Pursuant to an Order of the Honourable Justice J.T. Nielson pronounced January 22, 2025 (the “**Sale Process Order**”), the Court approved the SSP and Cleo’s engagement of Sayer Energy Advisors as a financial advisor and sale agent (the “**Sale Agent**”). A copy of the SSP is attached as **Exhibit “A”**.
14. The SSP contemplated a two phase process consisting of the following:
 - (a) Phase One, during which:
 - (i) the Sale Agent sent to various strategic and financial parties that Cleo, the Proposal Trustee and the Sale Agent believed may be interested in submitting bids to acquire some or all of the Properties or invest in Cleo, and published on its website, a notice attaching the SSP, describing Cleo’s business and Properties, and describing the bid process (the “**Teaser**”), the emailed copy of which is attached as **Exhibit “B1”** and the mailed copy of which is attached as **Exhibit “B2”**;
 - (ii) each party who wished to participate in the SSP (a “**Potential Bidder**”) executed a non-disclosure agreement (an “**NDA**”), and thereby gained access to a physical and virtual data room (the “**Data Room**”) which contained copies of confidential business and operational information with respect to Cleo and the Properties;
 - (iii) the Potential Bidders could carry out due diligence by accessing the Data Room and questioning the Sale Agent and Cleo;
 - (iv) each Potential Bidder was required to deliver to the Proposal Trustee a non-binding letter of intent expressing its interest (a “**Non-Binding LOI**”, and such Potential Bidder, a “**Bidder**”) by no later than February 27, 2025, which was the deadline for submitting Non-Binding LOIs (the “**Non-Binding Bid Submission Date**”);
 - (v) the Proposal Trustee, in consultation with Cleo and the Sale Agent, were to assess each Non-Binding LOI to determine whether the Bidder thereunder had complied with the requirements of paragraph 23 of the SSP, had a *bona fide* interest in concluding a transaction and had the financial wherewithal to conclude a transaction (whereupon the Bidder became a “**Qualified Bidder**”); and
 - (vi) the Proposal Trustee was required to advise Bidders as to whether or not they were Qualified Bidders and could advance to Phase 2;

- (b) Phase Two, where:
 - (i) Qualified Bidders had the option of carrying out additional due diligence;
 - (ii) each Qualified Bidder was required to submit a binding bid (a “**Bid**”) by no later than 5:00 pm on March 13, 2025 (as extended from time to time, the “**Binding Bid Submission Date**”). The Proposal Trustee, in consultation with Cleo and the Sale Agent, reviews each Bid to determine if it complies with the requirements of paragraph 28 of the SSP, whereupon it is considered to be a “**Qualified Bid**”. These requirements include: (i) the Bid must be based on the template asset purchase agreement in the Data Room, (ii) the Bid must be irrevocable until the Successful Bids (as defined below) are approved by this Honourable Court, (iii) the Bid must clearly set forth a purchase price, (iv) the Bid must be accompanied by a 15% deposit, and (v) the Bid cannot be conditional on due diligence or obtaining financing or internal approvals; and
 - (iii) the Proposal Trustee, in consultation with Cleo and the Sale Agent, is required to assess each Qualified Bid, applying the criteria set out in paragraph 29 of the SSP, to identify successful bids (each, a “**Successful Bid**”, and the bidder thereunder, the “**Successful Bidder**”) and if appropriate, back-up bids; and
 - (c) Once a Successful Bid is identified, under paragraph 35 of the SSP, an application is required to be made to this Honourable Court seeking an Order approving the Successful Bid and vesting the right, title and interest of Cleo in the Properties subject thereto in and to the Successful Bidder.
15. According to a confidential report of the Sale Agent dated March 3, 2025 (the “**Confidential Sale Agent Report**”), a copy of which is attached to the Confidential Supplement, the following steps were carried out by the Sale Agent under the SSP:
- (a) the SSP was launched immediately following the issue of the Sale Process Order on January 22, 2025;
 - (b) the Sale Agent distributed the Teaser to approximately 2,250 parties by email and 400 parties by mail;
 - (c) the Sale Agent placed advertisements in:

- (i) the *BOE Report* on January 23, 2025, a copy of which is attached as **Exhibit “C”**, which advertisement was viewed a total of 3,238 times;
 - (ii) the *Daily Oil Bulletin* (“DOB”) on January 23 and 24, 2025, a copy of which is attached as **Exhibit “D”**, which was viewed a total of 203 times;
 - (iii) on the websites of A&D Watch and Energy Advisors Group, in order to reach parties not currently on the Sale Agent’s our mail and email distribution lists in Canada and the United States; and
 - (iv) on the Sale Agent’s *Canadian Oil Industry Asset Sale Listing* during the entire marketing period;
- (d) the Data Room was open between January 30, 2025 and February 27, 2025, the Phase I Bid Deadline;
- (e) throughout the marketing period, the principals of the Sale Agent followed up initial marketing by contacting a number of Potential Bidders that they believed might be interested in the Properties;
- (f) 60 Potential Bidders executed NDAs and accessed the Data Room;
- (g) 8 Potential Bidders asked questions and sought additional information to aid in their evaluation of the Properties; and
- (h) 22 Bidders submitted 26 Phase I LOIs by the Phase I Bid Deadline.
16. On Friday March 7, 2025, the Proposal Trustee sent the following emails to Bidders:
- (a) emails to ten (10) Bidders notifying them that they were Qualified Bidders and could participate in Phase 2 of the SSP; and
 - (b) emails to twelve (12) Bidders notifying them that they were not Qualified Bidders and could not participate in Phase 2.
17. Between March 7, 2025 and March 14, 2025, the Sale Agent, Cleo and the Proposal Trustee negotiated with IHH, Nuova and Surge and entered into the IHH APA, Nuova APA and Surge APA. Attached to this Affidavit as **Exhibits “E”, “F” and “G”** are redacted copies of the IHH

APA, Nuova APA and Surge APA respectfully, from which the economic terms have been removed. Un-redacted copies of the IHH APA, Nuova APA and Surge APA are attached to the Confidential Supplement.

18. The Sale Agent, Cleo and the Proposal Trustee have also continued to negotiate with the seven other Qualified Bidders and are attempting to settle on the terms of asset purchase agreements with these parties. Several of these Qualified Bidders requested that the Binding Bid Submission Date be extended beyond March 13, 2025 and therefore, on March 13, 2025, the Proposal Trustee sent an email to the remaining Qualified Bidders extending the Binding Bid Submission Date to March 27, 2025.

Terms of the IHH APA, Nuova APA and Surge APA

IHH APA

19. Under the IHH APA, IHH has agreed to purchase Cleo's right, title and interest in the mineral leases and surface leases associated with certain lands described in Schedule "A-2" of the IHH APA and located in the Atlee area of Alberta. There are no wells or facilities on those lands and therefore no licenses issued by the AER to be transferred. The key terms of the IHH APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the IHH APA):
 - (a) Under section 2.1 of the IHH APA, Cleo agrees to sell and IHH agrees to purchase the IHH Assets on an "as is, where is" basis.
 - (b) IHH has paid a Deposit to the Proposal Trustee equal to 15% of the Purchase Price pursuant to section 2.9. Under section 2.9, if the Closing does not occur as a result of a breach by IHH, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be refunded to IHH.
 - (c) Under section 2.2, the unpaid Purchase Price is payable to the Proposal Trustee on Closing. The Purchase Price is subject to standard adjustments pursuant to section 7.1.
 - (d) Under section 1.1(i), the Closing Date is March 31, 2025, unless otherwise agreed to by Cleo and IHH. Under section 1.1(bb), the Outside Date by which the Transaction must close is April 18, 2025 or such later date as agreed to by Cleo and IHH.

- (e) Under section 2.4, IHH does not assume any Abandonment and Reclamation Obligations or Environmental Liabilities associated with the Assets but because they are undeveloped lands, I am not aware of any such liabilities.
- (f) Under section 3.2, the completion of the Transaction is subject to the satisfaction of the mutual conditions precedent that the IHH SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction.
- (g) Under section 3.3, IHH's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of Cleo in the IHH APA are true in all material respects on the Closing Date, (ii) all obligations of Cleo in the IHH APA to be performed prior to Closing have been timely performed in all material respects, and (c) IHH shall have received from Cleo the closing documents required to be delivered pursuant to section 2.5(a).
- (h) Under section 3.4, Cleo's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of IHH in the IHH APA are true in all material respects on the Closing Date, (ii) all obligations of IHH in the IHH APA to be performed prior to Closing have been timely performed in all material respects, (iii) all amounts to be paid by IHH at Closing including the Purchase Price shall have been paid, and (iv) the Proposal Trustee shall have received from IHH the closing documents required to be delivered pursuant to section 2.5(b).
- (i) Under section 3.5, both Cleo and IHH agree to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent in sections 3.2 to 3.4.
- (j) Under section 3.6, both Cleo and IHH agree to comply with the SSP.
- (k) Under section 4.1, Cleo represents and warrants to IHH that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the IHH SAVO, Cleo has the right to enter into the IHH APA and complete the Transaction,
- (l) Under section 4.2, IHH makes the customary corporate existence, authority, authorization and no conflict representations and warranties to Cleo, and represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the

general eligibility to acquire and hold licenses or approvals for wells and facilities, (ii) it has adequate funds available to pay all amounts payable under the IHH APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.

- (m) Under section 4.3, any other representations or warranties of Cleo are expressly negated and IHH confirms that the Transaction is strictly on an "as is, where is" basis.

Nuova APA

20. Under the Nuova APA, Nuova has agreed to purchase Cleo's right, title and interest in the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests located in the Alliance area in Alberta and described on Schedules "A-1", "A-2" and "A-3" to the Nuova APA. The key terms of the Nuova APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the Nuova APA):

- (a) Under section 2.1 of the Nuova APA, Cleo agrees to sell and Nuova agrees to purchase the Nuova Assets on an "as is, where is" basis.
- (b) Nuova has paid a Deposit to the Proposal Trustee equal to 15% of the Purchase Price pursuant to section 2.9. Under section 2.9, if the Closing does not occur as a result of a breach by Nuova, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be refunded to Nuova.
- (c) Under section 2.2, the unpaid Purchase Price is payable to the Proposal Trustee on Closing. The Purchase Price is subject to standard adjustments pursuant to section 7.1.
- (d) Under section 1.1(i), the Closing Date is April 2, 2025, unless otherwise agreed to by Cleo and Nuova. Under section 1.1(bb), the Outside Date by which the Transaction must close is April 25, 2025 or such later date as agreed to by Cleo and Nuova.
- (e) Under section 2.4, Nuova assumes all existing and future Abandonment and Reclamation Obligations in respect of the Nuova Assets.

- (f) Under section 2.11, except to the extent that elections are available, Nuova is responsible for all Sales Tax exigible in connection with the Transaction.
- (g) Under section 3.1, Nuova is solely responsible, at its expense, to obtain any consents required to transfer the Nuova Assets, including by Applicable Governmental Authorities. Under section 8.2, Nuova is required to pay any security deposits required by a Governmental Authority as a condition to approving any Licence Transfer.
- (h) Under section 3.2, the completion of the Transaction is subject to the satisfaction of the mutual conditions precedent that the Nuova SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction.
- (i) Under section 3.3, Nuova's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of Cleo in the Nuova APA are true in all material respects on the Closing Date, (ii) all obligations of Cleo in the Nuova APA to be performed prior to Closing have been timely performed in all material respects, and (c) Nuova shall have received from Cleo the closing documents required to be delivered pursuant to section 2.5(a).
- (j) Under section 3.4, Cleo's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of Nuova in the Nuova APA are true in all material respects on the Closing Date, (ii) all obligations of Nuova in the Nuova APA to be performed prior to Closing have been timely performed in all material respects, (iii) all amounts to be paid by Nuova at Closing including the Purchase Price shall have been paid, and (iv) the Proposal Trustee shall have received from Nuova the closing documents required to be delivered pursuant to section 2.5(b).
- (k) Under section 3.5, both Cleo and Nuova agree to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent in sections 3.2 to 3.4.
- (l) Under section 3.6, both Cleo and Nuova agree to comply with the SSP.
- (m) Under section 4.1, Cleo represents and warrants to Nuova that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the Nuova SAVO, Cleo has the right to enter into the Nuova APA and complete the Transaction,

- (n) Under section 4.2, Nuova makes the customary corporate existence, authority, authorization and no conflict representations and warranties to Cleo, and represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the general eligibility to acquire and hold licenses or approvals for wells and facilities, (ii) it has adequate funds available to pay all amounts payable under the Nuova APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.
- (o) Under section 4.3, any other representations or warranties of Cleo are expressly negated and Nuova confirms that the Transaction is strictly on an "as is, where is" basis.
- (p) Under section 9.1, if any of the Nuova Assets are subject to a Right of First Refusal, Nuova is required to provide Cleo with its allocation of value for such asset, whereupon Cleo is to send notices to the Person holding such right in accordance with the applicable Title Documents. Nuova is required to indemnify Cleo for any Losses sustained as a result of utilization such valuation. If such Person exercises such right, the affected Nuova Asset is excluded from the Transaction.

Surge APA

21. Under the Surge APA, Surge has agreed to purchase Cleo's right, title and interest in the pipelines described on Schedule "A" to the Surge APA. The key terms of the Surge APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the Surge APA):
- (a) Under section 2.1 of the Surge APA, Cleo agrees to sell and Surge agrees to purchase the Surge Assets on an "as is, where is" basis.
 - (b) Surge has paid a Deposit to the Proposal Trustee equal to 15% of the Purchase Price pursuant to section 2.10. Under section 2.10, if the Closing does not occur as a result of a breach by Surge, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be refunded to Surge.

- (c) Under section 2.2, the unpaid Purchase Price is payable to the Proposal Trustee on Closing. Under section 2.5, Surge and Cleo agree that the Purchase Price is not subject to adjustments.
- (d) Under section 1.1(i), the Closing Date is March 31, 2025, unless otherwise agreed to by Cleo and Surge. Under section 1.1(bb), the Outside Date by which the Transaction must close is April 18, 2025 or such later date as agreed to by Cleo and Surge.
- (e) Under section 2.4, Surge assumes all existing and future Abandonment and Reclamation Obligations in respect of the Surge Assets.
- (f) Under section 2.11, Surge is responsible for all GST payable in connection with the Transaction.
- (g) Under section 3.1, Surge is solely responsible, at its expense, to obtain any consents required to transfer the Surge Assets, including by Applicable Governmental Authorities. Under section 7.5, Surge is required to pay any security deposits required by a Governmental Authority as a condition to approving any Licence Transfer.
- (h) Under section 3.2, the completion of the Transaction is subject to the satisfaction of the mutual conditions precedent that the Nuova SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction.
- (i) Under section 3.3, Surge's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of Cleo in the Surge APA are true in all material respects on the Closing Date, (ii) all obligations of Cleo in the Surge APA to be performed prior to Closing have been timely performed in all material respects, and (c) Surge shall have received from Cleo the closing documents required to be delivered pursuant to section 2.6(a).
- (j) Under section 3.4, Cleo's obligation to complete the Transaction is subject to the conditions precedent that: (i) all representations and warranties of Surge in the Surge APA are true in all material respects on the Closing Date, (ii) all obligations of Surge in the Surge APA to be performed prior to Closing have been timely performed in all material respects, (iii) all amounts to be paid by Surge at Closing including the Purchase Price shall have been paid,

and (iv) the Proposal Trustee shall have received from Surge the closing documents required to be delivered pursuant to section 2.6(b).

- (k) Under section 3.5, both Cleo and Surge agree to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent in sections 3.2 to 3.4.
 - (l) Under section 3.6, both Cleo and Surge agree to comply with the SSP.
 - (m) Under section 4.1, Cleo represents and warrants to Surge that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the Surge SAVO, Cleo has the right to enter into the Nuova APA and complete the Transaction,
 - (n) Under section 4.2, Surge makes the customary corporate existence, authority, authorization and no conflict representations and warranties to Cleo, and represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the general eligibility to acquire and hold licenses or approvals for wells and facilities, (ii) it has adequate funds available to pay all amounts payable under the Surge APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.
 - (o) Under section 4.3, any other representations or warranties of Cleo are expressly negated and Surge confirms that the Transaction is strictly on an "as is, where is" basis.
22. The Proposal Trustee has reviewed the purchase and sale transactions contemplated by the APAs (the "**Transactions**"), has recommended its approval to this Honourable Court in the Fourth Report, and has opined in the Fourth Report that the Transactions will be more beneficial to the creditors of Cleo than a sale under a bankruptcy. The Proposal Trustee's Fourth Report further provides that sale prices for the Properties subject to the APAs represent the best price available arising from the SSP.
23. The net proceeds from the sale of the Properties subject to the APAs will be held in an interest bearing account by the Proposal Trustee and be used to pay necessary amounts owing for professional fees secured by the Administration Charge and to repay amounts owing under the

Interim Facility. Any remaining amounts will continue to be held in trust by the Proposal Trustee and be subject to any security vested out by the SAVOs.

24. I have been keeping Cleo's principle secured creditors informed with respect to the progress of the SSP and the APAs. None of them have objected to the Transactions.
25. Cleo does not participate in any pension plan and as far as I am aware, all employees and former employees of Cleo have been paid all compensation owing to them to date.
26. As far as I am aware, there is no direct or indirect ownership interest of IHH, Nuova or Surge in Cleo or its parent, and no director or officer of Cleo or its parent is a director, officer or shareholder of IHH, Nuova or Surge.

Extension of Time to File a Proposal

27. The Filing Period currently ends on April 4, 2025. Cleo is seeking an extension of the Filing Period from this Honourable Court to May 9, 2025.
28. Since February 19, 2025, when Cleo was last before this Honourable Court, Cleo has worked diligently and in good faith to advance these Proposal Proceedings and to comply with the various requirements under the *BIA*. These steps have included, among other things:
 - (a) working with the Sale Agent and the Proposal Trustee to advance the SSP including addressing questions of Bidders and providing information for the Data Room and to the Sale Agent and Bidders;
 - (b) providing the Proposal Trustee with continuing access to its books and records;
 - (c) working with the Proposal Trustee on the preparation of the Revised Cash Flow Projections (as defined below);
 - (d) communicating with creditors and other stakeholders regarding the Proposal Proceedings;
 - (e) entering into discussions with parties to obtain additional interim financing;
 - (f) communicating with the AER regarding the status of its licensed Properties, its operations and the Proposal Proceedings;
 - (g) communicating with customers regarding the Proposal Proceedings;

- (h) settling the issue of costs with Trafigura regarding the decision of Justice Hollins dated December 26, 2024;
 - (i) continuing to review its operating expenses, pursue the collection of accounts receivable and take other steps to ensure Cleo remains financially viable during these Proposal Proceedings; and
 - (j) preparing this Application.
29. Cleo is still completing its repair and maintenance program and as of March 14, 2025, its production increases are as follows:

January 1, 2025 oil production (BBL/d)	Added oil production since March 14, 2025 (BBL/d)	Current oil production (BBL/d)
228	169	383

30. As at March 15, 2025, Cleo started restoring its gas production at the Fabyan North and the Wainwright fields, which had been shut in since October 2024 as a result of low natural gas prices. This will result in production of approximately 2200 mcf daily plus associated condensate generating additional monthly sales revenues of approximately \$150,000.
31. The increase in projected revenues resulting from these actions is as follows:
- (a) as of January 25, 2025, Cleo's December 2024 revenue was approximately \$615,000;
 - (b) as of February 25, 2025, Cleo's January 2025 revenue is projected to be approximately \$810,000 for the January 2025 production; and
 - (c) as of March 25, 2025, Cleo's February 2025 revenue is projected to be approximately \$900,000.
32. The extension of the Filing Period will allow Cleo to, among other things:
- (a) continue its reactivation, repair and maintenance program and continue to increase its production of oil, natural gas liquids and natural gas, which will result in significant increases in Cleo's cash flow during that period and should add significant value to the Properties for the purposes of the SSP;

- (b) continue working with the Sale Agent and Proposal Trustee in the marketing of its Properties and advancing the SSP;
 - (c) complete the transactions contemplated by the IHH APA, the Nuova APA and the Surge APA; and
 - (d) enter into additional APA's with Successful Bidders.
33. Cleo's creditors will not be prejudiced by the extension of the Filing Period to May 9, 2025. Rather, the proposed extension is critical to ensuring that Cleo completing the SSP and continue to generate revenues during that period, all to the benefit of Cleo's creditors and other stakeholders.
34. Attached hereto and marked as **Exhibit "H"** is a copy of Cleo's revised cash flow projections prepared by the Proposal Trustee with the assistance of Cleo for the period beginning with the week of March 14, 2025 and ending with the week of May 9, 2025 (the "**Revised Cash Flow Projections**"), which confirms that Cleo will have sufficient working capital to continue these Proposal Proceedings until the end of the week of May 9, 2025.
35. The Proposal Trustee is supportive of the extension of the Filing Period to May 9, 2025.

Sealing Order

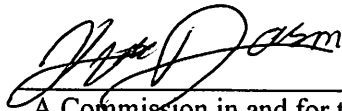
36. The Sealing Order requires that the Confidential Supplement be sealed on the Court file and not form part of the public record until completion of all of the sales of Properties pursuant to the SSP and the Proposal Trustee files with the Court a certificate stating that all such sales have been completed.
37. In the Confidential Supplement, the Proposal Trustee:
- (a) reviews the economic terms of the IHH Transaction, the Nuova Transaction and the Surge Transaction, assesses the reasonableness and fairness of the sale prices thereunder, taking into account the market value of the Properties subject thereto, and attaches a copy of the Confidential Sale Agent Report;
 - (b) attaches un-redacted copies of the IHH APA, Nuova APA and Surge APA; and
 - (c) attaches a copy of the Confidential Sale Agent Report, which in turn attaches copies of and reviews each of the Non-Binding LOIs submitted under the SSP.

38. I believe that the disclosure of either the Confidential Supplement or Confidential Sale Agent Report before all of the Properties are sold under the SSP would be highly prejudicial to the SSP and Cleo's ability to maximize value for its Properties. The reasons for this are:
- (a) the economic terms of the Transactions are confidential and extremely sensitive because their disclosure would hamper the ability of the Sale Agent, Cleo and the Proposal Trustee to re-market the Properties subject to the APAs if they fail to close;
 - (b) Cleo, the Sale Agent and the Proposal Trustee are still attempting to sell the majority of the Properties, which are not within the scope of the Transactions, and the disclosure of the economic terms of the Transactions, and of the Non-Binding LOIs submitted in respect of those remaining Properties, would hamper their ability to finalize APAs for those Properties with other Qualified Bidders;
 - (c) the economic terms of the Transactions and proposed by the Bidders were provided on a confidential basis and if disclosed, would undermine the integrity of the sale process and be a "chill" on the willingness of parties to submit further bids;
 - (d) the period during which the proposed Sealing Order would operate is limited to the period required to complete the sales of any Properties that Cleo is able to sell pursuant to the SSP; and
 - (e) I know of no alternative measures that would mitigate the risks discussed in paragraphs (a) and (b) above.
39. The Proposal Trustee also supports the application for the Sealing Order.

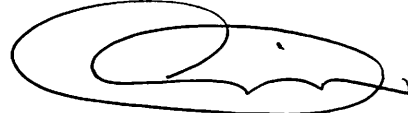
Conclusion

40. I swear this Affidavit in support of an Application for the relief set out in paragraph 5 of this Affidavit and for no other or improper purpose.

SWORN BEFORE ME at Calgary, Alberta,
this 17th day of March, 2025.



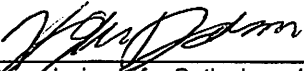
A Commission in and for the Province of
Alberta



CHRIS LEWIS

Kyla Dalsin
Student-at-Law

Exhibit "A" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

SALE AND SOLICITATION PROCESS

Introduction

1. On December 8, 2024, CLEO Energy Corp. (the “**Company**”) filed a notice of intention to make a proposal (a “**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy (the “**OSB**”). Alvarez & Marsal Canada Inc. was appointed as proposal trustee of the Company (in such capacity, the “**Proposal Trustee**”).
2. The Company and the Proposal Trustee intend to commence this sale and solicitation process (the “**SSP**”) in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets (the “**Property**”), and within a reasonable period following the launch of the SSP seek an Order of the Court of King’s Bench of Alberta (the “**Court**”) approving and ratifying the SSP. The Company has engaged Sayer Energy Advisors (“**Sayer**”) to act as the sale advisor to the Company and Proposal Trustee in the SSP.
3. The SSP as described herein shall, together with any order issued by the Court pertaining to the SSP, exclusively govern the process for soliciting and selecting bids in connection with the SSP.
4. Mr. Chris Lewis, the president and sole director of the Company, has informed the Proposal Trustee that he does not currently intend to directly or indirectly participate in any purchase from or investment in the Company pursuant to the SSP, and has undertaken to notify the Proposal Trustee if that should change at any time during the proceedings under the BIA. In such an event, the Proposal Trustee will conduct the SSP, with the advice of Sayer, but without consulting the Company and the Proposal Trustee will establish the appropriate ethical walls with Mr. Lewis and the Company to protect confidential information with respect to any offers received in the SSP.
5. The offer submission and evaluation stage of the SSP will, as more fully described herein, be comprised of a two-phase process:
 - (a) Phase 1 – the submission and evaluation of non-binding letters of intent (a “**Non-Binding LOI**”) from Qualified Bidders; and
 - (b) Phase 2 – the submission and evaluation of binding offers from bidders that have submitted a Non-Binding LOI and that have been invited to submit a Bid.
6. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency.
7. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

8. All capitalized terms used herein and not otherwise defined shall have the meaning given to them in **Schedule “A”** hereto.

Sale and Solicitation Process

9. The SSP describes, among other things:
- (a) the manner in which prospective bidders may gain access to due diligence materials concerning the business, operations, or Property of the Company;
 - (b) the guidelines for the ultimate selection of the Successful Bid and Back-Up Bid, as applicable; and,
 - (c) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of the Successful Bid and the Back-up Bid, as applicable.

Conduct of SSP

10. The Company shall conduct the SSP in consultation with and with the assistance of the Proposal Trustee and Sayer. In the event there is a disagreement regarding or clarification required as to the interpretation or application of the SSP or the responsibilities of any Person hereunder, upon application of the Company, the Proposal Trustee or any other interested Person, the Court will have jurisdiction to hear such matters and provide advice and directions.
11. Notwithstanding that the SSP contemplates that a transaction will be concluded by way of an asset purchase, participants may propose alternative transaction or investment structures in connection with the SSP, including but not limited to transactions to refinance, reorganize, or recapitalize the Company or a reverse vesting order transaction.
12. Participants in the SSP shall be responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, including in respect of all due diligence activities or other actions undertaken by such participant, whether or not they lead to the consummation of a transaction.
13. The SSP does not and will not be interpreted to create any contractual or other legal relationship between the Company, the Proposal Trustee or any Potential Bidder, Bidder, Qualified Bidder, Successful Bidder, Back-up Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Company.

"As Is, Where Is"

14. Any transaction involving the Company and the Property will be on an "as is, where is" basis without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Proposal Trustee, Sayer or any of their respective agents, estates, advisors, professionals or otherwise, other than as specifically set forth in a definitive agreement that may be entered into with the Company.

Free of Any and All Claims and Interests

15. All of the right, title and interest of the Company in and to any Property sold or transferred in connection with the SSP will, at the time of such sale or transfer, be sold or transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges,

options and interests pursuant to an approval and vesting order made by the Court under Section 65.13(7) of the BIA.

Timeline

16. The following table sets out key milestones and anticipated deadlines for the SSP:

MILESTONE	DATE
Commencement Date	Estimated to be no later than January 22, 2025
SSP Approval Application	As soon as reasonably possible
Non-Binding LOI Submission Date	February 27, 2025, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Binding Bid Submission Date	March 13, 2025, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Bid Approval Application	Week of March 24, 2025, or as soon thereafter as Court time can be confirmed, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Target Closing Date	March 31, 2025, or 3 days after Court approval is obtained
Outside Date	April 25, 2025

Solicitation of Interest

17. The SSP will be commenced by the Company and Sayer, in consultation with the Proposal Trustee, compiling a list of potential bidders (the “**Known Potential Bidders**”). Such list can include both strategic and financial parties who, in the reasonable business judgment of the Company, Sayer and the Proposal Trustee, may be interested in and have the financial capacity to make a Qualified Bid.
18. For the purposes of the SSP, the following Persons shall be considered potential bidders (each, a “**Potential Bidder**”): (i) the Known Potential Bidders, and (ii) any other Person that executes and delivers the documents listed in paragraph 23 and is permitted by the Company or the Proposal Trustee, in consultation with Sayer, to participate in the SSP.
19. The Company, with the assistance of Sayer and the Proposal Trustee, shall:
- (a) prepare a teaser letter describing the SSP and inviting interested participants to express their interest in the SSP (the “**Teaser**”);
 - (b) prepare a non-disclosure agreement (“**NDA**”), a template Non-Binding LOI and a Template APA; and
 - (c) gather all required due diligence materials, including information relating to the business, operations, or Property of the Company, and establish a virtual data room (the “**VDR**”) containing same.

Further, (i) Sayer and the Company shall contact Known Potential Bidders to determine their interest in the SSP by forwarding them a Teaser and, if interested, providing such party with a copy of the SSP and the NDA; and (ii) Sayer shall publish a notice regarding

the SSP in the *Daily Oil Bulletin*, *Insolvency Insider* and any other publications or newswires as determined by the Proposal Trustee.

20. The Company, Sayer and the Proposal Trustee will grant access to the VDR to any Potential Bidder that executes and delivers the NDA to the Company and Sayer. Access to the VDR will be granted as soon as reasonably practicable following the delivery of the NDA.
21. Neither the Company, the Proposal Trustee, Sayer, nor any of their respective advisors make any representation or warranty as to the information contained in the VDR, or other information to be provided through the due diligence process or otherwise, except to the extent contemplated under any definitive document negotiated with a Successful Bidder or Back-Up Bidder which is executed and delivered by the Company and approved by the Court.

Phase 1

22. A Potential Bidder who wishes to participate in this SSP must deliver a Non-Binding LOI to the Proposal Trustee, with a copy to the Company and Sayer, at the e-mail addresses specified in **Schedule "B"** hereto, by the Non-Binding LOI Submission Date.
23. A Non-Binding LOI will be considered a qualified LOI (a "**Qualified LOI**") only if the Non-Binding LOI:
 - (a) is submitted to the Proposal Trustee on or before the Non-Binding LOI Submission Date;
 - (b) specifies:
 - (i) the total proposed consideration payable in the transaction;
 - (ii) the identity, the type, and the jurisdiction of organization of the Potential Bidder;
 - (iii) the contact information for such Potential Bidder;
 - (iv) full disclosure of the direct and indirect owners and principals of the Potential Bidder;
 - (v) confirmation that the Potential Bidder has a subsisting business associate code issued through Petrinex and has general eligibility to acquire and hold licenses or approvals for wells, facilities and pipelines through the Alberta Energy Regulator; and
 - (vi) such financial disclosure and credit quality support or enhancement that allows the Proposal Trustee to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a transaction; and
 - (c) includes an executed letter acknowledging receipt of the SSP and agreeing to accept and be bound by the provisions contained therein.

24. The Proposal Trustee, in consultation with the Company and Sayer, will assess all Non-Binding LOI's submitted on or before the Non-Binding LOI Submission Date. If it is determined by the Proposal Trustee that:
- (a) a Potential Bidder: (i) has complied with each of the requirements described in paragraph 23, (ii) has a *bona fide* interest in concluding a transaction, and (iii) has the financial wherewithal to conclude a transaction, then such Potential Bidder may be deemed a "**Qualified Bidder**" and advanced to Phase 2; or
 - (b) no Qualified LOI's have been submitted or, alternatively, that no Qualified LOI is likely to result in a Successful Bid (as defined below), the Proposal Trustee, in consultation with the Company and Sayer, may immediately terminate the SSP.
25. The Proposal Trustee shall notify all Potential Bidders that deliver a Non-Binding LOI to the Proposal Trustee whether or not they have been designated as a Qualified Bidder.

Phase 2

26. Qualified Bidders shall be entitled to conduct further due diligence prior to submitting a binding bid (a "**Bid**"). Such further due diligence shall, at the discretion of the Proposal Trustee, include on-site inspections or meetings with the senior management of the Company.
27. A Qualified Bidder that wishes to make a Bid must deliver their Bid to the Proposal Trustee, with a copy to Sayer and the Company (provided that the Company or Mr. Lewis is not considered a Qualified Bidder), at the e-mail addresses specified in **Schedule "B"** hereto, by no later than the Binding Bid Submission Date.
28. Bids submitted to the Proposal Trustee for consideration must comply with all of the following requirements, and any such complying Bid shall be a "**Qualified Bid**":
- (a) Template: Each Bid must be submitted in the form of a template agreement of purchase and sale (the "**Template APA**"), a copy of which shall be provided in the VDR;
 - (b) Purchase Price: Each Bid must clearly set forth the purchase price in Canadian dollars, stated on a total enterprise value basis (including the cash and non-cash components thereof);
 - (c) Binding Bid Submission Date: Each Bid must be received on or before 12:00 pm (Calgary time) on the Binding Bid Submission Date;
 - (d) Irrevocable Offer: Each Bid must include a letter stating that the Bid is irrevocable until approval of the Successful Bid or Back-up Bid by the Court, as applicable, provided that if such Bidder is selected as the Successful Bidder or Back-up Bidder, the Bid shall remain irrevocable until the closing of a transaction;
 - (e) Executed Documents: Each Bid must be accompanied by a duly authorized and executed form of transaction document, an electronic Word copy of such agreement, a marked-up version showing all edits to the transaction document as compared to the Template APA, as well as duly authorized and executed

documents necessary to effectuate the transactions contemplated thereby, which specifies, at a minimum:

- (i) Identity: Each Bid must fully disclose the identity of each entity that will be sponsoring or participating in the Bid and the complete terms of such participation;
- (ii) Contact Information: Each Bid must contain contact information for any business, financial or legal advisors retained or to be retained in connection with the proposed transaction;
- (iii) Deposit: Each Bid must be accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer to a non-interest bearing account specified by the Proposal Trustee, payable to the order of the Proposal Trustee, on behalf of the Company, in trust, in an amount equal to fifteen (15%) percent of the cash consideration contemplated by the Bid or as otherwise contemplated in any fully executed transaction document, to be held and dealt with in accordance with the terms of the SSP;
- (iv) Financial Wherewithal: Each Bid must include:
 - A. written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction, fund the business, and implement post-Closing measures and transactions; and
 - B. the identification of any Person or entity who may provide debt or equity financing for the Bid and any material conditions to be satisfied in connection with such financing;
- (v) Authorization: Each Bid must include evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of authorization and approval from the Qualified Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and Closing of the transaction contemplated by the Bid;
- (vi) No Other Authorization, Diligence, Financing Conditions: A Bid may not be conditional upon the following:
 - A. any internal approval(s);
 - B. the outcome of unperformed due diligence by the Qualified Bidder; or
 - C. obtaining financing;
- (vii) Regulatory Approvals: Each Bid must be in compliance with Alberta Energy Regulator requirements and outline any anticipated regulatory

and other approvals required to close the transaction, and the anticipated time frame and any anticipated impediments for obtaining such approvals and confirms that the Qualified Bidder will make and submit all necessary and applicable regulatory filings and pay all fees associated therewith;

- (viii) Disclaimer of Fees: Each Bid must disclaim any right to receive a fee analogous to a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation;
- (ix) Timeline: Each Bid must provide a timeline to Closing with critical milestones and shall confirm that the Qualified Bidder will use commercially reasonable efforts to Close by the Target Closing Date;
- (x) Confirmation of no collusion: Each Bid should include confirmation by the Qualified Bidder that it has not engaged in any discussions or any other collusive behaviour with any other Qualified Bidder regarding the SSP or any Bids submitted or contemplated to be submitted in the SSP; and
- (xi) Other Information: Each Bid must contain such other information as may be reasonably required to evaluate the Bid or as may be requested by the Proposal Trustee from time to time.

29. Notwithstanding anything herein to the contrary, the Proposal Trustee, the Company and Sayer will review each Bid to assess whether they are Qualified Bids, with the final decision resting with the Proposal Trustee, following consultation with the Company and Sayer. In performing such review and assessment, the Bids will be evaluated based on the following non-exhaustive list of considerations:

- (a) the purchase price and net value (including assumed liabilities and other obligations to be assumed or otherwise performed by the Qualified Bidder);
- (b) the firm, irrevocable commitment for financing of the transaction;
- (c) the claims likely to be created by such Bid in relation to other Bids;
- (d) the counterparties to the transaction;
- (e) the terms of transaction documents;
- (f) the Closing conditions and other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction);
- (g) planned treatment of stakeholders;
- (h) the assets or liabilities included or excluded from the Bid, including whether the Property subject to such Bid is on a “white map” basis and includes all Property within one or more bid areas delineated by Sayer;
- (i) compliance with Alberta Energy Regulator requirements;

- (j) any restructuring costs that would arise from the Bid;
 - (k) the likelihood and timing of consummating the transaction,
 - (l) the financing or cash *pro forma* available post-Closing to fund the Company's business; and
 - (m) the capital sufficient to implement post-Closing measures and transactions.
30. The Proposal Trustee, in consultation with the Company and Sayer, may reject any Bid that is (a) inadequate or insufficient; (b) not in conformity with the requirements pursuant to the SSP; (c) contrary to the best interest of the Company; or (d) not a Qualified Bid; provided that the Proposal Trustee may waive strict compliance with any one or more of the requirements specified in the SSP and deem a non-compliant Bid to be a Qualified Bid.

Selection of Successful Bid

31. The Proposal Trustee, in consultation with the Company and Sayer, may clarify or negotiate amended terms with respect to any Qualified Bid, and such Qualified Bid may be amended, modified, or varied as a result of such clarification or negotiation. For greater certainty, the Proposal Trustee, in consultation with the Company and Sayer, shall be entitled to request that any Qualified Bidder submit a revised bid.
32. In the event that no Qualified Bid is: (a) acceptable to the Proposal Trustee, acting reasonably, or (b) likely to result in a Successful Bid (as defined below), the Proposal Trustee, in consultation with the Company and Sayer, may immediately terminate the SSP.
33. The Proposal Trustee, in consultation with the Company and Sayer, may, but is not obligated to, select the highest or best Qualified Bid received during the SSP (the **"Successful Bid"** and the party submitting such Successful Bid, the **"Successful Bidder"**) and has the discretion to identify and record the next highest or best Qualified Bid (the **"Back-Up Bid"** and the party submitting such Back-Up Bid, the **"Back-Up Bidder"**). For greater certainty, the Proposal Trustee shall have no obligation to select a Successful Bid or Back-Up Bid and expressly reserves the right to reject any or all Qualified Bids.
34. If a Successful Bid, and Back-Up Bid, as applicable, is selected, the Proposal Trustee shall advise: (a) the Successful Bidder and the Back-Up Bidder of such determination, and (b) all other Qualified Bidders that they are not a Successful Bidder or Back-Up Bidder.

Bid Approval Application

35. The Company shall take all necessary steps to implement the transaction contemplated by the Successful Bid and either the Company or the Proposal Trustee shall apply to the Court (the **"Bid Approval Application"**) for an Order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to implement and give effect to the Successful Bid.

36. The hearing of the Bid Approval Application will be held as soon as practical after the selection of the Successful Bid. The Bid Approval Application may be adjourned or rescheduled by the Company or the Proposal Trustee, as applicable.
37. All Qualified Bids (other than the Successful Bid and the Back-Up Bid) will be deemed rejected on the date the Successful Bid is approved by the Court.

Closing the Successful Bid

38. The Company and the Successful Bidder shall take all reasonable steps to complete the transaction contemplated by the Successful Bid by the Target Closing Date, and in any event no later than the Outside Date, unless otherwise agreed by the parties.
39. If the transaction contemplated by the Successful Bid does not close for any reason, the Proposal Trustee, in consultation with the Company and Sayer, may elect to seek to complete the transaction contemplated by the Back-Up Bid and will promptly seek to Close the transaction contemplated by the Back-Up Bid. The Back-Up Bid will be deemed to be the Successful Bid and the Company will be deemed to have accepted the Back-Up Bid only when the Proposal Trustee has made such election and provided written notice of such determination to the Successful Bidder and the Back-Up Bidder.

Deposits

40. All Deposits shall be retained by the Proposal Trustee in a trust account with a chartered bank in Canada. The Deposit (without interest thereon) paid by the Successful Bidder and Back-Up Bidder, as applicable, whose Qualified Bid(s) is/are approved at the Bid Approval Application will be applied to the purchase price to be paid by the Successful Bidder and/or Back-Up Bidder, as applicable, upon Closing of the approved transaction, and will be non-refundable other than as set out in the Successful Bid or the Back-Up Bid, as applicable.
41. The Deposits of Qualified Bidders not selected as the Successful Bidder or Back-Up Bidder will be returned to such Qualified Bidders within five (5) Business Days of the date the Successful Bid or the Back-Up Bid is approved by the Court. The Deposit of the Back-Up Bidder, if any, shall be returned to such Back-Up Bidder no later than five (5) Business Days after Closing of a transaction with the Successful Bidder.
42. If the Successful Bidder or Back-up Bidder, as applicable, breaches its obligations under the terms of the SSP, its Deposit shall be considered non-refundable and forfeited as liquidated damages and not as a penalty.
43. If the Company is unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder), then the Deposit shall be returned to the Successful Bidder.

Notice

44. The addresses used for delivering documents as prescribed by the terms and conditions of the SSP are set out in **Schedule "B"** hereto. All documents required to be delivered to the Company and Sayer or the Proposal Trustee pursuant to the SSP shall be delivered to the Company and Sayer and the Proposal Trustee by e-mail, personal delivery, or by

courier. Persons requesting information about the SSP should contact the Proposal Trustee at the contact information contained in **Schedule "B"**.

Amendment

45. The Proposal Trustee, in consultation with the Company and Sayer, shall have the right to modify the SSP, including any deadlines set out herein, if, in its reasonable business judgment such modification will enhance the process or better achieve the objectives of the SSP.

Credit Bid

46. Any secured creditor of the Company, including an interim financing lender, shall be entitled to participate in this SSP as a credit bidder (the "**Credit Bidder**"). Any credit bid submitted by a Credit Bidder shall be based on the form of the Template APA, with such changes as are appropriate for credit bids (the "**Credit Bid**").
47. For the purposes of any Credit Bid submitted by a Credit Bidder, such Credit Bidder shall be entitled to credit all or any portion of its secured indebtedness but must either:
 - (a) irrevocably pay, in cash and in full, all of the obligations in priority (the "**Priority Obligations**") to the Credit Bidder's secured indebtedness, including for reference any amounts that are priority charges (the "**Priority Charges**") created in the Proposal Proceedings (namely, the Administration Charge, the D&O Charge or any DIP Charge (as defined in the Court's January 6, 2025 Order or any subsequent Order)); or
 - (b) assume or otherwise satisfy any of the Priority Obligations on terms and conditions acceptable to the beneficiary of the security for such Priority Obligations (except for the Administration Charge, the D&O Charge or the DIP Charge (if applicable), which must be paid in cash and in full if there are amounts owing on them at the conclusion of the Proposal Proceedings).
48. Any Credit Bid shall be accompanied by a Deposit sent by wire transfer to the Proposal Trustee. Any such Deposit is to be held by the Proposal Trustee and dealt with in accordance with the SSP.

Further Orders

49. The Proposal Trustee may at any time apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder, including to terminate the SSP if deemed to be necessary by the Proposal Trustee, acting reasonably.

Schedule "A"

Defined Terms

"Back-Up Bid" has the meaning given to it in paragraph 33.

"Back-Up Bidder" has the meaning given to it in paragraph 33.

"BIA" has the meaning given to it in paragraph 1.

"Bid" has the meaning given to it in paragraph 26.

"Bid Approval Application" has the meaning given to it in paragraph 35.

"Binding Bid Submission Date" has the meaning given to it in paragraph 16.

"Business Day" means a day (other than Saturday or Sunday) on which banks are generally open for business in Calgary, Alberta.

"Closing" means the completion of the transaction contemplated by the Successful Bid.

"Company" has the meaning given to it in paragraph 1.

"Court" has the meaning given to it in paragraph 2.

"Credit Bid" has the meaning given to it in paragraph 46.

"Credit Bidder" has the meaning given to it in paragraph 46.

"Deposit" has the meaning given to it in paragraph 28(e)(iii).

"Known Potential Bidders" has the meaning given to it in paragraph 17.

"NDA" has the meaning given to it in paragraph 19(b).

"NOI" has the meaning given to it in paragraph 1.

"Non-Binding LOI" has the meaning given to it in paragraph 5(a).

"Non-Binding LOI Submission Date" has the meaning given to it in paragraph 16.

"OSB" has the meaning given to it in paragraph 1.

"Outside Date" has the meaning given to it in paragraph 16.

"Person" will be broadly interpreted and includes, without limitation: (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a Company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an

unincorporated organization or any other association, organization or entity of any kind; and (iii) a governmental authority.

“Potential Bidder” has the meaning given to it in paragraph 18.

“Priority Charges” has the meaning given to it in paragraph 47(a).

“Priority Obligations” has the meaning given to it in paragraph 47(a).

“Property” means all of the Company’s current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

“Proposal Proceedings” means collectively the proceedings commenced by the Company upon the filing of a notice of intention to make a proposal on December 8, 2024, as applicable, in Court and Estate No.: B301-163430.

“Proposal Trustee” has the meaning given to it in paragraph 1.

“Qualified Bid” has the meaning given to it in paragraph 28.

“Qualified Bidder” has the meaning given to it in paragraph 24(a).

“Qualified LOI” has the meaning given to it in paragraph 23.

“Sayer” has the meaning given to it in paragraph 2.

“SSP” has the meaning given to it in paragraph 2.

“Successful Bid” has the meaning given to it in paragraph 33.

“Successful Bidder” has the meaning given to it in paragraph 33.

“Target Closing Date” has the meaning given to it in paragraph 16.

“Teaser” has the meaning given to it in paragraph 19(a).

“Template APA” has the meaning given to it in paragraph 28(a).

“VDR” has the meaning given to it in paragraph 19(c).

Schedule "B"

Notice

- (a) If to the Company:

CLEO Energy Corp.
117 8 Ave SW #200
Calgary, AB T2P 1B4
Attention: Chris Lewis
E-mail: clewis@cleoenergy.com

with a copy to:

Gowling WLG
Suite 1600, 421 7 Ave SW
Calgary, AB T2P 4K9
Attention: Sam Gabor / Tom Cumming
E-mail: sam.gabor@gowlingwlq.com / tom.cumming@gowlingwlq.com

- (b) If to the Proposal Trustee

Alvarez & Marsal Canada Inc.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, AB T2P EH7
Attention: Orest Konowalchuk / David Williams
E-mail: okonowalchuk@alvarezandmarsal.com / david.williams@alvarezandmarsal.com

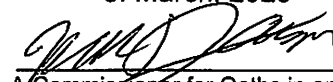
with a copy to:

Miller Thomson LLP
525-8th Avenue SW, 43RD Floor
Eighth Avenue Place East
Calgary, AB T2P 1G1
Attention: James Reid
Email: jwreid@millerthomson.com

- (c) If to Sayer

Sayer Energy Advisors
1620, 540 5th Avenue SW
Calgary, AB T2P 0M2
Attention: Tom Pavic, CFA, President
Email: TPavic@sayeradvisors.com

Exhibit "B1" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law



Overview

CLEO Energy Corp. ("CLEO" or the "Company") has filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the "BIA") and **Alvarez and Marsal Canada Inc.** ("A&M") has been retained by CLEO as the Proposal Trustee for the NOI process. A sale and solicitation process (the "SSP") is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include, but are not limited to, a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture. A copy of the SSP is found on Sayer's website at www.sayeradvisors.com.

CLEO's oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the "Properties").

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 284 boe/d, consisting of 219 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes there is capability of approximately 500 boe/d of production. The Company's full reactivation inventory is expected to add approximately 680 boe/d with estimated capital expense of approximately \$4.1 million.

CLEO's main natural gas property at *Fabyan* was shut-in in October 2024 due to low natural gas prices. This field can be brought back on production, restoring approximately 2,000 Mcf/d.

Operating income net to CLEO from the Properties for the first half of 2024 was approximately \$154,200 per month, or \$1.9 million annualized.

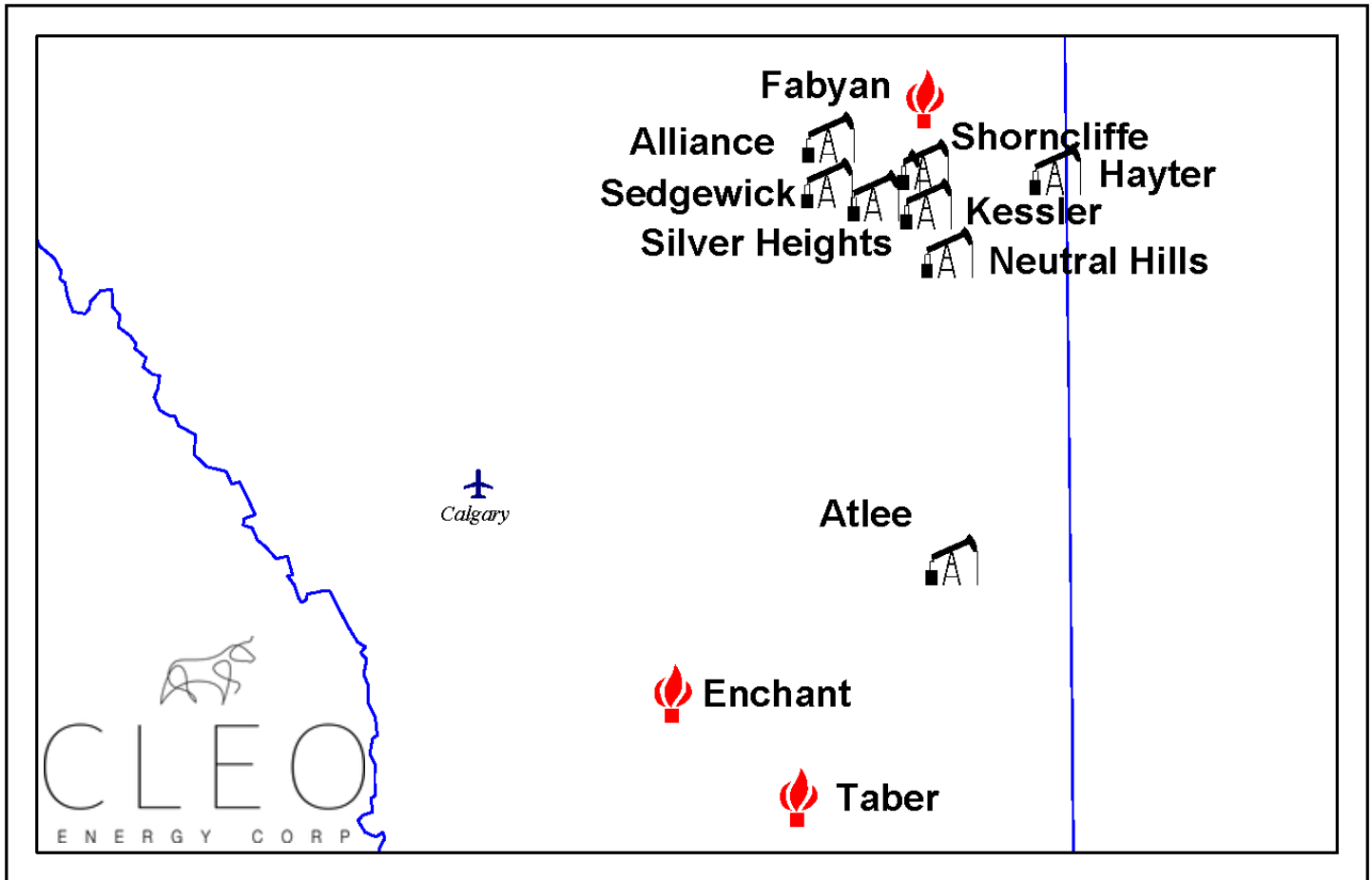
CLEO controls the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress, which is of great benefit for the future development of the Upper Mannville. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the Alberta Energy Regulator ("AER") of approximately \$720,000.





Overview Map Showing the Location of the Divestiture Properties





Corporate Overview

CLEO is a private junior oil and gas company with operated and non-operated working interests located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta.

As at December 14, 2024, CLEO had total secured debt of approximately \$6.7 million. The Company has a creditor obligation of approximately \$24.1 million. As of January 5, 2025, CLEO has an interim debtor-in-possession financing of \$750,000 available. As at December 31, 2022, CLEO had total unused Canadian income tax pools of approximately \$8.1 million, including \$6.6 million of non-capital losses.

Additional corporate information relating to CLEO will be provided to parties upon execution of a confidentiality agreement.

Officers & Directors	President & Director	Chris Lewis
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Capital Structure	Common Shares	200,000,000
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Tax Pools

As at December 31, 2022

Non-Capital Losses	\$6,750,182
Cumulative Canadian Oil and Gas Property Expenses	\$39,874
Cumulative Canadian Exploration Expenses	\$15,457
Cumulative Canadian Development Expenses	\$3,877
Capital Cost Allowance	\$1,331,763

Total	\$8,141,153
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Bankers	Royal Bank of Canada
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Solicitors	Gowling WLG (Canada) LLP
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Street Address	Suite 200 - 117 8th Avenue SW Calgary, Alberta T2P 1B4
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Production Overview

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 284 boe/d, consisting of 219 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

Operating income net to CLEO from the Properties for the first half of 2024 was approximately \$154,200 per month, or \$1.9 million annualized.

PROPERTY	Q1-Q2 2024 NET PRODUCTION (Average Daily)				NOI Q1-Q2 2024 Monthly
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d	
Fabyan	10	5	1,978	345	(\$184,600)
Silver Heights	223	-	149	248	\$197,600
Shorncliffe	135	-	-	135	\$18,100
Sedgewick	53	-	48	61	\$308,800
Taber	0	-	335	56	(\$15,000)
Neutral Hills	51	-	16	54	(\$80,100)
Atlee**	29	-	124	50	(\$19,000)
Enchant	-	-	121	20	(\$6,200)
Alliance	15	-	-	15	\$24,900
Hayter	5	-	3	6	(\$28,300)
Kessler**	1	-	4	2	(\$62,000)
TOTAL*	522	5	2,778	990	\$154,200

*CLEO's current production is approximately 284 boe/d, consisting of 219 bbl/d of oil and 390 Mcf/d of natural gas awaiting several ongoing reactivations. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil.

**The *Atlee* and *Kessler* properties are currently in the process of being reclaimed.

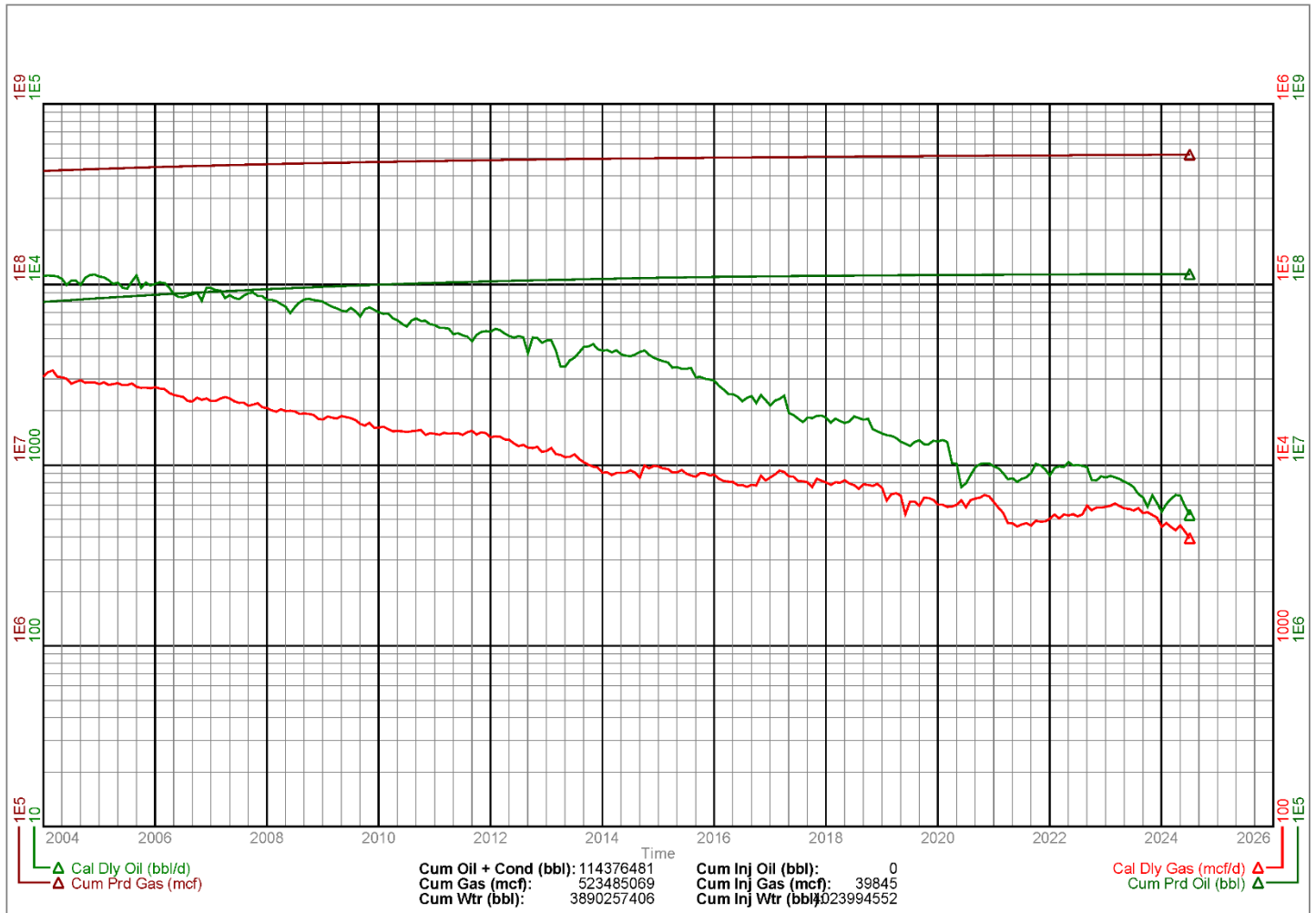
Shorncliffe had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

Neutral Hills had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month.





Gross Production Group Plot of CLEO's Oil & Natural Gas Wells





LMR Summary

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the AER of approximately \$720,000.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$36,123,506	\$50,201,206	(\$14,077,700)	0.72

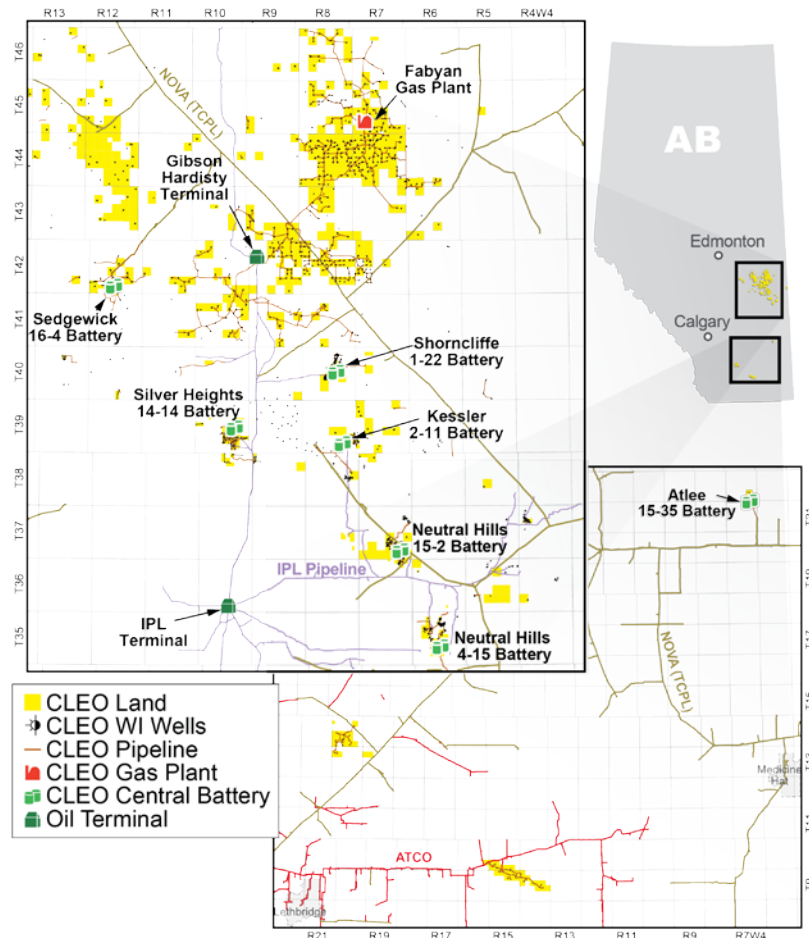
Note that the *Fabyan*, *Taber*, and part of the *Silver Heights* properties are currently shut-in. Reactivating these properties would drastically increase the deemed asset amount.





Infrastructure Overview

CLEO controls most of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.



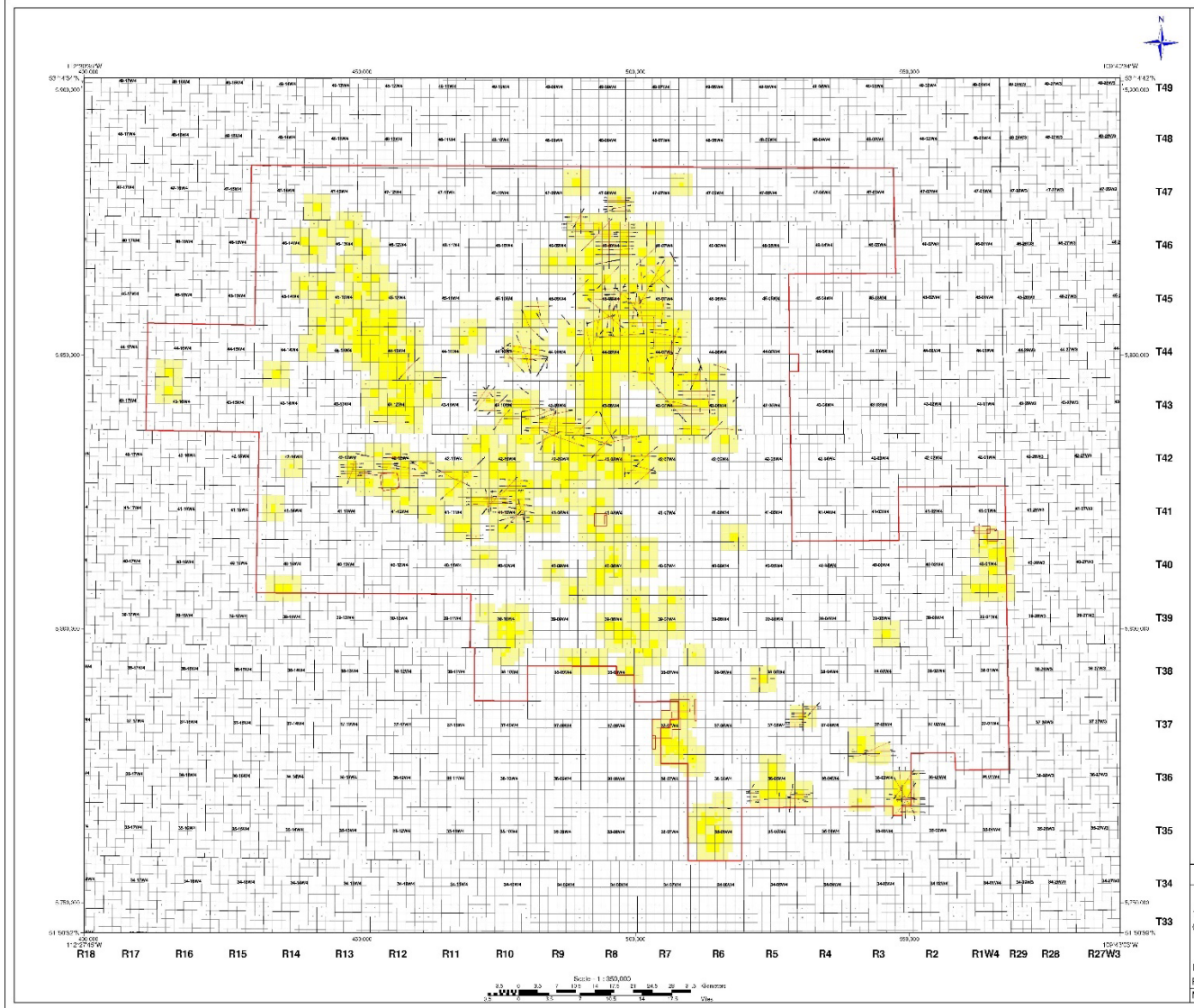
Notable Operated Facilities	Capacity	Ownership	Egress
Sedgewick (Oil)	250 bbl/d	100%	Clean oil trucked out
Shorncliffe (Oil)	630 bbl/d	100%	Pipeline connected to IPL BRN
Silver Heights (Oil)	1,260 bbl/d	97.8%	Clean oil trucked out
Neutral Hills North (Oil)	1250 bbl/d	100%	Pipeline connected to IPL CAL
Taber (Gas)	1.0 MMcf/d	100%	Gas egress through ATCO sales line connect to TC Energy





Seismic Overview

The Company has a license agreement on certain trade 2D seismic data relating to the Properties, as shown on the following plat. Information relating to the seismic will be made available in the data room to parties that execute a confidentiality agreement.





Reserves Overview

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of CLEO’s Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing. The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2023. This disposition only affected the total proved and total proved plus probable reserve values. The Deloitte Report also includes reserves values and volumes for the *Kessler* and *Atlee* properties, which are being reclaimed.

Deloitte estimated that, as at December 31, 2022 the Properties excluding CLEO’s interests at *Fabyan* contained remaining proved plus probable reserves of 4.5 million barrels of oil and natural gas liquids and 3.5 Bcf of natural gas (5.1 million boe), with an estimated net present value of \$46.9 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	2,269	2,087	7	2,624	\$44,316	\$33,900	\$27,379
Proved Non-Producing/Undeveloped	714	392	0	779	\$16,296	\$10,927	\$7,603
Total Proved	2,983	2,479	7	3,403	\$60,612	\$44,828	\$34,983
Probable	1,488	996	2	1,656	\$40,263	\$20,441	\$11,959
Total Proved Plus Probable	4,471	3,475	9	5,059	\$100,875	\$65,269	\$46,941

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Marketing Overview

The Company has a crude oil marketing agreement with **Trafigura Canada Limited** and a CO₂ contract with **TC Energy Corporation**.

CLEO has a sales contract in place with **BP Canada Energy Group ULC** for natural gas sales. Natural gas is sold into the **Nova Gas Transmission Ltd.** pipeline.





Silver Heights Property

Township 38-39, Range 9-10 W4

At *Silver Heights*, CLEO holds largely a 98% working interest in approximately eight sections of land. Production at *Silver Heights* is primarily oil from the Ellerslie and Glauconitic Sandstone formations.

Average daily production net to CLEO from *Silver Heights* for the first half of 2024 was approximately 248 boe/d, consisting of 223 bbl/d oil. Current production net to CLEO from Silver Heights is approximately 125 bbl/d of oil.

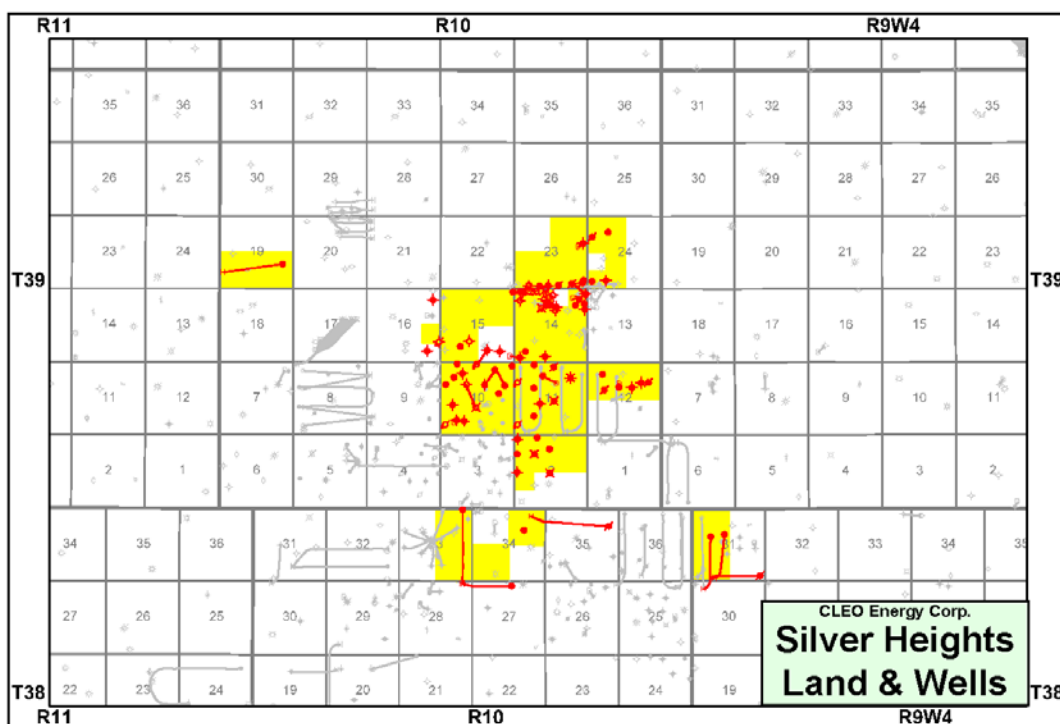
Peak production from *Silver Heights* was 325 boe/d in January 2023. Due to limited sustaining capital, production has declined. Basic workovers are required to increase production.

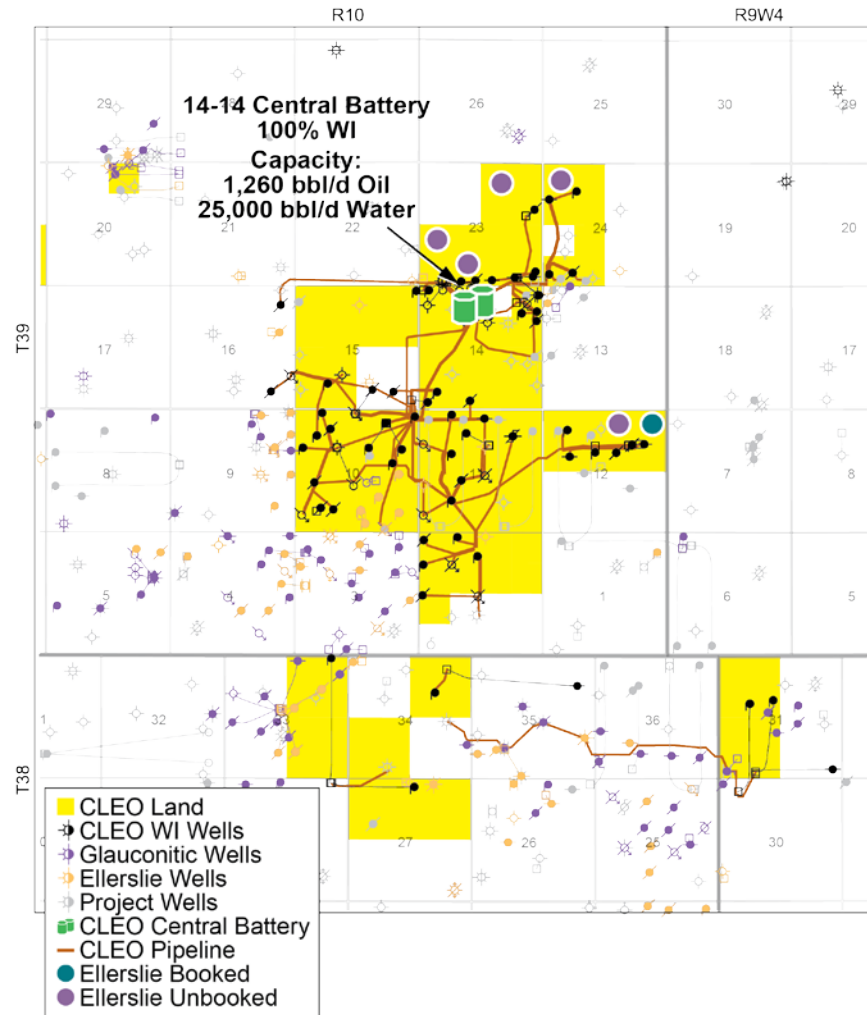
Operating income net to CLEO from *Silver Heights* for the first half of 2024 was approximately \$197,600 per month.

At *Silver Heights*, the Company is currently reactivating production of approximately 100 bbl/d of oil. There is approximately 75 bbl/d of oil currently shut-in due to natural gas conservation initiatives and an additional 125 bbl/d of oil to be reactivated beyond this 75 bbl/d of shut-in production.

The Company has a vertical Ellerslie proved undeveloped drilling location booked in the Deloitte Report at 12-039-10W4 and an additional five internally identified unbooked vertical locations. These locations are low cost, (estimated at \$600,000 per well). Offsetting analogs have been assigned total proved plus probable reserves of 50,000 barrels of oil per well.

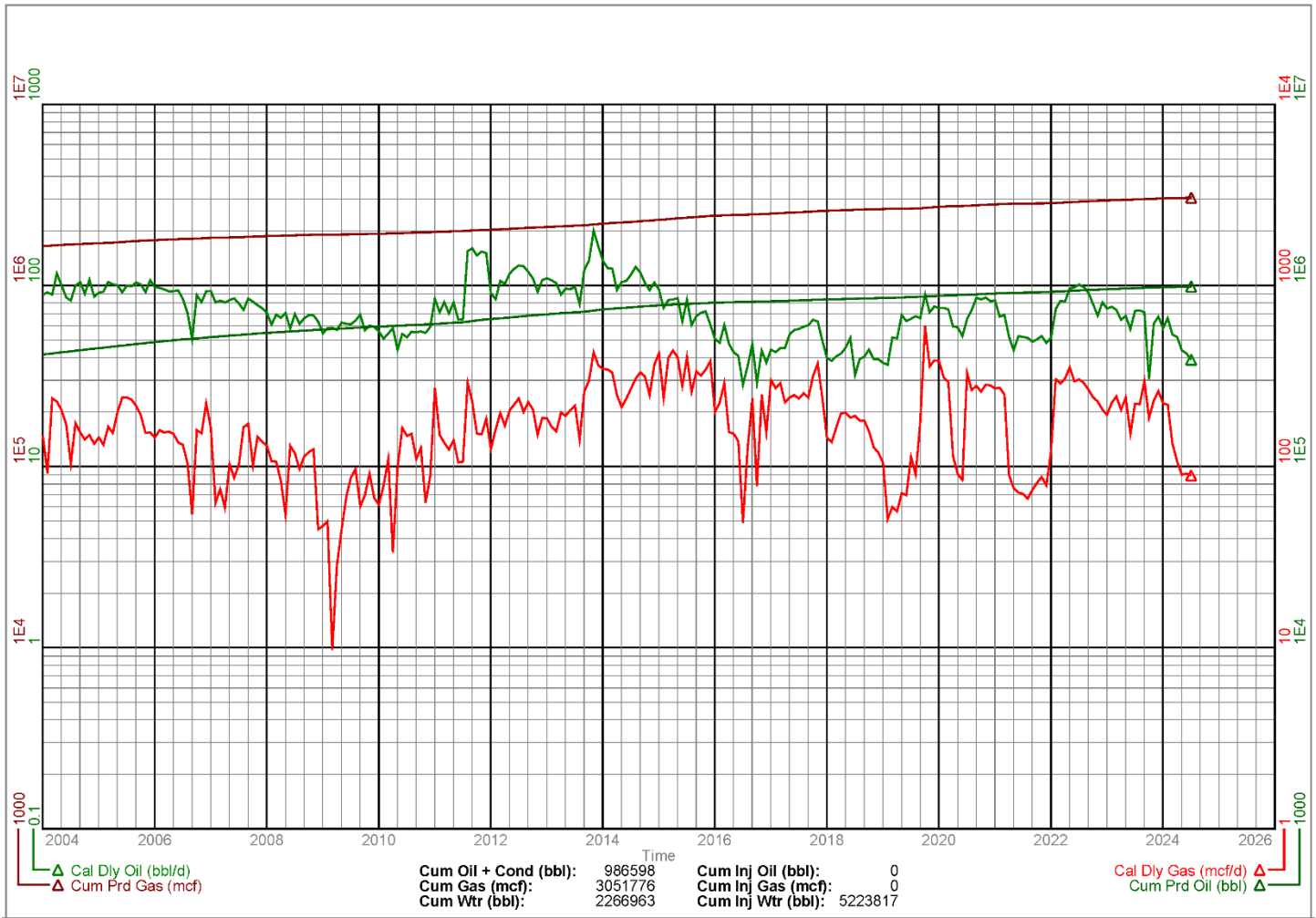
Glauconitic recompletion candidates provide additional upside at *Silver Heights*. The Company has identified a large number of reactivation opportunities including the opportunity to reconfigure pressure support for the reservoir and increase production through expanded water handling.







Silver Heights, Alberta - Gross Production Group Plot





Silver Heights Facilities

CLEO has ownership in a multi-well battery at 14-14-039-10W4 with capacity of 1,260 bbl/d.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Silver Heights Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Silver Heights* property contained remaining proved plus probable reserves of 2.2 million barrels of oil (2.2 million boe), with an estimated net present value of \$27.8 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	1,296	0	0	1,296	\$34,400	\$23,900	\$18,000
Proved Non-Producing/Undeveloped	323	0	0	323	\$9,400	\$6,800	\$5,200
Total Proved	1,619	0	0	1,619	\$43,800	\$30,700	\$23,200
Probable	604	0	0	604	\$20,800	\$8,700	\$4,600
Total Proved Plus Probable	2,223	0	0	2,223	\$64,600	\$39,400	\$27,800

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Silver Heights LMR as of November 2, 2024

As of November 2, 2024, the *Silver Heights* property had a deemed net asset value of \$5.9 million (deemed assets of \$10.7 million and deemed liabilities of \$4.8 million), with an LMR ratio of 2.22.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$10,749,002	\$4,844,889	\$5,904,113	2.22

Silver Heights Well List

See well list in Excel.



**Sedgewick Property****Township 40-42, Range 11-13 W4**

At *Sedgewick*, CLEO holds a 100% working interest in approximately nine sections of land. Production at *Sedgewick* is primarily 28° API oil from the Ellerslie Formation.

Average daily production net to CLEO from *Sedgewick* for the first half of 2024 was approximately 61 boe/d, consisting of 53 bbl/d oil and natural gas liquids and 48 Mcf/d of natural gas. Current production net to CLEO from *Sedgewick* is approximately 35 boe/d, consisting of 25 bbl/d of oil and 61 Mcf/d of natural gas.

The Company believes the 15-05-042-12 pad has significant value and significant production potential, but will require a capital investment for a pipeline tie-in.

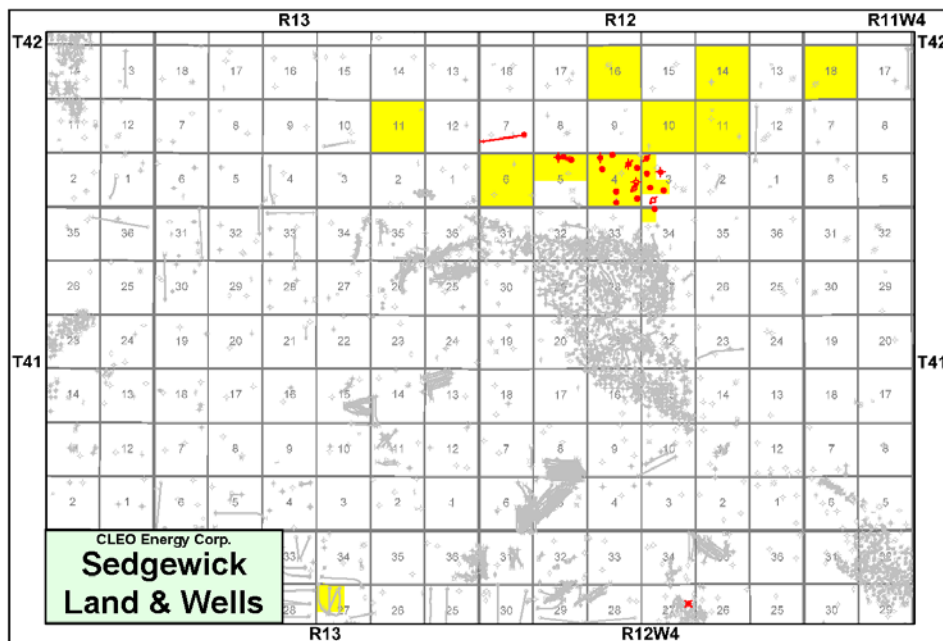
Operating income net to CLEO from *Sedgewick* for the first half of 2024 was approximately \$308,800 per month.

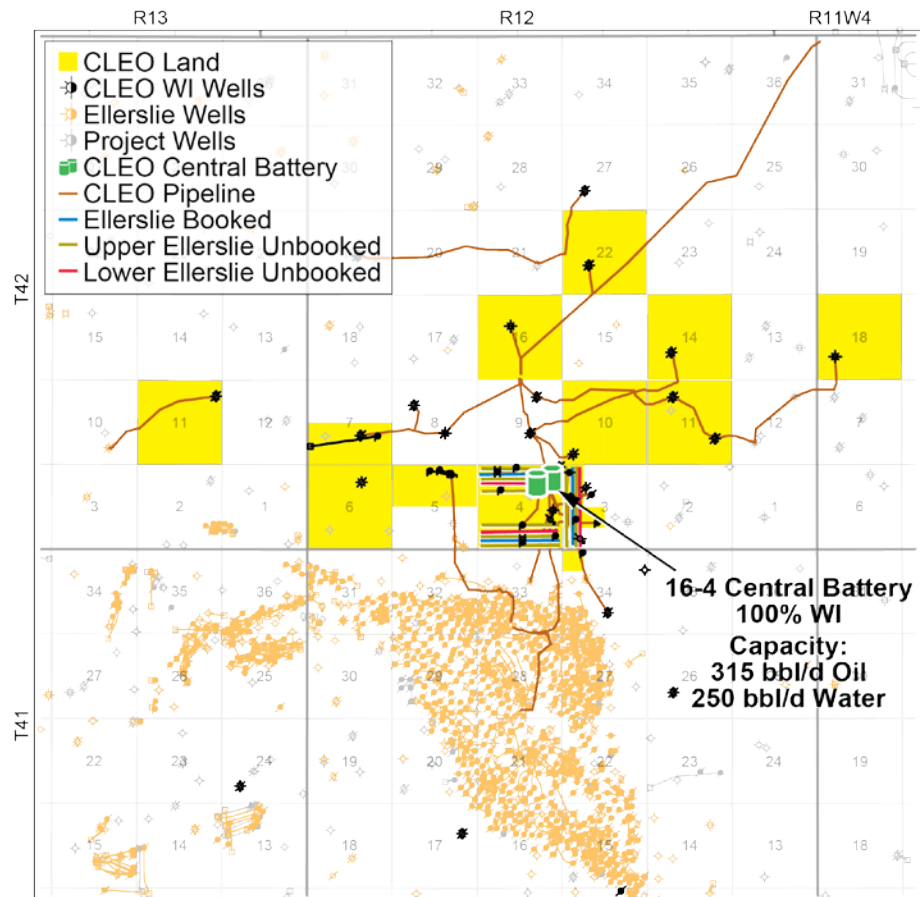
The Company has identified 14 locations, including eight in the Upper Ellerslie and six Lower Ellerslie. Three of the six Lower Ellerslie horizontal locations are booked in the Deloitte Report.

The Company recently recompleted the 09-04-042-12W4 well in the Ellerslie and Sparky formations, which was highly successful, more than doubling production from approximately 2 bbl/d of oil, stabilizing at approximately 5 bbl/d of oil.

CLEO has existing infrastructure with clean oil currently trucked to the 16-04-042-12W4 battery.

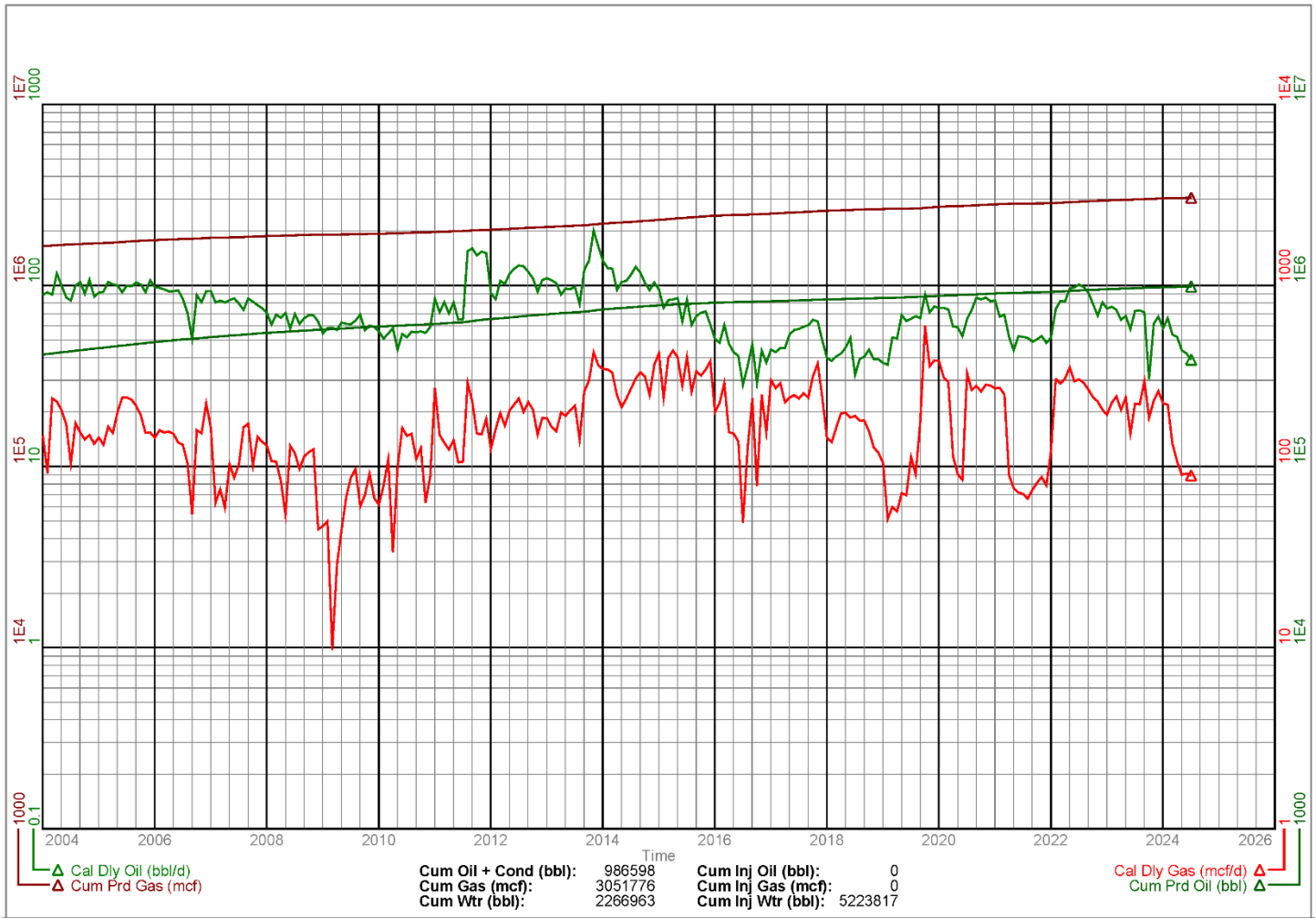
Upside potential exists to recomplete and commingle Glauconitic sand with existing Mannville oil producers. The Upper Ellerslie has porosity of 18% to 30% and water saturation of 17% to 50%. The Lower Ellerslie has porosity of 23% to 28%.







Sedgewick, Alberta - Gross Production Group Plot





Sedgewick Facilities

CLEO has an interest in a multi-well oil battery at 16-04-042-12W4 with 250 bbl/d of capacity.

Clean oil is trucked to the 16-04-042-12W4 battery.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Sedgewick Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Sedgewick* property contained remaining proved plus probable reserves of 514,000 barrels of oil and natural gas liquids and 336 MMcf of natural gas (570,000 boe), with an estimated net present value of \$7.2 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	221	278	4	271	\$8,542	\$6,777	\$5,581
Proved Non-Producing/Undeveloped	181	0	0	181	\$3,288	\$1,284	\$144
Total Proved	402	278	4	452	\$11,830	\$8,061	\$5,725
Probable	108	58	1	118	\$5,086	\$2,533	\$1,439
Total Proved Plus Probable	510	336	4	570	\$16,917	\$10,594	\$7,164

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Sedgewick LMR as of November 2, 2024

As of November 2, 2024, the *Sedgewick* property had a deemed net asset value of \$317,320 (deemed assets of \$2.5 million and deemed liabilities of \$2.1 million), with an LMR ratio of 1.15.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,496,494	\$2,179,174	\$317,320	1.15

Sedgewick Well List

See well list in Excel.

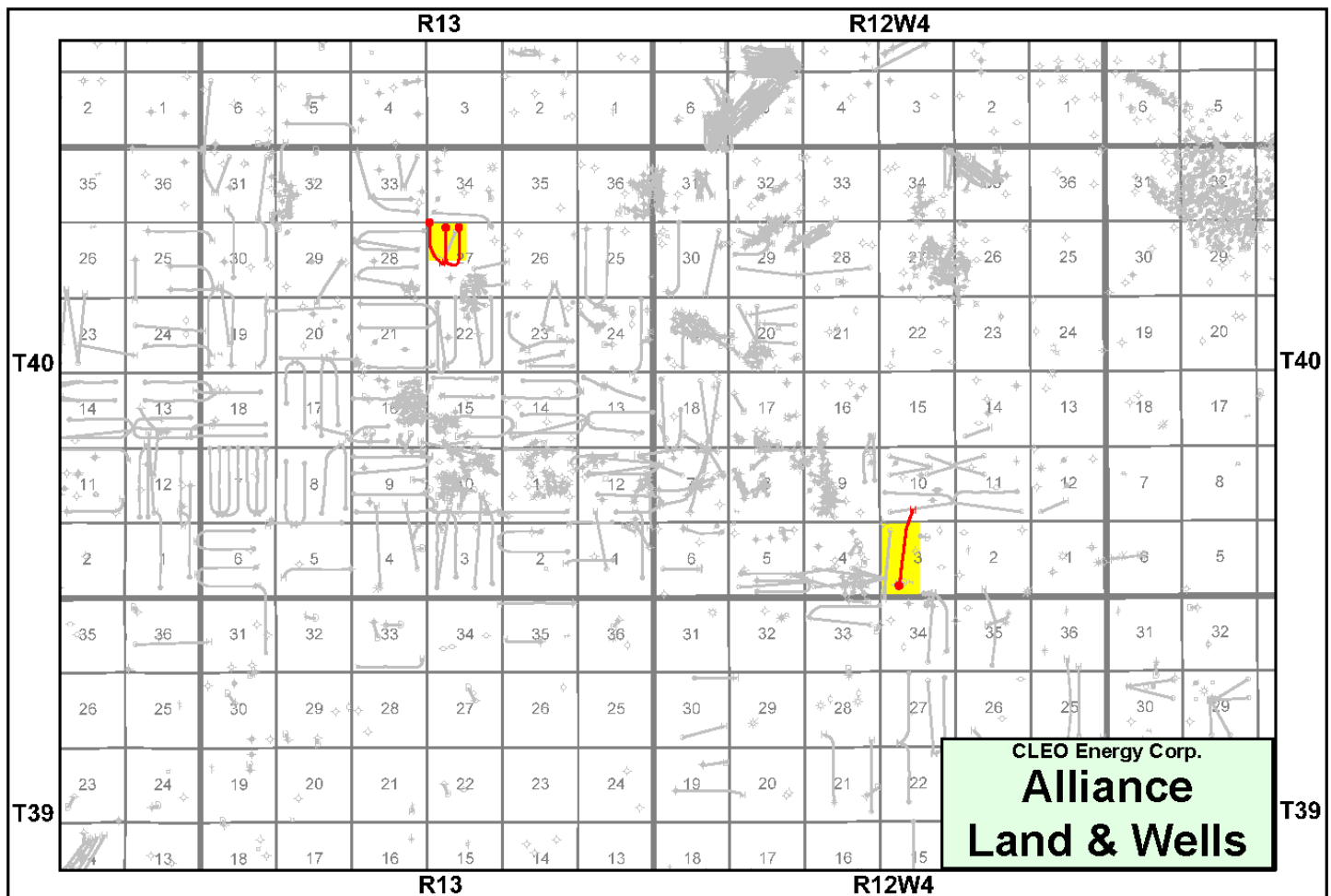


**Alliance Property****Township 40, Range 12-13 W4**

At *Alliance*, CLEO holds a 100% working interest in three quarter sections of land. The Company has stable, low-decline oil production from the Viking Formation. CLEO also has one horizontal drilling location booked in the Deloitte Report on Section 04-03-040-12W4 targeting the same Viking pool.

Average daily production net to CLEO from the *Alliance* property for the first half of 2024 was approximately 15 barrels of oil per day.

Operating income net to CLEO from *Alliance* for the first half of 2024 was approximately \$24,900 per month.





Alliance, Alberta - Gross Production Group Plot



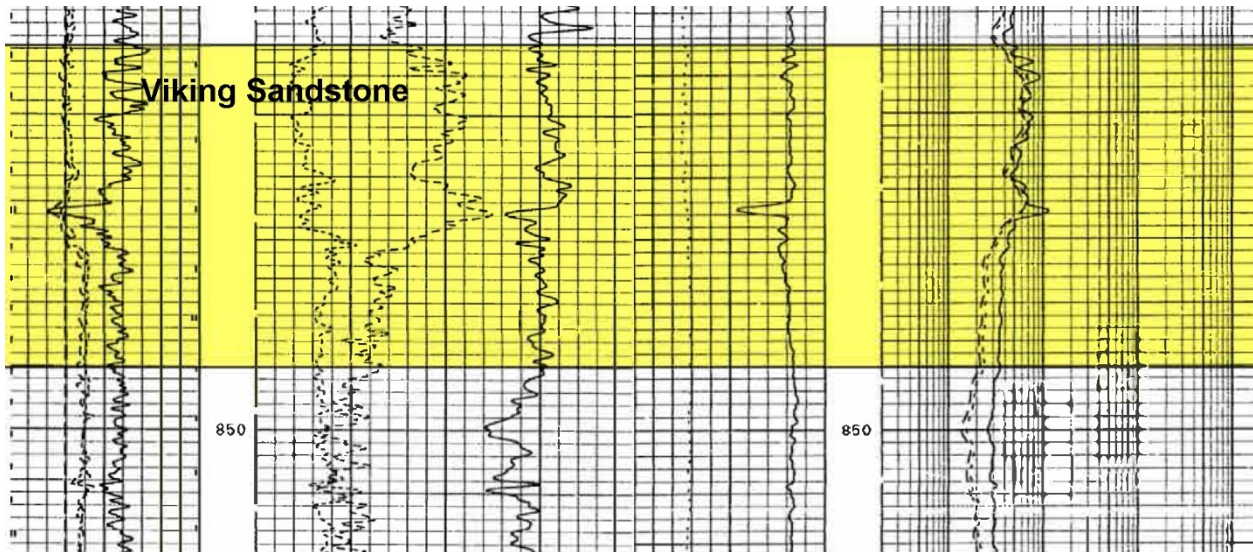


Viking Formation

At *Alliance*, the Viking reservoir is comprised of sandstone within coarsening-upwards cycles from shale to sandstone. The sediments were deposited in the Late Cretaceous period in a shoreface environment.

The following well logs show the Viking Formation at *Alliance*.

1994450AB Provost 102/03-03-040-12W4/0 – Viking Formation Type Log





Alliance Facilities

CLEO does not have ownership in any facilities at *Alliance*.

Alliance Marketing

Oil from *Alliance* is trucked to **Secure Energy Services Inc.**'s facility at 12-30-034-09W4 and sold to Secure.

Alliance Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Alliance* property contained remaining proved plus probable reserves of approximately 95,000 barrels of oil, with an estimated net present value of \$1.3 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	26	0	0	26	\$829	\$800	\$722
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
Total Proved	26	0	0	26	\$829	\$800	\$722
Probable	69	0	0	69	\$1,516	\$939	\$574
Total Proved Plus Probable	95	0	0	95	\$2,345	\$1,739	\$1,296

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Alliance LMR as of November 2, 2024

As of November 2, 2024, the *Alliance* property had a deemed net asset value of \$342,434 (deemed assets of \$586,356 and deemed liabilities of \$243,922), with an LMR ratio of 2.40.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$586,356	\$243,922	\$342,434	2.40

Alliance Well List

See well list in Excel.





Neutral Hills Property

Township 35-37, Range 4-7 W4

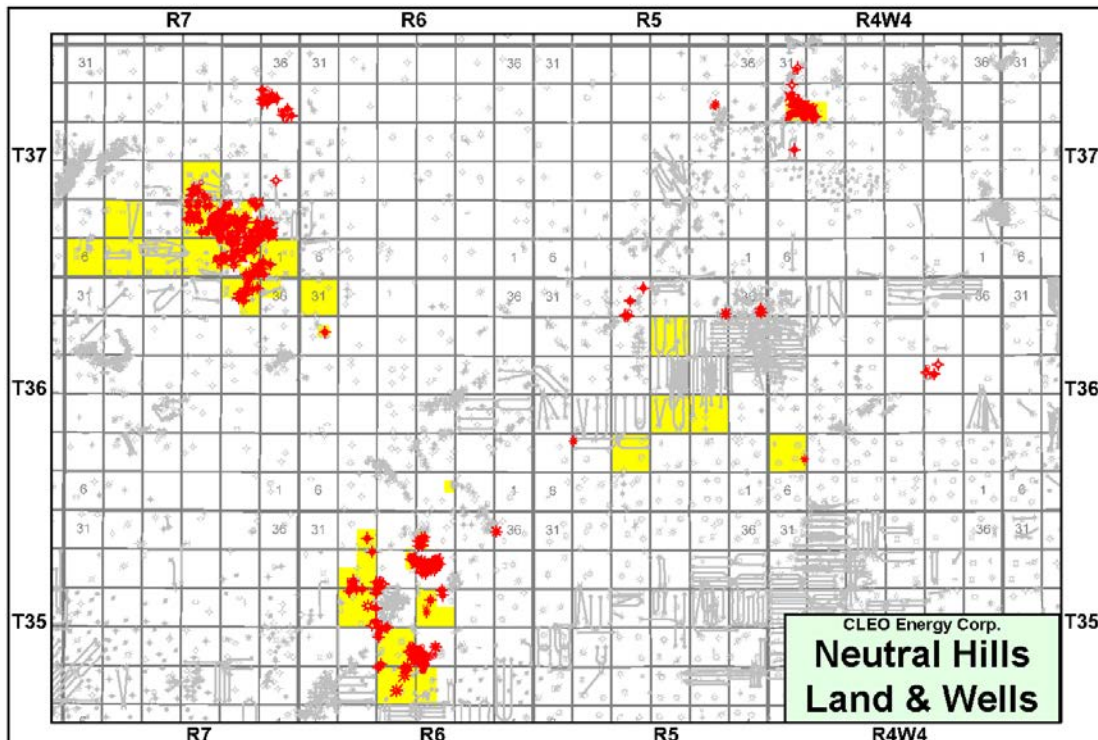
At *Neutral Hills*, CLEO holds primarily a 100% working interest in certain land and wells located in the north block, as well as a 50% working interest operated by **Prairie Provident Resources Corp.** in the south block, and other minor non-operated working interests. *Neutral Hills South* has been shut-in since December 2023. Production at *Neutral Hills* is primarily oil from the Dina Formation.

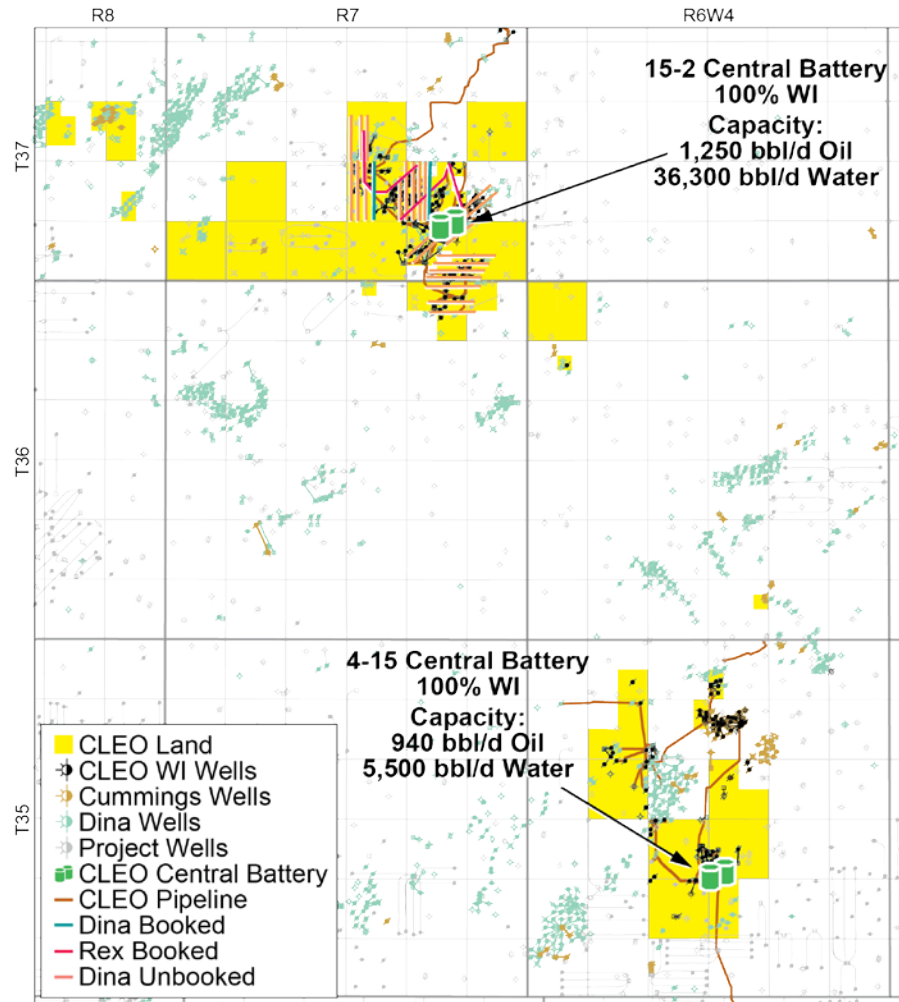
Average daily production net to CLEO from *Neutral Hills* for the first half of 2024 was approximately 54 boe/d, consisting of 51 bbl/d oil and natural gas liquids and 16 Mcf/d of natural gas. The Company has identified 25 bbl/d of oil to be brought back on production as soon as possible and an additional 50 bbl/d to be brought back on with an estimated cost of approximately \$300,000.

Current production net to CLEO from *Neutral Hills* is approximately 75 boe/d. In 2024, CLEO spent upwards of \$500,000 on pipeline repairs and recompletions to restore approximately 75 bbl/d of oil production that was down due to a pipeline break. With the pipeline repairs, the field has long lasting pipeline integrity. CLEO has identified drilling upside in the Rex, Dina and Cummings formations, with five locations booked in the Deloitte Report. CLEO has also identified three unbooked Rex multi-laterals and two Dina horizontal wells and an additional 23 internally identified unbooked Dina locations. CLEO's booked inventory at *Neutral Hills* is the only property where it has booked multilateral wells.

Operating income net to CLEO from *Neutral Hills* for the first half of 2024 was approximately (\$80,100) per month. *Neutral Hills* had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month.

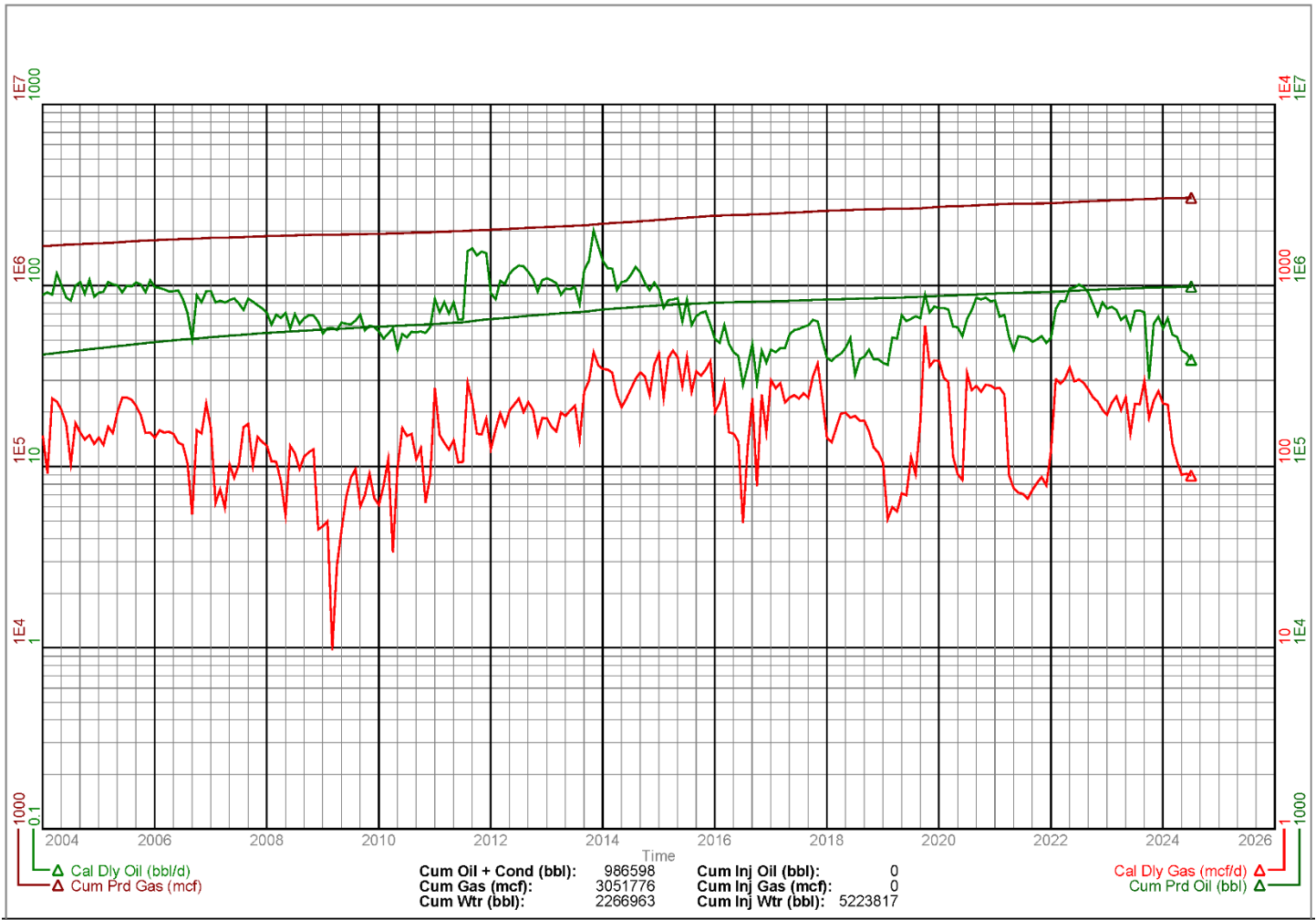
The Company has also identified numerous Cummings recompletion opportunities at *Neutral Hills*, as well as a potential opportunity for reduction in operating expenses through power generation.







Neutral Hills, Alberta - Gross Production Group Plot





Neutral Hills Facilities

CLEO has ownership in two multi-well oil batteries at *Neutral Hills* at 15-02-037-07W4 battery and 04-15-035-06W4 with capacity of 1,250 bbl/d.

Production is pipeline connected to **Inter Pipeline Ltd.**

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Neutral Hills Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Neutral Hills* property contained remaining proved plus probable reserves of 845,000 barrels of oil and natural gas liquids and 151 MMcf of natural gas (870,000 boe), with an estimated net present value of \$4.2 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	310	100	3	329	\$1,185	\$1,224	\$1,148
Proved Non-Producing/Undeveloped	136	0	0	136	\$1,979	\$1,347	\$941
Total Proved	445	100	3	465	\$3,164	\$2,571	\$2,089
Probable	395	51	1	405	\$7,240	\$3,958	\$2,152
Total Proved Plus Probable	841	151	4	870	\$10,404	\$6,529	\$4,241

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Neutral Hills LMR as of November 2, 2024

As of November 2, 2024, the *Neutral Hills* property had a deemed net asset value of (\$3.4 million) (deemed assets of \$2.8 million and deemed liabilities of \$6.2 million), with an LMR ratio of 0.45.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,796,218	\$6,206,355	(\$3,410,136)	0.45

Neutral Hills Well List

See well list in Excel.





Shorncliffe Property

Township 40, Range 7-8 W4

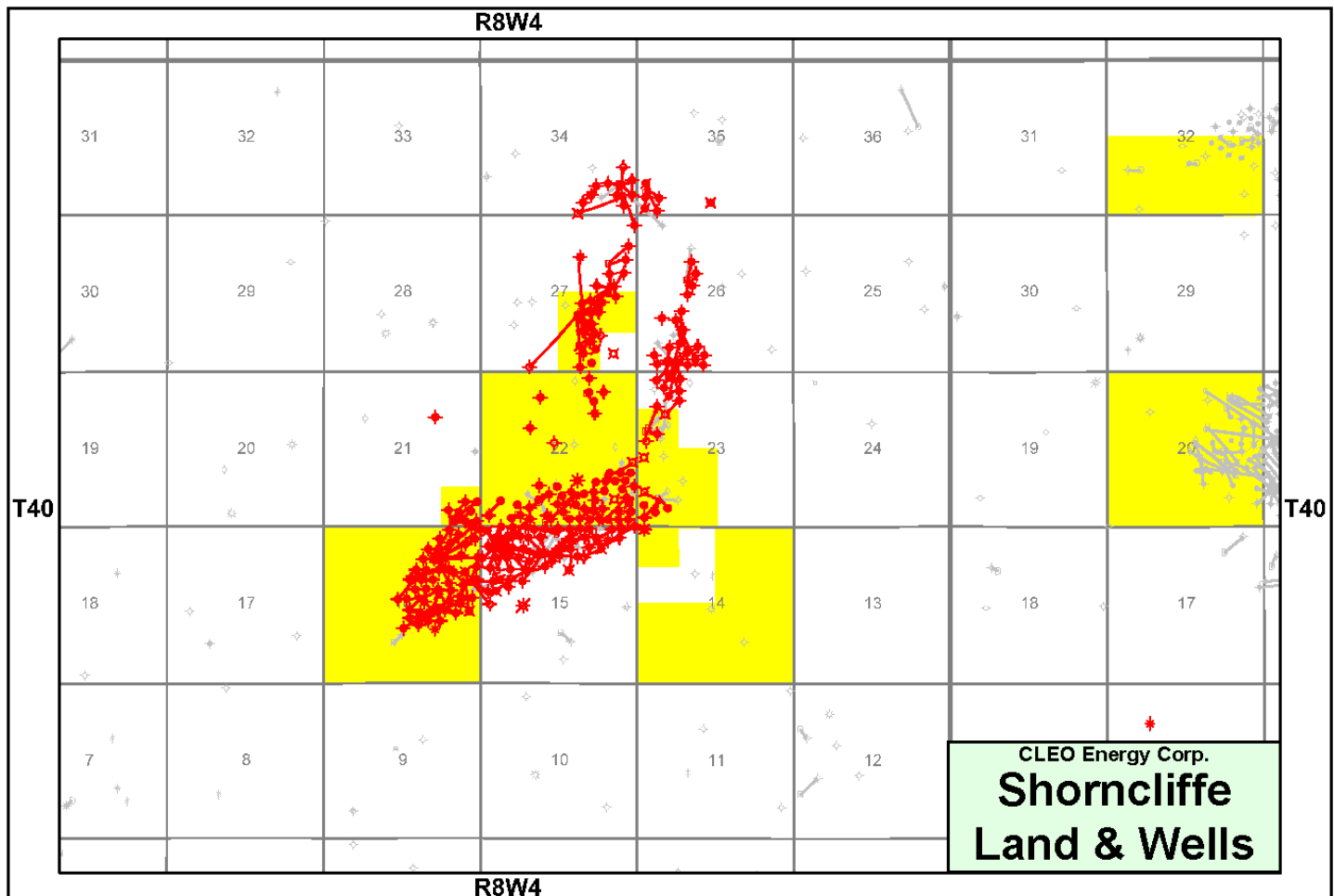
At *Shorncliffe*, CLEO holds largely a 100% working interest in 4.75 sections of land, as well as a 25% non-operated working interest. The Company's non-operated working interest wells are operated by **Harvest Operations Corp.** Production at *Shorncliffe* is primarily 20° API oil from the Ellerslie, Glauconitic Sandstone and Basal Quartz formations.

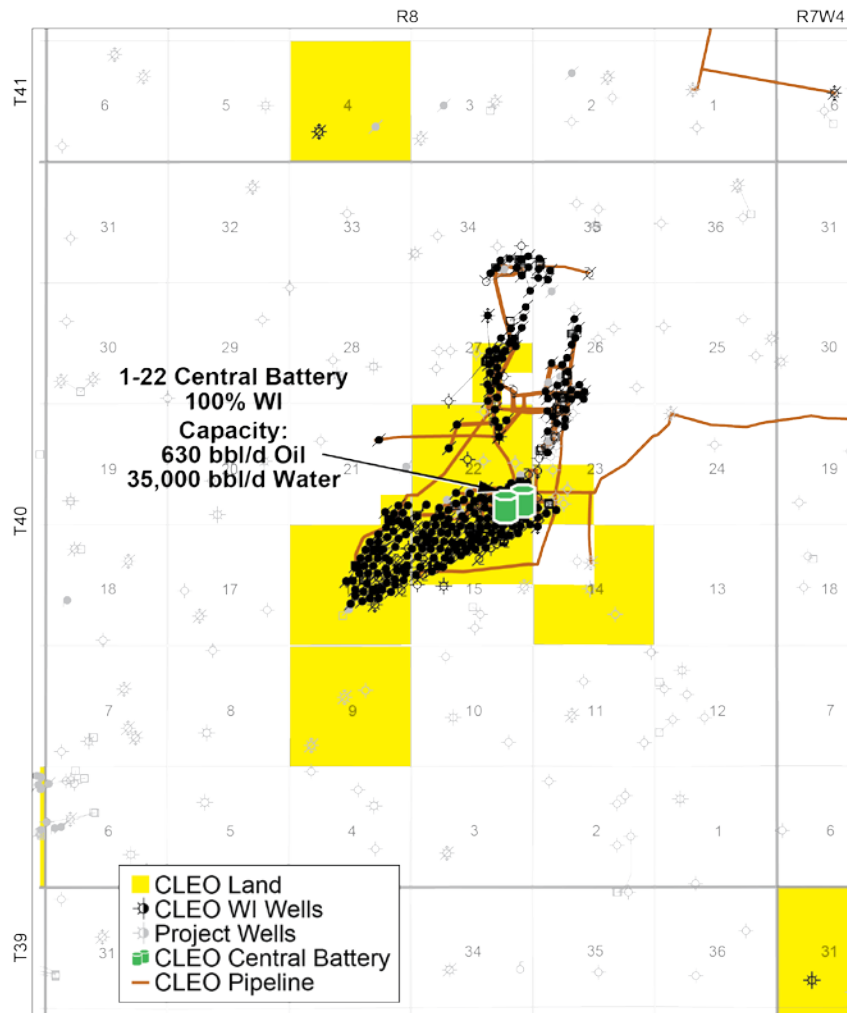
Average daily production net to CLEO from *Shorncliffe* for the first half of 2024 was approximately 135 bbl/d oil. Current production net to CLEO from *Shorncliffe* is approximately 95 bbl/d of oil.

Operating income net to CLEO from *Shorncliffe* for the first half of 2024 was approximately \$18,100 per month. *Shorncliffe* had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

The *Shorncliffe* property is the location of the Company's main field office. The property has two producing fields which are connected to a central battery which is pipeline connected to **Inter Pipeline Ltd.**

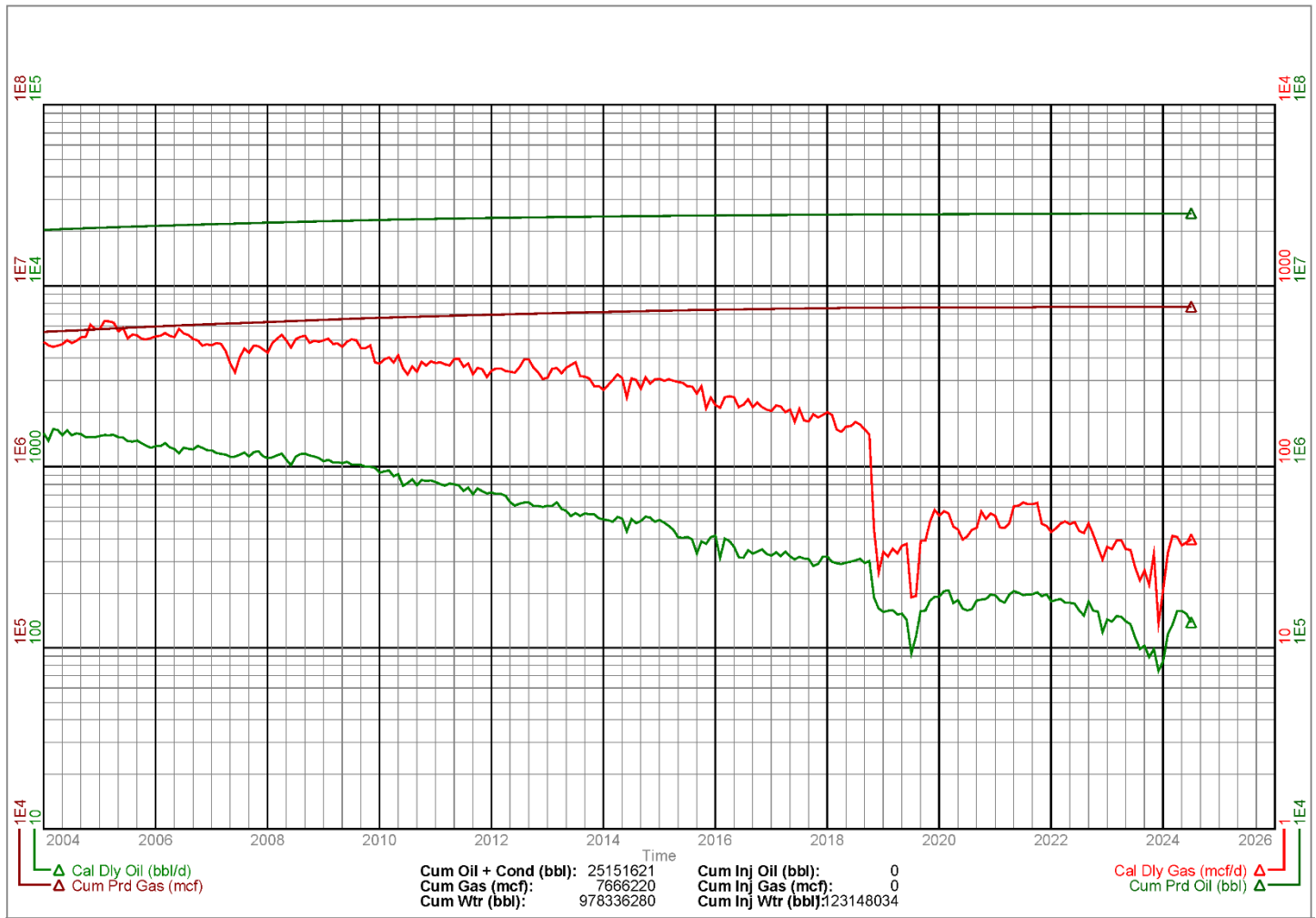
CLEO believes that additional water handling and conversion to a new water injection well could support an increase in overall production levels.







Shorncliffe, Alberta - Gross Production Group Plot





Shorncliffe Facilities

CLEO has ownership in a central battery at 01-22-040-08 with capacity of 630 bbl/d.

Production is pipeline connected to **Inter Pipeline Ltd.**

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Shorncliffe Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Shorncliffe* property contained remaining proved plus probable reserves of 431,000 barrels of oil (431,000 boe), with an estimated net present value of \$2.1 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	275	0	0	275	\$448	\$867	\$1,021
Proved Non-Producing/Undeveloped	7	0	0	7	\$197	\$178	\$159
Total Proved	281	0	0	281	\$645	\$1,046	\$1,181
Probable	150	0	0	150	\$1,742	\$1,297	\$966
Total Proved Plus Probable	431	0	0	431	\$2,387	\$2,343	\$2,146

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Shorncliffe LMR as of November 2, 2024

As of November 2, 2024, the *Shorncliffe* property had a deemed net asset value of \$517,841 (deemed assets of \$5.3 million and deemed liabilities of \$4.8 million), with an LMR ratio of 1.11.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$5,286,408	\$4,768,567	\$517,841	1.11

Shorncliffe Well List

See well list in Excel.



**Fabyan Property****Township 41-46, Range 6-11 W4**

At *Fabyan*, CLEO holds largely a 100% working interest in approximately 120 sections of land. Production at *Fabyan* is primarily shallow natural gas from the Viking Formation.

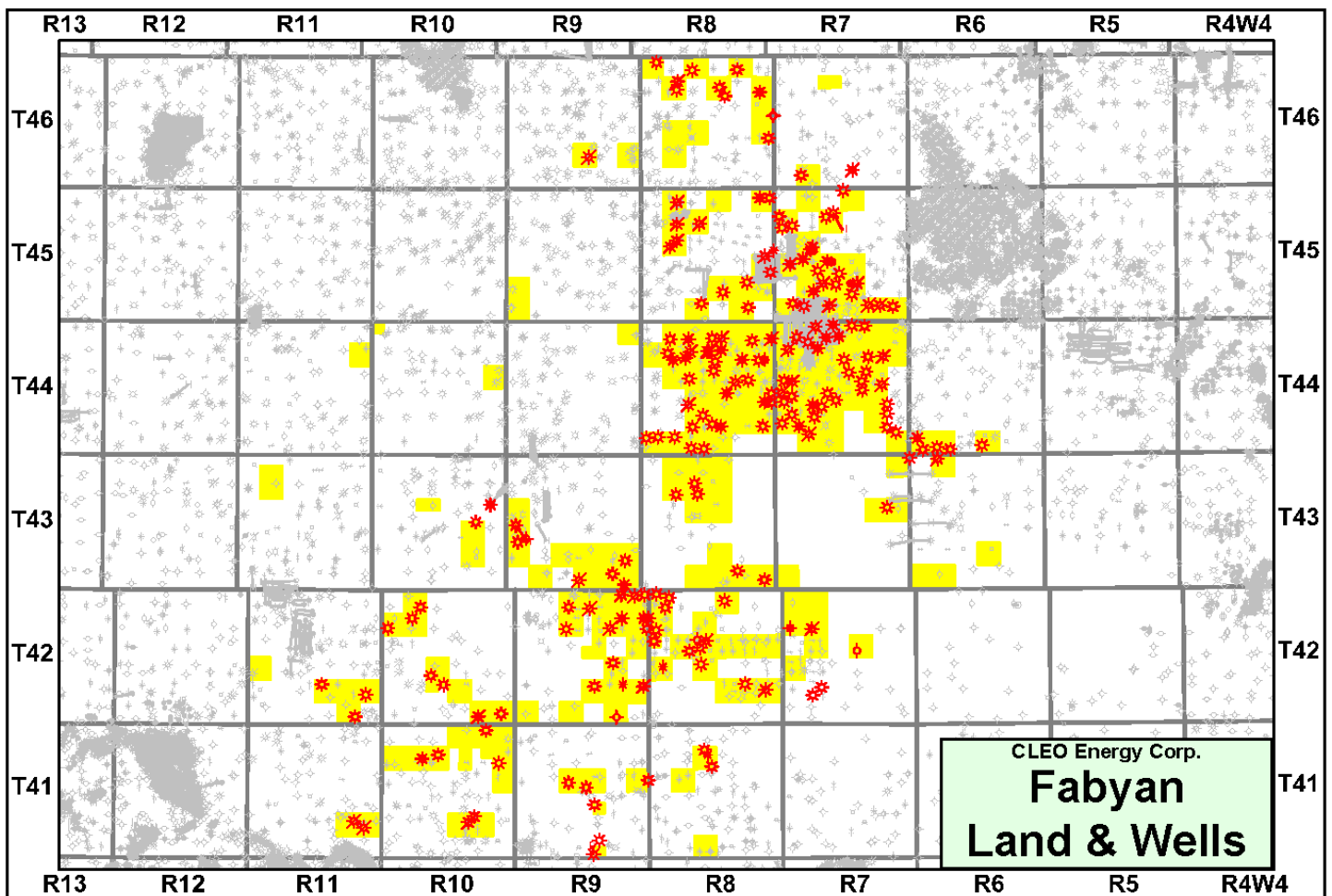
Current production from *Fabyan* is shut-in.

The Company believes the 100/11-10-045-07W4/3 Sparky and Colony well at *Fabyan* is capable of producing \$250,000 per year in net operating income.

Average daily production net to CLEO from *Fabyan* for the first half of 2024 was approximately 345 boe/d, consisting of 1,978 Mcf/d of natural gas and 15 bbl/d oil and natural gas liquids.

Operating income net to CLEO from *Fabyan* for the first half of 2024 was approximately (\$184,600) per month.

CLEO believes there is potential for future power generation or Bitcoin mining at *Fabyan*.





Infrastructure

CLEO controls all of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The area has significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

Further details relating to CLEO's pipeline infrastructure will be available in the virtual data room for parties that execute a confidentiality agreement.

Fabyan Facilities

CLEO does not have ownership in any facilities at *Fabyan*. The Company has a natural gas processing and handling agreement in place with **Durham Creek Energy Ltd.** under which CLEO's natural gas is processed at the *Fabyan* 06-08-045-07W4 natural gas plant for a handling charge of \$0.55/Mcf.

Fabyan Reserves

The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2013.

Fabyan LMR as of November 2, 2024

As of November 2, 2024, the *Fabyan* property had a deemed net asset value of (\$13.3 million) (deemed assets of \$10.1 million and deemed liabilities of \$23.3 million), with an LMR ratio of 0.43.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$10,052,715	\$23,346,309	(\$13,293,594)	0.43

The Company recognizes there are a significant number of abandoned wells, however; a large amount of the liabilities at *Fabyan* are associated to reclamation only.

Fabyan Well List

See well list in Excel.



**Enchant/Taber Property****Township 9-14, Range 14-20 W4**

At *Enchant/Taber*, CLEO holds largely a 99.7% working interest in approximately 36 sections of land. Production at *Enchant* consists of stable, low-decline natural gas.

CLEO currently has a Bitcoin mining operation at *Enchant*.

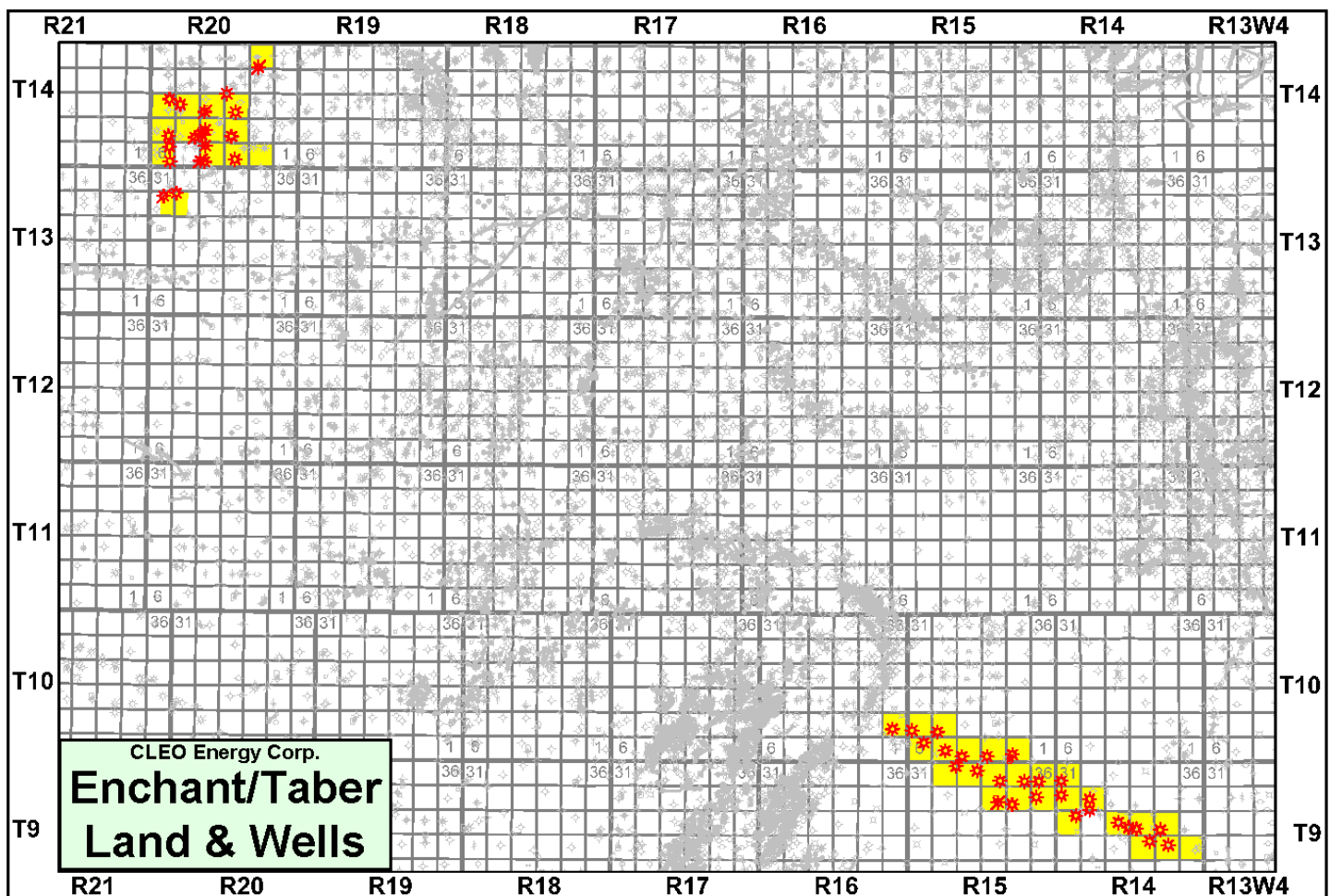
Average daily production net to CLEO from *Enchant* for the first half of 2024 was approximately 20 boe/d, consisting of 121 Mcf/d of natural gas.

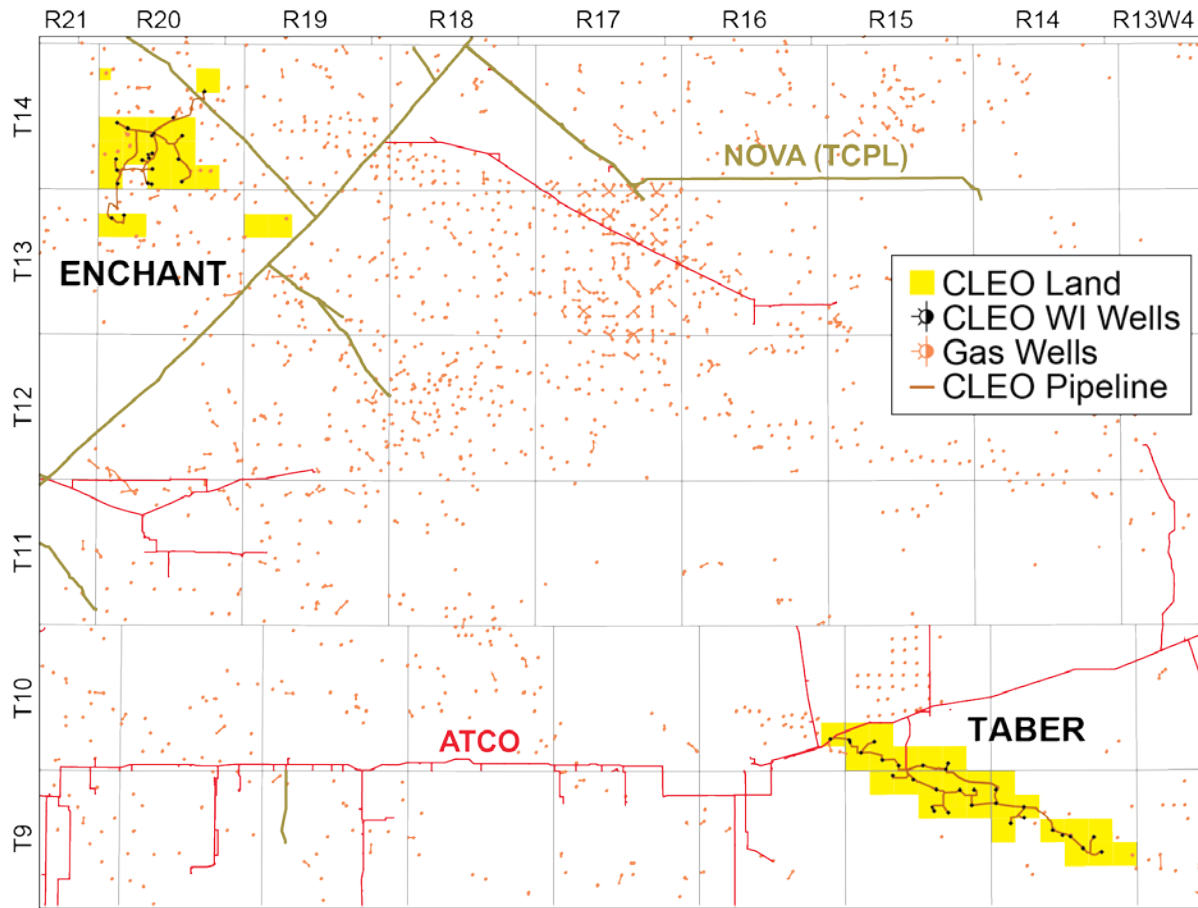
The *Taber* property is currently shut-in.

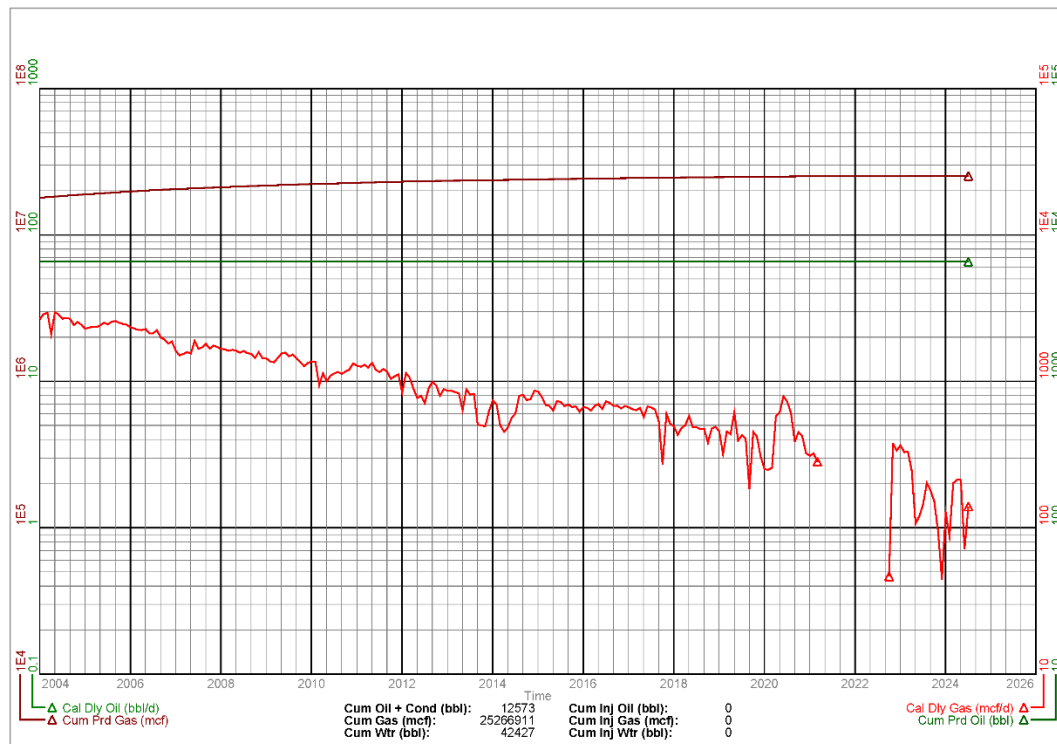
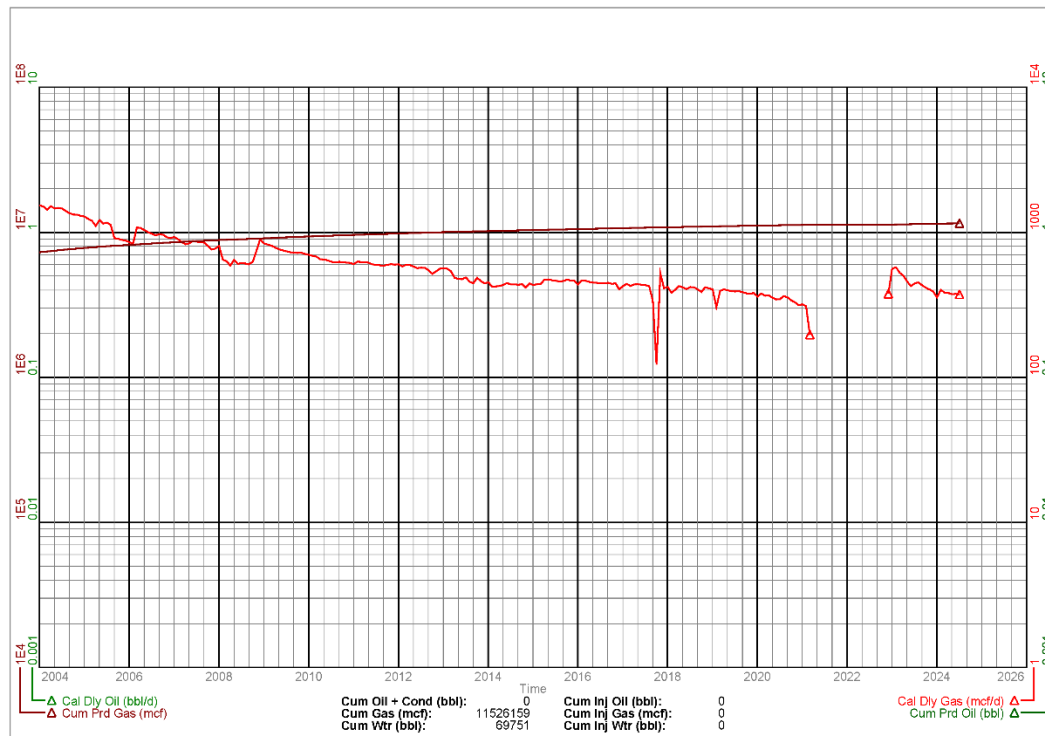
Average daily production net to CLEO from *Taber* for the first half of 2024 was approximately 56 boe/d, consisting of 335 Mcf/d of natural gas.

Operating income net to CLEO from *Enchant* for the first half of 2024 was approximately (\$6,200) per month.

Operating income net to CLEO from *Taber* for the first half of 2024 was approximately (\$15,000) per month.





**Enchant, Alberta - Gross Production Group Plot****Taber, Alberta - Gross Production Group Plot**



Enchant/Taber Facilities

CLEO currently has a Bitcoin mining operation at *Enchant*.

Natural gas egress at *Taber* is through ATCO sales line connected to TC Energy through a CLEO owned facility.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.





Enchant/Taber Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Enchant* property contained remaining proved plus probable reserves of 1.2 Bcf of natural gas (200,000 boe), with an estimated net present value of \$838,000 using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	0	700	0	117	(\$70)	\$323	\$450
Proved Non-Producing/Undeveloped	0	145	0	24	\$105	\$160	\$162
Total Proved	0	845	0	141	\$35	\$482	\$612
Probable	0	357	0	60	\$460	\$405	\$227
Total Proved Plus Probable	0	1,202	0	200	\$496	\$888	\$838

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Taber* property contained remaining proved plus probable reserves of 946 MMcf of natural gas (158,000 boe), with an estimated net present value of \$847,000 using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	0	651	0	108	(\$293)	\$291	\$516
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
Total Proved	0	651	0	108	(\$293)	\$291	\$516
Probable	0	296	0	49	\$396	\$400	\$331
Total Proved Plus Probable	0	946	0	158	\$103	\$691	\$847

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.





Enchant/Taber LMR as of November 2, 2024

As of November 2, 2024, the *Enchant* property had a deemed net asset value of (\$897,078) (deemed assets of \$547,146 and deemed liabilities of \$1.4 million), with an LMR ratio of 0.38.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$547,146	\$1,444,224	(\$897,078)	0.38

As of November 2, 2024, the *Taber* property had a deemed net asset value of (\$119,148) (deemed assets of \$1.5 million and deemed liabilities of \$1.5 million), with an LMR ratio 0.93.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$1,517,235	\$1,636,383	(\$119,148)	0.93

Enchant/Taber Well List

See well list in Excel.

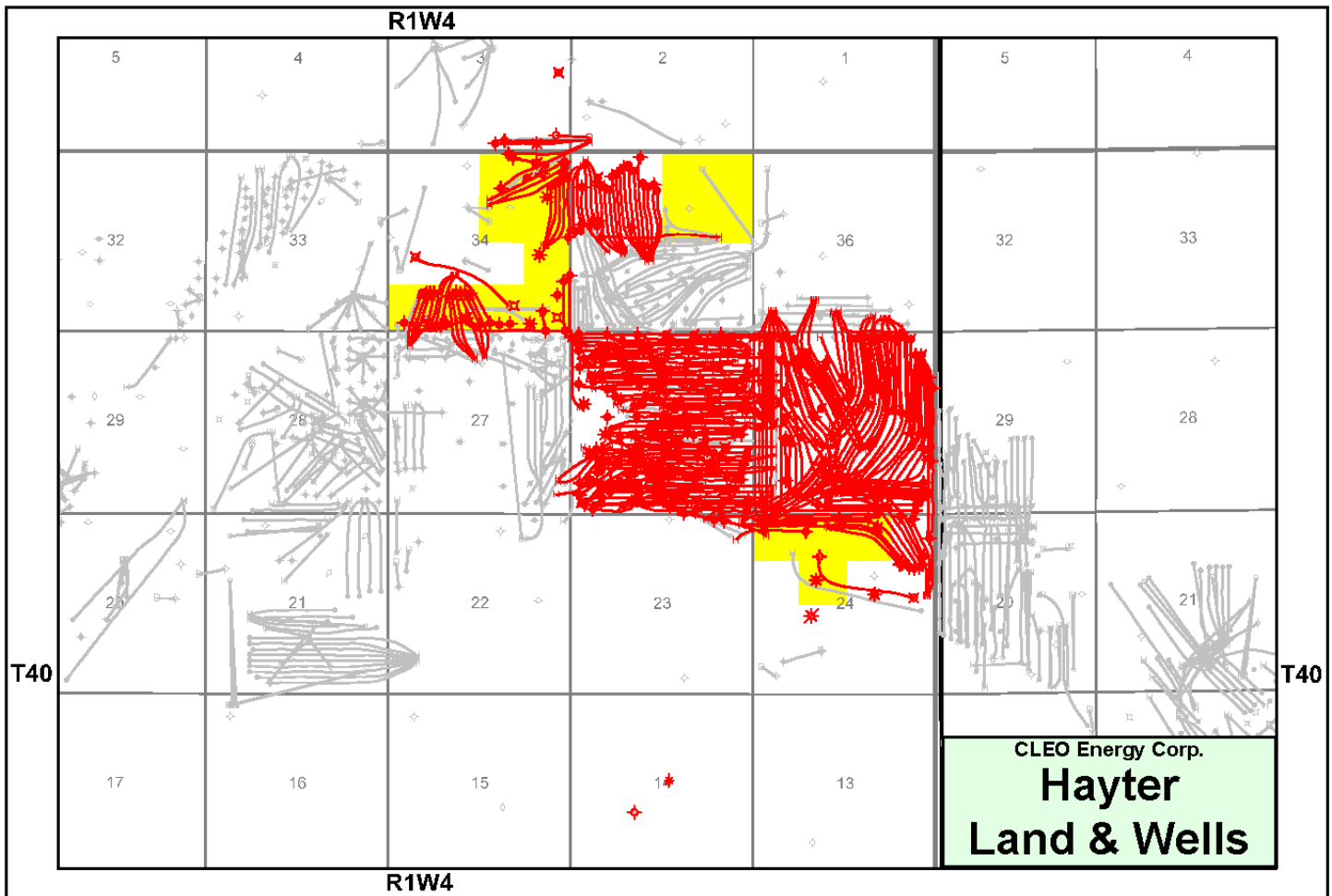


**Hayter Property****Township 40-41, Range 1 W4**

At *Hayter*, CLEO holds primarily minor non-operated working interest in approximately one section of land. Production at *Hayter* is operated by **Harvest Operations Corp.** and **Rife Resources Ltd.**

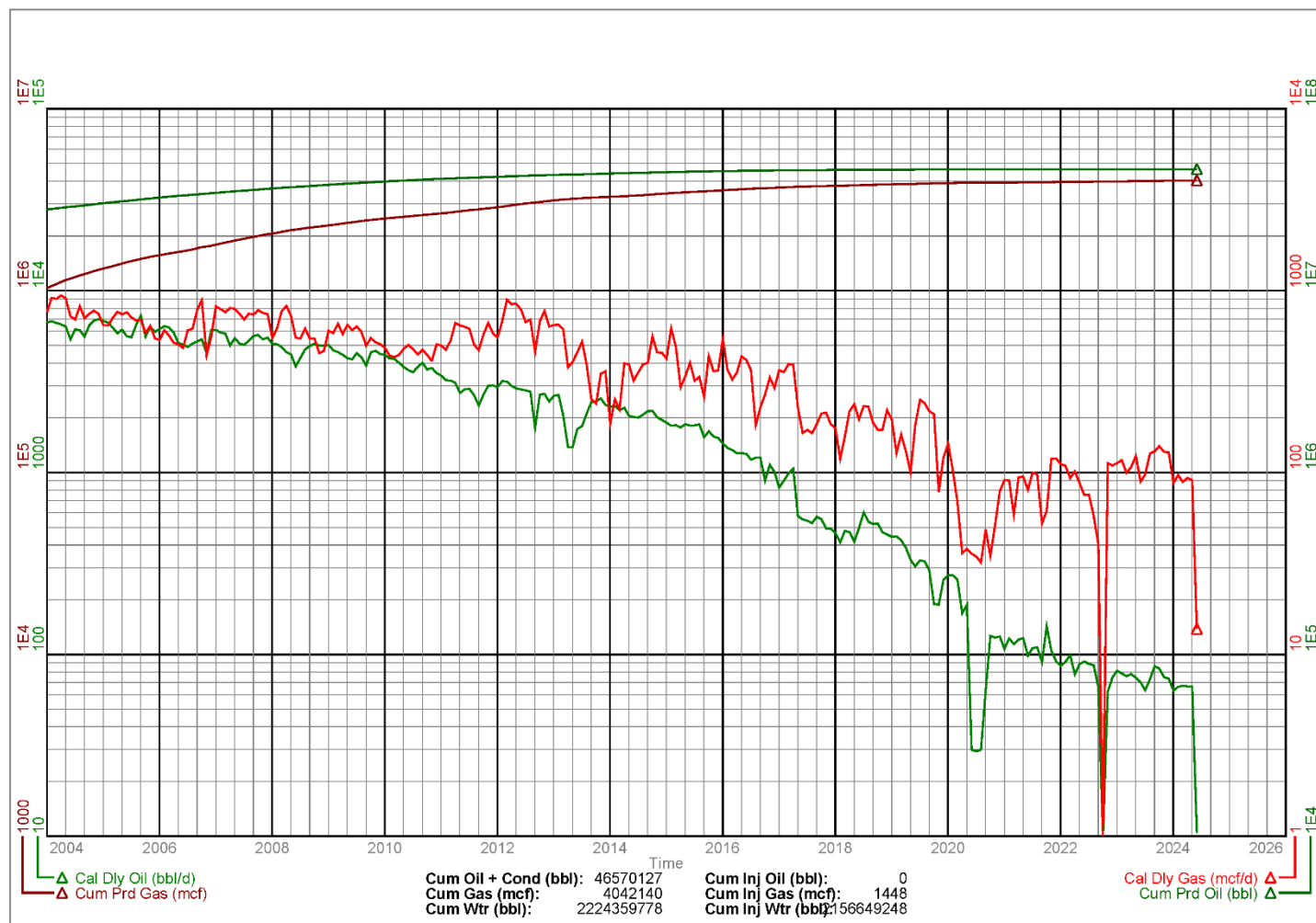
Average daily production net to CLEO from *Hayter* for the first half of 2024 was approximately 6 boe/d, consisting of 5 bbl/d oil and 3 Mcf/d of natural gas. There is no current production net to CLEO from *Hayter*.

Operating income net to CLEO from *Hayter* for the first half of 2024 was approximately (\$28,300) per month.





Hayter, Alberta - Gross Production Group Plot





Hayter Facilities

CLEO does not have ownership in the following facility At *Hayter*,

Hayter Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Hayter* property contained remaining proved plus probable reserves of 60,000 barrels of oil and natural gas liquids and 193 MMcf of natural gas (92,000 boe), with an estimated net present value of (\$413,000) using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	35	126	0	57	(\$1,068)	(\$850)	(\$704)
Proved Non-Producing/Undeveloped	4	0	0	4	\$162	\$133	\$110
Total Proved	39	126	0	61	(\$906)	(\$717)	(\$594)
Probable	20	67	0	31	\$602	\$304	\$180
Total Proved Plus Probable	59	193	1	92	(\$304)	(\$413)	(\$413)

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

The *Hayter* reserves table includes reserves values and volumes for the non-operated portions of the *Silver Heights*, *Sedgewick*, *Kessler* and *Fabyan* properties.

Hayter LMR as of November 2, 2024

As of November 2, 2024, the *Hayter* property had a deemed net asset value of (\$540,786) (deemed assets of \$0 and deemed liabilities of \$540,786), with an LMR ratio of 0.00.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$0	\$540,786	(\$540,786)	0.00

Hayter Well List

See well list in Excel.





Atlee Property

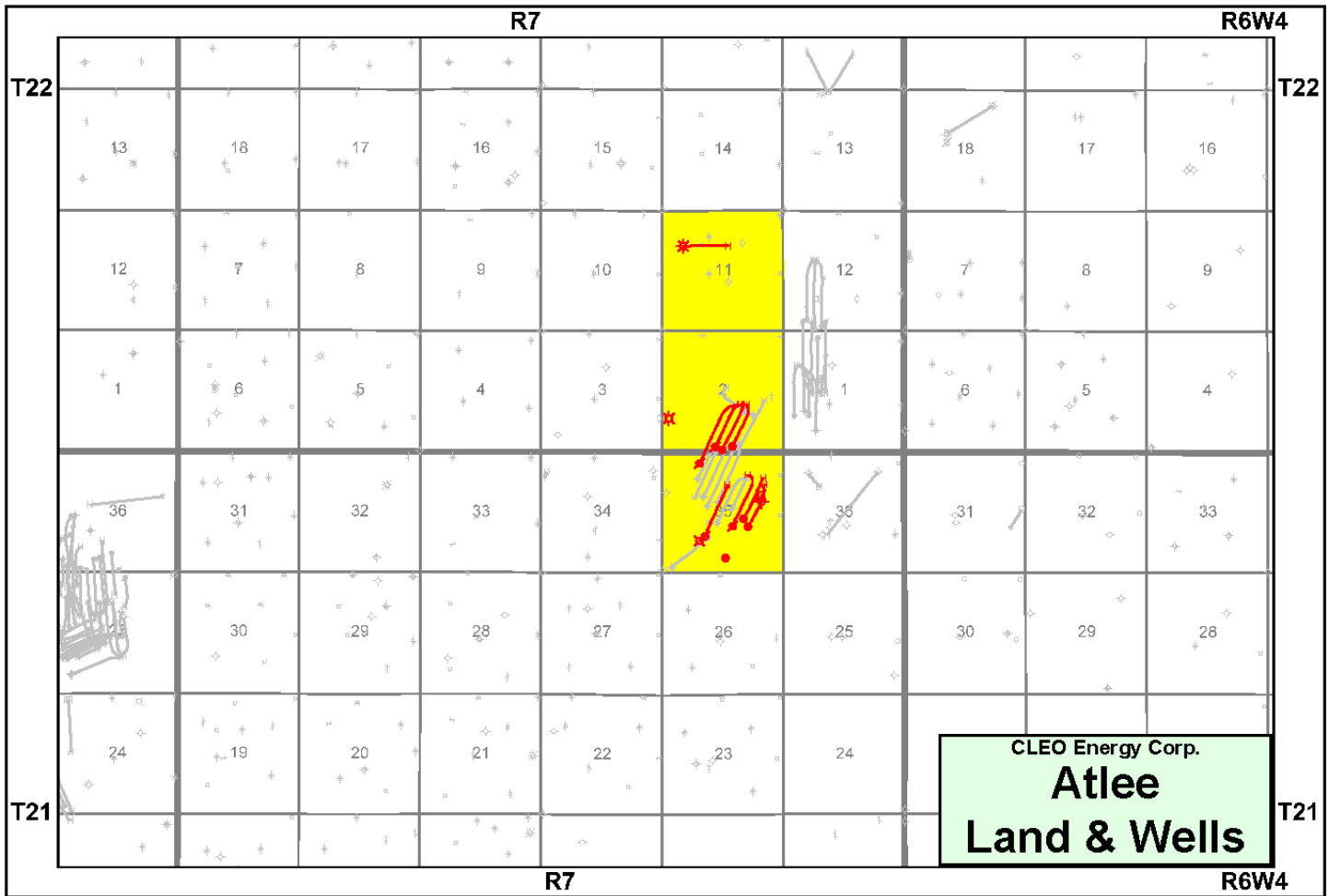
Township 21-22, Range 7 W4

At *Atlee*, CLEO holds largely a 100% working interest in three sections of land. Production at *Atlee* is 13° API oil from the Glauconitic Sandstone Formation.

The *Atlee* property is currently in the process of being reclaimed.

Average daily production net to CLEO from the *Atlee* property for the first half of 2024 was approximately 50 boe/d, consisting of 29 barrels of oil per day and 124 Mcf/d of natural gas.

Operating income net to CLEO from *Atlee* for the first half of 2024 was approximately (\$19,000).





Atlee Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Atlee* property contained remaining proved plus probable reserves of 646 MMcf of natural gas and 99,000 barrels of oil (207,000 boe), with an estimated net present value of \$1.4 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	0%	5%	10%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
Proved Developed Producing	43	231	0	81	\$495	\$542	\$547
Proved Non-Producing/Undeveloped	35	247	0	77	\$565	\$520	\$465
Total Proved	78	478	0	158	\$1,060	\$1,062	\$1,012
Probable	21	168	0	49	\$508	\$417	\$342
Total Proved Plus Probable	99	646	0	207	\$1,569	\$1,479	\$1,353

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Atlee LMR as of November 2, 2024

As of November 2, 2024, the *Atlee* property had a deemed net asset value of \$182,453 (deemed assets of \$1.8 million and deemed liabilities of \$1.6 million), with an LMR ratio of 2.47.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$1,803,559	\$1,621,106	\$182,453	1.11

Atlee Well List

See well list in Excel.

The *Atlee* property is currently in the process of being reclaimed.



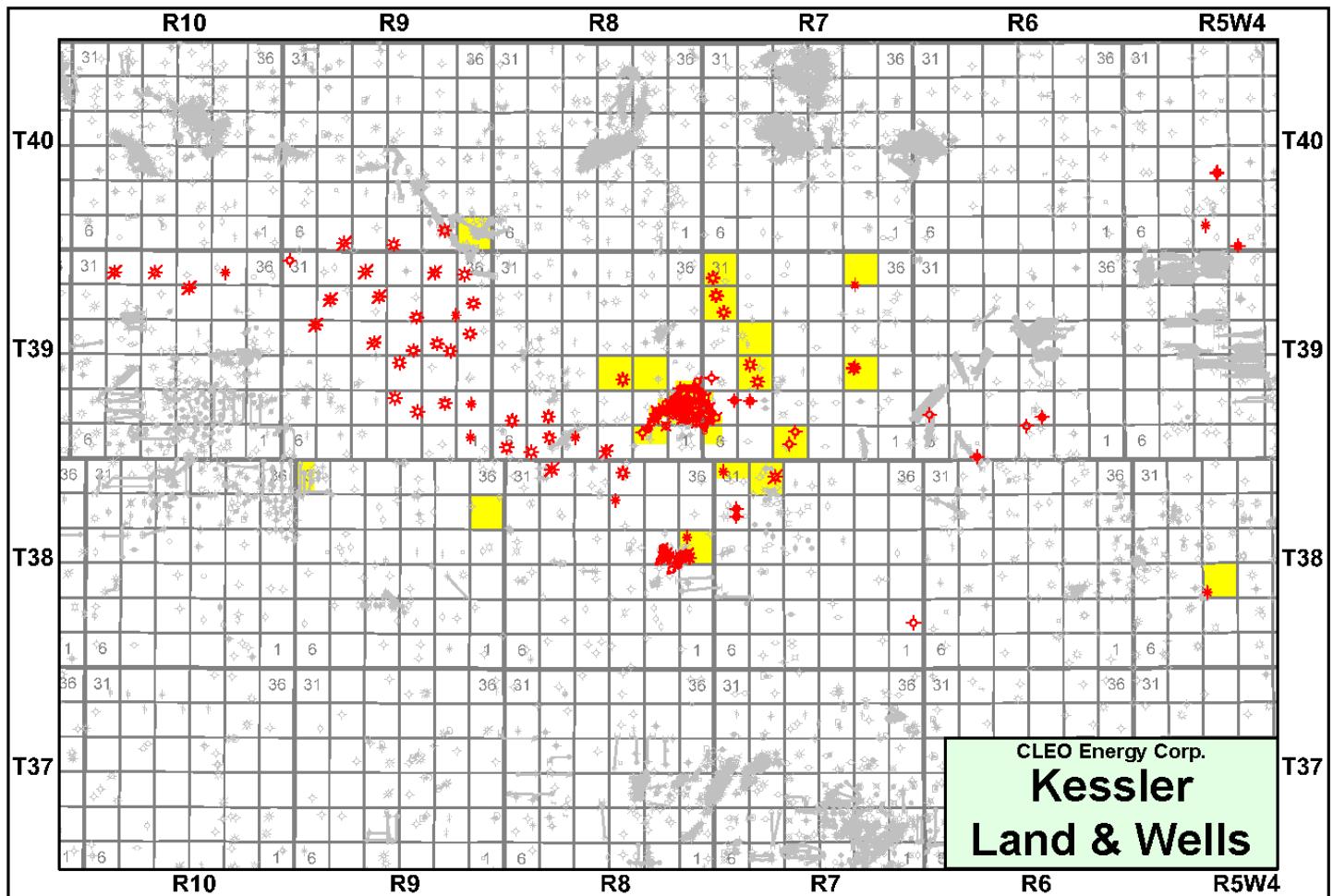
**Kessler Property****Township 38-40, Range 5-10 W4**

At *Kessler*, CLEO holds various operated and non-operated working interests in approximately 16 sections of land with production from the Mannville Group.

The *Kessler* property is currently in the process of being reclaimed.

Average daily production net to CLEO from *Kessler* for the first half of 2024 was approximately 2 boe/d, consisting of 1 bbl/d oil and 4 Mcf/d of natural gas.

Operating income net to CLEO from *Kessler* for the first half of 2024 was approximately (\$62,000) per month.





Kessler Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Kessler* property contained remaining proved plus probable reserves of approximately 213,000 barrels of oil, with an estimated net present value of \$1.7 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	64	0	0	64	(\$151)	\$26	\$97
Proved Non-Producing/Undeveloped	28	0	0	28	\$599	\$506	\$422
Total Proved	92	0	0	92	\$448	\$532	\$520
Probable	121	0	0	121	\$1,913	\$1,487	\$1,149
Total Proved Plus Probable	213	0	0	213	\$2,360	\$2,019	\$1,668

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Kessler LMR as of November 2, 2024

As of November 2, 2024, the *Kessler* property had a deemed net asset value of (\$3.1 million) (deemed assets of \$288,372 and deemed liabilities of \$3.4 million), with an LMR ratio of 0.09.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$288,372	\$3,369,491	(\$3,081,119)	0.09

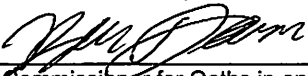
Kessler Well List

See well list in Excel.

The *Kessler* property is currently in the process of being reclaimed.



Exhibit "B2" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025

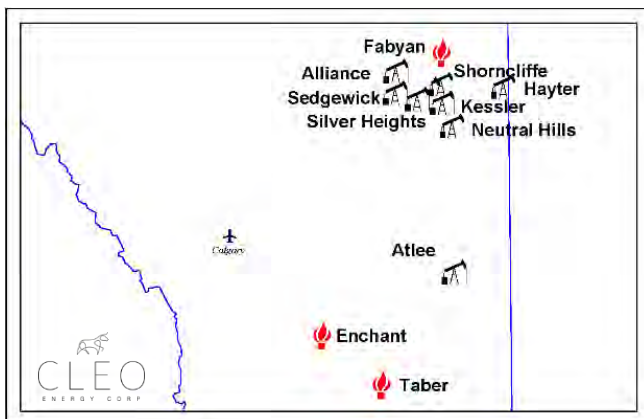

A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

Sale and Solicitation Process: Various Areas, Central Alberta 395 bbl/d, 390 Mcf/d (460 boe/d)



CLEO Energy Corp. ("CLEO" or the "Company") has filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the "BIA") and **Alvarez & Marsal Canada Inc.** ("A&M") is acting as Proposal Trustee of CLEO for the NOI process. A sale and solicitation process (the "SSP") is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include but are not limited to a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture.



A copy of the SSP is found on Sayer's website at www.sayeradvisors.com.

CLEO's oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabayan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the "Properties").

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas. Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil.

PROCESS & TIMELINE

Sayer Energy Advisors is accepting offers, as outlined in the SSP, relating to the process until **12:00 pm on Thursday, February 27, 2025**.

Timeline		
Week of January 20, 2025		Preliminary Information Distributed
Week of January 27, 2025		Data Room Opens
February 27, 2025	12:00 noon	Non-Binding LOI Deadline
March 13, 2025	12:00 noon	Binding Bid Deadline
March 1, 2025		Effective Date
March 2025		Closing Date

Sayer Energy Advisors does not conduct a "second-round" bidding process; the intention is to attempt to conclude a transaction with the party submitting the most acceptable proposal at the conclusion of the process.

Sayer Energy Advisors is accepting offers, as outlined in the SSP, from interested parties until noon on Thursday, February 27, 2025.



Corporate Overview

CLEO is a private junior oil and gas company with operated and non-operated working interests located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe and Silver Heights* areas of Alberta.

As at December 14, 2024, CLEO has total secured debt of approximately \$6.7 million. The Company has a creditor obligation of approximately \$24.1 million. As of January 5, 2025, CLEO has an interim debtor-in-possession financing of \$750,000 available. As at December 31, 2022, CLEO had total unused Canadian income tax pools of approximately \$8.1 million, including \$6.6 million of non-capital losses.

Additional corporate information relating to CLEO will be provided to parties upon execution of a confidentiality agreement.

Officers & Directors	President & Director	Chris Lewis
Capital Structure	Common Shares	200,000,000
Tax Pools	As at December 31, 2022	
	Non-Capital Losses	\$6,750,182
	Cumulative Canadian Oil and Gas Property Expenses	\$39,874
	Cumulative Canadian Exploration Expenses	\$15,457
	Cumulative Canadian Development Expenses	\$3,877
	Capital Cost Allowance	\$1,331,763
	Total	\$8,141,153
Bankers	Royal Bank of Canada	
Solicitors	Gowling WLG (Canada) LLP	
Street Address	Suite 200 - 117 8th Avenue SW Calgary, Alberta T2P 1B4	

Marketing Overview

The Company has a crude oil marketing agreement with **Trafigura Canada Limited** and a CO₂ contract with **TC Energy Corporation**.

CLEO has a sales contract in place with **BP Canada Energy Group ULC** for natural gas sales. Natural gas is sold into the **Nova Gas Transmission Ltd.** pipeline.

LMR Summary

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the Alberta Energy Regulator ("AER") of approximately \$720,000.

Note that the *Fabyan, Taber*, and part of the *Silver Heights* properties are currently shut-in. Reactivating these properties would drastically increase the deemed asset amount and restore lost production.





Production Overview

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes that with limited capital the current reactivation production capability is approximately 750 bbl/d of oil.

PROPERTY	Q1-Q2 2024 NET PRODUCTION			
	(Average Daily)			
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d
Fabyan	10	5	1,978	345
Silver Heights	223	-	149	248
Shorncliffe	135	-	-	135
Sedgewick	53	-	48	61
Taber	0	-	335	56
Neutral Hills	51	-	16	54
Atlee**	29	-	124	50
Enchant	-	-	121	20
Alliance	15	-	-	15
Hayter	5	-	3	6
Kessler**	1	-	4	2
TOTAL	522	5	2,778	990

*CLEO's current production is approximately 460 boe/d, consisting of 395 bbl/d of oil and 390 Mcf/d of natural gas awaiting several ongoing re-activations. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil.

**The *Atlee* and *Kessler* properties are currently in the process of being reclaimed.

Shorncliffe had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

Neutral Hills had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month with the potential for multiple additional reactivations.

Seismic Overview

The Company has a license agreement on certain trade and proprietary 2D and 3D seismic data relating to the Properties. Information relating to the seismic will be made available in the data room to parties that execute a confidentiality agreement.





Reserves Overview

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of CLEO’s Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing. The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2023. This disposition only affected the total proved and total proved plus probable reserve values. The Deloitte Report also includes reserves values and volumes for the *Atlee* and *Kessler* properties, which are being reclaimed.

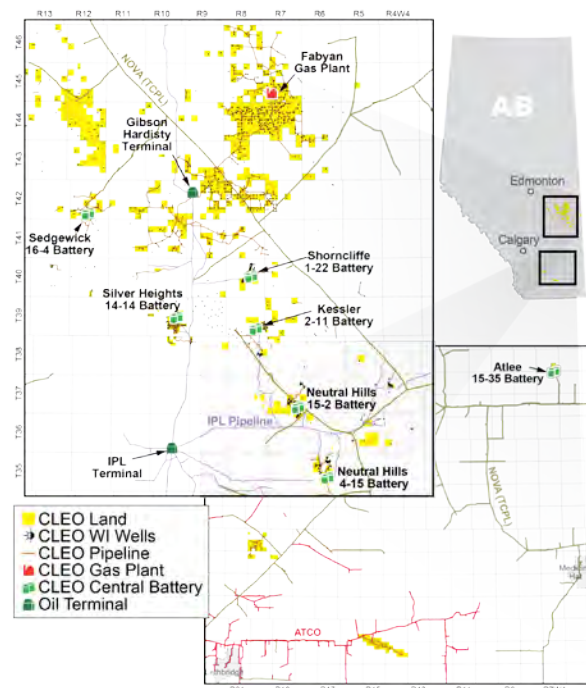
Deloitte estimated that, as at December 31, 2022 the Properties excluding CLEO’s interests at *Fabyan* contained remaining proved plus probable reserves of 4.5 million barrels of oil and natural gas liquids and 3.5 Bcf of natural gas (5.1 million boe), with an estimated net present value of \$46.9 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
COMPANY GROSS RESERVES				PV BEFORE TAX			
	Oil	Natural Gas	Ngl	Total	0%	5%	10%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
Proved Developed Producing	2,269	2,087	7	2,624	\$44,316	\$33,900	\$27,379
Proved Non-Producing/Undeveloped	714	392	0	779	\$16,296	\$10,927	\$7,603
Total Proved	2,983	2,479	7	3,403	\$60,612	\$44,828	\$34,983
Probable	1,488	996	2	1,656	\$40,263	\$20,441	\$11,959
Total Proved Plus Probable	4,471	3,475	9	5,059	\$100,875	\$65,269	\$46,941

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Infrastructure Overview

CLEO controls most of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company’s pipeline infrastructure.



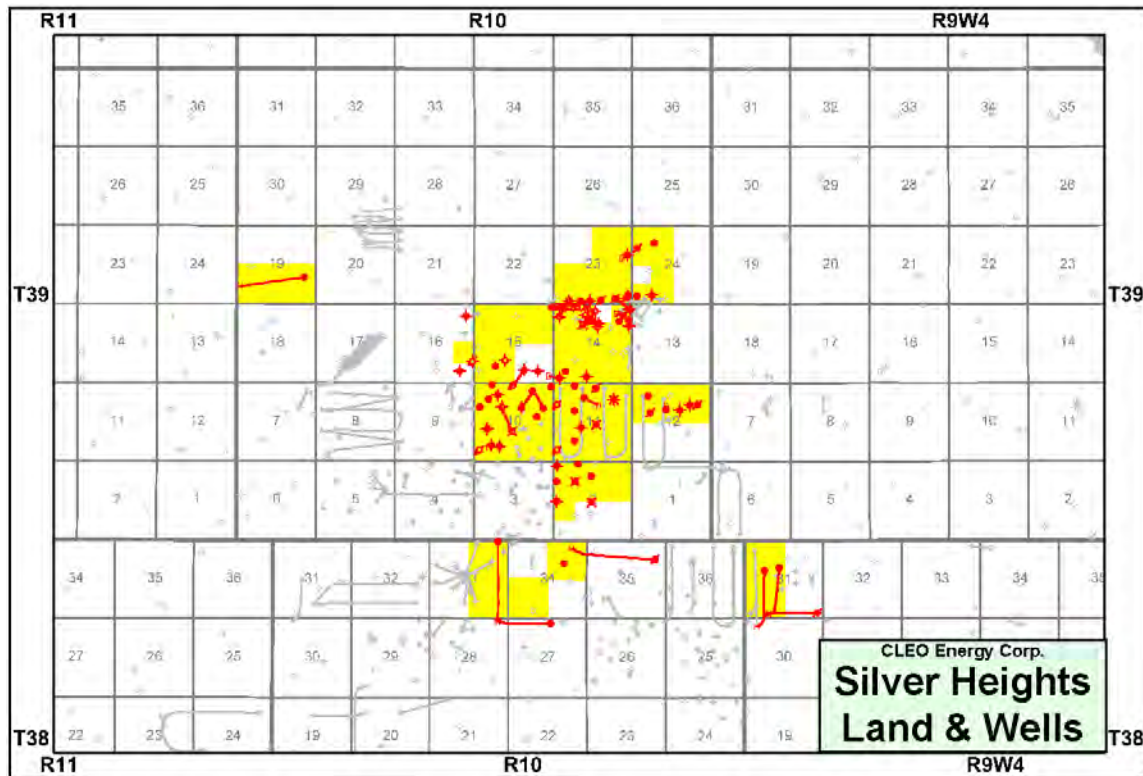


Silver Heights Property

Township 38-39, Range 9-10 W4

At *Silver Heights*, CLEO holds largely a 98% working interest in approximately eight sections of land. Production at *Silver Heights* is primarily oil from the Ellerslie and Glauconitic Sandstone formations.

Average daily production net to CLEO from *Silver Heights* for the first half of 2024 was approximately 248 boe/d, consisting of 223 bbl/d oil and 149 Mcf/d of natural gas. Current production net to CLEO from *Silver Heights* is approximately 125 bbl/d of oil.



Peak production from *Silver Heights* was 345 boe/d in January 2023. Due to limited sustaining capital, production has declined. Basic workovers are required to increase production.

Operating income net to CLEO from *Silver Heights* for the first half of 2024 was approximately \$197,600 per month.

Production at *Silver Heights*, has been greatly impacted. In the fourth quarter of 2024, 75 bbl/d of oil production was curtailed due to a natural gas conservation requirement. The property was fully shut-in from December 8, 2024 to January 14, 2025 due to an electrical cable theft. The process of restoring the production has begun and the field is currently producing approximately 118 bbl/d of oil. It is expected that the production will be restored back to its original rate prior to the end of the first quarter of 2025.

The Company has a vertical Ellerslie proved undeveloped drilling location booked in the Deloitte Report at 12-039-10W4 and an additional five internally identified unbooked vertical locations. These locations are low cost, (estimated at \$600,000 per well). Offsetting analogs have been assigned total proved plus probable reserves of 50,000 barrels of oil per well.

Glauconitic recompletion candidates provide additional upside at *Silver Heights*. The Company has identified a large number of reactivation opportunities including the opportunity to reconfigure pressure support for the reservoir and increase production through expanded water handling.

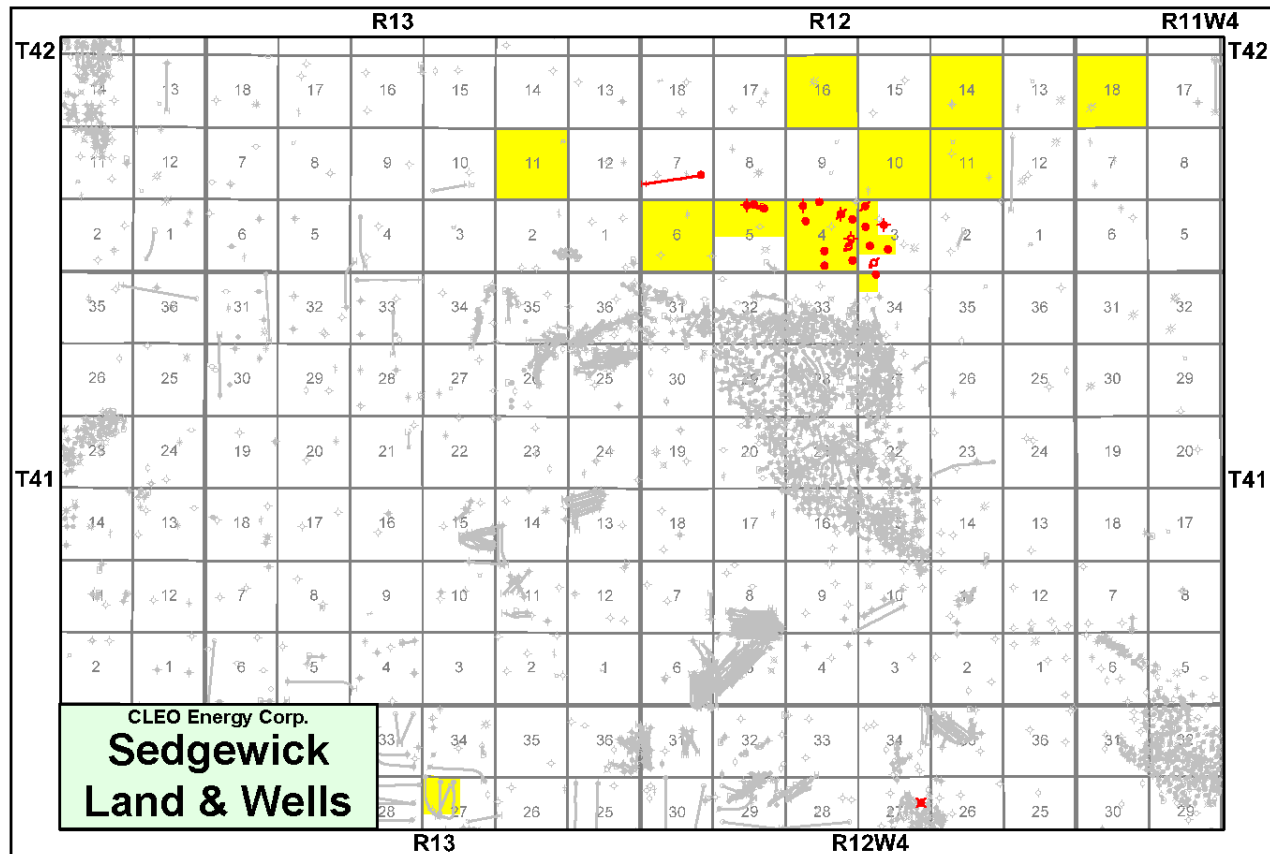


Sedgewick Property

Township 40-42, Range 11-13 W4

At *Sedgewick*, CLEO holds a 100% working interest in approximately nine sections of land. Production at *Sedgewick* is primarily 28° API oil from the Ellerslie Formation.

Average daily production net to CLEO from *Sedgewick* for the first half of 2024 was approximately 61 boe/d, consisting of 53 bbl/d oil and natural gas liquids and 48 Mcf/d of natural gas. Current production net to CLEO from *Sedgewick* is approximately 35 boe/d, consisting of 25 bbl/d of oil and 61 Mcf/d of natural gas.



The Company believes the 15-05-042-12W4 pad has significant value and significant production potential, but will require a capital investment for a pipeline tie-in.

Operating income net to CLEO from *Sedgewick* for the first half of 2024 was approximately \$54,300 per month.

The Company has identified 14 locations, including eight in the Upper Ellerslie and six Lower Ellerslie. Three of the six Lower Ellerslie horizontal locations are booked in the Deloitte Report.

The Company recently recompleted the two wells in the Glauconitic Sandstone Formation with positive results.

CLEO has existing infrastructure with clean oil currently trucked to the 16-04-042-12W4 battery.

Upside potential exists to recomplete and commingle Glauconitic sand with existing Mannville oil producers. The Upper Ellerslie has porosity of 18% to 30% and water saturation of 17% to 50%. The Lower Ellerslie has porosity of 23% to 28%.



Alliance Property

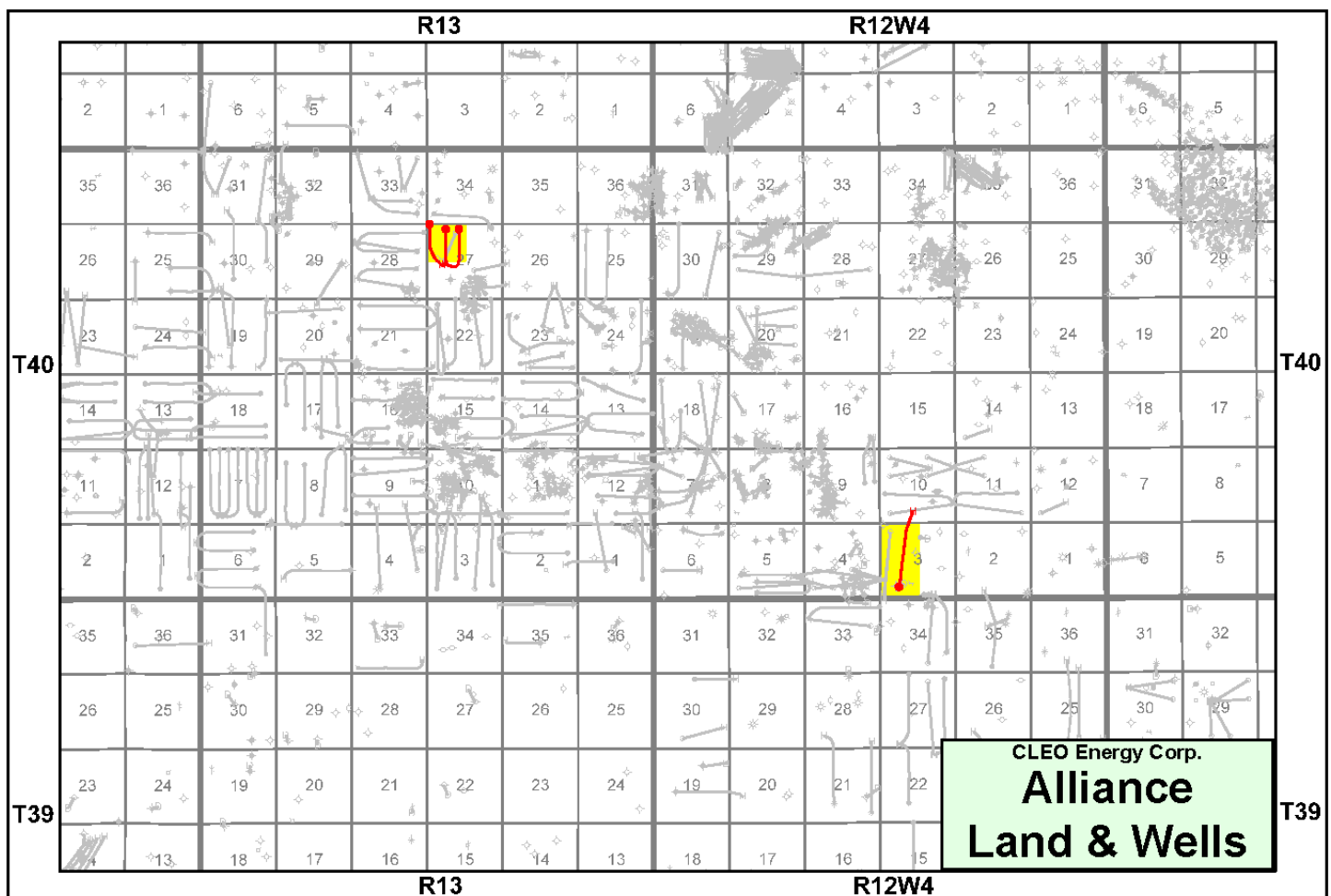
Township 40, Range 12-13 W4

At *Alliance*, CLEO holds a 100% working interest in three quarter sections of land. The Company has stable, low-decline oil production from the Viking Formation. CLEO also has one horizontal drilling location booked in the Deloitte Report on Section 04-03-040-12W4 targeting the same Viking pool.

Average daily production net to CLEO from the *Alliance* property for the first half of 2024 was approximately 15 barrels of oil per day.

Operating income net to CLEO from *Alliance* for the first half of 2024 was approximately \$24,900 per month.

At *Alliance*, the Viking reservoir is comprised of sandstone within coarsening-upwards cycles from shale to sandstone. The sediments were deposited in the Late Cretaceous period in a shoreface environment.





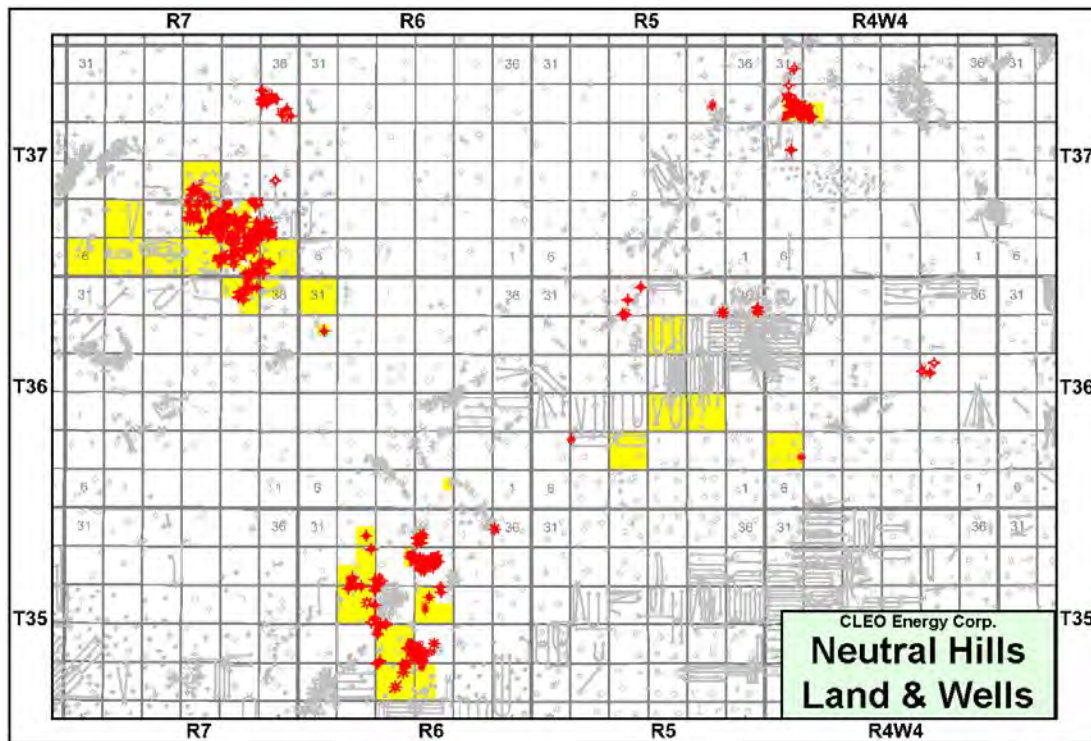
Neutral Hills Property

Township 35-37, Range 4-7 W4

At *Neutral Hills*, CLEO holds primarily a 100% working interest in certain lands and wells located in the north block.

CLEO also holds a 50% working interest operated by **Prairie Provident Resources Inc.** in the south block, and other minor non-operated working interests. *Neutral Hills South* has been shut-in since December 2023.

Production at *Neutral Hills* is primarily oil from the Dina Formation.



Average daily production net to CLEO from *Neutral Hills* for the first half of 2024 was approximately 54 boe/d, consisting of 51 bbl/d oil and natural gas liquids and 16 Mcf/d of natural gas. The Company has identified 25 bbl/d of oil to be brought back on production as soon as possible and an additional 50 bbl/d to be brought back on with an estimated cost of approximately \$300,000.

Current production net to CLEO from *Neutral Hills* is approximately 90 boe/d. In 2024, CLEO spent upwards of \$500,000 on pipeline repairs and recompletions to restore approximately 85 bbl/d of oil production that was down due to a pipeline break. With the pipeline repairs, the field has long lasting pipeline integrity. CLEO has identified drilling upside in the Rex, Dina and Cummings formations, with five locations booked in the Deloitte Report. CLEO has also identified three unbooked Rex multi-laterals and two Dina horizontal wells and an additional 23 internally identified unbooked Dina locations. CLEO's booked inventory at *Neutral Hills* is the only property where it has booked multilateral wells.

Operating income net to CLEO from *Neutral Hills* for the first half of 2024 was approximately (\$80,100) per month. *Neutral Hills* had a major pipeline upgrade and reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month. Minor workovers will immediately bring on an additional 50 bbl/d of oil.

The Company has also identified numerous Cummings recompletion opportunities at *Neutral Hills*, as well as a potential opportunity for reduction in operating expenses through power generation.





Shorncliffe Property

Township 40, Range 7-8 W4

At *Shorncliffe*, CLEO holds largely a 100% working interest in 4.75 sections of land, as well as a 25% non-operated working interest.

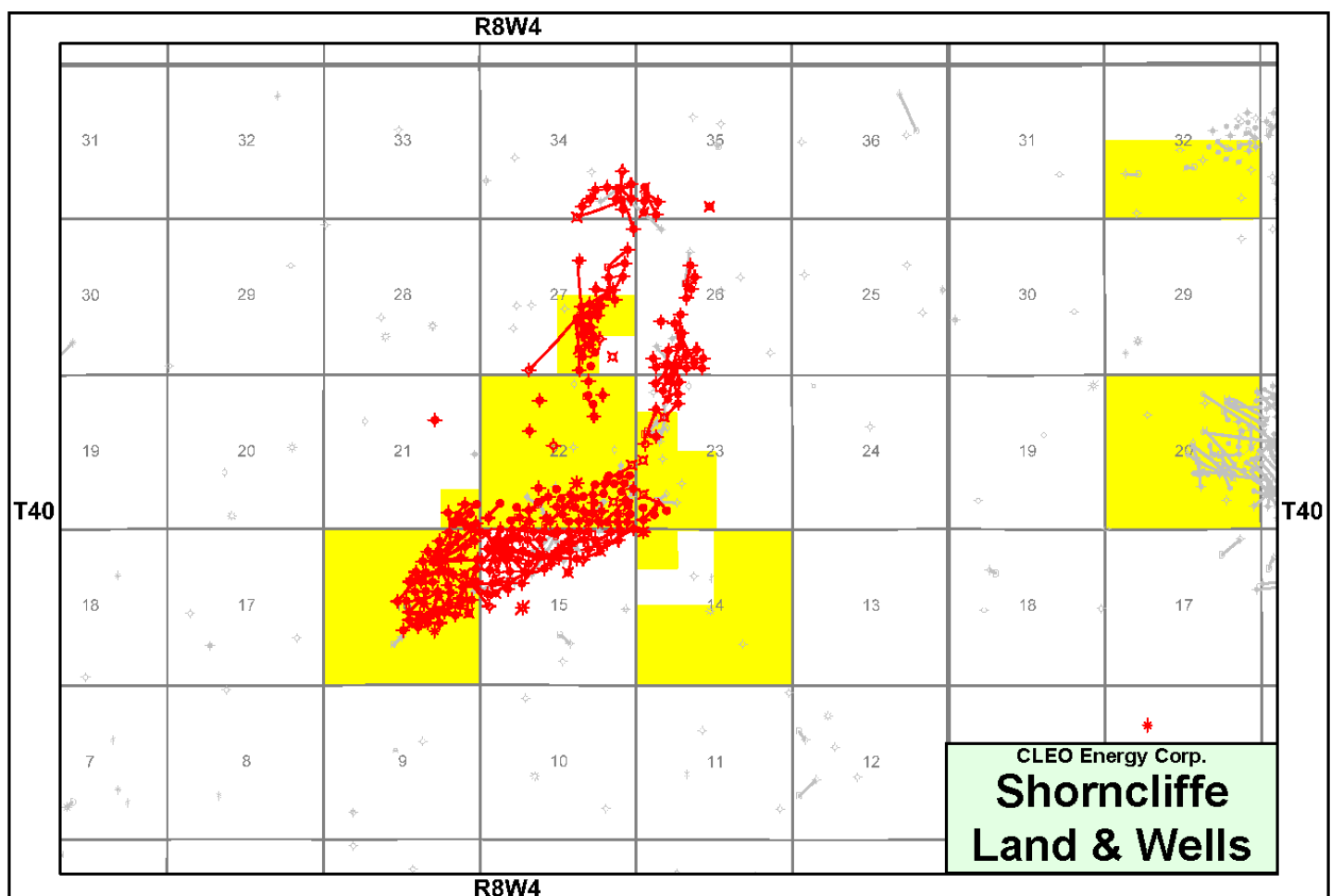
The Company also has an interest in certain non-operated wells which are operated by **Harvest Operations Corp.** Production at *Shorncliffe* is primarily 20° API oil from the Ellerslie, Glauconitic Sandstone and Basal Quartz formations.

Average daily production net to CLEO from *Shorncliffe* for the first half of 2024 was approximately 135 bbl/d oil. Current production net to CLEO from *Shorncliffe* is approximately 95 bbl/d of oil.

Operating income net to CLEO from *Shorncliffe* for the first half of 2024 was approximately \$18,100 per month. *Shorncliffe* had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

The *Shorncliffe* property is the location of the Company's main field office. The property has two producing fields which are connected to a central battery which is pipeline connected to **Inter Pipeline Ltd.**

CLEO believes that additional water handling and conversion to a new water injection well could support an increase in overall production levels.





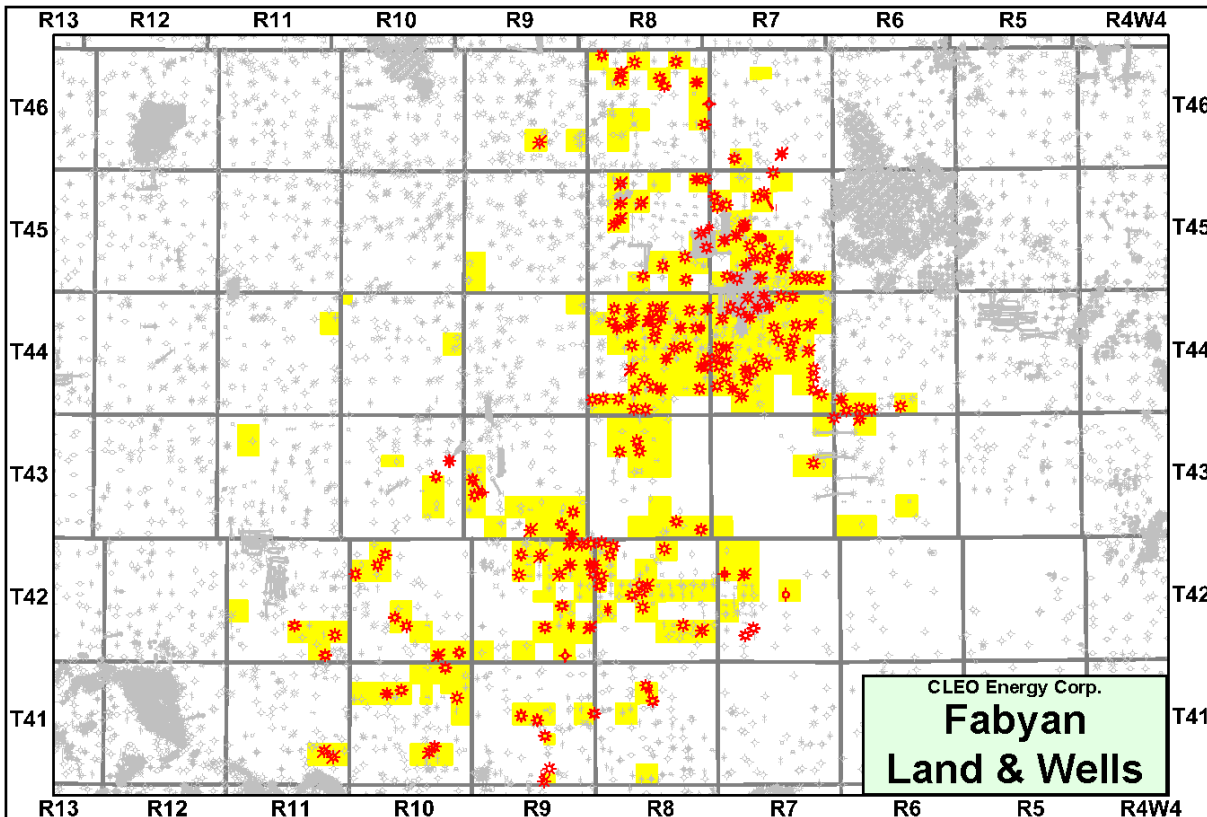
Fabyan Property

Township 41-46, Range 6-11 W4

At *Fabyan*, CLEO holds largely a 100% working interest in approximately 120 sections of land. Production at *Fabyan* is primarily shallow natural gas from the Viking Formation.

Current production from *Fabyan* is shut-in.

The Company believes the 100/11-10-045-07W4/3 Sparky and Colony well at *Fabyan* is generating approximately \$250,000 per year in net operating income. There is also potential for low-risk for multilateral development.



Average daily production net to CLEO from *Fabyan* for the first half of 2024 was approximately 345 boe/d, consisting of 1,978 Mcf/d of natural gas and 15 bbl/d oil and natural gas liquids.

Operating income net to CLEO from *Fabyan* for the first half of 2024 was approximately (\$184,600) per month.

CLEO believes there is potential for future power generation or Bitcoin mining at *Fabyan*.

CLEO controls all of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The area has significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

Further details relating to CLEO's pipeline infrastructure will be available in the virtual data room for parties that execute a confidentiality agreement.

The Company recognizes there are a significant number of abandoned wells, however; a large amount of the liabilities at *Fabyan* are associated to reclamation only.





Enchant/Taber Property

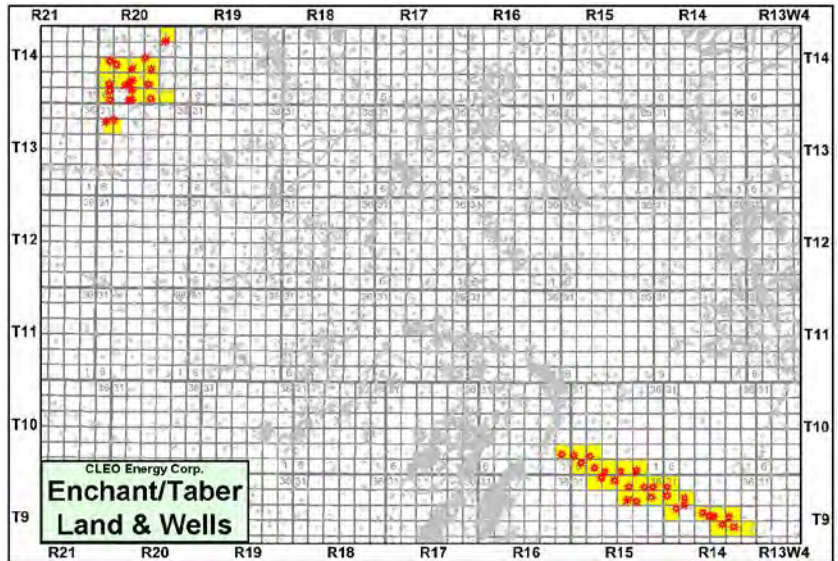
Township 9-14, Range 14-20 W4

At *Enchant/Taber*, CLEO holds largely a 99.7% working interest in approximately 36 sections of land. Production at *Enchant* consists of stable, low-decline natural gas.

CLEO currently has a Bitcoin mining operation at *Enchant*.

Average daily production net to CLEO from *Enchant* for the first half of 2024 was approximately 20 boe/d, consisting of 121 Mcf/d of natural gas.

The *Taber* property is currently shut-in.



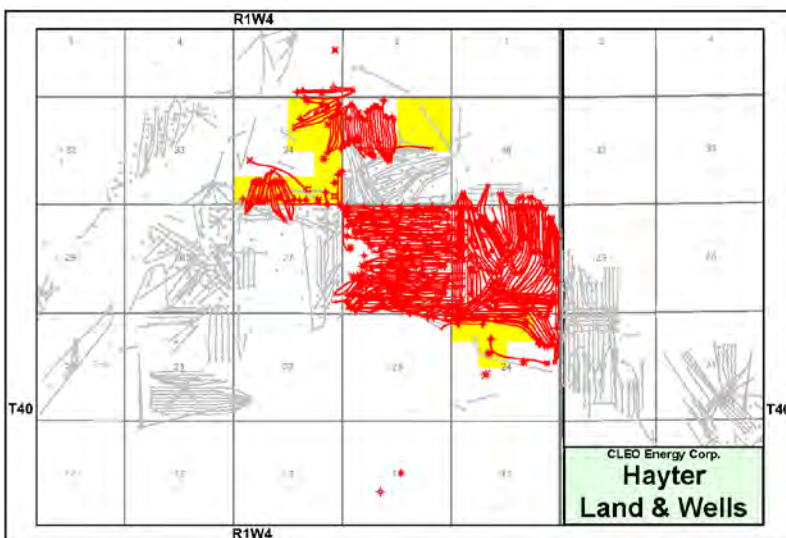
Average daily production net to CLEO from *Taber* for the first half of 2024 was approximately 56 boe/d, consisting of 335 Mcf/d of natural gas.

Operating income net to CLEO from *Enchant* for the first half of 2024 was approximately (\$6,200) per month.

Operating income net to CLEO from *Taber* for the first half of 2024 was approximately (\$15,000) per month.

Hayter Property

Township 40-41, Range 1 W4



At *Hayter*, CLEO holds primarily minor non-operated working interests in approximately one section of land. Production at *Hayter* is operated by **Harvest Operations Corp.** and **Rife Resources Ltd.**

Average daily production net to CLEO from *Hayter* for the first half of 2024 was approximately 6 boe/d, consisting of 5 bbl/d oil and 3 Mcf/d of natural gas. There is currently no production net to CLEO from *Hayter*.

Operating income net to CLEO from *Hayter* for the first half of 2024 was approximately (\$28,300) per month.

Atlee and Kessler Properties

The Company also has interests in the *Atlee* and *Kessler* areas of Alberta, which are currently in the process of being reclaimed.

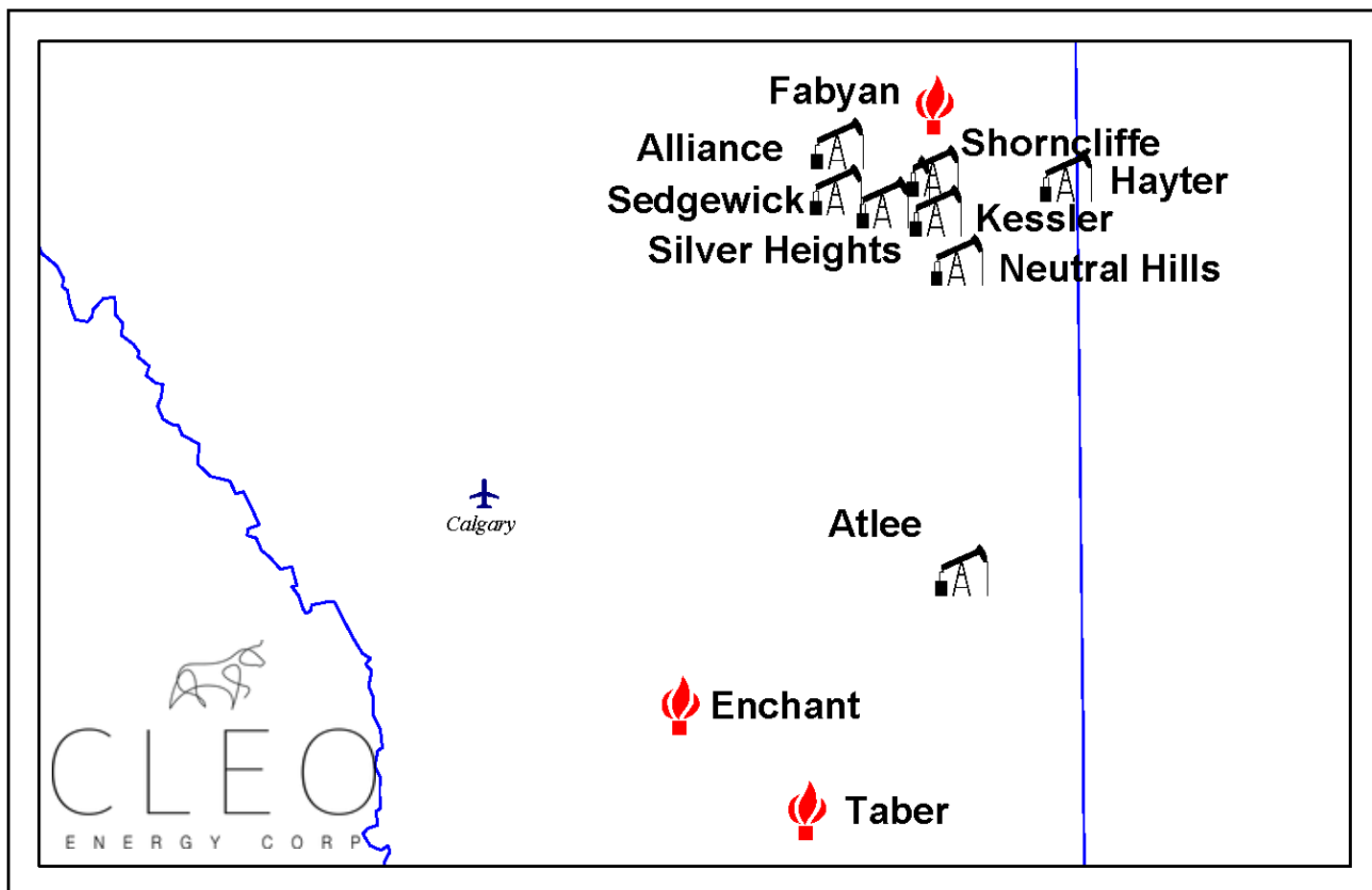




BID DEADLINE: 12:00 pm February 27, 2025

Insolvency Sale

CLEO Energy Corp. Insolvency Sale Winter 2025



CONTACT

Parties wishing to receive access to the confidential information with detailed information relating to this opportunity should execute the Confidentiality Agreement which is available on Sayer Energy Advisors' website (www.sayeradvisors.com) and return one copy to Sayer Energy Advisors by courier, email (tpavic@sayeradvisors.com) or fax (403.266.4467).

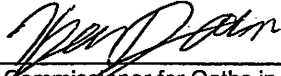
Included in the confidential information is the following: summary land information, the Deloitte Report, LMR information, most recent net operations summary, detailed facilities information and other relevant corporate, financial and technical information.

To receive further information on the Company please contact Tom Pavic, Ben Rye or Sydney Birkett at 403.266.6133.



1620, 540 – 5th Avenue SW, Calgary, Alberta Canada T2P 0M2
Tel: 403.266.6133 Fax: 403.266.4467 www.sayeradvisors.com

Exhibit "C" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025

A handwritten signature in black ink, appearing to read "Kyla Dalsin", written over a horizontal line.

A Commissioner for Oaths in and for
the Province of Alberta

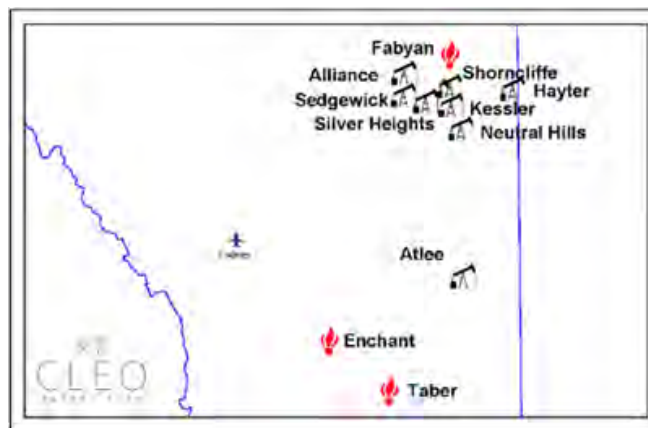
Kyla Dalsin
Student-at-Law

CLEO Energy Corp. – Insolvency Sale

January 23, 2025 7:10 AM BOE Report Staff

CLEO Energy Corp. (“CLEO” or the “Company”) has filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “BIA”) and **Alvarez & Marsal Canada Inc.** (“A&M”) is acting as Proposal Trustee of CLEO for the NOI process. A sale and solicitation process (the “SSP”) is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include but are not limited to a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture. A copy of the SSP is found on Sayer’s website at www.sayeradvisors.com.

CLEO’s oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the “Properties”).



Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas. Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes that with limited capital the current reactivation production capability is approximately 750 bbl/d of oil.

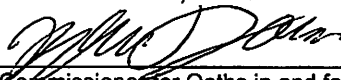
CLEO controls the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress, which is of great benefit for the future development of the Upper Mannville. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company’s pipeline infrastructure.

Summary information relating to this divestiture is attached to this correspondence. A package of more detailed confidential information will be sent to any party executing a Confidentiality Agreement (copy attached).

Offers as outlined in the SSP relating to this process will be accepted until 12:00 pm on Thursday, February 27, 2025.

For further information please feel free to contact: Ben Rye, Sydney Birkett or Tom Pavic at 403.266.6133.

Exhibit "D" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

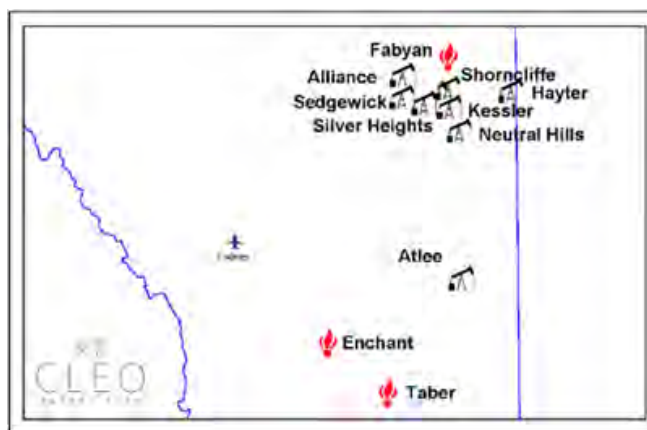
Kyla Dalsin
Student-at-Law

CLEO Energy Corp. - Insolvency Sale

[dobenergy.com/news/headlines/2025/01/23/cleo-energy-corp-insolvency-sale](https://www.dobenergy.com/news/headlines/2025/01/23/cleo-energy-corp-insolvency-sale)

CLEO Energy Corp. ("CLEO" or the "Company") has filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the "BIA") and **Alvarez & Marsal Canada Inc.** ("A&M") is acting as Proposal Trustee of CLEO for the NOI process. A sale and solicitation process (the "SSP") is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include but are not limited to a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture. A copy of the SSP is found on Sayer's website at www.sayeradvisors.com.

CLEO's oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the "Properties").



Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas. Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes that with limited capital the current reactivation production capability is approximately 750 bbl/d of oil.

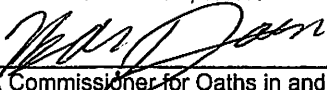
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Summary information relating to this divestiture and a package of more detailed confidential information will be sent to any party executing a Confidentiality Agreement.

Offers as outlined in the SSP relating to this process will be accepted until 12 p.m. on Thursday, February 27, 2025.

For further information please feel free to contact: Ben Rye, Sydney Birkett or Tom Pavic at 403.266.6133.

Exhibit "E" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 14 day of March, 2025.

BETWEEN:

CLEO ENERGY CORP. a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Vendor**”)

- and -

IHH Energy Corp., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Purchaser**”)

WHEREAS on December 8, 2024, Vendor filed a Notice of Intention to Make a Proposal (the “**NOI Proposal**”) under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the “**Proposal Trustee**”);

WHEREAS pursuant to an order of the Honourable Justice J.T. Neilson of the Alberta Court of King’s Bench pronounced January 22, 2025, Vendor and the Proposal Trustee were given approval to implement a SSP (as defined herein) to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions of this Agreement;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
 - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands; and

- (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Time that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;

- (b) “**AER**” means the Alberta Energy Regulator;
- (c) “**Affiliate**” means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term “control” as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (d) “**Applicable Law**” means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (e) “**Approval Order**” means an order to be granted by the Court substantially in the form of the Court of King’s Bench of Alberta’s template approval and vesting order attached to Schedule “F”, which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims other than Permitted Encumbrances to the extent and as provided for in such approval and vesting order;
- (f) “**Assets**” means the Petroleum and Natural Gas Rights at Atlee, Explicitly excluding Tangibles (e.g., wells, facilities) and any related Miscellaneous Interests.;
- (g) “**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;

- (h) **“Closing”** means the transfer of possession, beneficial ownership and risks of the Assets from Vendor to Purchaser, the exchange of Specific Conveyances and payment of the Purchase Price (as defined herein) by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (i) **“Closing Date”** means March 31, 2025, unless otherwise agreed upon in writing by the Parties;
- (j) **“Closing Place”** means the office of counsel for Vendor, or such other place as may be agreed upon in writing by the Parties;
- (k) **“Closing Time”** means 2pm (Calgary time) on the Closing Date or such other time as may be agreed upon in writing by Vendor and Purchaser;
- (l) **“Data Room Information”** means all information provided or made available to Purchaser in hard copy or electronic form in relation to Vendor and/or the Assets, including in the virtual data room provided for in the SSP;
- (m) **“Date of Filing”** means December 8, 2024;
- (n) **“Excluded Assets”** means:
 - (i) any deposit account (including deposits held with any Governmental Authority), investment account or other account in which funds are held or invested to or for the credit or account of Vendor; and
 - (ii) agreements, documents or data referred to in Section 1.1(z)(A) and (B);
- (o) **“Effective Date”** means April 1, 2025;
- (p) **“Environmental Liabilities”** means all liabilities in respect of the environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or
 - (iii) pollution or contamination of or damage to the environment;

including, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, “the environment” includes,

without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);

- (q) **“Facilities”** means Vendor’s entire interest in and to all unit facilities under any unit agreement applicable to the Leased Substances and all other field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including, without limitation, those field facilities specifically identified in Schedule “B”; For greater certainty, Facilities are excluded from the Assets under this Agreement.
- (r) **“General Conveyance”** means the general conveyance set out in Schedule “D”;
- (s) **“Governmental Authority”** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction, including the AER;
- (t) **“GST”** means the goods and services tax payable pursuant to the GST Legislation;
- (u) **“GST Legislation”** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (v) **“Lands”** means the lands included in the White Map Areas set out in Schedule “A-1”, including those lands specifically described in Schedule “A-2”, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in Schedule “A-2” and in the Title Documents as to Petroleum Substances and geological formations);
- (w) **“Leased Substances”** means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (x) **“Licence Transfers”** means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;
- (y) **“Losses”** means all losses, costs, claims, damages, expenses and liabilities which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;

- (z) **“Miscellaneous Interests”** means, subject to any and all limitations and exclusions provided for in this definition, Vendor’s entire interest in and to all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation any and all of the following:
- (i) all contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
 - (ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles;
 - (iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
 - (iv) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to proprietary seismic, geological or geophysical matters; and
 - (v) the Wells, including the wellbores and any and all casing;
- Unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (A) they pertain to Vendor’s proprietary technology; (B) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Vendor to an assignee, or (iii) they comprise Vendor’s tax and financial records, and economic evaluations, which agreements, documents or data shall be Excluded Assets; Limit to PNG Rights, excluding Tangibles-related interests.
- (aa) **“Officer’s Certificate”** means the certificate of an officer of the Purchaser or Vendor, as the context may require, set forth in Schedule “E”;
- (bb) **“Outside Date”** means April 18, 2025, or such other later date as the Parties may agree to in writing (with the prior written consent of the Proposal Trustee).
- (cc) **“Party”** means a party to this Agreement;
- (dd) **“Permitted Encumbrances”** means:
- (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule “A-2”;

- (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (vii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);
- (viii) any obligation of Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (ix) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (x) liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;

- (xiii) agreements respecting the operation of Wells by contract field operators;
- (xiv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations;
- (xv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets; and
- (xvi) all overriding royalties or similar interests in the Lands which are not capable of being vested out by the Approval Order under Applicable Law;
- (ee) **“Person”** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (ff) **“Petroleum and Natural Gas Rights”** means Vendor’s entire interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including, without limitation, the interests set out and described in Schedule “A-2”;
- (gg) **“Petroleum Substances”** means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation, sulphur;
- (hh) **“Prime Rate”** means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Royal Bank of Canada as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the “Prime Rate” shall correspondingly change effective on the date the change in such reference rate is effective;
- (ii) **“Representative”** means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (jj) **“Rights of First Refusal”** means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;
- (kk) **“Sales Taxes”** means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;
- (ll) **“SSP”** means the sale and solicitation process set forth in Schedule “G”;

- (mm) **“Specific Conveyances”** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (nn) **“Tangibles”** means Vendor’s entire interest in and to the Facilities and any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them, and any real property (other than the Lands); For greater certainty, Tangibles are excluded from the Assets under this Agreement.
- (oo) **“Third Party”** means any individual or entity other than the Proposal Trustee, Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (pp) **“this Agreement”, “herein”, “hereto”, “hereof”** and similar expressions mean and refer to this Agreement;
- (qq) **“Title Documents”** means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands; including, without limitation, those, if any, set out and described in Schedule “A-2”;
- (rr) **“Transaction”** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement;
- (ss) **“Wells”** means Vendor’s entire interest in and to all producing, shut-in, suspended, abandoned, capped, injection and disposal wells, including, without limitation, the wells listed in Schedule “B”; and For greater certainty, Wells are excluded from the Assets under this Agreement.
- (tt) **“White Map Area”** means the Province of Alberta outlined in the plat attached hereto as Schedule “A-1”.

1.2 Headings

The expressions “Article”, “section”, “subsection”, “clause”, “subclause”, “paragraph” and “Schedule” followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

There are appended to this Agreement the following schedules pertaining to the following matters:

Schedule “A-1” -	White Map Area Lands
Schedule “A-2” -	Lands and Petroleum and Natural Gas Rights
Schedule “B” -	Wells and Facilities
Schedule “C” -	Rights of First Refusal
Schedule “D” -	General Conveyance
Schedule “E” -	Form of Officer’s Certificate
Schedule “F” -	Form of Approval Order
Schedule “G” -	SSP

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All Losses in respect of which a Party has a claim pursuant to this Agreement include, without limitation, reasonable legal fees and disbursements on a solicitor and client basis.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

1.8 Interpretation if Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Currency

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor on the Closing Date, on an “as is, where is” basis, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms of this Agreement.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor’s interest in and to the Assets shall be [REDACTED] (the “**Purchase Price**”) plus applicable GST and/or Sales Taxes, minus the Deposit (as defined herein), plus or minus (as applicable) the net amount of the adjustments made pursuant to Article 7, satisfied by Purchaser as follows:

- (a) payment of the Deposit (as set forth and defined in section 2.9); and
- (b) cash in the amount of [REDACTED], payable to Vendor at Closing.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price solely to the Petroleum and Natural Gas Rights at Atlee as follows: Petroleum and Natural Gas Rights [REDACTED]; Total [REDACTED]. For greater certainty, no portion of the Purchase Price is allocated to Tangibles or Miscellaneous Interests related to Tangibles, as these are excluded from the Assets.

2.4 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account that Purchaser shall not assume any responsibility or liability for Abandonment and Reclamation Obligations, Environmental Liabilities, or any other obligations or liabilities associated with Tangibles (including, without limitation, wells and facilities) or Miscellaneous Interests excluded from the Assets. All such obligations and liabilities shall remain the sole responsibility of Vendor, and Purchaser is absolutely released from any responsibility or liability therefor.

2.5 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. The transfer and assignment of the Assets from Vendor to Purchaser shall be effective as of the Closing Time. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
 - (i) the General Conveyance in the form attached as Schedule "D", duly executed by Vendor;
 - (ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Vendor; and
 - (iii) a receipt for the Purchase Price as adjusted herein plus applicable GST and/or Sales Taxes;
 - (iv) the tax elections as contemplated by this Agreement, duly executed by Vendor; and
 - (v) a certified copy of the Approval Order.
- (b) On the Closing Date, Purchaser shall deliver to the Proposal Trustee:
 - (i) the Purchase Price, as adjusted herein plus applicable GST and/or Sales Taxes;
 - (ii) the tax elections as contemplated by this Agreement, duly executed by Purchaser;
 - (iii) the General Conveyance in the form attached as Schedule "D", duly executed by Purchaser; and
 - (iv) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Purchaser.

2.6 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor's review all Specific Conveyances at Purchaser's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.7 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

2.8 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

2.9 Deposit

The Parties acknowledge that a deposit in the amount of [REDACTED] representing fifteen percent (15%) of the Purchase Price, has been provided by Purchaser to the Proposal Trustee concurrent with the execution of this Agreement, to be held in trust in by the Proposal Trustee and released only in accordance with the provisions of this section 2.9 and the SSP (the "**Deposit**").

The Deposit shall be held in trust by the Proposal Trustee until one of the following events occur:

- (a) if Closing occurs, the Deposit shall be paid to Vendor at Closing for its own account absolutely and be applied as partial payment of the Purchase Price;
- (b) if Closing does not occur due to a breach of this Agreement by Purchaser or by failure of Purchaser to fulfill the conditions set forth in section 3.4, the Deposit shall be forfeited to Vendor for the account of Vendor absolutely; and
- (c) if Closing does not occur due to any other reason than as addressed by section 2.9(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

2.10 Damages

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Vendor as a result of Closing not occurring and that Vendor's retention thereof shall constitute liquidated damages to, and be the sole remedy of, Vendor as a result of Closing not occurring.

2.11 Taxes

(a) Joint Election

The Parties agree to make a joint successor election under section 66.7 of the *Income Tax Act* (Canada) (the "Tax Act") in respect of all of the cumulative resource tax accounts of Vendor to the extent permitted thereunder. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under the Tax Act so as to transfer such cumulative resources tax pools from Vendor to Purchaser to the maximum extent permitted under the Tax Act.

(b) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation. Their respective GST registration numbers are:

Vendor 766250922 RT0001

Purchaser 790216212 RT0001

The Parties agree to make an election under subsection 167(1) of the GST Legislation in respect of the GST payable as a result of the Transaction. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law. Purchaser shall be responsible for the payment of any amount of GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof.

(c) Sales Taxes Generally

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets or to the registration of any Specific Conveyances necessitated hereby. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. Vendor will do and

cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof.

(d) Additional Elections

The Parties agree to make such other elections (including, without limitation, with respect to GST or Sales Tax) as prudent and available to minimize taxes payable as a result of the Transaction. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law.

2.12 Whitemap Area and Schedules

- (a) The Parties acknowledge that although Vendor has prepared, and Purchaser has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include the entire interest which Vendor or any of its Affiliates owns in and to all Petroleum and Natural Gas Rights and Tangibles, and the Miscellaneous Interests relating thereto (as those terms are defined herein), which fall within the White Map Area, and such additional unscheduled Assets, if any, being the “**Unscheduled Assets**”, and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Time, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedules as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendor’s interest in such Unscheduled Assets to Purchaser.

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Required Consents

It is the sole responsibility of Purchaser to obtain, at Purchaser’s sole cost and expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances, including by applicable Governmental Authorities. It shall be the sole obligation of Purchaser, at Purchaser’s sole cost and expense, to provide any and all financial assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including, but not limited

to, the Facilities and the Wells. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing.

3.2 Mutual Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

- (a) Vendor obtaining the Approval Order;
- (b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the Transaction (other than the Approval Order), or if any such legal proceedings have been instituted, they shall have been withdrawn, settled or dismissed by final order of a court of competent jurisdiction.

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before April 18, 2025, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) the Purchaser shall have received from the Vendor the deliverables set out in section 2.5(a).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.14.

3.4 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement; and
- (d) the Proposal Trustee shall have received from the Purchaser the deliverables set out in section 2.5(b).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.14.

3.5 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

3.6 Compliance with SSP

The Parties each agree to comply with the SSP.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor

Vendor makes only the following representations to Purchaser, no claim in respect of which shall be made or be enforceable by Purchaser unless written notice of such claim, with reasonable particulars, is given by Purchaser to Vendor within a period of six (6) months following the Closing Date:

- (a) the SSP has been validly approved by the Court; and
- (b) subject to obtaining the Approval Order, Vendor has the right to enter into this Agreement and to complete the Transaction.

4.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

- (a) Purchaser is a **corporation** duly organized, validly existing under the laws of Alberta and is authorized to carry on business in Alberta in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Approval Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (e) provided the Approval Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;
- (g) Purchaser has a subsisting business associate (BA) code issued through Petrinex and has general eligibility to acquire and hold licenses or approvals for wells, facilities and pipelines under Applicable Laws administered by the AER and other applicable Governmental Authorities;
- (h) Purchaser has adequate funds available in an aggregate amount sufficient to pay:
 - (i) all amounts required to be paid by Purchaser under this Agreement; and
 - (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;

- (i) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (j) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (k) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*.

4.3 Limitation of Representations by Vendor

- (a) Subject to section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising under Applicable Law or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:
 - (i) any engineering, geological or other interpretation, descriptive or economic evaluations respecting the Assets;
 - (ii) to inspect or count, or provide any inspection or counting, of the Assets or Lands;
 - (iii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iv) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (v) the rates of production of Petroleum Substances from the Lands;
 - (vi) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (vii) the accuracy or completeness of the Teaser (as defined in the SSP), Data Room Information or any other data or information supplied by Vendor or any of its Representatives in connection with the Assets;
 - (viii) the suitability of the Assets for any purpose;

- (ix) any consents and any further documents or assurances which are necessary or desirable;
 - (x) compliance with Applicable Laws; or
 - (xi) the title and interest of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.
- (c) Except with respect to the representations and warranties in section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5

INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 5.2 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

ARTICLE 6 INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the Assets and arising or accruing after the Closing Date.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that it will acquire the Assets, consisting solely of Petroleum and Natural Gas Rights at Atlee, on an 'as is, where is' basis with respect to such rights. Purchaser acknowledges that it is familiar with the condition of the Petroleum and Natural Gas Rights included in the Assets, based on information provided by Vendor and Purchaser's due diligence, and that Vendor has provided Purchaser with a reasonable opportunity to review records pertaining to such rights at the sole cost, risk, and expense of Purchaser (insofar as Vendor could reasonably provide such access). Purchaser is not relying upon any representation or warranty of Vendor as to the condition of Tangibles (including wells and facilities) or any Environmental Liabilities or Abandonment and Reclamation Obligations related thereto, which are excluded from the Assets. Provided that Closing has occurred:

- (a) Vendor shall remain solely liable and responsible for any and all Losses which Purchaser may suffer, sustain, pay, or incur as a result of any matter or thing arising out of, resulting from, attributable to, or connected with any Environmental Liabilities or Abandonment and Reclamation Obligations related to Tangibles or Miscellaneous Interests excluded from the Assets, whether occurring or accruing prior to, on, or after the Closing Date;

(b) Purchaser shall indemnify, release, and save harmless Vendor from any and all Losses... solely to the extent arising out of Purchaser's ownership or operation of the Petroleum and Natural Gas Rights included in the Assets after the Closing Date, and not related to Tangibles, Environmental Liabilities, or Abandonment and Reclamation Obligations excluded hereunder;

(c) As between Vendor and Purchaser, Vendor shall retain sole responsibility for all Environmental Liabilities and Abandonment and Reclamation Obligations related to Tangibles (including, without limitation, wells and facilities), whether occurring or accruing prior to, on, or after the Closing Date, and Purchaser hereby releases Vendor from any claims Purchaser may have against Vendor with respect to such excluded liabilities and responsibilities.

6.3 Third Party Claims

The following procedures shall be applicable to any claim by a Party (the "**Indemnitee**") for indemnification pursuant to this Agreement from another Party (the "**Indemnitor**") in respect of any Losses in relation to a Third Party (a "**Third Party Claim**"):

- (a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within ten (10) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such ten (10) Business Day period, then such failure shall only lessen or limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;
- (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or
 - (ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;
- (d) the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed),

unless the Indemnitee waives its rights to indemnification in respect of the Third Party Claim;

- (e) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated claims as reasonably requested by it; and
- (f) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnitor, net of taxes required to be paid by the Indemnitee as a result of any such receipt.

ARTICLE 7 ADJUSTMENTS

7.1 Costs and Revenues to be Apportioned

- (a) Subject to paragraph 7.1(b) below and except as otherwise provided in this Agreement, all costs and expenses relating to the Assets (including, without limitation, maintenance, development, capital and operating costs) and all revenues relating to the Assets (including, without limitation, proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned as of the Effective Date between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, provided that:
 - (i) advances made by Vendor in respect of the costs of operations on Lands or lands pooled or unitized therewith or facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;
 - (ii) deposits made by Vendor relative to operations on the Lands shall be returned to Vendor, including security deposits posted with the AER or any other Governmental Authority;
 - (iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Article when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;
 - (iv) no adjustments shall be made in respect of Vendor's income taxes;

- (v) revenues from the sale of Petroleum Substances will be deemed to accrue when the Petroleum Substances are produced;
 - (vi) all rentals and similar payments in respect of the Leased Substances or surface rights comprised in the Assets and all taxes (other than income taxes) levied with respect to the Assets or operations in respect thereof shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date; and
 - (vii) any and all unpaid rentals and royalties which accrue to the Assets and are not a corporate debt (including without limitation, unpaid surface lease rentals, mineral lease rentals, Crown royalties and municipal taxes for surface sites) which are identified by Purchaser prior to the preparation of the interim accounting statement shall be credited to Purchaser.
- (b) Petroleum Substances which were produced, but not sold, as of the Closing Date shall be retained by Vendor and Vendor shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto. Petroleum Substances will be deemed to be sold on a first in, first out basis.

7.2 Adjustments to Account

- (a) An interim accounting of the adjustments pursuant to section 7.1 shall be made at Closing, based on Vendor's and Purchaser's good faith estimate of the costs and expenses paid by Vendor prior to Closing and the revenues received by Vendor prior to Closing. Vendor and Purchaser shall cooperate in preparing such interim accounting and Vendor shall provide a statement setting forth the adjustments to be made at Closing not later than three (3) Business Days prior to Closing and shall assist Purchaser in verifying the amounts set forth in such statement. A final accounting of the adjustments pursuant to section 7.1 shall be conducted within thirty (30) days following the Closing Date, and no further or other adjustments whatsoever will be made thereafter. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within fifteen (15) Business Days of being notified of the determination of the amount owing.
- (b) Vendor and its Representatives shall not be liable to make any adjustment in favour of, or make any payment to, Purchaser pursuant hereto in respect of any liability which relates to the period which arose prior to the Date of Filing and which will not constitute a liability to Purchaser.
- (c) All adjustments provided for in this Article shall be adjustments to the Purchase Price. An adjustment payable by a Party after Closing pursuant to this section 7.2 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus three percent (3%)

per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.

ARTICLE 8 MAINTENANCE OF ASSETS

8.1 Maintenance of Assets

From the date hereof until the Closing Date, Vendor shall, to the extent that the nature of its interest permits, and subject to the Title Documents and any other agreements and documents to which the Assets are subject:

- (a) maintain the Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date.

8.2 Consent of Purchaser

Notwithstanding section 8.1, Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$25,000.00, except in case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;
- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) amend or terminate any Title Document or enter into any new agreement or commitment relating to the Assets; or
- (d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting sales of the Leased Substances in the normal course of business.

8.3 Proposed Actions

If Vendor receives notice of a proposed operation or the exercise of any right or option respecting the Assets in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to section 8.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the “**Proposal**”):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than forty-eight (48) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor’s rights with respect to the Proposal on Purchaser’s behalf, provided that Purchaser’s failure to make such election within such period shall be deemed to be Purchaser’s election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser’s election (including, its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor’s interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendor’s representations and warranties pertaining to such Assets, notwithstanding section 5.3.

8.4 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected:

- (a) Vendor shall not initiate any operation with respect to the Assets, except upon receiving Purchaser’s written instructions, or if Vendor reasonably determines that such operation is required for the protection of life or property, in which case Vendor may take such actions as it reasonably determines are required, without Purchaser’s written instructions, and shall promptly notify Purchaser of such intention or actions and of Vendor’s estimate of the costs and expenses therewith associated;
- (b) Vendor shall forthwith deliver to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;

- (c) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and
- (d) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

8.5 Licence Transfers

Not applicable. The Assets consist solely of Petroleum and Natural Gas Rights at Atlee, excluding Tangibles such as wells and facilities. Accordingly, no transfers of permits, approvals, licences, or authorizations related to wells, facilities, or other Tangibles are required under this Agreement.

8.6 Vendor Deemed Purchaser's Agent

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 8, Vendor shall be deemed to have been Purchaser's agent hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 8 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 8, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this Article 8, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it

was done or omitted from being done in accordance with Purchaser's instructions (including any election deemed pursuant to section 8.3(b)) or concurrence.

8.7 Transfer of Operatorship

Not applicable. The Assets consist solely of Petroleum and Natural Gas Rights at Atlee, excluding Tangibles such as wells and facilities. Accordingly, no transfer of operatorship related to wells, facilities, or other Tangibles is contemplated under this Agreement.

ARTICLE 9 RIGHTS OF FIRST REFUSAL

9.1 Rights of First Refusal

- (a) Within three (3) Business Days from the date hereof, Purchaser, acting reasonably and in good faith, shall provide Vendor with its allocated values for the Assets which are subject to Rights of First Refusal as identified in Schedule "C". Prior to such allocation, Vendor shall provide Purchaser with reasonable access to the Farm Out Agreement and any other relevant Title Documents pertaining to the Assets, as requested by Purchaser., to enable Purchaser. to conduct due diligence on potential Rights of First Refusal or other obligations. Promptly after such allocations are provided to Vendor, it shall send notices to the Persons (including Purchaser, if applicable) holding such Rights of First Refusal in accordance with the terms of the Title Documents creating them, using such values provided by Purchaser. Purchaser shall be liable for and indemnify and save Vendor harmless from and against all Losses which Vendor may suffer, sustain, pay or incur as a result of utilizing any value allocations supplied by Purchaser.
- (b) If any Third Party elects to exercise any Rights of First Refusal, the portion of the Assets subject to such Rights of First Refusal (the "**Affected Asset**") shall not be sold pursuant hereto, and the definitions of "Assets", "Lands", "Leases", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Facilities", "Tangibles" and "Wells" shall not include the Affected Asset. The Purchase Price and any applicable GST and/or Sales Taxes shall be reduced accordingly with Schedule "C".

ARTICLE 10 PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

10.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets and title thereto.

10.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including, but not limited to, for purposes relating to:

- (a) Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against Vendor.

10.3 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 11 TERMINATION

11.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor (with the consent of the Proposal Trustee) and the Purchaser; or
- (b) by the Vendor (with the consent of the Proposal Trustee) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval Order is not obtained on or before the Outside Date (subject to availability of the Court); provide in each case that in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by breach of this Agreement or other actions of the Party proposing to terminate the Agreement.

11.2 Effect of Termination

If this Agreement is terminated pursuant to section 11.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any further obligations hereunder.

ARTICLE 12 GENERAL

12.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

12.2 No Merger

The covenants, representations, warranties, limitations on warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

12.3 Expenses

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses (including the fees and expenses of legal counsel, accountants and other advisors) incurred in connection with this Agreement.

12.4 Entire Agreement

- (a) The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement, and if there is any conflict or inconsistency between a term or provision of this Agreement and that of a schedule, a Specific Conveyance, the term or provision of this Agreement shall prevail.
- (b) If any term or provision of this Agreement conflicts with a term or provision of a Title Document, any Applicable Law or the SSP, the term or condition of such Title Document, the Applicable Law or the SSP shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.
- (c) This Agreement supersedes all other agreements (other than the confidentiality and nondisclosure agreement dated February 13, 2025 between Vendor and Purchaser (the "NDA") and the SSP), documents, writings and verbal understandings between

the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

12.5 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

12.6 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

12.7 Assignment and Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

12.8 Time of Essence

Time shall be of the essence in this Agreement.

12.9 Notices

The addresses of the Parties for delivery of notices hereunder shall be as follows:

Vendor - Cleo Energy Corp.
1600, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9
Attention: Chris Lewis
E-mail: clewis@cleoenergy.com

With copies to:

Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW
Calgary AB T2P 4K9
Attention: Sam Gabor / Tom Cumming
E-mail: sam.gabor@gowlingwlg.com /
tom.cumming@gowlingwlg.com

Alvarez & Marsal Canada Inc., the Proposal Trustee
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, AB T2P EH7
Attention: Orest Konowalchuk / David Williams
E-mail: okonowalchuk@alvarezandmarsal.com /
david.williams@alvarezandmarsal.com

Miller Thomson LLP
525-8th Avenue SW, 43RD Floor
Eighth Avenue Place East
Calgary, AB T2P 1G1
Attention: James Reid
Email: jwreid@millerthomson.com

Purchaser - IHH Energy Corp.
340, 715 5 Ave SW
Calgary AB T2P 2X6
Attention: Minglin LI
E-mail: minglin.li@ihhenergy.com

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by email to a Party to the email address of such Party for notices, in which case, if the notice was emailed prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was emailed and if it is emailed on a day which is not a Business Day or is emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

A Party may from time to time change its address for service, email address for service or designated representative by giving written notice of such change to the other Party.

12.10 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12.11 Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect and shall not in any way be affected or impaired.

12.12 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

12.13 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

12.14 Confidentiality and Public Announcements

In accordance with the NDA, and until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information (i) to any Governmental Authority or regulatory authority or to the public if required by Applicable Law; or (ii) in connection with obtaining the Approval Order.

12.15 Electronic Signatures

The Parties agree that all Specific Conveyances to be delivered and/or executed in connection with this Agreement and the transactions contemplated herein, except for records that create or transfer interests in land, guarantees, negotiable instruments, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act* (Alberta), as amended from time to time, (the "**Conveyance Documents**"), may be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to Closing, to the extent the Parties wish to use

Electronic Signatures, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the individuals set out in such listing and which appear on any Conveyance Documents shall be sufficient to cause such Conveyance Documents to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the Conveyance Documents and for no other purpose whatsoever.

12.16 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CLEO ENERGY CORP

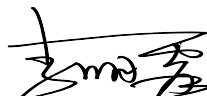
Per:



Name: Chris Lewis
Title: Authorized Signatory

IHH ENERGY CORP

Per:

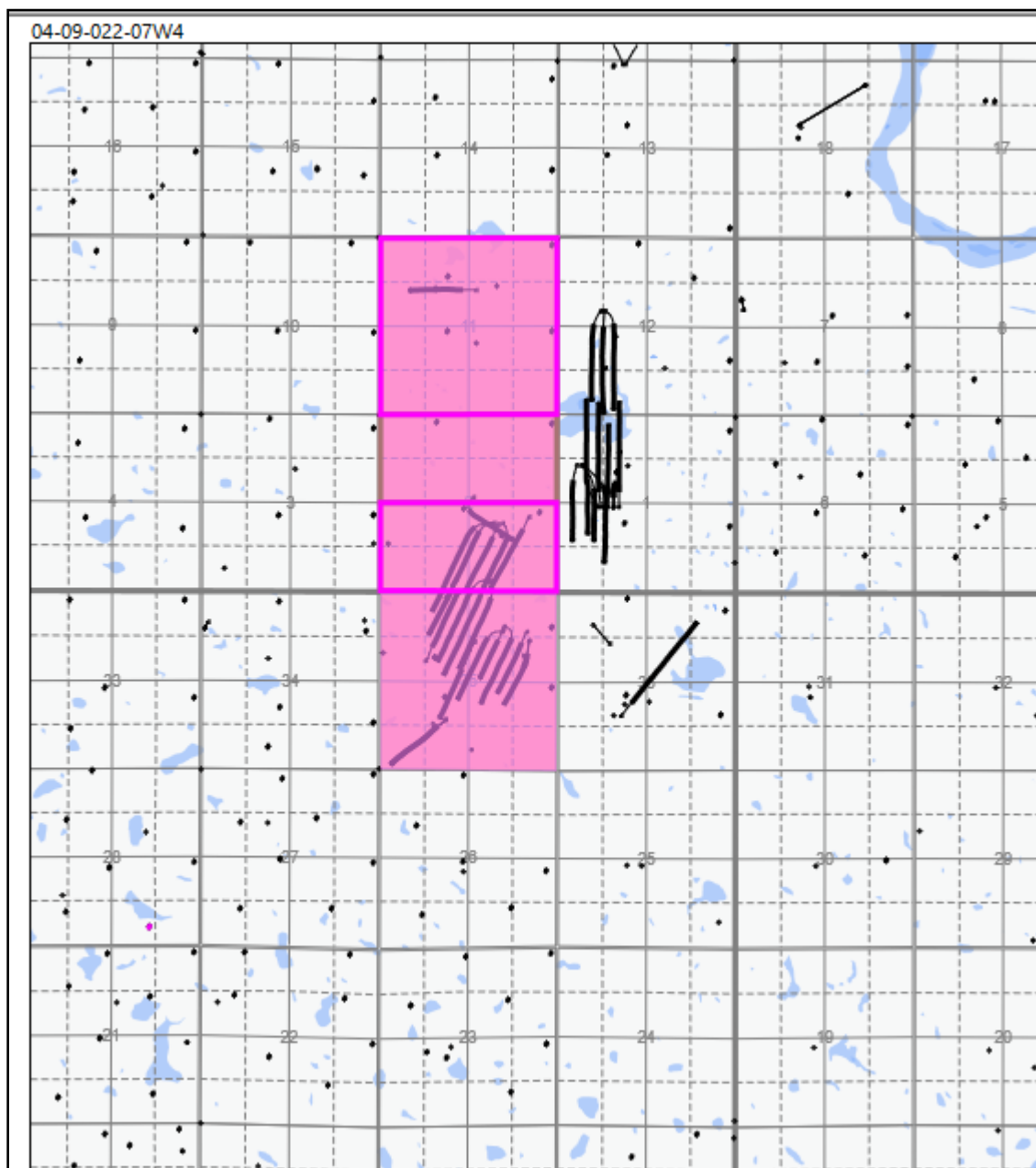


Name: Minglin Li
Title: President & CEO

[Signature Page to Purchase and Sale Agreement]

Schedule "A-1"

WHITE MAP AREA



Schedule “A-2”

LANDS AND PETROLEUM AND NATURAL GAS RIGHTS

Title Document	Lands	Petroleum and Natural Gas Rights	Conveyed Interest (%)
AB 0010000029505	T022-07W4: 2SE,SW;11	P&NG from Surface to Base of the Mannville	100
	T022-07W4: 2NE,NW	P&NG from Surface to Base of the Medicine Hat Sd	
AB 0040493090555	T021-07W4: 35	P&NG below Base of the Medicine Hat Sd to Base of the Mannville	100

Schedule “B”

WELLS AND FACILITIES

Wells

N/A

Facilities

N//A

Schedule “C”

RIGHTS OF FIRST REFUSAL



Schedule “D”

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made as of this [●] day of [●], 2025.

BETWEEN:

CLEO ENERGY CORP., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Vendor**”)

- and -

[●], a [corporation incorporated] under the laws of [●] (hereinafter referred to as “**Purchaser**”)

WHEREAS on December 8, 2024, Vendor filed Notices of Intention to Make a Proposal (the “**NOI Proposal**”) under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the “**Proposal Trustee**”);

WHEREAS pursuant to an order of the Honourable ● Justice ● of the Alberta Court of King’s Bench dated ●, Vendor and the Proposal Trustee were given approval to implement a sale and investment solicitation process (“**SSP**”) to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions contained herein;

NOW THEREFORE for the consideration provided in the Purchase Agreement and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties covenant and agree as follows:

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

“**Purchase Agreement**” means that Purchase and Sale Agreement between Vendor and Purchaser dated ●.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

6. Enurement

This General Conveyance shall be binding upon and shall enure to the benefit of each of the Parties and their respective administrators, trustees, receivers, successors and assigns.

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

CLEO ENERGY CORP.

[●]

Per: _____
Name: Chris Lewis
Title: Authorized Signatory

Per: _____
Name: ●
Title: ●

[Signature Page to the General Conveyance]

Schedule “E”

[VENDOR’S][PURCHASER’S] OFFICER’S CERTIFICATE

TO: [Name of Vendor/Purchaser] [(the “Vendor”)] [(the “Purchaser”)]

RE: Purchase and Sale Agreement dated ● between Vendor and Purchaser (the “Agreement”)

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the “Certificate”).

I, [Name], [Position] of [Name of Vendor/Purchaser] [(the “Vendor”)] [(the “Purchaser”)] hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in [his][her] capacity as an officer of [Vendor][Purchaser], with the matters hereinafter mentioned.
2. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in Article 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.
3. All obligations of [Vendor][Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.
4. This Certificate is made for and on behalf of the [Vendor][Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.
5. This Certificate is made with full knowledge that the [Vendor][Purchaser] is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ____ day of _____, •.

[Name of Vendor/Purchaser]

Per: _____

Name: ●

Title: ●

Schedule “F”

APPROVAL ORDER

COURT FILE NUMBER

COURT

COURT OF QUEEN’S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

APPROVAL AND VESTING ORDER
(Sale by Receiver)

Clerk's Stamp

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

DATE ON WHICH ORDER WAS PRONOUNCED:

LOCATION WHERE ORDER WAS PRONOUNCED:

NAME OF JUSTICE WHO MADE THIS ORDER:

UPON THE APPLICATION by [Receiver’s Name] in its capacity as the Court-appointed [receiver/receiver and manager] (the “Receiver”) of the undertakings, property and assets of [Debtor] (the “Debtor”) for an order approving the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale (the “Sale Agreement”) between the Receiver and [Name of Purchaser] (the “Purchaser”) dated [Date] and appended to the ____ Report of the Receiver dated [Date] (the “Report”), and vesting in the Purchaser (or its

nominee)² the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the Receivership Order dated [Date] (the "Receivership Order"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser [Names of other parties appearing], no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

6. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.³

APPROVAL OF TRANSACTION

7. The Transaction is hereby approved⁴ and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

² Ensure that there are no legal obstacles to the vesting of assets in a nominee (for example competition and anti-trust law). Should land be transferred and vested in a nominee, the Registrar of Land Titles requires the Purchaser to complete a Certificate of Nomination (which needs to be signed under seal if the Purchaser is a corporation. If the Purchaser is an individual, the signature needs to be witnessed with an affidavit of execution completed.)

³ Ensure that the application and supporting materials are served on all affected parties including those whose interests will be vested off.

⁴ In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding. If supported by evidence, the following sentence could be added at the beginning of paragraph 2: "The Transaction and Sale Agreement are commercially reasonable and in the best interest of the Debtor and its stakeholders."

VESTING OF PROPERTY

8. [Subject only to approval by the Alberta Energy Regulator (“Energy Regulator”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta)]⁵ upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “Receiver’s Closing Certificate”), all of the Debtor’s right, title and interest in and to the Purchased Assets [listed in **Schedule “B”**⁶ hereto] shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “Claims”)⁷ including, without limiting the generality of the foregoing:
- (a) any encumbrances or charges created by the Receivership Order;
 - (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
 - (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and

⁵ This bracketed clause, paragraph 4(b) and the bracketed words at the end of paragraph 6 are included when the Purchased Assets include mineral interests in land.

⁶ To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule B.

⁷ The “Claims” being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims may, in some cases, continue as against the net proceeds from sale of the claimed assets. In other cases, the ownership claimant may object to its ownership interest being vested out of the claimed assets. For example, it not clear that vesting orders can vest out overriding royalties or restrictive covenants which are interests in land. (In *Third Eye Capital Corp. v Dianor Resources Inc.*, 2018 ONCA 253 at paragraphs 108-130 the Ont. C.A. requested further argument regarding whether an overriding royalty which is an interest in land may nevertheless be vested out.) Similarly, other claimed rights, titles or interests may potentially be vested out if the Court is advised what rights are being affected and the affected persons are served. The Committee agrees with the view of the Ontario Committee that a non-specific vesting out of “rights, titles and interests” is vague and therefore undesirable.

- (d) those Claims listed in Schedule “C” hereto (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule “D” (collectively, “Permitted Encumbrances”))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

- 9. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “Governmental Authorities”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a)⁸ the Registrar of Land Titles (“Land Titles Registrar”) for the lands defined below shall and is hereby authorized, requested and directed to forthwith:

- (i) cancel existing Certificates of Title No. * for those lands and premises municipally described as *, and legally described as:

*
(the “Lands”)

- (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule “D”, to this Order, and to issue and register against the New

⁸ Paragraph 4(a) is included when the Purchased Assets include titled lands.

Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule “D”; and

- (iv) discharge and expunge the Encumbrances listed in Schedule “C” to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;
- (b)⁹ Alberta Energy (“Energy Ministry”) shall and is hereby authorized, requested and directed to forthwith:
 - (v) cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
 - (vi) transfer all Crown leases listed in Schedule “E” to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
- (c) the Registrar of the Alberta Personal Property Registry (the “PPR Registrar”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

10. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms

⁹ Paragraph 4(b) is included when the Purchased Assets include mineral interests in land.

of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

11. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, [other than any required approval by the Energy Regulator referenced in paragraph 3 above.]¹⁰
12. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
13. For the purposes of determining the nature and priority of Claims, net proceeds¹¹ from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having

¹⁰ The bracketed words in this paragraph are included when the Purchased Assets include mineral interests in land.

¹¹ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

14. Except as expressly provided for in the Sale Agreement or by section 5 of the *Alberta Employment Standards Code*, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.¹²
15. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).¹³
16. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.

¹² Successor employer liability is governed by section 5 of the *Employment Standards Code*, RSA 2000 c. E-9 as amended. Inclusion of the words "or by statute" in paragraph 9 ensures that paragraph 9 does not purport to abrogate statutory successor employee liability.

¹³ Not all sale agreements require, nor do the terms of the Debtor's possession of human resources and payroll information always permit, disclosure and transfer of such information to the Purchaser. If disclosure and transfer of such information to the Purchaser is not required or permitted, then Section 10 of this Order should be deleted.

17. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.¹⁴
18. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
19. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

20. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it

¹⁴ The terms of the Permitted Encumbrance and Sale Agreement should be reviewed to determine whether an encumbrance also constitutes a charge against other assets not being sold (in addition to the Purchased Assets.) In that circumstance, absent agreement of the encumbrancer to the contrary, the Debtor may not be fully discharged so the encumbrancer does not lose its charge over the other assets it holds as security. Do not add the words "or the Debtor" to the end of paragraph 12 if an encumbrancer's claim against the Debtor should be reserved.

constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

21. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
22. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
23. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at: *and service on any other person is hereby dispensed with.

24. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

Schedule “A”

Form of Receiver’s Certificate

COURT FILE NUMBER

COURT

COURT OF QUEEN’S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

Clerk's Stamp

RECEIVER’S CERTIFICATE

ADDRESS FOR SERVICE
AND
CONTACT INFORMATION
OF
PARTY FILING THIS
DOCUMENT

RECITALS

- A. Pursuant to an Order of the Honourable Justice **[Name]** of the Court of Queen’s Bench of Alberta, Judicial District of _____ (the “Court”) dated **[Date of Order]**, **[Name of Receiver]** was appointed as the receiver (the “Receiver”) of the undertakings, property and assets of **[Debtor]** (the “Debtor”).
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the “Sale Agreement”) between the Receiver and **[Name of Purchaser]** (the “Purchaser”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in

section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

**[Name of Receiver], in its capacity
as Receiver of the undertakings,
property and assets of [Debtor],
and not in its personal capacity.**

Per;_____

—

Name:

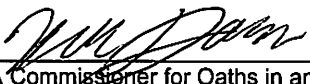
Title:

Schedule “G”

SSP

[●]

Exhibit "F" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 14th day of March, 2025.

BETWEEN:

CLEO ENERGY CORP. a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Vendor**”)

- and -

NUOVA STRADA VENTURES LTD, a [corporation incorporated] under the laws of Alberta (hereinafter referred to as “**Purchaser**”)

WHEREAS on December 8, 2024, Vendor filed a Notice of Intention to Make a Proposal (the “**NOI Proposal**”) under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the “**Proposal Trustee**”);

WHEREAS pursuant to an order of the Honourable Justice J.T. Neilson of the Alberta Court of King’s Bench pronounced January 22, 2025, Vendor and the Proposal Trustee were given approval to implement a SSP (as defined herein) to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions of this Agreement;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
 - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands; and

- (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Time that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;

- (b) “**AER**” means the Alberta Energy Regulator;
- (c) “**Affiliate**” means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term “control” as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (d) “**Applicable Law**” means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (e) “**Approval Order**” means an order to be granted by the Court substantially in the form of the Court of King’s Bench of Alberta’s template approval and vesting order attached to Schedule “F”, which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims other than Permitted Encumbrances to the extent and as provided for in such approval and vesting order;
- (f) “**Assets**” means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, and specifically excludes all Excluded Assets;
- (g) “**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;

- (h) **"Closing"** means the transfer of possession, beneficial ownership and risks of the Assets from Vendor to Purchaser, the exchange of Specific Conveyances and payment of the Purchase Price (as defined herein) by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (i) **"Closing Date"** means April 2, 2025, unless otherwise agreed upon in writing by the Parties;
- (j) **"Closing Place"** means the office of counsel for Vendor, or such other place as may be agreed upon in writing by the Parties;
- (k) **"Closing Time"** means 14:00 (Calgary time) on the Closing Date or such other time as may be agreed upon in writing by Vendor and Purchaser;
- (l) **"Data Room Information"** means all information provided or made available to Purchaser in hard copy or electronic form in relation to Vendor and/or the Assets, including in the virtual data room provided for in the SSP;
- (m) **"Date of Filing"** means December 8, 2024;
- (n) **"Excluded Assets"** means:
 - (i) any deposit account (including deposits held with any Governmental Authority), investment account or other account in which funds are held or invested to or for the credit or account of Vendor; and
 - (ii) agreements, documents or data referred to in Section 1.1(z)(A) and (B);
- (o) **"Effective Date"** means March 1, 2025;
- (p) **"Environmental Liabilities"** means all liabilities in respect of the environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or
 - (iii) pollution or contamination of or damage to the environment;

including, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, "the environment" includes,

without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);

- (q) **“Facilities”** means Vendor’s entire interest in and to all unit facilities under any unit agreement applicable to the Leased Substances and all other field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including, without limitation, those field facilities specifically identified in Schedule “B”;
- (r) **“General Conveyance”** means the general conveyance set out in Schedule “D”;
- (s) **“Governmental Authority”** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction, including the AER;
- (t) **“GST”** means the goods and services tax payable pursuant to the GST Legislation;
- (u) **“GST Legislation”** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;
- (v) **“Lands”** means the lands included in the White Map Areas set out in Schedule “A-1”, including those lands specifically described in Schedule “A-2”, and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in Schedule “A-2” and in the Title Documents as to Petroleum Substances and geological formations);
- (w) **“Leased Substances”** means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (x) **“Licence Transfers”** means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;
- (y) **“Losses”** means all losses, costs, claims, damages, expenses and liabilities which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;

- (z) **“Miscellaneous Interests”** means, subject to any and all limitations and exclusions provided for in this definition, Vendor’s entire interest in and to all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation any and all of the following:
- (i) all contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
 - (ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles;
 - (iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
 - (iv) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to proprietary seismic, geological or geophysical matters; and
 - (v) the Wells, including the wellbores and any and all casing;

Unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (A) they pertain to Vendor’s proprietary technology; (B) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Vendor to an assignee, or (iii) they comprise Vendor’s tax and financial records, and economic evaluations, which agreements, documents or data shall be Excluded Assets;

- (aa) **“Officer’s Certificate”** means the certificate of an officer of the Purchaser or Vendor, as the context may require, set forth in Schedule “E”;
- (bb) **“Outside Date”** means April 25, 2025, or such other later date as the Parties may agree to in writing (with the prior written consent of the Proposal Trustee).
- (cc) **“Party”** means a party to this Agreement;
- (dd) **“Permitted Encumbrances”** means:
- (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule “A-2”;
 - (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;

- (iii) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (vii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);
- (viii) any obligation of Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (ix) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (x) liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiii) agreements respecting the operation of Wells by contract field operators;

- (xiv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations;
- (xv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets; and
- (xvi) all overriding royalties or similar interests in the Lands which are not capable of being vested out by the Approval Order under Applicable Law;
- (ee) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (ff) **"Petroleum and Natural Gas Rights"** means Vendor's entire interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including, without limitation, the interests set out and described in Schedule "A-2";
- (gg) **"Petroleum Substances"** means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation, sulphur;
- (hh) **"Prime Rate"** means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the Royal Bank of Canada as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the "Prime Rate" shall correspondingly change effective on the date the change in such reference rate is effective;
- (ii) **"Representative"** means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (jj) **"Rights of First Refusal"** means a preferential, pre-emptive or first purchase right that becomes operative by virtue of this Agreement or the Transaction;
- (kk) **"Sales Taxes"** means all transfer, sales, excise, stamp, license, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind, and includes, but is not limited to, additions by way of penalties, interest and other amounts with respect thereto, but excludes GST;
- (ll) **"SSP"** means the sale and solicitation process set forth in Schedule "G";

- (mm) **"Specific Conveyances"** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (nn) **"Tangibles"** means Vendor's entire interest in and to the Facilities and any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them, and any real property (other than the Lands);
- (oo) **"Third Party"** means any individual or entity other than the Proposal Trustee, Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (pp) **"this Agreement", "herein", "hereto", "hereof"** and similar expressions mean and refer to this Agreement;
- (qq) **"Title Documents"** means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands; including, without limitation, those, if any, set out and described in Schedule "A-2";
- (rr) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement;
- (ss) **"Wells"** means Vendor's entire interest in and to all producing, shut-in, suspended, abandoned, capped, injection and disposal wells, including, without limitation, the wells listed in Schedule "B"; and
- (tt) **"White Map Area"** means the Province of Alberta outlined in the plat attached hereto as Schedule "A-1".

1.2 Headings

The expressions “Article”, “section”, “subsection”, “clause”, “subclause”, “paragraph” and “Schedule” followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

There are appended to this Agreement the following schedules pertaining to the following matters:

Schedule “A-1” -	White Map Area Lands
Schedule “A-2” -	Lands and Petroleum and Natural Gas Rights
Schedule “B” -	Wells and Facilities
Schedule “C” -	Rights of First Refusal
Schedule “D” -	General Conveyance
Schedule “E” -	Form of Officer’s Certificate
Schedule “F” -	Form of Approval Order
Schedule “G” -	SSP

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All Losses in respect of which a Party has a claim pursuant to this Agreement include, without limitation, reasonable legal fees and disbursements on a solicitor and client basis.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

1.8 Interpretation if Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Currency

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor on the Closing Date, on an "as is, where is" basis, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms of this Agreement.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be [REDACTED] (the "**Purchase Price**") plus applicable GST and/or Sales Taxes, minus the Deposit (as defined herein), plus or minus (as applicable) the net amount of the adjustments made pursuant to Article 7, satisfied by Purchaser as follows:

- (a) payment of the Deposit (as set forth and defined in section 2.9); and
- (b) cash in the amount of [REDACTED] payable to Vendor at Closing.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	[REDACTED]
Tangibles	[REDACTED]

Miscellaneous Interests

Total



2.4 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of Vendor of all and any responsibility or liability therefor.

2.5 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. The transfer and assignment of the Assets from Vendor to Purchaser shall be effective as of the Closing Time. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
 - (i) the General Conveyance in the form attached as Schedule "D", duly executed by Vendor;
 - (ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Vendor; and
 - (iii) a receipt for the Purchase Price as adjusted herein plus applicable GST and/or Sales Taxes;
 - (iv) the tax elections as contemplated by this Agreement, duly executed by Vendor; and
 - (v) a certified copy of the Approval Order.
- (b) On the Closing Date, Purchaser shall deliver to the Proposal Trustee:
 - (i) the Purchase Price, as adjusted herein plus applicable GST and/or Sales Taxes;
 - (ii) the tax elections as contemplated by this Agreement, duly executed by Purchaser;
 - (iii) the General Conveyance in the form attached as Schedule "D", duly executed by Purchaser; and
 - (iv) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Purchaser.

2.6 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor's review all Specific Conveyances at Purchaser's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.7 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

2.8 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

2.9 Deposit

The Parties acknowledge that a deposit in the amount of [REDACTED] representing fifteen percent (15%) of the Purchase Price, has been provided by Purchaser to Alvarez and Marsal Canada Inc. concurrent with the execution of this Agreement, to be held in trust in by the Proposal Trustee and released only in accordance with the provisions of this section 2.9 and the SSP (the "**Deposit**").

The Deposit shall be held in trust by the Proposal Trustee until one of the following events occur:

- (a) if Closing occurs, the Deposit shall be paid to Vendor at Closing for its own account absolutely and be applied as partial payment of the Purchase Price;
- (b) if Closing does not occur due to a breach of this Agreement by Purchaser or by failure of Purchaser to fulfill the conditions set forth in section 3.4, the Deposit shall be forfeited to Vendor for the account of Vendor absolutely; and
- (c) if Closing does not occur due to any other reason than as addressed by section 2.9(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

2.10 Damages

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Vendor as a result of Closing not occurring and that Vendor's retention thereof shall constitute liquidated damages to, and be the sole remedy of, Vendor as a result of Closing not occurring.

2.11 Taxes

(a) Joint Election

The Parties agree to make a joint successor election under section 66.7 of the *Income Tax Act* (Canada) (the "Tax Act") in respect of all of the cumulative resource tax accounts of Vendor to the extent permitted thereunder. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under the Tax Act so as to transfer such cumulative resources tax pools from Vendor to Purchaser to the maximum extent permitted under the Tax Act.

(b) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation. Their respective GST registration numbers are:

Vendor 766250922 RT0001

Purchaser 82398 2673 RC0001

The Parties agree to make an election under subsection 167(1) of the GST Legislation in respect of the GST payable as a result of the Transaction. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law. Purchaser shall be responsible for the payment of any amount of GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof.

(c) Sales Taxes Generally

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets or to the registration of any Specific Conveyances necessitated hereby. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority within the required time period and shall file all necessary documentation with respect to such Sales Taxes when due. Vendor will do and

cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of receipts showing payment of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof.

(d) Additional Elections

The Parties agree to make such other elections (including, without limitation, with respect to GST or Sales Tax) as prudent and available to minimize taxes payable as a result of the Transaction. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law.

2.12 Whitemap Area and Schedules

- (a) The Parties acknowledge that although Vendor has prepared, and Purchaser has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include the entire interest which Vendor or any of its Affiliates owns in and to all Petroleum and Natural Gas Rights and Tangibles, and the Miscellaneous Interests relating thereto (as those terms are defined herein), which fall within the White Map Area, and such additional unscheduled Assets, if any, being the “**Unscheduled Assets**”, and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Time, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedules as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendor’s interest in such Unscheduled Assets to Purchaser.

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Required Consents

It is the sole responsibility of Purchaser to obtain, at Purchaser’s sole cost and expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances, including by applicable Governmental Authorities. It shall be the sole obligation of Purchaser, at Purchaser’s sole cost and expense, to provide any and all financial assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including, but not limited

to, the Facilities and the Wells. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing.

3.2 Mutual Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

- (a) Vendor obtaining the Approval Order;
- (b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the Transaction (other than the Approval Order), or if any such legal proceedings have been instituted, they shall have been withdrawn, settled or dismissed by final order of a court of competent jurisdiction.

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before April 25, 2025 this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) the Purchaser shall have received from the Vendor the deliverables set out in section 2.5(a).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.14.

3.4 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement; and
- (d) the Proposal Trustee shall have received from the Purchaser the deliverables set out in section 2.5(b).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.9 and 12.14.

3.5 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

3.6 Compliance with SSP

The Parties each agree to comply with the SSP.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor

Vendor makes only the following representations to Purchaser, no claim in respect of which shall be made or be enforceable by Purchaser unless written notice of such claim, with reasonable particulars, is given by Purchaser to Vendor within a period of six (6) months following the Closing Date:

- (a) the SSP has been validly approved by the Court; and
- (b) subject to obtaining the Approval Order, Vendor has the right to enter into this Agreement and to complete the Transaction.

4.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

- (a) Purchaser is a **[corporation]** duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Approval Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (e) provided the Approval Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;
- (g) Purchaser has a subsisting business associate (BA) code issued through Petrinex and has general eligibility to acquire and hold licenses or approvals for wells, facilities and pipelines under Applicable Laws administered by the AER and other applicable Governmental Authorities;
- (h) Purchaser has adequate funds available in an aggregate amount sufficient to pay:
 - (i) all amounts required to be paid by Purchaser under this Agreement; and
 - (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;

- (i) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (j) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (k) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*.

4.3 Limitation of Representations by Vendor

- (a) Subject to section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising under Applicable Law or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:
 - (i) any engineering, geological or other interpretation, descriptive or economic evaluations respecting the Assets;
 - (ii) to inspect or count, or provide any inspection or counting, of the Assets or Lands;
 - (iii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iv) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
 - (v) the rates of production of Petroleum Substances from the Lands;
 - (vi) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (vii) the accuracy or completeness of the Teaser (as defined in the SSP), Data Room Information or any other data or information supplied by Vendor or any of its Representatives in connection with the Assets;
 - (viii) the suitability of the Assets for any purpose;

- (ix) any consents and any further documents or assurances which are necessary or desirable;
 - (x) compliance with Applicable Laws; or
 - (xi) the title and interest of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.
- (c) Except with respect to the representations and warranties in section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5

INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 5.2 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

ARTICLE 6 INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the Assets and arising or accruing after the Closing Date.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the environmental condition of the Assets is concerned, it will acquire the Assets pursuant hereto on an "as is, where is" basis. Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not relying upon any representation or warranty of Vendor as to the environmental condition of the Assets, Environmental Liabilities or Abandonment and Reclamation Obligations. Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between Vendor and Purchaser (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date), and hereby releases Vendor from any claims Purchaser may have against Vendor with respect to all such liabilities and responsibilities. Without restricting the generality of the foregoing, Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date) in respect of all Wells and Facilities.

6.3 Third Party Claims

The following procedures shall be applicable to any claim by a Party (the “**Indemnitee**”) for indemnification pursuant to this Agreement from another Party (the “**Indemnitor**”) in respect of any Losses in relation to a Third Party (a “**Third Party Claim**”):

- (a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within ten (10) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such ten (10) Business Day period, then such failure shall only lessen or limit the Indemnitee’s rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;
- (b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or
 - (ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee;
- (c) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;
- (d) the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld or delayed),

unless the Indemnatee waives its rights to indemnification in respect of the Third Party Claim;

- (e) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all claims the Indemnatee may have relating thereto. The Indemnatee shall give such further assurances and co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated claims as reasonably requested by it; and
- (f) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnatee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party, the Indemnatee shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnitor, net of taxes required to be paid by the Indemnatee as a result of any such receipt.

ARTICLE 7 ADJUSTMENTS

7.1 Costs and Revenues to be Apportioned

- (a) Subject to paragraph 7.1(b) below and except as otherwise provided in this Agreement, all costs and expenses relating to the Assets (including, without limitation, maintenance, development, capital and operating costs) and all revenues relating to the Assets (including, without limitation, proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned as of the Effective Date between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, provided that:
 - (i) advances made by Vendor in respect of the costs of operations on Lands or lands pooled or unitized therewith or facilities interests included in the Assets which have not been applied to the payment of costs prior to the Closing Date and stand to the credit of Vendor will be transferred to Purchaser and an adjustment will be made in favour of Vendor equal to the amount of the advance transferred;
 - (ii) deposits made by Vendor relative to operations on the Lands shall be returned to Vendor, including security deposits posted with the AER or any other Governmental Authority;
 - (iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Article when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;
 - (iv) no adjustments shall be made in respect of Vendor's income taxes;

- (v) revenues from the sale of Petroleum Substances will be deemed to accrue when the Petroleum Substances are produced;
 - (vi) all rentals and similar payments in respect of the Leased Substances or surface rights comprised in the Assets and all taxes (other than income taxes) levied with respect to the Assets or operations in respect thereof shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date; and
 - (vii) any and all unpaid rentals and royalties which accrue to the Assets and are not a corporate debt (including without limitation, unpaid surface lease rentals, mineral lease rentals, Crown royalties and municipal taxes for surface sites) which are identified by Purchaser prior to the preparation of the interim accounting statement shall be credited to Purchaser.
- (b) Petroleum Substances which were produced, but not sold, as of the Closing Date shall be retained by Vendor and Vendor shall be responsible for all royalties or other encumbrances thereon and all processing, treating and transportation expenses pertaining thereto. Petroleum Substances will be deemed to be sold on a first in, first out basis.

7.2 Adjustments to Account

- (a) An interim accounting of the adjustments pursuant to section 7.1 shall be made at Closing, based on Vendor's and Purchaser's good faith estimate of the costs and expenses paid by Vendor prior to Closing and the revenues received by Vendor prior to Closing. Vendor and Purchaser shall cooperate in preparing such interim accounting and Vendor shall provide a statement setting forth the adjustments to be made at Closing not later than three (3) Business Days prior to Closing and shall assist Purchaser in verifying the amounts set forth in such statement. A final accounting of the adjustments pursuant to section 7.1 shall be conducted within thirty (30) days following the Closing Date, and no further or other adjustments whatsoever will be made thereafter. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within fifteen (15) Business Days of being notified of the determination of the amount owing.
- (b) Vendor and its Representatives shall not be liable to make any adjustment in favour of, or make any payment to, Purchaser pursuant hereto in respect of any liability which relates to the period which arose prior to the Date of Filing and which will not constitute a liability to Purchaser.
- (c) All adjustments provided for in this Article shall be adjustments to the Purchase Price. An adjustment payable by a Party after Closing pursuant to this section 7.2 which is not paid within fifteen (15) Business Days of a written request for payment from the other Party, shall bear interest at the Prime Rate plus three percent (3%)

per annum payable by the paying Party to the other Party from the end of such fifteen (15) Business Day period until the adjustment is paid.

ARTICLE 8 MAINTENANCE OF ASSETS

8.1 Maintenance of Assets

From the date hereof until the Closing Date, Vendor shall, to the extent that the nature of its interest permits, and subject to the Title Documents and any other agreements and documents to which the Assets are subject:

- (a) maintain the Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date.

8.2 Consent of Purchaser

Notwithstanding section 8.1, Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$25,000.00, except in case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;
- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) amend or terminate any Title Document or enter into any new agreement or commitment relating to the Assets; or
- (d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting sales of the Leased Substances in the normal course of business.

8.3 Proposed Actions

If Vendor receives notice of a proposed operation or the exercise of any right or option respecting the Assets in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to section 8.2, the following shall

apply to such operation or the exercise of such right or option (hereinafter referred to as the **"Proposal"**):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than forty-eight (48) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser's election (including, its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.3.

8.4 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected:

- (a) Vendor shall not initiate any operation with respect to the Assets, except upon receiving Purchaser's written instructions, or if Vendor reasonably determines that such operation is required for the protection of life or property, in which case Vendor may take such actions as it reasonably determines are required, without Purchaser's written instructions, and shall promptly notify Purchaser of such intention or actions and of Vendor's estimate of the costs and expenses therewith associated;
- (b) Vendor shall forthwith deliver to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;
- (c) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that

Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and

- (d) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

8.5 Licence Transfers

- (a) To the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the applicable Governmental Authorities for Licence Transfers and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.
- (b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Vendor shall, within two (2) Business Days of such denial, correct the application and amend and re-submit the application for the Licence Transfer and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.
- (c) If, for any reason, a Governmental Authority requires a Party or its nominee to make a deposit or furnish any other form of security to approve a Licence Transfer, Purchaser shall make such deposit or furnish such other form of security as is required.

8.6 Vendor Deemed Purchaser's Agent

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 8, Vendor shall be deemed to have been Purchaser's agent hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 8 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 8, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.

- (c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this Article 8, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instructions (including any election deemed pursuant to section 8.3(b)) or concurrence.

8.7 Transfer of Operatorship

Insofar as Vendor operates any of the Assets, Purchaser acknowledges that Vendor may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

ARTICLE 9 RIGHTS OF FIRST REFUSAL

9.1 Rights of First Refusal

- (a) Within three (3) Business Days from the date hereof, Purchaser, acting reasonably and in good faith, shall provide Vendor with its allocated values for the Assets which are subject to Rights of First Refusal as identified in Schedule "C". Promptly after such allocations are provided to Vendor, it shall send notices to the Persons (including Purchaser, if applicable) holding such Rights of First Refusal in accordance with the terms of the Title Documents creating them, using such values provided by Purchaser. Purchaser shall be liable for and indemnify and save Vendor harmless from and against all Losses which Vendor may suffer, sustain, pay or incur as a result of utilizing any value allocations supplied by Purchaser.
- (b) If any Third Party elects to exercise any Rights of First Refusal, the portion of the Assets subject to such Rights of First Refusal (the "**Affected Asset**") shall not be sold pursuant hereto, and the definitions of "Assets", "Lands", "Leases", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Facilities", "Tangibles" and "Wells" shall not include the Affected Asset. The Purchase Price and any applicable GST and/or Sales Taxes shall be reduced accordingly with Schedule "C".

ARTICLE 10 PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

10.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports,

information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets and title thereto.

10.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including, but not limited to, for purposes relating to:

- (a) Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against Vendor.

10.3 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 11 TERMINATION

11.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor (with the consent of the Proposal Trustee) and the Purchaser; or
- (b) by the Vendor (with the consent of the Proposal Trustee) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval Order is not obtained on or before the Outside Date (subject to availability of the Court); provide in each case that in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by breach of this Agreement or other actions of the Party proposing to terminate the Agreement.

11.2 Effect of Termination

If this Agreement is terminated pursuant to section 11.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any further obligations hereunder.

ARTICLE 12 GENERAL

12.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

12.2 No Merger

The covenants, representations, warranties, limitations on warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

12.3 Expenses

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses (including the fees and expenses of legal counsel, accountants and other advisors) incurred in connection with this Agreement.

12.4 Entire Agreement

- (a) The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement, and if there is any conflict or inconsistency between a term or provision of this Agreement and that of a schedule, a Specific Conveyance, the term or provision of this Agreement shall prevail.
- (b) If any term or provision of this Agreement conflicts with a term or provision of a Title Document, any Applicable Law or the SSP, the term or condition of such Title Document, the Applicable Law or the SSP shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.
- (c) This Agreement supersedes all other agreements (other than the confidentiality and nondisclosure agreement dated January 23, 2025 between Vendor and Purchaser (the "NDA") and the SSP), documents, writings and verbal understandings between

the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

12.5 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

12.6 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

12.7 Assignment and Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

12.8 Time of Essence

Time shall be of the essence in this Agreement.

12.9 Notices

The addresses of the Parties for delivery of notices hereunder shall be as follows:

Vendor - Cleo Energy Corp.
1600, 421 – 14th Avenue S.W.
Calgary, AB T2P 4K9
Attention: Chris Lewis
E-mail: clewis@cleoenergy.com

With copies to:

Gowling WLG (Canada) LLP
Suite 1600, 421 14th Avenue SW
Calgary AB T2P 4K9
Attention: Sam Gabor / Tom Cumming
E-mail: sam.gabor@gowlingwlg.com /
tom.cumming@gowlingwlg.com

Alvarez & Marsal Canada Inc., the Proposal Trustee
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, AB T2P EH7

Attention: Orest Konowalchuk / David Williams
E-mail: okonowalchuk@alvarezandmarsal.com /
david.williams@alvarezandmarsal.com

Miller Thomson LLP
525-8th Avenue SW, 43RD Floor
Eighth Avenue Place East
Calgary, AB T2P 1G1
Attention: James Reid
Email: jwreid@millerthomson.com

Purchaser - Nuova Strada Ventures Ltd
1321 Colgrove Ave NE
Calgary, AB T2E 5C3
Attention: Stephany Mills
E-mail: NSVL1321@gmail.com

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by email to a Party to the email address of such Party for notices, in which case, if the notice was emailed prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was emailed and if it is emailed on a day which is not a Business Day or is emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

A Party may from time to time change its address for service, email address for service or designated representative by giving written notice of such change to the other Party.

12.10 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12.11 Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect and shall not in any way be affected or impaired.

12.12 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

12.13 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

12.14 Confidentiality and Public Announcements

In accordance with the NDA, and until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information (i) to any Governmental Authority or regulatory authority or to the public if required by Applicable Law; or (ii) in connection with obtaining the Approval Order.

12.15 Electronic Signatures

The Parties agree that all Specific Conveyances to be delivered and/or executed in connection with this Agreement and the transactions contemplated herein, except for records that create or transfer interests in land, guarantees, negotiable instruments, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act* (Alberta), as amended from time to time, (the "**Conveyance Documents**"), may be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to Closing, to the extent the Parties wish to use

Electronic Signatures, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the individuals set out in such listing and which appear on any Conveyance Documents shall be sufficient to cause such Conveyance Documents to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the Conveyance Documents and for no other purpose whatsoever.

12.16 Counterpart Execution

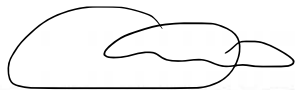
This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CLEO ENERGY CORP

Per: _____

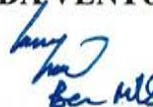


Name: Chris Lewis

Title: Authorized Signatory

NUOVA STRADA VENTURES LTD

Per: _____



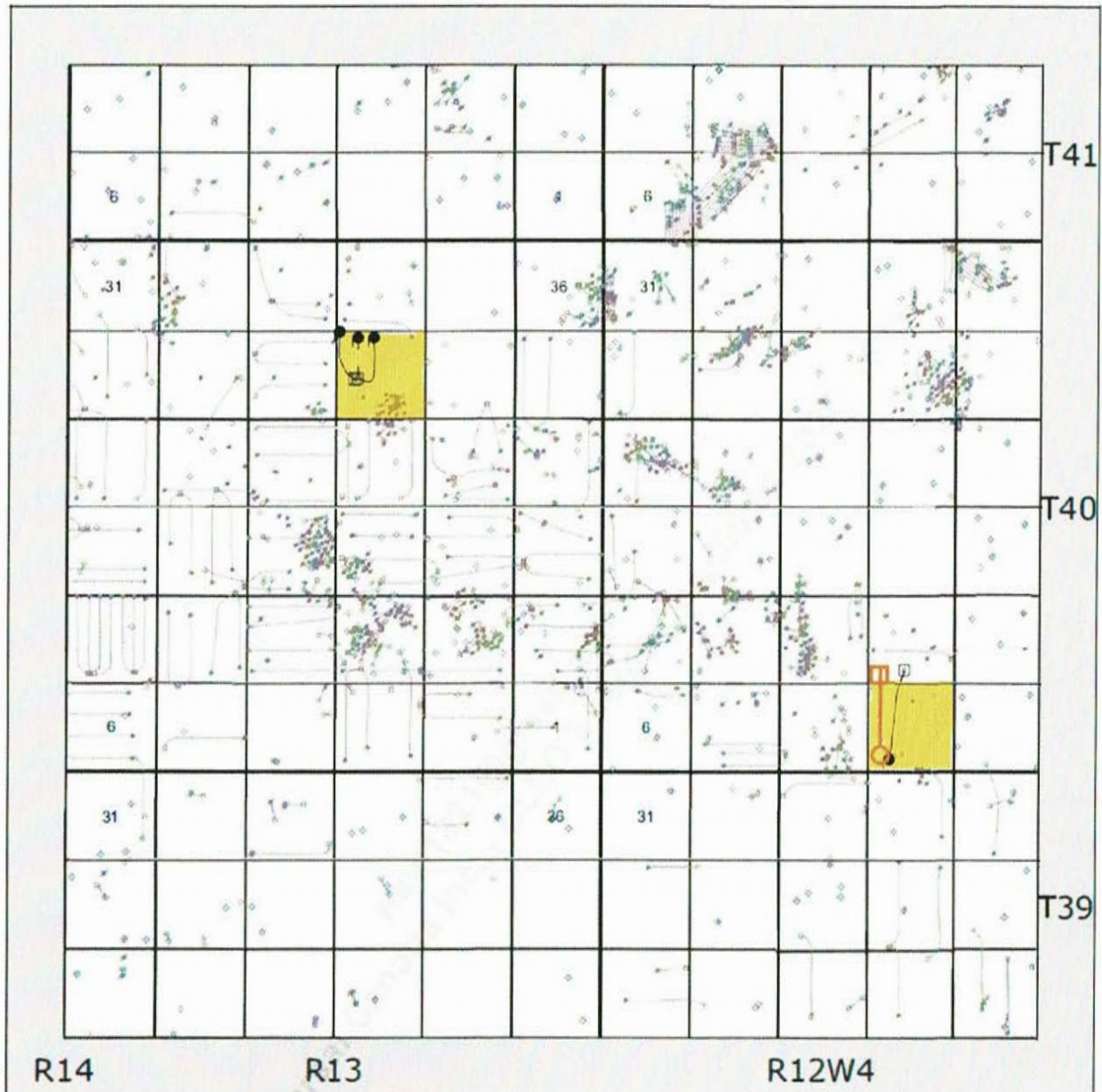
Name: Stephany Mills

Title: President

[Signature Page to Purchase and Sale Agreement]

Schedule "A-1"

WHITE MAP AREA



EXCLUDING PREVIOUSLY ABANDONED WELLS

License #	UWI	Status	Licensee
0214844	100/03-19-040-12W4/00	Abandoned	CLEO
0096894	100/09-27-040-12W4/00	Abandoned	CLEO

Schedule "A-2"

LANDS AND PETROLEUM AND NATURAL GAS RIGHTS

Company	Field	Lease No	Land Description	Zone Rights
CLEO ENERGY	HALKIRK	F0739205	040-12W4: 03	Surface tbo Base Viking
CLEO ENERGY	HALKIRK	F0740142	040-13W4: 27	Surface tbo Mannville GRP

PERMITTED ENCUMBRANCES – CURE COSTS

Surface Lease Arrears	\$19,200.00
Outstanding Property Taxes - Facility	\$11,742.20
Outstanding Property Taxes - Wells	<u>\$16,901.15</u>
Cure Costs Cap	Total \$47,843.35

NB: Nuova Strada Ventures Ltd has capped the Cure Costs at \$47,843.35

Schedule "B"

WELLS AND FACILITIES

Wells

License #	UWI	Status	Formation	CLEO WI%
0427661	102/04-03-040-12W4/00	Oil	Viking	100%
0431945	100/13-27-040-13W4/00	Oil	Viking	100%
0449124	102/13-27-040-13W4/00	Suspended Oil	Viking	100%
0467578	103/14-27-040-13W4/00	Suspended Oil	Viking	100%

Facilities

Associated facilities servicing the Schedule B wells and Lands

Pipelines

None

Schedule "C"

RIGHTS OF FIRST REFUSAL

No ROFR

Schedule "D"

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made as of this 14th day of March, 2025.

BETWEEN:

CLEO ENERGY CORP., a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Vendor**")

- and -

NUOVA STRADA VENTURES LTD, a corporation incorporated under the laws of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS on December 8, 2024, Vendor filed Notices of Intention to Make a Proposal (the "**NOI Proposal**") under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the "**Proposal Trustee**");

WHEREAS pursuant to an order of the Honourable ● Justice ● of the Alberta Court of King's Bench dated ●, Vendor and the Proposal Trustee were given approval to implement a sale and investment solicitation process ("**SSP**") to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions contained herein;

NOW THEREFORE for the consideration provided in the Purchase Agreement and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties covenant and agree as follows:

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

"**Purchase Agreement**" means that Purchase and Sale Agreement between Vendor and Purchaser dated ●.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

6. Enurement

This General Conveyance shall be binding upon and shall enure to the benefit of each of the Parties and their respective administrators, trustees, receivers, successors and assigns.

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

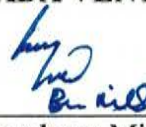
[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

CLEO ENERGY CORP.

NUOVA STRADA VENTURES LTD

Per: _____
Name: Chris Lewis
Title: Authorized Signatory

Per: _____

Name: Stephany Mills
Title: President

[Signature Page to the General Conveyance]

Schedule "E"

PURCHASER'S OFFICER'S CERTIFICATE

TO: CLEO ENERGY CORP (the "Vendor")

RE: Purchase and Sale Agreement dated March 7, 2025 between Vendor and Purchaser (the "Agreement")

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the "Certificate").

I, Stephany Mills, President of Nuova Strada Ventures Ltd (the "Purchaser") hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in her capacity as an officer of Nuova Strada Ventures Ltd, with the matters hereinafter mentioned.
2. Each of the covenants, representations and warranties of the Purchaser contained in Article 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.
3. All obligations of the Purchaser contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.
4. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.
5. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this 14th day of March 2025.

NUOVA STRADA VENTURES LTD

Per: 

Name: Stephany Mills

Title: President

Schedule "F"

APPROVAL ORDER

COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

APPROVAL AND VESTING ORDER
(Sale by Receiver)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

DATE ON WHICH ORDER WAS PRONOUNCED:

LOCATION WHERE ORDER WAS PRONOUNCED:

NAME OF JUSTICE WHO MADE THIS ORDER:

UPON THE APPLICATION by **[Receiver's Name]** in its capacity as the Court-appointed **[receiver/receiver and manager]** (the "Receiver") of the undertakings, property and assets of **[Debtor]** (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and **[Name of Purchaser]** (the "Purchaser") dated **[Date]** and appended to the ____ Report of the Receiver dated **[Date]** (the "Report"), and vesting in the Purchaser (or its

nominee)¹ the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the Receivership Order dated [Date] (the "Receivership Order"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser [Names of other parties appearing], no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

6. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.²

APPROVAL OF TRANSACTION

7. The Transaction is hereby approved³ and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

¹ Ensure that there are no legal obstacles to the vesting of assets in a nominee (for example competition and anti-trust law). Should land be transferred and vested in a nominee, the Registrar of Land Titles requires the Purchaser to complete a Certificate of Nomination (which needs to be signed under seal if the Purchaser is a corporation. If the Purchaser is an individual, the signature needs to be witnessed with an affidavit of execution completed.)

² Ensure that the application and supporting materials are served on all affected parties including those whose interests will be vested off.

³ In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding. If supported by evidence, the following sentence could be added at the beginning of paragraph 2: "The Transaction and Sale Agreement are commercially reasonable and in the best interest of the Debtor and its stakeholders."

VESTING OF PROPERTY

8. [Subject only to approval by the Alberta Energy Regulator (“Energy Regulator”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta)]⁴ upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “Receiver’s Closing Certificate”), all of the Debtor’s right, title and interest in and to the Purchased Assets [listed in **Schedule “B”**⁵ hereto] shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “Claims”)⁶ including, without limiting the generality of the foregoing:
- (a) any encumbrances or charges created by the Receivership Order;
 - (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
 - (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and

⁴ This bracketed clause, paragraph 4(b) and the bracketed words at the end of paragraph 6 are included when the Purchased Assets include mineral interests in land.

⁵ To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule B.

⁶ The “Claims” being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims may, in some cases, continue as against the net proceeds from sale of the claimed assets. In other cases, the ownership claimant may object to its ownership interest being vested out of the claimed assets. For example, it not clear that vesting orders can vest out overriding royalties or restrictive covenants which are interests in land. (In *Third Eye Capital Corp. v Dianor Resources Inc.*, 2018 ONCA 253 at paragraphs 108-130 the Ont. C.A. requested further argument regarding whether an overriding royalty which is an interest in land may nevertheless be vested out.) Similarly, other claimed rights, titles or interests may potentially be vested out if the Court is advised what rights are being affected and the affected persons are served. The Committee agrees with the view of the Ontario Committee that a non-specific vesting out of “rights, titles and interests” is vague and therefore undesirable.

- (d) those Claims listed in Schedule "C" hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "D" (collectively, "Permitted Encumbrances"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

- 9. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "Governmental Authorities") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a)⁷ the Registrar of Land Titles ("Land Titles Registrar") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:

- (i) cancel existing Certificates of Title No. * for those lands and premises municipally described as *, and legally described as:

*
(the "Lands")

- (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule "D", to this Order, and to issue and register against the New

⁷ Paragraph 4(a) is included when the Purchased Assets include titled lands.

Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "D"; and

- (iv) discharge and expunge the Encumbrances listed in Schedule "C" to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;
- (b)⁸ Alberta Energy ("Energy Ministry") shall and is hereby authorized, requested and directed to forthwith:
 - (v) cancel and discharge those Claims including builders' liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
 - (vi) transfer all Crown leases listed in Schedule "E" to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;
- (c) the Registrar of the Alberta Personal Property Registry (the "PPR Registrar") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

10. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms

⁸ Paragraph 4(b) is included when the Purchased Assets include mineral interests in land.

of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

11. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, [other than any required approval by the Energy Regulator referenced in paragraph 3 above.]⁹
12. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
13. For the purposes of determining the nature and priority of Claims, net proceeds¹⁰ from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having

⁹ The bracketed words in this paragraph are included when the Purchased Assets include mineral interests in land.

¹⁰ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

14. Except as expressly provided for in the Sale Agreement or by section 5 of the *Alberta Employment Standards Code*, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.¹¹
15. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).¹²
16. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.

¹¹ Successor employer liability is governed by section 5 of the *Employment Standards Code*, RSA 2000 c. E-9 as amended. Inclusion of the words "or by statute" in paragraph 9 ensures that paragraph 9 does not purport to abrogate statutory successor employee liability.

¹² Not all sale agreements require, nor do the terms of the Debtor's possession of human resources and payroll information always permit, disclosure and transfer of such information to the Purchaser. If disclosure and transfer of such information to the Purchaser is not required or permitted, then Section 10 of this Order should be deleted.

17. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.¹³
18. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
19. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

20. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it

¹³ The terms of the Permitted Encumbrance and Sale Agreement should be reviewed to determine whether an encumbrance also constitutes a charge against other assets not being sold (in addition to the Purchased Assets.) In that circumstance, absent agreement of the encumbrancer to the contrary, the Debtor may not be fully discharged so the encumbrancer does not lose its charge over the other assets it holds as security. Do not add the words "or the Debtor" to the end of paragraph 12 if an encumbrancer's claim against the Debtor should be reserved.

constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

21. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
22. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
23. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at: *and service on any other person is hereby dispensed with.

24. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

RECEIVER'S CERTIFICATE

ADDRESS FOR SERVICE
AND
CONTACT INFORMATION
OF
PARTY FILING THIS
DOCUMENT

RECITALS

- A. Pursuant to an Order of the Honourable Justice **[Name]** of the Court of Queen's Bench of Alberta, Judicial District of _____ (the "Court") dated **[Date of Order]**, **[Name of Receiver]** was appointed as the receiver (the "Receiver") of the undertakings, property and assets of **[Debtor]** (the "Debtor").
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the "Sale Agreement") between the Receiver and **[Name of Purchaser]** (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in

section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

**[Name of Receiver], in its capacity
as Receiver of the undertakings,
property and assets of [Debtor],
and not in its personal capacity.**

Per; _____

—

Name:

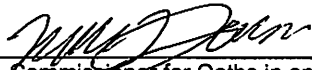
Title:

Schedule "G"

SSP

[●]

Exhibit "G" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 14th day of March, 2025.

BETWEEN:

CLEO ENERGY CORP., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Vendor**”)

- and -

SURGE ENERGY INC., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Purchaser**”)

WHEREAS on December 8, 2024, Vendor filed a Notice of Intention to Make a Proposal (the “**NOI Proposal**”) under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the “**Proposal Trustee**”);

WHEREAS pursuant to an order of the Honourable Justice J.T. Neilson of the Alberta Court of King’s Bench pronounced January 22, 2025, Vendor and the Proposal Trustee were given approval to implement a SSP (as defined herein) to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions of this Agreement;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
 - (i) abandon, shut-down, close, decommission, dismantle or remove any and all Tangibles, including all, pipelines, and other equipment directly related to the Tangibles, together with the restoration and reclamation of the lands on or in which any of the foregoing are located and any other lands used to gain access thereto; and

- (ii) restore, remediate and reclaim the surface and subsurface locations of any lands other than those lands described above and specifically relating to, or, used to gain access to, the Assets

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;

- (b) “**AER**” means the Alberta Energy Regulator;
- (c) “**Affiliate**” means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term “control” as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (d) “**Applicable Law**” means, in relation to any person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (e) “**Approval Order**” means an order to be granted by the Court substantially in the form of the Court of King’s Bench of Alberta’s template approval and vesting order attached to Schedule “F”, which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or claims other than Permitted Encumbrances to the extent and as provided for in such approval and vesting order;
- (f) “**Assets**” means the Tangibles and the Miscellaneous Interests;
- (g) “**Business Day**” means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (h) “**Closing**” means the transfer of possession, beneficial ownership and risks of the Assets from Vendor to Purchaser, the exchange of Specific Conveyances and payment of the Purchase Price (as defined herein) by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto;
- (i) “**Closing Date**” means March 31, 2025, unless otherwise agreed upon in writing by the Parties;

- (j) **“Closing Place”** means the office of counsel for Vendor, or such other place as may be agreed upon in writing by the Parties;
- (k) **“Closing Time”** means 8:00am (Calgary time) on the Closing Date or such other time as may be agreed upon in writing by Vendor and Purchaser;
- (l) **“Data Room Information”** means all information provided or made available to Purchaser in hard copy or electronic form in relation to Vendor and/or the Assets, including in the virtual data room provided for in the SSP;
- (m) **“Date of Filing”** means December 8, 2024;
- (n) **“Effective Date”** means March 31, 2025;
- (o) **“Environmental Liabilities”** means all liabilities in respect of the environment which relate to the Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:
 - (i) transportation, storage, use or disposal of toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or
 - (iii) pollution or contamination of or damage to the environment;including, without limitation, liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, “the environment” includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans);
- (p) **“General Conveyance”** means the general conveyance set out in Schedule “B”;
- (q) **“Governmental Authority”** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction, including the AER;
- (r) **“GST”** means the goods and services tax payable pursuant to the GST Legislation;
- (s) **“GST Legislation”** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder;

- (t) **“Licence Transfers”** means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations granted by any applicable Governmental Authority;
 - (u) **“Losses”** means all losses, costs, claims, damages, expenses and liabilities which a Party suffers, sustains, pays or incurs, including reasonable legal fees on a solicitor and his own client basis but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;
 - (v) **“Miscellaneous Interests”** means, subject to any and all limitations and exclusions provided for in this definition, Vendor’s entire interest in and to all property, assets, interests and rights pertaining to the Tangibles, but only to the extent that such property, assets, interests and rights pertain to the Tangibles, including without limitation any and all of the following:
 - (i) all contracts and agreements relating to the Tangibles (including the Title Documents);
 - (ii) all subsisting rights to carry out operations relating to the Tangibles, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles;
 - (iii) the Surface Rights; and
 - (iv) all records, books, documents, licences, reports and data which relate to the Tangibles;
- Unless otherwise agreed in writing by the Parties.
- (w) **“Officer’s Certificate”** means the certificate of an officer of the Purchaser or Vendor, as the context may require, set forth in Schedule “C”;
 - (x) **“Outside Date”** means April 18, 2025, or such other later date as the Parties may agree to in writing (with the prior written consent of the Proposal Trustee).
 - (y) **“Party”** means a party to this Agreement;
 - (z) **“Permitted Encumbrances”** means:
 - (i) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals to the grantor thereof to maintain the Title Documents in good standing and any other burden reserved to the grantor thereof in any of the Title Documents;
 - (ii) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;

- (iii) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (iv) any obligation of Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (v) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (vi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (aa) **“Person”** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (bb) **“Representative”** means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;
- (cc) **“SSP”** means the sale and solicitation process set forth in Schedule “E”;
- (dd) **“Specific Conveyances”** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (ee) **“Surface Rights”** means all rights to enter upon, use or occupy the surface of lands which are used or held for use in connection with the Tangibles, including rights to enter upon and occupy the surface of lands on which the Tangibles are located and rights to use the surface of lands to gain access thereto;
- (ff) **“Tangibles”** means Vendor’s entire interest in and to the pipelines specifically identified in Schedule “A”,
- (gg) **“Third Party”** means any individual or entity other than the Proposal Trustee, Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;

- (hh) **“this Agreement”, “herein”, “hereto”, “hereof”** and similar expressions mean and refer to this Agreement;
- (ii) **“Title Documents”** means, (i) all agreements relating to the ownership or operation of the Tangibles or the Surface Rights entered into in the normal course of business, including, without limitation: agreements for pipelines; operating contracts; and surface leases, pipeline easements, road use agreements and other contracts granting the Surface Rights; and (ii) all permits, licenses and approvals issued or granted by Governmental Authorities pertaining to the ownership or operation of the Tangibles.
- (jj) **“Transaction”** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement;

1.2 Headings

The expressions “Article”, “section”, “subsection”, “clause”, “subclause”, “paragraph” and “Schedule” followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

There are appended to this Agreement the following schedules pertaining to the following matters:

Schedule “A” -	Tangibles
Schedule “B” -	General Conveyance
Schedule “C” -	Form of Officer’s Certificate
Schedule “D” -	Form of Approval Order
Schedule “E” -	SSP

Such schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All Losses in respect of which a Party has a claim pursuant to this Agreement include, without limitation, reasonable legal fees and disbursements on a solicitor and client basis.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

1.8 Interpretation if Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Currency

All dollar (\$) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor on the Closing Date, on an “as is, where is” basis, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms of this Agreement.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor’s interest in and to the Assets shall be [REDACTED] (the “**Purchase Price**”).

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Tangibles	██████████
Miscellaneous Interests	██████
Total	██████████

2.4 Assumption of Abandonment and Reclamation Obligations

In determining the Purchase Price, the Parties have taken into account Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations associated with the Assets, as set forth in this Agreement, and the absolute release of Vendor of all and any responsibility or liability therefor.

2.5 Adjustments and Interest Payable

The Parties agree that there shall be no adjustments made pursuant to this Agreement.

2.6 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. The transfer and assignment of the Assets from Vendor to Purchaser shall be effective as of the Closing Time. Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

- (a) On the Closing Date, Vendor shall deliver to Purchaser:
 - (i) the General Conveyance in the form attached as Schedule "B", duly executed by Vendor;
 - (ii) the Officer's Certificate substantially in the form attached as Schedule "C", duly executed by Vendor; and
 - (iii) a receipt for the Purchase Price as adjusted herein plus applicable GST;
 - (iv) a certified copy of the Approval Order.
- (b) On the Closing Date, Purchaser shall deliver to the Proposal Trustee:
 - (i) the Purchase Price, as adjusted herein plus applicable GST;
 - (ii) the General Conveyance in the form attached as Schedule "B", duly executed by Purchaser; and

- (iii) the Officer's Certificate substantially in the form attached as Schedule "C", duly executed by Purchaser.

2.7 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. At a reasonable time prior to Closing, Purchaser shall use reasonable efforts to prepare and provide for Vendor's review all Specific Conveyances at Purchaser's own cost and expense. The Parties shall execute such Specific Conveyances at Closing. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, Purchaser shall register and/or distribute (as applicable) all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.8 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which Vendor gains possession of prior to Closing.

2.9 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by wire transfer.

2.10 Deposit

The Parties acknowledge that a deposit in the amount of [REDACTED], representing fifteen percent (15%) of the Purchase Price, has been provided by Purchaser to Alvarez and Marsal Canada Inc. concurrent with the execution of this Agreement, to be held in trust in by the Proposal Trustee and released only in accordance with the provisions of this section 2.10 and the SSP (the "**Deposit**").

The Deposit shall be held in trust by the Proposal Trustee until one of the following events occur:

- (a) if Closing occurs, the Deposit shall be paid to Vendor at Closing for its own account absolutely and be applied as partial payment of the Purchase Price;
- (b) if Closing does not occur due to a breach of this Agreement by Purchaser or by failure of Purchaser to fulfill the conditions set forth in section 3.4, the Deposit shall be forfeited to Vendor for the account of Vendor absolutely; and
- (c) if Closing does not occur due to any other reason than as addressed by section 2.10(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

2.11 GST

The Purchase Price does not include GST. At Closing, Purchaser shall also pay to Vendor by wire transfer an amount equal to the statutory rate of GST of the portion of the Purchase Price allocated to Tangibles pursuant to section 2.3 on account of the GST payable by Purchaser in respect of its purchase of the Assets pursuant hereto. Vendor shall remit such amount to the appropriate taxation authorities in accordance with the GST Legislation. Purchaser shall be responsible for the payment of any additional GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and Purchaser shall indemnify and save harmless Vendor in respect thereof. Each Party represents that its registration number for GST purposes is:

Vendor	-	766250922 RT0001
Purchaser	-	89435 5429 RT 0001

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Required Consents

It is the sole responsibility of Purchaser to obtain, at Purchaser's sole cost and expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances, including by applicable Governmental Authorities. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing.

3.2 Mutual Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

- (a) Vendor obtaining the Approval Order;
- (b) there shall not have been instituted any legal proceedings to obtain, and no court or Governmental Authority of competent jurisdiction shall have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits consummation of the Transaction (other than the Approval Order), or if any such legal proceedings have been instituted, they shall have been withdrawn, settled or dismissed by final order of a court of competent jurisdiction.

Unless otherwise agreed to by the Parties, if the conditions contained in this section 3.2 have not been performed or satisfied on or before the Outside Date, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) the Purchaser shall have received from the Vendor the deliverables set out in section 2.6(a).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may terminate this Agreement by written notice to Vendor. If Purchaser terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in section 10.14.

3.4 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects; and
- (c) all amounts to be paid by Purchaser to Vendor at Closing, including, without limitation, the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement; and
- (d) the Proposal Trustee shall have received from the Purchaser the deliverables set out in section 2.6(b).

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may terminate this Agreement by written notice to Purchaser. If Vendor terminates this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in sections 2.10 and 10.14.

3.5 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

3.6 Compliance with SSP

The Parties each agree to comply with the SSP.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor

Vendor makes only the following representations to Purchaser, no claim in respect of which shall be made or be enforceable by Purchaser unless written notice of such claim, with reasonable particulars, is given by Purchaser to Vendor within a period of six (6) months following the Closing Date:

- (a) the SSP has been validly approved by the Court; and
- (b) subject to obtaining the Approval Order, Vendor has the right to enter into this Agreement and to complete the Transaction.

4.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

- (a) Purchaser is a corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Tangibles are located;
- (b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) except for obtaining the Approval Order, the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser

is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Purchaser;

- (e) provided the Approval Order is obtained, this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor previously obtained and currently in force or to be obtained prior to or after Closing;
- (g) Purchaser has a subsisting business associate (BA) code issued through Petrinex and has general eligibility to acquire and hold licenses or approvals for pipelines under Applicable Laws administered by the AER and other applicable Governmental Authorities;
- (h) Purchaser has adequate funds available in an aggregate amount sufficient to pay:
 - (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;
- (i) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (j) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and
- (k) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*.

4.3 Limitation of Representations by Vendor

- (a) Subject to section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising under Applicable Law or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:

- (i) any engineering, geological or other interpretation, descriptive or economic evaluations respecting the Assets;
 - (ii) to inspect or count, or provide any inspection or counting, of the Assets;
 - (iii) any estimates of the value of the Assets
 - (iv) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);
 - (v) the accuracy or completeness of the Teaser (as defined in the SSP), Data Room Information or any other data or information supplied by Vendor or any of its Representatives in connection with the Assets;
 - (vi) the suitability of the Assets for any purpose;
 - (vii) any consents and any further documents or assurances which are necessary or desirable;
 - (viii) compliance with Applicable Laws; or
 - (ix) the title and interest of Vendor in and to the Assets.
- (b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.
- (c) Except with respect to the representations and warranties in section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5

INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Vendor's Indemnities for Representations and Warranties

Vendor shall be liable to Purchaser for and shall, in addition, indemnify Purchaser from and against, all Losses suffered, sustained, paid or incurred by Purchaser which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained

in section 4.1 been accurate and truthful; provided, that nothing in this section 5.1 shall be construed so as to cause Vendor to be liable to or indemnify Purchaser in connection with any representation or warranty contained in section 4.1 if and to the extent that Purchaser did not rely upon such representation or warranty.

5.2 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against, all Losses suffered, sustained, paid or incurred by Vendor which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in section 4.2 been accurate and truthful; provided, that nothing in this section 5.2 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty.

5.3 Survival of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to section 4.1 or 4.2, as the case may be. The representations and warranties in sections 4.1 and 4.2 shall be true as of the date hereof and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of six (6) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

ARTICLE 6 INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the Assets and arising or accruing after the Closing Date.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the environmental condition of the Assets is concerned, it will acquire the Assets pursuant hereto on an "as is, where is" basis. Purchaser

acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not relying upon any representation or warranty of Vendor as to the environmental condition of the Assets, Environmental Liabilities or Abandonment and Reclamation Obligations. Provided that Closing has occurred, Purchaser shall:

- (a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and
- (b) indemnify, release and save harmless Vendor from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between Vendor and Purchaser (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date), and hereby releases Vendor from any claims Purchaser may have against Vendor with respect to all such liabilities and responsibilities. Without restricting the generality of the foregoing, Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (including, without limitation, whether occurring or accruing prior to, on or after the Closing Date) in respect of all Tangibles.

ARTICLE 7 MAINTENANCE OF ASSETS

7.1 Maintenance of Assets

From the date hereof until the Closing Date, Vendor shall, to the extent that the nature of its interest permits, and subject to the Title Documents and any other agreements and documents to which the Assets are subject:

- (a) maintain the Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date.

7.2 Consent of Purchaser

Notwithstanding section 7.1, Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$25,000.00, except in

case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;

- (b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (c) amend or terminate any Title Document or enter into any new agreement or commitment relating to the Assets; or
- (d) sell, encumber or otherwise dispose of any of the Assets.

7.3 Proposed Actions

If Vendor receives notice of a proposed operation or the exercise of any right or option respecting the Assets in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to section 7.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the **“Proposal”**):

- (a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;
- (b) Purchaser shall, not later than forty-eight (48) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;
- (c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and
- (d) Purchaser's election (including, its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendor's representations and warranties pertaining to such Assets, notwithstanding section 5.3.

7.4 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected:

- (a) Vendor shall not initiate any operation with respect to the Assets, except upon receiving Purchaser's written instructions, or if Vendor reasonably determines that such operation is required for the protection of life or property, in which case Vendor may take such actions as it reasonably determines are required, without Purchaser's written instructions, and shall promptly notify Purchaser of such intention or actions and of Vendor's estimate of the costs and expenses therewith associated;
- (b) Vendor shall forthwith deliver to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall not be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;
- (c) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and
- (d) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

7.5 Licence Transfers

- (a) To the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, an application to the applicable Governmental Authorities for Licence Transfers and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.
- (b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Vendor shall, within two (2) Business Days of such denial, correct the application and amend and re-submit the

application for the Licence Transfer and Purchaser or its nominee shall, where applicable, electronically ratify and sign such application.

- (c) If, for any reason, a Governmental Authority requires a Party or its nominee to make a deposit or furnish any other form of security to approve a Licence Transfer, Purchaser shall make such deposit or furnish such other form of security as is required.

7.6 Vendor Deemed Purchaser's Agent

- (a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this Article 7, Vendor shall be deemed to have been Purchaser's agent hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this Article 7 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.
- (b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this Article 7, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this Article 7, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instructions (including any election deemed pursuant to section 7.3(b)) or concurrence.

7.7 Transfer of Operatorship

Insofar as Vendor operates any of the Assets, Purchaser acknowledges that Vendor may not be able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Vendor covenants with Purchaser that Vendor shall reasonably cooperate with Purchaser to obtain appropriate consents and approvals for the assignment and transfer to Purchaser of operatorship of those of the Assets of which Vendor is currently the operator.

ARTICLE 8

PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

8.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser

and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access) for the purpose of Purchaser's review of the Assets and title thereto.

8.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including, but not limited to, for purposes relating to:

- (a) Vendor's ownership of the Assets (including taxation matters and liabilities and claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);
- (b) enforcing its rights under this Agreement;
- (c) compliance with Applicable Law; or
- (d) any claim commenced or threatened by any Third Party against Vendor.

8.3 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 9 TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Vendor (with the consent of the Proposal Trustee) and the Purchaser; or
- (b) by the Vendor (with the consent of the Proposal Trustee) or the Purchaser upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval Order is not obtained on or before the Outside Date (subject to availability of the Court); provide in each case that in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by breach of this Agreement or other actions of the Party proposing to terminate the Agreement.

9.2 Effect of Termination

If this Agreement is terminated pursuant to section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any further obligations hereunder.

ARTICLE 10 GENERAL

10.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

10.2 No Merger

The covenants, representations, warranties, limitations on warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

10.3 Expenses

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses (including the fees and expenses of legal counsel, accountants and other advisors) incurred in connection with this Agreement.

10.4 Entire Agreement

- (a) The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement, and if there is any conflict or inconsistency between a term or provision of this Agreement and that of a schedule, a Specific Conveyance, the term or provision of this Agreement shall prevail.
- (b) If any term or provision of this Agreement conflicts with a term or provision of a Title Document, any Applicable Law or the SSP, the term or condition of such Title Document, the Applicable Law or the SSP shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.
- (c) This Agreement supersedes all other agreements (other than the confidentiality and nondisclosure agreement dated January 24, 2025 between Vendor and Purchaser (the “NDA”) and the SSP), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

10.5 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

10.6 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

10.7 Assignment and Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

10.8 Time of Essence

Time shall be of the essence in this Agreement.

10.9 Notices

The addresses of the Parties for delivery of notices hereunder shall be as follows:

Vendor - Cleo Energy Corp.
1600, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9
Attention: Chris Lewis
E-mail: clewis@cleoenergy.com

With copies to:

Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW
Calgary AB T2P 4K9
Attention: Sam Gabor / Tom Cumming
E-mail: sam.gabor@gowlingwlg.com /
tom.cumming@gowlingwlg.com

Alvarez & Marsal Canada Inc., the Proposal Trustee
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW

Calgary, AB T2P EH7

Attention: Orest Konowalchuk / David Williams

E-mail: okonowalchuk@alvarezandmarsal.com /
david.williams@alvarezandmarsal.com

Miller Thomson LLP

525-8th Avenue SW, 43RD Floor

Eighth Avenue Place East

Calgary, AB T2P 1G1

Attention: James Reid

Email: jwreid@millerthomson.com

Purchaser - Surge Energy Inc.

1200, 520 – 3rd Avenue SW

Calgary, Alberta T2P 0R3

Attention: Margaret Elekes, Sr. VP, Land & BD

Email: melekes@surgeenergy.ca

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by email to a Party to the email address of such Party for notices, in which case, if the notice was emailed prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was emailed and if it is emailed on a day which is not a Business Day or is emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

A Party may from time to time change its address for service, email address for service or designated representative by giving written notice of such change to the other Party.

10.10 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

10.11 Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect and shall not in any way be affected or impaired.

10.12 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

10.13 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

10.14 Confidentiality and Public Announcements

In accordance with the NDA, and until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information (i) to any Governmental Authority or regulatory authority or to the public if required by Applicable Law; or (ii) in connection with obtaining the Approval Order.

10.15 Electronic Signatures

The Parties agree that all Specific Conveyances to be delivered and/or executed in connection with this Agreement and the transactions contemplated herein, except for records that create or transfer interests in land, guarantees, negotiable instruments, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act* (Alberta), as amended from time to time, (the "**Conveyance Documents**"), may be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to Closing, to the extent the Parties wish to use Electronic Signatures, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the individuals set out in such listing and which appear on any Conveyance Documents shall be sufficient to cause such Conveyance Documents to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability

as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the Conveyance Documents and for no other purpose whatsoever.

10.16 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

CLEO ENERGY CORP.

Per: _____



Name: Chris Lewis
Title: Authorized Signatory

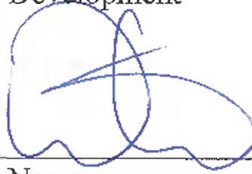
SURGE ENERGY INC.

Per: _____



Name: Margaret Elekes
Title: Senior VP, Land & Business
Development

Per: _____



Name:
Title:

Derek Christie
Senior Vice President, Exploration
Surge Energy Inc.

**SCHEDULE "A" TO A PURCHASE AND SALE AGREEMENT DATED MARCH 14, 2025
BETWEEN SURGE ENERGY INC. AND CLEO ENERGY CORP.**

Tangibles:

PIPELINE LICENSE & SEGMENT NO.	PIPELINE STATUS	CLEO'S INTEREST %	FROM LOCATION	TO LOCATION
AB PL 10131-006	Operating	100%	01-13-045-08W4	06-08-045-07W4
AB PL 10131-007	Operating	100%	10-11-045-08W4	01-13-045-08W4

Riser associated with AB PL 10131-007 located on the Cleo VIK KINS 10-11-45-8W4 Well Site and Riser Site to which a lease sharing agreement shall be entered into at Close.

**SCHEDULE “B” TO A PURCHASE AND SALE AGREEMENT DATED MARCH 14, 2025
BETWEEN SURGE ENERGY INC. AND CLEO ENERGY CORP.**

GENERAL CONVEYANCE

THIS GENERAL CONVEYANCE made as of this 31st day of March, 2025.

BETWEEN:

CLEO ENERGY CORP., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Vendor**”)

- and -

SURGE ENERGY INC., a corporation incorporated under the laws of Alberta (hereinafter referred to as “**Purchaser**”)

WHEREAS on December 8, 2024, Vendor filed Notices of Intention to Make a Proposal (the “**NOI Proposal**”) under the *Bankruptcy and Insolvency Act* (Canada), with the Office of the Superintendent of Bankruptcy Canada, wherein, Alvarez and Marsal Canada Inc. was appointed as the trustee under the NOI Proposal (the “**Proposal Trustee**”);

WHEREAS pursuant to an order of the Honourable Justice J.T. Neilson of the Alberta Court of King’s Bench pronounced January 22, 2025, Vendor and the Proposal Trustee were given approval to implement a SSP (as defined herein) to sell some or all of the assets of Vendor;

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms of the SSP and subject to and in accordance with the conditions contained herein;

NOW THEREFORE for the consideration provided in the Purchase Agreement and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties covenant and agree as follows:

1. Definitions

In this General Conveyance, including the recitals hereto, the definitions set forth in the Purchase Agreement are adopted herein by reference and, in addition:

“**Purchase Agreement**” means that Purchase and Sale Agreement between Vendor and Purchaser dated March 14, 2025.

2. Conveyance

Pursuant to and for the consideration provided for in the Purchase Agreement, Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser the entire right, title, estate and interest of Vendor in and to the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Purchase Agreement and the provisions of the Purchase Agreement shall prevail in the event of a conflict between the provisions of the Purchase Agreement and the provisions of this General Conveyance.

4. No Merger

The covenants, representations, warranties and indemnities contained in the Purchase Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall be no merger of any covenant, representation, warranty or indemnity contained in the Purchase Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

5. Governing Law

This General Conveyance shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

6. Enurement

This General Conveyance shall be binding upon and shall enure to the benefit of each of the Parties and their respective administrators, trustees, receivers, successors and assigns.

7. Further Assurances

Each Party will, from time to time and at all times hereafter, at the request of the other Party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

8. Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means and all such executed counterparts together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have executed this General Conveyance on the date first above written.

CLEO ENERGY CORP.

SURGE ENERGY INC.

Per: _____

Per: _____

Per: _____

Per: _____

[Signature Page to the General Conveyance]

**SCHEDULE “C” TO A PURCHASE AND SALE AGREEMENT DATED MARCH 14, 2025
BETWEEN SURGE ENERGY INC. AND CLEO ENERGY CORP.**

[VENDOR’S][PURCHASER’S] OFFICER’S CERTIFICATE

TO: [Name of Vendor/Purchaser] [(the “Vendor”)] [(the “Purchaser”)]

RE: Purchase and Sale Agreement dated ● between Vendor and Purchaser (the
“Agreement”)

Unless otherwise defined herein, the definitions provided for in the Agreement are adopted in this certificate (the “Certificate”).

I, [Name], [Position] of [Name of Vendor/Purchaser] [(the “Vendor”)] [(the “Purchaser”)]
hereby certify that as of the date of this Certificate:

1. The undersigned is personally familiar, in [his][her] capacity as an officer of [Vendor][Purchaser], with the matters hereinafter mentioned.
2. Each of the covenants, representations and warranties of the [Vendor][Purchaser] contained in Article 4 of the Agreement were true and correct in all material respects when made and are true and correct in all material respects as of the Closing Date.
3. All obligations of [Vendor][Purchaser] contained in the Agreement to be performed prior to or at Closing have been timely performed in all material respects.
4. This Certificate is made for and on behalf of the [Vendor][Purchaser] and is binding upon it, and I am not incurring, and will not incur, any personal liability whatsoever with respect to it.
5. This Certificate is made with full knowledge that the [Vendor][Purchaser] is relying on the same for the Closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF I have executed this Certificate this ____ day of _____, •.

[Name of Vendor/Purchaser]

Per: _____

Name: ●

Title: ●

**SCHEDULE “D” TO A PURCHASE AND SALE AGREEMENT DATED MARCH 14, 2025
BETWEEN SURGE ENERGY INC. AND CLEO ENERGY CORP.**

APPROVAL ORDER

COURT FILE NUMBER

COURT

COURT OF QUEEN’S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

**APPROVAL AND VESTING ORDER
(Sale by Receiver)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Clerk's Stamp

DATE ON WHICH ORDER WAS PRONOUNCED:

LOCATION WHERE ORDER WAS PRONOUNCED:

NAME OF JUSTICE WHO MADE THIS ORDER:

UPON THE APPLICATION by [Receiver’s Name] in its capacity as the Court-appointed [receiver/receiver and manager] (the “Receiver”) of the undertakings, property and assets of [Debtor] (the “Debtor”) for an order approving the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale (the “Sale Agreement”) between the Receiver and [Name of Purchaser] (the “Purchaser”) dated [Date] and appended to the ____ Report of the Receiver dated [Date] (the “Report”), and vesting in the Purchaser (or its

nominee)¹ the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

AND UPON HAVING READ the Receivership Order dated [Date] (the "Receivership Order"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser [Names of other parties appearing], no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

6. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.²

APPROVAL OF TRANSACTION

7. The Transaction is hereby approved³ and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

¹ Ensure that there are no legal obstacles to the vesting of assets in a nominee (for example competition and anti-trust law). Should land be transferred and vested in a nominee, the Registrar of Land Titles requires the Purchaser to complete a Certificate of Nomination (which needs to be signed under seal if the Purchaser is a corporation. If the Purchaser is an individual, the signature needs to be witnessed with an affidavit of execution completed.)

² Ensure that the application and supporting materials are served on all affected parties including those whose interests will be vested off.

³ In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding. If supported by evidence, the following sentence could be added at the beginning of paragraph 2: "The Transaction and Sale Agreement are commercially reasonable and in the best interest of the Debtor and its stakeholders."

VESTING OF PROPERTY

8. [Subject only to approval by the Alberta Energy Regulator (“Energy Regulator”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta)]⁴ upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “Receiver’s Closing Certificate”), all of the Debtor’s right, title and interest in and to the Purchased Assets [listed in **Schedule “B”**⁵ hereto] shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “Claims”)⁶ including, without limiting the generality of the foregoing:
- (a) any encumbrances or charges created by the Receivership Order;
 - (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
 - (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and

⁴ This bracketed clause, paragraph 4(b) and the bracketed words at the end of paragraph 6 are included when the Purchased Assets include mineral interests in land.

⁵ To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule B.

⁶ The “Claims” being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims may, in some cases, continue as against the net proceeds from sale of the claimed assets. In other cases, the ownership claimant may object to its ownership interest being vested out of the claimed assets. For example, it not clear that vesting orders can vest out overriding royalties or restrictive covenants which are interests in land. (In *Third Eye Capital Corp. v Dianor Resources Inc.*, 2018 ONCA 253 at paragraphs 108-130 the Ont. C.A. requested further argument regarding whether an overriding royalty which is an interest in land may nevertheless be vested out.) Similarly, other claimed rights, titles or interests may potentially be vested out if the Court is advised what rights are being affected and the affected persons are served. The Committee agrees with the view of the Ontario Committee that a non-specific vesting out of “rights, titles and interests” is vague and therefore undesirable.

- (d) those Claims listed in Schedule “C” hereto (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule “D” (collectively, “Permitted Encumbrances”))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

- 9. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “Governmental Authorities”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a)⁷ the Registrar of Land Titles (“Land Titles Registrar”) for the lands defined below shall and is hereby authorized, requested and directed to forthwith:

- (i) cancel existing Certificates of Title No. * for those lands and premises municipally described as *, and legally described as:

*

(the “Lands”)

- (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule “D”, to this Order, and to issue and register against the New

⁷ Paragraph 4(a) is included when the Purchased Assets include titled lands.

Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule “D”; and

- (iv) discharge and expunge the Encumbrances listed in Schedule “C” to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;

(b)⁸ Alberta Energy (“Energy Ministry”) shall and is hereby authorized, requested and directed to forthwith:

- (v) cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and
- (vi) transfer all Crown leases listed in Schedule “E” to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;

(c) the Registrar of the Alberta Personal Property Registry (the “PPR Registrar”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

10. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms

⁸ Paragraph 4(b) is included when the Purchased Assets include mineral interests in land.

of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

11. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, [other than any required approval by the Energy Regulator referenced in paragraph 3 above.]⁹
12. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
13. For the purposes of determining the nature and priority of Claims, net proceeds¹⁰ from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having

⁹ The bracketed words in this paragraph are included when the Purchased Assets include mineral interests in land.

¹⁰ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

14. Except as expressly provided for in the Sale Agreement or by section 5 of the *Alberta Employment Standards Code*, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.¹¹
15. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).¹²
16. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.

¹¹ Successor employer liability is governed by section 5 of the *Employment Standards Code*, RSA 2000 c. E-9 as amended. Inclusion of the words "or by statute" in paragraph 9 ensures that paragraph 9 does not purport to abrogate statutory successor employee liability.

¹² Not all sale agreements require, nor do the terms of the Debtor's possession of human resources and payroll information always permit, disclosure and transfer of such information to the Purchaser. If disclosure and transfer of such information to the Purchaser is not required or permitted, then Section 10 of this Order should be deleted.

17. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.¹³
18. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
19. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

20. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it

¹³ The terms of the Permitted Encumbrance and Sale Agreement should be reviewed to determine whether an encumbrance also constitutes a charge against other assets not being sold (in addition to the Purchased Assets.) In that circumstance, absent agreement of the encumbrancer to the contrary, the Debtor may not be fully discharged so the encumbrancer does not lose its charge over the other assets it holds as security. Do not add the words "or the Debtor" to the end of paragraph 12 if an encumbrancer's claim against the Debtor should be reserved.

constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

21. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
22. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
23. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at: *and service on any other person is hereby dispensed with.

24. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

Schedule “A”

Form of Receiver’s Certificate

COURT FILE NUMBER

COURT

COURT OF QUEEN’S BENCH OF
ALBERTA

JUDICIAL CENTRE

PLAINTIFF

DEFENDANT

DOCUMENT

Clerk's Stamp

RECEIVER’S CERTIFICATE

ADDRESS FOR SERVICE
AND
CONTACT INFORMATION
OF
PARTY FILING THIS
DOCUMENT

RECITALS

- A. Pursuant to an Order of the Honourable Justice **[Name]** of the Court of Queen’s Bench of Alberta, Judicial District of _____ (the “Court”) dated **[Date of Order]**, **[Name of Receiver]** was appointed as the receiver (the “Receiver”) of the undertakings, property and assets of **[Debtor]** (the “Debtor”).
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the “Sale Agreement”) between the Receiver and **[Name of Purchaser]** (the “Purchaser”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in

section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

**[Name of Receiver], in its capacity
as Receiver of the undertakings,
property and assets of [Debtor],
and not in its personal capacity.**

Per; _____
—

Name:

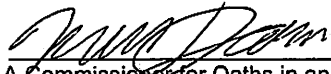
Title:

**SCHEDULE “E” TO A PURCHASE AND SALE AGREEMENT DATED MARCH 14, 2025
BETWEEN SURGE ENERGY INC. AND CLEO ENERGY CORP.**

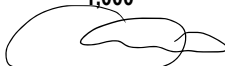

SSP

[●]

Exhibit "H" to the Affidavit of
Chris Lewis
Sworn before me this 17th day
of March, 2025


A Commissioner for Oaths in and for
the Province of Alberta

Kyla Dalsin
Student-at-Law

Cleo Energy Corp.		Forecast										
9-Week Cash Flow Forecast ending May 9, 2025		Notes	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	9-week total
\$CAD 000's		week ended	14-Mar-25	21-Mar-25	28-Mar-25	4-Apr-25	11-Apr-25	18-Apr-25	25-Apr-25	2-May-25	9-May-25	Total
Cash Receipts												
Sales (production settlement)	1		-	-	775	-	-	-	889	-	-	1,664
Other receipts	2		-	15	-	-	-	-	-	-	-	15
Total cash receipts			-	15	775	-	-	-	889	-	-	1,679
Cash Disbursements												
Payroll and benefits	3		84	-	17	84	-	78	15	93	-	371
Source Deductions	4		44	68	44	-	44	-	44	-	34	277
Operating and transportation	5		29	20	49	15	15	15	63	25	25	256
Mineral & Surface Leases	6		-	-	35	8	-	47	-	-	19	110
Utilities	7		-	135	30	-	-	135	-	135	-	435
General and administrative	8		-	2	73	2	-	7	62	-	0	147
Professional fees	9		-	-	95	-	-	-	150	163	-	408
Sales Agent Fees	10		-	-	-	-	-	-	6	-	-	6
Interim Financing Facility Interest	11		-	-	-	35	-	-	-	28	-	62
Total cash disbursements			157	225	343	144	59	282	340	444	78	2,072
Net Cash Flow			(157)	(210)	431	(144)	(59)	(282)	549	(444)	(78)	(393)
Net Change in Cash												
Beginning of period			429	272	62	494	350	291	9	558	114	429
Net cash flow			(157)	(210)	431	(144)	(59)	(282)	549	(444)	(78)	(393)
Interim Financing			-	-	-	-	-	-	-	-	-	-
Ending of period			272	62	494	350	291	9	558	114	36	36
Interim Financing Facility - uCapital - uLoan Solutions Inc.												
Beginning of period			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Borrowing			-	-	-	-	-	-	-	-	-	-
Repayment			-	-	-	-	-	-	-	-	-	-
Ending of period			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
												
		Chris Lewis	Date		Date		Orest Konowalchuk, CPA, CA , CIRP, LIT		Date			
		Director	17-Mar-25		17-Mar-25		Senior Vice President		17-Mar-25			

In the Matter of the Notice of Intention
to make a Proposal of
CLEO Energy Corp.

**Notes to the Consolidated Statement of Cash Flow for the 9-week
period ending May 9, 2025**

Purpose and General Assumptions of the Cash Flow Statement

CLEO Energy Corp. (“**CLEO**” or the “**Company**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on December 8th, 2024.

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from March 8, 2025 to May 9, 2025 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

Hypothetical and Probable Assumptions of the Cash Flow Statement

1. Pricing is based on the forward strip for WTI as of February 28, 2025. The differentials (discount to WTI) are the actual for March and a projection from our Marketer. Both Light and Heavy differentials are handled this way. The crude is received at delivery terminals where the crude is equalized to the stream quality using density and sulfur as the main differentiators. The crude quality is very consistent, so the equalization is static over a long period of time. Lastly, the forward exchange rate is used to convert to Canadian dollars. Proceeds from production are generally received on the 25th day of the following month (or the following business day). Receipts are shown net of any working partner interest and take-in-kind royalties and include collection of 5% GST.
2. Other receipts consist of the repayment of costs from Trafigura related to prior hearings.
3. Payroll and benefits include wages and benefits for thirteen (13) full time employees and six (6) independent contractors. The employees and independent contractors are paid on a semi-monthly basis.
4. Source deductions relate to CPP, EI, and Income Tax.

5. Operating and transportation expenses include payments for contract operators, consultants, and other operating costs such as trucking, chemicals, and related services. These expenses were estimated based on historical data.
6. Mineral and Surface Lease payments relate to Crown and Freehold lease payments required under existing arrangements.
7. Utilities consist of payments to TransAlta for the Company's monthly power consumption. The Company has negotiated a schedule of pre-payments of approximately \$135,000 to TransAlta on a periodic basis.
8. General and administrative costs include payments for the Company's software subscriptions, monthly rent for its Calgary-based head office, bank fees, and insurance coverage, which was bound in August 2024, and is paid monthly.
9. Professional fees include the fees and costs of counsel to CLEO, counsel to the Proposal Trustee, and the Proposal Trustee.
10. Sales agent fees represent the estimated fees payable to the SSP sales agent, Sayer.
11. Interest costs on the interim financing facility.