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COURT OF KING'S BENCH
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JUDICIAL CENTRE

CALGARY

APPLICANT

UCAPITAL – ULOAN SOLUTIONS INC.

RESPONDENT

CLEO ENERGY CORP.



COM
Oct. 17, 2025
J. Feasby

IN THE MATTER OF THE RECEIVERSHIP OF
CLEO ENERGY CORP.

DOCUMENT

**FIRST REPORT OF ALVAREZ & MARSAL
CANADA INC., IN ITS CAPACITY AS RECEIVER
AND MANAGER OF CLEO ENERGY CORP.**

October 6, 2025

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APPENDIX A	Share Purchase Agreement (redacted)
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INTRODUCTION

1. On June 2, 2025, the Court of King’s Bench of Alberta (the “**Court**”) granted a receivership order (the “**Receivership Order**”), whereby, effective June 3, 2025 (the “**Receivership Date**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed receiver and manager (the “**Receiver**”), without security, of all the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”) of CLEO Energy Corp. (“**Cleo**” or the “**Company**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) and section 13(2) of the *Judicature Act*, RSA 2000 c J-2 (the “**Receivership Proceedings**”).
2. Prior to the granting of the Receivership Order, on December 8, 2024, the Company filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the BIA (the “**NOI Proceedings**”). A&M acted as Trustee under the Proposal (in such capacity the “**Proposal Trustee**”) during the NOI Proceedings.
3. During the NOI Proceedings, this Honourable Court granted various Orders, including: (i) an Order approving an interim financing facility (the “**Interim Financing Facility**”) provided by uCapital – uLoan Solutions Inc. (“**uCapital**” or the “**Interim Lender**”), together with the related Interim Lender’s charge; (ii) an Order approving a sales and solicitation process (the “**SSP**”) which set out how the Cleo’s property would be marketed and sold; (iii) an Order approving asset sale transactions to IHH Energy Corp., Nuova Strada Ventures Ltd. (“**Nuova**”), and Surge Energy Inc. on March 25, 2025 (the “**March 2025 Transactions**”); and (iv) an Order approving further asset sale transactions to Nuova and Rise Energy SPV Ltd. (“**Rise**”) on June 2, 2025 (collectively, the “**June 2025 Transactions**”), as well as a backup transaction to Prospera Energy Inc. (the “**Prospera Backup Transaction**”) on the same day.
4. Throughout the NOI Proceedings, the Company borrowed approximately \$1 million from uCapital (the “**uCapital Indebtedness**”). In early April 2025, the

Company closed the March 2025 Transactions, and the gross proceeds from those sales, together with the amounts drawn from uCapital, were applied to fund the NOI Proceedings and to support the continuation of the SSP until the Company's final Court application on June 2, 2025 (the "**June 2nd Application**"), at which time it sought approval of the June 2025 Transactions, among other relief.

5. It was Cleo's intention to sell the majority of its assets during the NOI Proceedings and to apply the proceeds to repay the uCapital Indebtedness and other secured creditors by June 8, 2025. As the NOI Proceedings could not be extended beyond that date, a deemed bankruptcy would occur on June 9, 2025, pursuant to section 50.4(8) of the BIA. Given the tight timeline between the June 2nd Application and the expiry of the NOI Proceedings, uCapital was concerned that a deemed bankruptcy of Cleo could interfere with the timely repayment of the uCapital Indebtedness and other secured creditors from the proceeds of the June 2025 Transactions and might jeopardize the sale of any remaining assets following the close of those transactions. Consequently, uCapital applied for, and the Court granted, the Receivership Order on June 2, 2025.
6. As set out in the Proposal Trustee's Sixth Report dated May 28, 2025, the assets that were not sold in transactions approved in the NOI Proceedings include properties located in Taber, Neutral Hills – South, Enchant, Fabyan, Shorncliffe, Atlee, Hayter, Kessler and Greater Wainwright (the "**Remaining Assets**"). The Remaining Assets are comprised of approximately \$20 million in deemed assets and \$38 million in deemed liabilities. Of the Remaining Assets, Cleo's only producing assets are located in the Shorncliffe and Fabyan fields.
7. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Company and to take possession and control of the Property (as defined in the Receivership Order) and any and all proceeds, receipts and disbursements arising out of or from the Company, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.

PURPOSE OF THIS REPORT

8. The purpose of this First Report of the Receiver (the “**First Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) the activities of the Receiver since the Receivership Date;
 - b) an update on the status of the June 2025 Transactions and the application of the corresponding Sales Proceeds (as defined below);
 - c) the process initiated by the Receiver to sell the Remaining Assets out of the normal course of business;
 - d) the Receiver’s Interim Statement of Receipts and Disbursements (as defined below) from the Receivership Date to October 3, 2025 (the “**Reporting Period**”);
 - e) a summary of the proposed reverse vesting transaction contemplated in the Share Purchase Agreement (the “**SPA**”) between Cleo and 2698902 Alberta Corporation (“**269**” or the “**Purchaser**”) dated October 6, 2025 (the “**Transaction**”); and
 - f) the Receiver’s conclusions and recommendations with respect to the above.
9. The Receiver is requesting orders from this Honourable Court granting the following relief at the Application scheduled for October 17, 2025:
 - a) approving the Receiver’s actions, activities and conduct since the Receivership Date, including the Interim Statement of Receipts and Disbursements;

- b) approving the Receiver's fees and disbursements, and those of its legal counsel, Miller Thomson LLP ("**Miller Thomson**" or "**Receiver's Counsel**") over the Reporting Period;
 - c) authorizing and approving the Receiver to complete the Transaction contemplated by the SPA and granting a transaction approval and reverse vesting order ("**RVO**") in respect of the Transaction, including:
 - i. upon delivery of the Receiver's Certificate in respect of the Transaction: (i) discharging the Company from these Receivership Proceedings; and (ii) adding ResidualCo as an applicant in these Receivership Proceedings; and
 - ii. releasing: (i) Chris Lewis, in his capacity as the former director of the Company; (ii) the Receiver and its legal counsel, Miller Thomson LLP; and (iii) Chris Lewis in his capacity as director of ResidualCo; and
 - d) temporarily sealing Confidential Appendix "**B**" and "**C**" (the "**Confidential Appendices**") to this Report on the Court Record.
5. Capitalized words or terms not otherwise defined in this Report shall have the meaning ascribed in the Receivership Order or such other materials filed by the Receiver in these Receivership Proceedings or the Proposal Trustee and the Company in the NOI Proceedings.
10. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

11. In preparing this First Report, the Receiver has relied upon: (i) the representations of certain former management and other key stakeholders of the Company; (ii) financial and other information contained in the Company's books and records, which were produced and maintained principally by the Company; and (iii)

information obtained by the Proposal Trustee prior to the Receivership Proceedings.

12. The Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information.

BACKGROUND AND OVERVIEW

6. Cleo was incorporated under the laws of Alberta in 2016 and is a privately owned oil and gas operator specializing in medium-gravity oil. Based in Calgary, Alberta, Cleo operates throughout East Central Alberta. As discussed above, a significant number of Cleo's producing assets were sold in the NOI Proceedings, and its only remaining producing oil and gas wells are located in the Shorncliffe and Fabyan fields.
7. Cleo's shares are held entirely by its parent corporation Chimera Management Group Ltd., a holding corporation. Cleo does not own shares in any other corporation.
8. Further background regarding the Company and its financial circumstances is contained in the materials filed in support of and relating to the Receivership Order. These documents and other relevant information, including all publicly available information pertaining to the NOI Proceedings, have been posted on the Receiver's website at www.alvarezandmarsal.com/CLEO (the "Website").

ACTIVITIES OF THE RECEIVER

13. Since the Receivership Date, the Receiver's activities have included, but are not limited to, the following:

- a) taking possession and control of the Property and performing a physical walk-through of Cleo's head office located at 200 – 117 8th Avenue Southwest, Calgary, Alberta (the “**Head Office**”), including acquiring access to the Company's IT systems to obtain copies of its financial records;
- b) retaining and providing instructions to Miller Thomson, the Receiver's independent legal counsel, on a variety of matters with respect to the Receivership Proceedings;
- c) mailing the notices required by section 245 and 246 of the BIA (the “**Receiver's Notice**”) to the Company's known creditors and the Office of the Superintendent of Bankruptcy on June 11, 2025. A copy of the Receiver's Notice can be found on the Receiver's Website;
- d) engaging in meetings and discussions with the Company's employees to explain the powers and duties of the Receiver, including its role as an Officer of the Court;
- e) terminating the employment of all employees of the Company on June 3, 2025, as a result of the Receivership Order's effective date;
- f) preparing and providing materials to the employees and working with the Wage Earner Protection Program (“**WEPP**”) and the employees to prepare their submissions to the WEPP;
- g) engaging certain former Cleo management and field staff as independent contractors to assist the Receiver with administrative matters, operations and upkeep of the Property;
- h) identifying all known corporate bank accounts of the Company and taking administrative control of them, including transferring any funds in those accounts to the Receiver's trust account;
- i) redirecting mail to the office of the Receiver;

- j) undertaking day to day management of Cleo's operations, including contractor supervision and payments to trade creditors for services rendered and approved by the Receiver;
- k) communicating with certain vendors including, notifying them of the Receivership Proceedings and discussing the need for services going forward;
- l) monitoring the Company's cash flows and ensuring suppliers were paid on a timely basis;
- m) preparing collection letters and communicating with various customers regarding the collection of outstanding accounts receivable;
- n) notifying the Company's insurance broker of the Receivership Order and making arrangements for continuation of the corporate insurance policies, and adding the Receiver as a named insured and loss payee;
- o) communicating, arranging and meeting with the Canada Revenue Agency ("CRA") to allow the CRA to conduct and complete its respective source deduction and GST audits;
- p) establishing and initiating a remarketing process (the "**Remarketing Process**") to sell the Remaining Assets, which included communications with interested parties, as described in further detail in this Report;
- q) attending meetings with the Alberta Energy Regulator ("AER") to provide updates on the status of the Remarketing Process and Cleo's operations, generally;
- r) engaging in communication with the Department of Defence with regards to certain assets and wells located at the CFB Wainwright military base; and

- s) repudiating the lease agreement for the Head Office effective July 6, 2025.

Canada Revenue Agency (Potential Priority Claims)

- 14. Shortly after the Receivership Date, the Receiver contacted the CRA and requested that an audit of the Company's GST and source deduction accounts be completed. The CRA auditors met with representatives of the Receiver to go over the pre-receivership GST and source deductions accounts. The CRA's final audit results indicate that the outstanding pre-receivership GST and source deductions are as follows:

- a) GST – \$1,355,297
- b) Source Deductions – \$82,336

- 15. On September 11, 2025, the Receiver issued a payment for \$70,347 to the CRA for the pre-receivership Source Deductions that constitute a deemed trust (super-priority) against Cleo's estate. The remaining balance of \$11,989 is considered an unsecured claim by CRA as against the estate. The Receiver does not expect any further changes to the pre-receivership balances outstanding to the CRA.

Employee, Wage Earner Protection Program & s. 81.4(1) BIA Priority Claims

- 16. All employees of Cleo were terminated as at the Receivership Date and certain of these employees were engaged by Receiver as independent contractors to assist in the Receivership Proceedings. The Receiver, with the assistance of these independent contractors, has prepared and submitted all outstanding records of employment, information pertaining to existing insurance health care benefits and the former employees' T4 notices for tax purposes.
- 17. The Receiver prepared and delivered the required information package with respect to the WEPP on June 16, 2025. The former employees were also provided with a proof of claim form. To date, the total combined WEPP claims filed against Cleo are \$192,360, of which \$20,917 appears to be super-priority claims under the BIA

and the remaining \$171,443 relates to the unsecured portion of the claims filed. The Receiver will remit payment for priority claims due under the BIA to Service Canada in due course.

Books and Records

18. Summarized in the table below is the estimated book value of assets from the Company's balance sheet as at the Receivership Date. The asset values listed in the below chart are recorded on a "net book value" basis and have not been audited or have not otherwise been verified as to their accuracy. The net book values for each of the listed assets may not approximate their market and/or realizable value and these values may differ significantly.

Cleo Energy Corp. (in Receivership) Summary of Assets and Liabilities	
	Estimated Book Value
<u>Assets</u>	
Cash	281,630
Trade Accounts Receivable	353,773
Production Accounts Receivable	652,935
Property and Equipment	6,984,623
Total Assets	8,272,961
<u>Liabilities</u>	
Secured Creditors	8,208,901
Unsecured Creditors	16,353,133
Total Liabilities	24,562,034

19. The Receiver has collected the production accounts receivable and certain trade accounts receivable in the Receivership Proceedings and has taken steps to sell the Remaining Assets through the Remarketing Process.

UPDATE ON THE JUNE 2025 TRANSACTIONS

Status of the Transactions

20. The Receiver closed the June 2025 Transactions shortly after the Receivership Date, consisting of (i) the sale of certain assets to Rise (the "**Rise Transaction**"), which closed on June 6, 2025, and (ii) the sale of certain assets to Nuova (the

- “**Nuova Transaction**”), which closed on June 9, 2025. On those dates, the Receiver issued its Receiver’s Certificates confirming completion of the respective transactions to its satisfaction. The AER has accepted the transfer of the regulatory licences contemplated in the June 2025 Transactions to Rise and Nuova.
21. Following the completion of the June 2025 Transactions, the Prospera Transaction was deemed to be of no further force or effect, and the Receiver returned Prospera’s deposit on September 5, 2025.
 22. On July 7, 2025, Rise provided the Receiver with a final statement of adjustments (the “**Rise FSOA**”) in accordance with Section 7.2(a) of the Rise Asset Purchase Agreement, which was approved by the Court on June 2, 2025 (the “**Rise APA**”). The Receiver reviewed and subsequently revised the Rise FSOA and provided an updated version to Rise on September 8, 2025. The Rise FSOA indicates that approximately \$24,000 is payable to the Receiver to cover all outstanding costs and expenses related to the Rise Transaction.
 23. Pursuant to Section 7.2(a) of the Rise APA, payment of the amount due to the Receiver under the Rise FSOA was required by September 26, 2025, being fifteen business days after notification of the final amount owing. As of the date of this Report, Rise has not remitted the amounts due under the Rise FSOA, despite multiple requests for payment from the Receiver and follow up emails by its counsel. The Receiver is currently determining the next steps it will take on the collection of the \$24,000, which may require the assistance of this Honourable Court.

Use of Sales Proceeds

24. The June 2025 Transactions generated sale proceeds of approximately \$2.1 million (the “**Sales Proceeds**”), which were deposited into the Receiver’s trust account. Pursuant to the Rise and Nuova Sale Approval and Vesting Orders granted by the Court on June 2, 2025 (the “**June 2025 SAVOs**”), the Receiver is not permitted to

make any distributions to creditors from the Sales Proceeds without further Order of the Court, except for the following:

- a) amounts owing under the Administration Charge granted in the NOI Proceedings, which covered the fees of the Proposal Trustee, the Proposal Trustee's counsel (Miller Thomson), and the Company's counsel (Gowling WLG (Canada) LLP), up to a maximum of \$700,000; and
- b) amounts borrowed by Cleo under the Interim Lender's Charge granted in the NOI Proceedings, up to a maximum of \$1,000,000, together with any accrued interest or costs and expenses incurred thereunder.

25. The Receiver has made the following payments from the Sale Proceeds:

- a) \$101,391 to the Company's counsel, in full satisfaction of the amounts secured by the Administration Charge;
- b) \$89,076 to the Proposal Trustee, in full satisfaction of the amounts secured by the Administration Charge;
- c) \$25,968 to the Proposal Trustee's counsel, in full satisfaction of the amounts secured by the Administration Charge; and
- d) \$1,078,907 to uCapital, in repayment of all amounts borrowed under the Interim Financing Facility, together with accrued interest and costs, as secured by the Interim Lender's Charge. For certainty, uCapital was repaid in full on June 9, 2025, and no amounts remain outstanding under the Interim Financing Facility.

26. The balance of the Sales Proceeds forms part of the Receivership estate and has been applied, in part, to fund the Receiver's operating costs and the professional fees and expenses of the Receiver and its counsel in these Receivership Proceedings, as more particularly outlined in the Interim Statement of Receipts and Disbursements.

REMARKETING PROCESS

27. On July 28, 2025, with the support of the AER, the Receiver initiated a brief Remarketing Process in an effort to sell the Remaining Assets, which included carrying out the following activities:
- a) publishing a notice of the Remarketing Process describing the Remaining Assets in *Insolvency Insider*;
 - b) preparing a letter (the “**Letter**”) outlining the producing and non-producing assets available to be purchased;
 - c) preparing a template non-disclosure agreement (“**NDA**”) and asset purchase agreement; and
 - d) setting up a virtual data room (“**VDR**”) which contains confidential business and operational information with respect to Cleo and the Remaining Assets.
28. The Receiver distributed the Letter to a targeted list of 37 interested parties, comprising bidders who had expressed interest in the Remaining Assets during the NOI Proceedings, as well as parties who expressed interest during the Receivership Proceedings. Of these, 11 parties executed an NDA and were granted access to the VDR.
29. At the conclusion of the Remarketing Process, on August 29, 2025 (the “**Remarketing Process Deadline**”), the Receiver received 8 non-binding bids (the “**Non-Binding Bids**”) from the interested parties (each a “**Bidder**” and collectively, the “**Bidders**”). A summary of the Non-Binding Bids has been provided to the Court as **Confidential Appendix “B”**.
30. Following the Remarketing Process Deadline, the Receiver engaged with each of the Bidders regarding additional due diligence requests and provided the AER with an update on the outcome of the Remarketing Process, including sharing copies of certain bids received. After reviewing the Non-Binding Bids, in consultation with

the AER, the Receiver selected 269 as the successful Bidder and negotiated and executed the SPA, which contemplates the Transaction, more particularly described later in this Report.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

31. The table below presents the Receiver's interim statement of receipts and disbursements from the Receivership Date to October 3, 2025:

Cleo Energy Corp. In Receivership Interim Statement of Receipts and Disbursements June 3, 2025 to October 3, 2025	
Opening Cash Balance	281,630
Receipts	
Oil & Gas Revenue ¹	1,193,341
Sales Proceeds ²	2,139,830
Other Income	43,501
Total Receipts	3,376,672
Operating Disbursements	
Field Operating Costs	122,420
Utilities	63,802
Contractors	439,200
Insurance	25,836
Crown Mineral & Surface Leases	117,501
General & Administrative	41,011
Total Operating Disbursements	809,769
Non-Operating Disbursements	
Priority Payment for Source Deductions ³	70,347
Company Counsel's Fees	101,391
Receiver's Fees	312,377
Proposal Trustee's Fees	89,076
Receiver's Counsel's Fees	126,115
Proposal Trustee's Counsel's Fees	25,968
Interim Financing Facility Repayment	1,078,907
Sales Agent Fees	53,564
Total Non-Operating Disbursements	1,857,744
Total Disbursements	2,667,513
Net Cash Flow	709,159
Ending Cash Balance	990,788

(1) Includes pre-Receivership related revenues from May production, which settled on June 25, 2025.

(2) Comprised of the amounts collected from the June 2025 Transactions.

(3) Relates to source deductions assessed as owing in the NOI period, paid in the Receivership.

32. There was approximately \$281,630 of opening cash available at the start of the Reporting Period.
33. The Receiver collected approximately \$3.4 million during the Reporting Period, relating primarily to:
- a) Oil and Gas receipts of approximately \$1.2 million;
 - b) Sales proceeds of approximately \$2.1 million, primarily related to the June 2025 Transactions and a sale of certain minor working interest positions to Ulysses Energy Corp on September 23, 2025, for \$5,000; and
 - c) Other Income of \$43,501 relating primarily to interest earned and accounts receivable collections.
34. The Receiver has made disbursements of approximately \$2.7 million during the Reporting Period, relating primarily to:
- a) Field Operating Costs of \$122,420 consisting of payments to third parties for services such as trucking, maintenance, and fuel of \$122,032 and Crown Royalties of \$388;
 - b) Utility payments of \$63,802 for gas and electricity;
 - c) Crown Mineral & Surface Lease payments of \$117,501;
 - d) Insurance premiums of \$25,836;
 - e) Payment of professional fees to the Receiver in the amount of \$312,377, to the Proposal Trustee in the amount of \$89,076, to the Receiver's counsel in the amount of \$126,115, to the Company's counsel in the amount of \$101,391, and to the Proposal Trustee's counsel in the amount of \$25,968;

- f) Payment of source deductions of approximately \$70,347 that constituted a deemed trust against Cleo's estate; and
- g) Repayment of the Interim Lender in the amount of \$1,078,907.

35. The total ending cash available as at October 3, 2025 is approximately \$990,788.

SHARE PURCHASE AGREEMENT¹

Overview

36. The Transaction contemplated in the SPA is a "reverse vesting" transaction which involves the Purchaser's purchase and subscription, and the Receiver's sale, of the common shares in Cleo. A redacted copy of the SPA is attached as **Appendix "A"** and an unredacted copy of the SPA has been provided to the Court as **Confidential Appendix "C"**.

37. The key terms of the SPA are as follows:

- a) the total cash consideration paid by the Purchaser for the Transaction is the Purchase Price, plus or minus the net amount of adjustments for production revenues earned and associated costs incurred by the Receiver from the Effective Date up to and including the Closing Date (the "**Adjusted Purchase Price**");
- b) additional consideration includes Cleo's retention of the Retained Assets, Retained Liabilities and Retained Contracts;
- c) the Receiver's Counsel is in possession of the Deposit, which represents 100% of the Purchase Price, the amount of which is disclosed in Confidential Appendix "C";

¹ In this section of the First Report, capitalized terms not otherwise defined has the meanings ascribed to them in the SPA.

- d) the Adjusted Purchase Price will be paid at Closing, first by applying the Deposit, with the balance of the Adjusted Purchase Price to be paid by wire transfer of immediately available funds, either by the Purchaser to the Receiver or by the Receiver to the Purchaser, depending on the Adjusted Purchase Price;
 - e) the Purchaser will purchase and subscribe to 200,000,000 Common Shares of Cleo, for a subscription amount equal to the Purchase Price;
 - f) the Purchaser's purchase of the Common Shares, the Retained Assets, Retained Liabilities and Retained Contracts is on an "as is, where is" basis;
 - g) the Transaction is expected to close on or before October 27, 2025; and
 - h) the SPA is conditional upon Court approval of the RVO.
38. The Receiver expects to bring an application after closing the Transaction for approval of a claims process to ultimately facilitate the distribution of the remaining cash in the estate and Purchase Price proceeds that are to be transferred to ResidualCo.

Receiver's Recommendation on the SPA

39. The Receiver is of the view that the SPA is commercially reasonable in the circumstances for the following reasons:
- a) the Receiver is authorized by this Court to market and sell the Common Shares pursuant to the Receivership Order;
 - b) the SPA arose from an extensive marketing process conducted by the Proposal Trustee and Sayer in the NOI Proceedings, followed by the Remarketing Process conducted by the Receiver;

- c) the Receiver has determined that the SPA represents the highest and best offer for the assets being sold, and that it results in all environmental liabilities and abandonment and reclamation obligations being retained by the Purchaser, thereby avoiding their transfer to the Orphan Well Association (“OWA”);
 - d) the Receiver and Purchaser met with the AER to discuss the proposed Transaction and seek its input; and
 - e) the SPA was negotiated between the Receiver and the Purchaser at arm’s length, in good faith.
40. On September 19, 2025, the Receiver was advised by the AER that it did not object to the Transaction, provided the Purchaser fulfills its obligations to the AER with respect to field non-compliances, mandatory closure spend quotas, the orphan fund levy, the administration fund levy, and other applicable requirements. The Receiver understands that the Purchaser has met with the AER and understands these obligations and is prepared to abide by the AER’s requirements.
41. For the reasons above, the Receiver recommends that the Court approve the SPA.

Confidential Appendices

42. The Confidential Appendices contain a summary of the Non-Binding Bids submitted to the Receiver in the Remarketing Process and an unredacted copy of the SPA.
43. Due to the commercially sensitive nature of the information contained in the Confidential Appendices, the Receiver is concerned that, if the information is disclosed to third parties prior to the closing of the Transaction (which is subject to court approval), the disclosure could materially jeopardize the realizations arising from the Remarketing Process should the Transaction ultimately fail to close for any reason.

44. The Receiver is of the view that it is appropriate for this Honourable Court to temporarily seal the Confidential Appendices on the Court record and it is not aware of any prejudice to any stakeholders by the temporary sealing of the Confidential Appendices.

REVERSE VESTING ORDER²

Overview

45. The RVO contemplates the following:
- a) the creation of a residual company (“**ResidualCo**”), where the Excluded Assets, Excluded Liabilities and Excluded Contracts will be transferred to, assumed by, and vested in absolutely and exclusively;
 - b) Cleo will retain all of the non-cash assets owned by it on the Closing Date, including, without limitation, the Retained Contracts, the Title and Operating Documents, Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests, and Books and Records, except any Excluded Assets, Excluded Liabilities, or Excluded Contracts;
 - c) ResidualCo will replace Cleo as the respondent party in these Receivership Proceedings;
 - d) Cleo will cease to be a party in these Receivership Proceedings, and will be deemed to be released from the purview of the Receivership Order and all other Orders of the Court granted in respect of these Receivership Proceedings, save and except for the RVO provisions, which shall continue to apply in all respects; and
 - e) the Purchaser will be the sole legal and beneficial shareholder of Cleo.

² In this section of the First Report, capitalized terms not otherwise defined has the meanings ascribed to them in the SPA or the RVO.

Receiver's Views on the Appropriateness of the RVO

46. The Receiver considered the following four guidelines in concluding that the RVO is appropriate in the circumstances:
- a) Is the RVO structure necessary?
 - b) Does the RVO structure produce an economic result at least as favourable as any other viable alternative?
 - c) Is any stakeholder worse off under the RVO structure than they would have been under another viable structure?
 - d) Does the consideration being paid for Cleo's business reflect the importance and value of the intangible assets being preserved under the RVO structure?

The RVO is Necessary

47. Implementing a reverse vesting structure is essential to maximize value in this case. By using an RVO, the Purchaser can avoid seeking AER approval for multiple licence transfers, a process that could be lengthy and introduce additional risk and cost to the Transaction and deplete the remaining cash on hand for distributions to creditors.
48. As a result of the Transaction, Cleo will continue its operations with the Purchaser as the new sole shareholder, gaining ownership of the Retained Assets, Retained Liabilities, and Retained Contracts. The RVO ensures that the Purchaser has the resources necessary to continue operations seamlessly post-closing, without disruption, while maintaining production and revenue streams and ensuring that regulatory and compliance obligations are appropriately managed.
49. The Purchaser has advised the Receiver that it is only prepared to proceed with a reverse vesting transaction, rather than a traditional asset purchase, as this structure allows for the efficient transfer of applicable licences and contracts.

The RVO Structure Produces an Economic Result at Least as Favourable as Any Other Viable Alternative

50. As described above, the SPA represents the highest and best offer for the assets being sold and does not result in the transfer of any environmental liabilities and abandonment and reclamation obligations to the OWA, thereby achieving the best outcome for Cleo's stakeholders under the circumstances. The alternative, either a bankruptcy or a sale to other Bidders through a traditional asset purchase transaction, would in all likelihood result in material environmental liabilities and abandonment and reclamation obligations being transferred to the OWA.

No Stakeholder is Worse Off under the RVO Structure than They Would Have Been Under Another Viable Structure

51. The Receiver is not aware of any stakeholders who would be worse off as a result of the RVO structure. As noted above, the RVO structure contemplated in the Transaction ensures that, among other things, all abandonment and reclamation obligations and environmental liabilities are assumed by the Purchaser. It is also important to note that the other Non-Binding Bids, whether considered individually or in combination, would have resulted in material liabilities being transferred to the OWA and no recoveries to the remaining creditors (all proceeds in the estate would have been transferred to the OWA given their super-priority ranking on abandonment and remediation liabilities).
52. Following the closing of the Transaction, the Receiver of ResidualCo intends to conduct a claims process and security/priority review to determine which creditors have claims for a distribution of the cash proceeds from the ResidualCo estate.
53. Under an alternative sale scenario, in which a significant portion of the abandonment and reclamation obligations and environmental liabilities were not assumed by a purchaser, Cleo's stakeholders would be worse off, as the OWA would have priority over all, or the majority of, the remaining estate funds given the magnitude of the environmental liabilities remaining with the estate.

The Consideration Being Paid for Cleo's Business Reflects the Importance and Value of the Intangible Assets Being Preserved under the RVO Structure

54. In the Receiver's view, the RVO underscores the significance and value of preserving Cleo's intangible assets. If the assets were to transfer under a traditional approval and vesting order, the licensed assets would be required to go through a license transfer application process through the AER, which could take considerable time and introduce additional risk and cost to the Transaction.
55. As previously indicated, the RVO maintains Cleo as a legal entity which may preserve certain attributes that would be otherwise lost in a traditional asset sale/vesting order transaction. As the RVO is a required condition to the SPA, the Receiver considers the Purchase Price being paid to reflect: (i) the importance and value of the time it would take to undertake the additional steps required by the AER under a traditional asset sale/vesting order transaction; and (ii) the value attributable to certain of Cleo's attributes which may be preserved.

PROPOSED RELEASES

56. The RVO includes releases (the "**Releases**") in favour of the Released Parties from any and all present and future claims that any person may have or be entitled to assert against the Released Parties arising from the Transaction and the granting of the RVO in respect of the Company.
57. Specifically, the Released Parties are defined to include:
- a) Chris Lewis, in his capacity as the former director of the Company;
 - b) the Receiver and the Receiver's Counsel; and
 - c) Chris Lewis, in his capacity as director of ResidualCo.;
- (collectively, the "**Released Parties**").

58. The full scope of the release provisions is set out in the RVO and should be read in conjunction with this Report.

Receiver's Views on the Appropriateness of the Proposed Releases

59. The Receiver considered the following guidelines in concluding that the proposed Releases are appropriate in the circumstances:

- a) whether the Releases are rationally connected to the purpose of the SPA;
- b) whether the Transaction can succeed without the Releases;
- c) whether the Released Parties contributed to the SPA and the entire Receivership Proceedings;
- d) whether the Releases benefit the Company as well as its creditors generally;
- e) whether the Company's creditors have knowledge of the nature and the effect of the Releases; and
- f) whether the Releases are fair, reasonable, and not overly broad.

60. The Receiver is of the view that the proposed Releases should be approved by this Honourable Court on the basis that:

- a) they are rationally connected to the purpose of the Transaction;
- b) approval of the RVO by this Honourable Court, which includes the releases, is a condition precedent to the SPA;
- c) each of the Released Parties have made important critical contributions to the Receivership Proceedings, the negotiations of the SPA, the implementation of the Remarketing Process, and the services and

expertise of the Released Parties were and are necessary for the ultimate success of the Transaction;

- d) the Transaction will advance, preserve and protect the business operations of the Company and provide a greater recovery to the stakeholders than would not otherwise be available to them; and
- e) the release provisions have been fully disclosed to the service list.

APPROVAL OF PROFESSIONAL FEES AND EXPENSES

- 61. The Receiver and its legal counsel have rendered their invoices for their respective fees and disbursements for services in connection with the Receivership Proceedings and are seeking the approval of this Honourable Court.
- 62. The Receiver seeks approval from this Honourable Court of: (i) its professional fees and disbursements for the period of June 3, 2025 to September 26, 2025 (the “**Receiver Taxation Period**”); and (ii) Miller Thomson’s professional fees and disbursements for the period of June 3, 2025 to September 30, 2025 (the “**Miller Thomson Taxation Period**”).
- 63. The total fees and expenses of the Receiver during the Receiver Taxation Period are \$297,502 (exclusive of GST), a summary of which is included below:

Cleo Energy Corp. Summary of the Receiver's Statements of Account For the period June 3, 2025 to September 26, 2025						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
Alvarez & Marsal Canada						
1	June 3, 2025 to July 4, 2025	91,861	2,103	93,964	4,698	98,662
2	July 5, 2025 to August 1, 2025	63,390	682	64,072	3,204	67,276
3	August 2, 2025 to August 29, 2025	64,766	421	65,187	3,259	68,446
4	August 30, 2025 to September 26, 2025	74,279	-	74,279	3,714	77,993
Total		294,296	3,206	297,502	14,875	312,377

- 64. The total fees and expenses of the Receiver’s Counsel during the Miller Thomson Taxation Period total \$120,113 (exclusive of GST), a summary of which is included below:

Cleo Energy Corp. Summary of the Receiver's Counsel's Statements of Account For the period June 3, 2025 to September 30, 2025						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
Miller Thomson LLP						
4148722	June 2, 2025 to June 30, 2025	41,903	175	42,077	2,104	44,181
4160818	July 2, 2025 to July 31, 2025	21,654	-	21,654	1,083	22,737
4168499	August 1, 2025 to August 28, 2025	18,780	-	18,780	935	19,715
4171619	August 29, 2025 to September 30, 2025	37,581	21	37,602	1,880	39,483
Total		119,917	196	120,113	6,002	126,115

65. The Receiver and Miller Thomson's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work in question. Copies of the invoices will be made available to the Court at its direction, if necessary.
66. The Receiver respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Receiver and its legal counsel in connection with the Receivership Proceedings.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

67. The Receiver recommends that this Honourable Court grant the following:
- a) the ancillary relief Order:
 - i. approving the Receiver's actions, activities and conduct, and those of its legal counsel since the Receivership Date, including the Interim Statement of Receipts and Disbursements;
 - ii. temporarily sealing the Confidential Appendices on the Court record; and
 - iii. approving the fees and disbursements of the Receiver and its counsel, as set out in this Report; and
 - b) the RVO:

- i. approving the SPA and the Transaction contemplated therein;
- ii. granting the Releases in favour of the Released Parties; and
- iii. upon filing of the Receiver's Certificate, discharging Cleo and adding ResidualCo to these Receivership Proceedings.

All of which is respectfully submitted this 6th day of October, 2025.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as the Court-appointed Receiver of
CLEO Energy Corp. and not its
personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President



David Williams, CPA, CIRP, LIT
Director

APPENDIX A

SHARE PURCHASE AGREEMENT

BETWEEN:

CLEO ENERGY CORP., by and through its Court-appointed receiver
ALVAREZ & MARSAL CANADA INC., in its capacity as Court-
appointed receiver, and not in its personal or corporate capacity

- and -

2698902 ALBERTA CORP., a body corporate existing under the laws
of the Province of Alberta.

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Retained Contracts

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT dated this 6th day of October, 2025,

BETWEEN:

CLEO ENERGY CORP., (the “**Company**”) by and through its Court-appointed receiver **ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court-appointed receiver, and not in its personal or corporate capacity (the “**Receiver**”);

- and -

2698902 ALBERTA CORP., a body corporate existing under the laws of the Province of Alberta (the “**Purchaser**”).

RECITALS:

- A. Pursuant to an order of the Court of King’s Bench of Alberta (the “**Court**”) dated June 2, 2025, effective June 3, 2025 (the “**Appointment Date**”), the Receiver was appointed as the receiver without security, of all of the current and future assets, undertakings and properties of every nature or kind whatsoever, and wherever situate, of the Company, including all proceeds thereof pursuant to a receivership order (the “**Receivership Order**”); and
- B. The Receiver and the Purchaser entered into negotiations for the purchase of the Purchased Shares by the Purchaser, to be completed through a series of transactions between the Receiver and the Purchaser to proceed by way of the Reverse Vesting Order (as defined herein).
- C. The Receiver wishes to issue to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Receiver, the Purchased Shares, upon the terms and conditions set forth herein.
- D. At Closing, the Purchased Shares shall represent all of the issued and outstanding equity of the Company.
- E. The Transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated only pursuant to and in accordance with this Agreement and the approval of the Court pursuant to the Reverse Vesting Order.

NOW THEREFORE in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree 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 Losses and other duties and obligations, whether arising under contract, Applicable Law or otherwise, relating to:
- (i) the abandonment of the Wells and restoration and reclamation of the surface sites thereof and any other lands now or previously used to gain access thereto;
 - (ii) the closure, decommissioning, dismantling and removal of the Tangibles, including any structures, buildings, pipelines, facilities, equipment and other tangible depreciable property and assets, together with the restoration and reclamation of the Lands or any lands pooled or unitized therewith, on or in which any of the foregoing are or were located and any other lands used to gain access thereto; and
 - (iii) the restoration, remediation or reclamation of the surface or subsurface of any lands other than those lands described in paragraphs (i) and (ii) and specifically relating to, or used or previously used to gain access to, the Retained Assets including the lands to which the Surface Rights relate;

all in compliance with generally accepted oil and gas industry practices and in compliance with Applicable Laws and all applicable Title and Operating Documents, if applicable;

- (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 50% of the voting securities of such Person, by contract or otherwise;
- (d) **“Agreement”** means this Agreement between the Receiver and the Purchaser, including the Recitals and schedules attached hereto, and **“this Agreement”**, **“herein”**, **“hereto”**, **“hereof”** and similar expressions mean and refer to this Agreement;
- (e) **“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, licence or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;
- (f) **“Appointment Date”** has the meaning ascribed thereto in the Recitals;
- (g) **“Associated Infrastructure”** means the Company’s interest in all infrastructure and facilities related to the surface of any lands, other than Surface Rights, used in connection with the Wells, facilities, or pipelines, including access roads,

temporary access roads, airstrips, communication towers, temporary workspace, borrow sites, campsites, remote sumps, remote cement return pits, storages areas, disposal sites, or land treatment areas;

- (h) **"Books and Records"** means all books and records of the Company, including minute books, annual returns filed with corporate registry, books of account, ledgers, general, financial and accounting records, tax returns and other records in the possession and control of the Company as of the Agreement Date;
- (i) **"Business"** means the business carried on by the Company including, without limitation, oil and gas exploration and production;
- (j) **"Business Day"** means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (k) **"Claims"** means any claim, action, demand, lawsuit, proceeding, arbitration, or any investigation by a Third Party or a Governmental Authority (whether pertaining to the Retained Assets, Retained Liabilities or otherwise), in each case whether asserted, threatened, pending or existing;
- (l) **"Closing"** means the completion of the Transactions pursuant to this Agreement;
- (m) **"Closing Date"** means the date on which Closing occurs as set forth in Section 4.1;
- (n) **"Closing Place"** means the office of the Receiver or Receiver's Counsel, or such other place as may be agreed upon in writing by the Parties, including electronically;
- (o) **"Common Shares"** means common shares in the capital of the Company;
- (p) **"Company"** has the meaning ascribed thereto in the Recitals;
- (q) **"Court"** has the meaning ascribed thereto in the Recitals;
- (r) **"Effective Date"** means September 1, 2025;
- (s) **"Effective Time"** means 12:01 a.m. on the Effective Date;
- (t) **"Encumbrances"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, pledges, mortgages, liens, trusts or deemed trusts (whether contractual, statutory or otherwise), 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, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Reverse Vesting Order or any other order of the Court; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), or any other personal property registry system;

- (u) **“Environment”** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components;
- (v) **“Environmental Liabilities”** means all past, present and future Losses, Claims and other duties and obligations, whether arising under contract, Applicable Law or otherwise, arising from, relating to or associated with the Environment and that relate to, are caused by or arise by virtue of the Retained Assets, or the ownership thereof or any past, present or future operations and activities conducted in connection with the Retained Assets, or on or in respect of the Lands or any lands pooled or unitized therewith, including Losses, Claims and other duties and obligations relating to:
 - (i) Abandonment and Reclamation Obligations;
 - (ii) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused, including compensation of Third Parties for Losses suffered by them in respect thereof and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
 - (iii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission, discharge, clean up, investigation and reporting of Petroleum Substances, oilfield wastes, water, hazardous substances, environmental contaminants and all other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;
 - (iv) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Law pertaining to the Environment or to the protection of the Environment;
 - (v) any seismic programs conducted on or in respect of the Lands, or any lands pooled or unitized therewith;
 - (vi) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
 - (vii) the protection, reclamation, remediation or restoration of the Environment, including related human health and safety;
- (w) **“Excluded Assets”** means those assets described under the heading “Excluded Assets” in Schedule “B” hereto and, where the context requires, includes the Excluded Contracts;
- (x) **“Excluded Contracts”** means those contracts, agreements and commitments under the heading “Excluded Contracts” in Schedule “B” hereto;

- (y) **"Excluded Liabilities"** means those liabilities described under the heading "Excluded Liabilities" in Schedule "B" hereto;
- (z) **"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, commission or department, as well as any government-owned entity, any regulatory authority and any public authority, including any public utility, having jurisdiction over a Party, the Retained Assets or the Transactions;
- (aa) **"GST"** means the goods and services tax payable pursuant to the GST Legislation;
- (bb) **"GST Legislation"** means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder, all as amended from time to time;
- (cc) **"Lands"** means all lands and formations in or to which the Company has right, title or interest, subject to the Title and Operating Documents, including the Petroleum Substances within, upon or under such lands, or any lands pooled or unitized therewith;
- (dd) **"Leases"** means the leases, licenses, permits, reservations and other documents of title and agreements by virtue of which the Company is entitled to explore for, recover, remove or dispose of Petroleum Substances within, upon or under the Lands or lands with which the Lands are pooled or unitized including those leases, licenses, permits, reservations and other documents of title and agreements, but only to the extent they pertain to the Lands, and includes, if applicable, all renewals and extensions of those documents and all documents issued in substitution therefor;
- (ee) **"Liabilities"** means all taxes (including, without limitation, all ad valorem, severance and other production taxes), royalties, net profits interests, assessments, charges, costs, damages, debts, liabilities, expenses, fines, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person, losses, obligations and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, Claim by any Governmental Authority or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, and those arising under any contract, agreement, arrangement, commitment or undertaking, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);
- (ff) **"Losses"** means all actions, causes of action, losses, costs, Claims, damages, penalties, assessments, charges, expenses, and other liabilities and obligations

which a Party suffers, sustains, pays or incurs, including reasonable legal fees and other professional fees and disbursements on a full-indemnity basis;

- (gg) **“Miscellaneous Interests”** means, subject to the limitations and exclusions below in this definition, all of Company’s right, title and interest in and to (a) the Wells including the well bores of the Wells and down-hole casing for the Wells; and (b) all property and rights that pertain directly to the Petroleum and Natural Gas Rights, the Lands, the Wells or the Tangibles (excluding the Petroleum and Natural Gas Rights, Wells or the Tangibles themselves), including:
- (i) the Title and Operating Documents and all other contracts and agreements and all rights in relation thereto, including the Transportation, Sale and Handling Agreements;
 - (ii) the Surface Rights;
 - (iii) the well bores of the Wells, including down-hole casing for the Wells;
 - (iv) the entire interest of the Company in and to any and all geological and/or seismic data, in whatever form;
 - (v) emissions credits, emission offsets or other similar statutory or regulatory instruments;
 - (vi) records, files, reports, data, correspondence and other information, including lease, contract, well, production and facilities files and records, and emergency response plans; and
 - (vii) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i), (ii) and (iv) above;

however, the Miscellaneous Interests shall not include the Excluded Assets or the Excluded Contracts nor shall they include agreements, documents or data to the extent that they solely consist of the Excluded Assets or the Excluded Contracts;

- (hh) **“Order”** means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards, or decrees of any Governmental Authority (in each case, whether temporary, preliminary or permanent);
- (ii) **“Outside Date”** means the date that is at least forty five (45) days from the date of this Agreement or such later date as may be agreed to in writing by the Parties; provided that, if the Closing has not occurred by at least forty five (45) days from the date of the Agreement as a result of the failure to satisfy the conditions set forth in section 5.2(c), then the Purchaser may elect by notice in writing delivered to the Receiver by no later than 5:00 p.m. (Calgary time) on a date that is on or prior to such date or, in the case of subsequent extensions, the date that is on or prior to the Outside Date, as previously extended, to extend the Outside Date from time to time by a specified period of not less than five days and not more than forty five (45) days, provided that in aggregate such extensions shall not exceed ninety

(90) days from the date that is at least forty five (45) days from the date of the Agreement;

- (jj) **"Parties"** means, collectively, all of the parties to this Agreement; and **"Party"** means a party to this Agreement;
- (kk) **"Permits and Licenses"** means the permits, licenses, authorizations, approvals or other evidence of authority related to the Business or issued to, granted to, conferred upon, or otherwise created for, the Company, including, without limitation any licenses, permits, certificates, or other authorizations or directions issued or required to be issued, by the AER, to the Company, in connection with the operation of the Business and the ownership of the Retained Assets and the Retained Contracts;
- (ll) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;
- (mm) **"Petroleum and Natural Gas Rights"** means all of Company's right, title and interest in and to:
 - (i) rights in, or rights to explore or drill for and to recover, produce, save and market, Petroleum Substances;
 - (ii) rights to a share of production of Petroleum Substances therefrom;
 - (iii) fee simple interests and other estates in Petroleum Substances *in situ*;
 - (iv) working interests, carried working interests, royalty and overriding royalty interests, revenue interests, net profit interests, and similar interests in Petroleum Substances or the proceeds of the sale of Petroleum Substances or other encumbrance accruing to Company or to payments calculated by reference thereto; and
 - (v) rights to acquire or earn any of the foregoing in paragraphs (i), (ii), (iii) and (iv);

but, in each case, only insofar as the foregoing relate to the Lands or any lands pooled or unitized therewith and only insofar as such rights are granted by the Leases (and for clarity, (i) and (ii) above include all rights arising from unit allocations);

- (nn) **"Petroleum Substances"** means bitumen, crude oil, natural gas, natural gas liquids and other related hydrocarbons and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and coalbed methane;
- (oo) **"Purchase Price"** has the meaning set out in Section 2.2;
- (pp) **"Purchased Shares"** means 200,000,000 Common Shares subscribed for by the Purchaser and sold by the Receiver hereunder, or such greater or lesser number as will give the Purchaser 100% of the issued Common Shares at Closing;

- (qq) **"Purchaser"** has the meaning ascribed thereto in the Recitals and any assignee of the Purchaser pursuant to Section 7.5;
- (rr) **"Receiver"** has the meaning ascribed thereto in the Recitals;
- (ss) **"Receiver's Counsel"** means Miller Thomson LLP;
- (tt) **"Receivership Order"** has the meaning ascribed thereto in the Recitals;
- (uu) **"Receivership Proceedings"** means the proceedings commenced under the Receivership Order pursuant to which the Receiver was appointed as Receiver of the assets, undertakings and properties of the Company;
- (vv) **"Recitals"** means the preamble and the recitals to this Agreement;
- (ww) **"Representative"** means, with respect to any Party, its Affiliates, and its and their respective directors, officers, agents, advisors, employees and consultants and with respect to the Company includes its employees and consultants, and its and their respective directors, officers, agents, advisors, employees and consultants;
- (xx) **"ResidualCo"** means a corporation to be incorporated as a wholly owned subsidiary of the Company, to which the Excluded Assets and Excluded Liabilities will be transferred pursuant to the terms hereof;
- (yy) **"Retained Assets"** means all of the Company's right, title and interest in and to the assets described under the heading "Retained Assets" in Schedule "B" hereto and includes, where the context requires, the Retained Contracts; including without limitation, all rights, interests, and entitlements of the Company in and to any and all proceeds, credits, deposits, refunds, reimbursements, adjustments, and other recoverable amounts of any nature whether arising before or after the Effective Time.
- (zz) **"Retained Contracts"** means those contracts, agreements and commitments described under the heading "Retained Contracts" in Schedule "B" hereto;
- (aaa) **"Retained Liabilities"** means those liabilities described under the heading "Retained Liabilities" in Schedule "B" hereto;
- (bbb) **"Reverse Vesting Order"** means an approval and reverse vesting order of the Court, in substantially the form attached hereto as Schedule "A", or in such other form as may be agreed to by the Parties in writing that, among other things approves this Agreement and the Transactions contemplated hereby (including the redemption for nominal consideration, and subsequent cancellation, of all of the issued and outstanding equity interests of the Company, if any, other than the Purchased Shares);
- (ccc) **"Surface Rights"** means all rights to occupy, cross or otherwise use or enjoy the surface of the Lands and any lands pooled or unitized therewith or any other lands: (i) upon which the Tangibles are situate, (ii) used in connection with the ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or (iii) used to gain access to any of the Lands (or any lands pooled or unitized

therewith), the Tangibles or the Wells, whether the same are fee simple, held by right of way or otherwise;

- (ddd) **"Tangibles"** means all of Company's right, title and interest in and to all tangible depreciable property, apparatus, plant, equipment, machinery, field inventory and facilities, used or intended for use in, or otherwise useful in exploiting any Petroleum Substances from or within the Lands (whether the Petroleum and Natural Gas Rights to which such Petroleum Substances are allocated are owned by Company or by others or both) and located within, upon or in the vicinity of the Lands (or any lands pooled or unitized therewith), including all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, separators, pumps, tanks, boilers, communication equipment, all salvageable equipment pertaining to any Wells and all facilities and all Associated Infrastructure;
- (eee) **"Taxes"** means taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Authority under Applicable Law, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, and all employment insurance, health insurance and governmental pension plan premiums or contributions;
- (fff) **"Third Party"** means any individual or entity other than the Receiver, the Company and the Purchaser, including 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;
- (ggg) **"Title and Operating Documents"** means:
 - (i) the Leases;
 - (ii) agreements relating to the acquisition, ownership, operation or exploitation of the Petroleum and Natural Gas Rights, Tangibles or the Wells, including:
 - (A) operating agreements, royalty agreements, farm-out or farm-in agreements, option agreements, participation agreements, pooling agreements, unit agreements, unit operating agreements, sale and purchase agreements and asset exchange agreements;
 - (B) agreements for the sale of Petroleum Substances that are terminable on thirty one (31) days notice or less without early termination penalty or other cost;
 - (C) agreements pertaining to the Surface Rights;

- (D) agreements for the construction, ownership and operation of gas plants, gathering systems and other tangible depreciable property and assets;
 - (E) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other substances, the injection or subsurface disposal of other substances, the use of well bores or the operation of any Tangibles or Wells by a Third Party;
 - (F) the Transportation, Sale and Handling Agreements; and
 - (G) the Permits and Licenses and other approvals, authorizations or licences required under Applicable Law;
- (hhh) **“Transactions”** means: (i) the assignment by the Receiver to ResidualCo of the Excluded Assets and the Excluded Liabilities; (ii) the issuance by the Receiver to the Purchaser, and the subscription for and purchase by the Purchaser, of the Purchased Shares in consideration of the Purchase Price; and (iii) all matters related or ancillary to the foregoing contemplated by or in the manner provided for in this Agreement or the Reverse Vesting Order;
- (iii) **“Transportation, Sale and Handling Agreements”** means agreements providing for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith or obligations for processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances on behalf of Third Parties, but does not include any construction, ownership and operation agreements for similar agreements for the co-ownership of facilities; and
- (jjj) **“Wells”** means all producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells located on or within the Lands or any lands pooled or unitized therewith, whether or not completed.

1.2 Headings

The words “Article”, “Section”, “subsection” and “Schedule” followed by a number or letter or combination thereof mean and refer to the specified Article, Section, subsection and Schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and subsections 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 Plural and Gender

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" –	Form of Reverse Vesting Order
Schedule "B" –	Excluded Assets; Excluded Liabilities; Excluded Contracts; Retained Assets; Retained Liabilities and Retained Contracts

Such Schedules are incorporated herein by reference as though contained in the body hereof.

1.6 Damages

All Losses in respect of which a Party has a claim pursuant to this Agreement shall include reasonable legal fees and disbursements on a full indemnity basis.

1.7 Derivatives

Where a term is defined in the body of this Agreement, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires. The word "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.8 Interpretation if Closing Does Not Occur

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

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a schedule, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of any Applicable Law, the term or condition of such Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

1.10 Currency

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

ARTICLE 2 PURCHASE OF PURCHASED SHARES

2.1 Purchase of the Purchased Shares

Subject to the provisions of this Agreement and the Reverse Vesting Order, on the Closing Date, the Purchaser shall subscribe for and purchase from the Receiver, and the Receiver shall issue to the Purchaser the Purchased Shares free and clear of all Encumbrances.

2.2 Purchase Price

The purchase price payable by the Purchaser for the Purchased Shares shall be the sum of [REDACTED] (the “**Purchase Price**”), plus GST in the amount of [REDACTED] and plus or minus (as applicable) the net amount of the adjustments made pursuant to Article 3, to be satisfied as follows:

- (a) **Application of the Deposit:** The Deposit shall be released to and retained by the Receiver and applied and credited against the Purchase Price and GST;
- (b) **Closing Payment:** An amount sufficient to satisfy the remaining portion of the Purchase Price and GST (for greater certainty, after accounting for: (i) the application of the Deposit to the Purchase Price and GST pursuant to Section 2.2(a); and (ii) the net amount of any adjustments set out in Article 3) (collectively, the “**Closing Payment**”).

2.3 Deposit

The Parties acknowledge that a deposit in the amount of [REDACTED] (the “**Deposit**”) has been provided by the Purchaser to the Receiver’s Counsel prior to or concurrent with the execution of this Agreement, to be held in trust in by the Receiver’s solicitor in a non-interest bearing account. The Deposit shall be held in trust by the Receiver until one of the following events occur:

- (a) if Closing occurs, the Deposit shall be paid to Receiver at Closing for its own account absolutely and be applied as partial payment of the Purchase Price in accordance with Section 2.2;
- (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 5.4, the Deposit shall be forfeited to Receiver for the account of Receiver absolutely; and
- (c) if Closing does not occur due to any other reason than as addressed by Section 2.3(b), the Deposit shall be paid to Purchaser for the account of Purchaser absolutely.

2.4 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.

ARTICLE 3 ADJUSTMENTS

3.1 Assumption of Obligations

The Purchaser confirms that it will assume the Retained Assets and Retained Liabilities, including without limitation the payment of any and all amounts, interest and penalties in respect thereof, including without limitation: (i) all property taxes, including any municipal property taxes; (ii) all mineral lease royalties and rentals; (iii) surface lease rentals; and (iv) any other obligation related to the Retained Assets and the Retained Liabilities or arising from ownership or assumption thereof which shall be adjusted for in accordance with this Article 3.

3.2 Costs and Revenues to be Apportioned

- (a) Except as otherwise provided herein and subject to Section 3.2(b) and 3.2(c), all costs, expenses, revenues, proceeds, and other entitlements relating to the Retained Assets and the Retained Liabilities (including but not limited to maintenance, development, capital and operating costs, proceeds from the sale or production of Petroleum Substances and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned between the Receiver and the Purchaser as of the Effective Time on an accrual basis in accordance with generally accepted accounting principles, such that:
 - (i) all costs, expenses, and liabilities arising in respect of periods prior to the Effective Time shall be for the account of the Receiver, and all revenues, earned or attributable to such period shall be for the benefit of the Receiver in each case regardless of the date of invoice, demand, payment or collection; and
 - (ii) all costs, expenses, and liabilities arising in respect of periods from and after the Effective Time shall be for the account of the Purchaser, and all revenues earned or attributable to such period shall be for the benefit of the Purchaser, in each case regardless of the date of invoice, demand, payment or collection.
- (b) Notwithstanding anything to the contrary herein, including but not limited to Section 3.2(a):
 - (i) all revenues, proceeds, and other entitlements from the sale of Petroleum Substances will be deemed to accrue when the Petroleum Substances are produced and any revenues in respect of the production of Petroleum Substances up to and including September 30, 2025 shall be for the benefit of the Receiver;
 - (ii) all advances or deposits made by the Receiver or the Company with respect to the costs, expenses and liabilities related to the Retained Assets or the Retained Liabilities (including without limitation, electricity costs and other operational costs in respect of the Lands, the Wells, pipelines, facilities and Associated Infrastructure) which advances or deposits have not been applied to the payment of such costs, expenses and liabilities prior to the Closing Date and still stand to the credit of the Receiver or the Company, as applicable, as at the Closing Date, shall be returned to the Receiver or, if transferred to the Purchaser at Closing, an adjustment will be made in favour of the Receiver equal to the amount of such transferred advance or deposit;
 - (iii) all costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Article 3 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 the Receiver's income taxes;

- (v) all rentals and similar payments in respect of the Petroleum Substances or surface rights comprised in the Retained Assets or the Retained Liabilities and all taxes (other than income taxes) levied with respect to the Retained Assets or the Retained Liabilities or operations in respect thereof shall be apportioned between the Receiver and the Purchaser on a per diem basis as of the Closing Date;
 - (vi) Petroleum Substances that were produced, but not sold, as of October 1, 2025 shall be credited to the Receiver and will be deemed to be sold on a first in, first out basis; and
 - (vii) no adjustment shall be made in respect of Petroleum Substances in batteries and other storage facilities comprising the Tangibles, for which transfer of custody has not occurred to the purchaser of such Petroleum Substances as of the Effective Time and such Petroleum Substances will be the property of the Purchaser.
- (c) The Receiver shall not be liable to make any adjustment in favour of, or make any payment to, the Purchaser pursuant hereto in respect of any:
- (i) liability, cost or expense which relates to the period which arose prior to the Appointment Date or which cost or expense does not constitute a liability of the Purchaser; or
 - (ii) cost or expense which relates to any reassessment of royalties arising or accruing before or after Closing.

For the avoidance of doubt, the Receiver shall not be liable to make any adjustment in favour of, or make any payment to, the Purchaser in respect of any costs or expenses which relate to any regulatory approvals, permits, licences, consents, registrations, filings or authorizations that may be needed to complete the Transactions or to transfer or convey the Retained Assets or any portion thereof or any losses resulting from failure by the Purchaser to obtain any such regulatory approvals, permits, licences, consents, registrations, filings or authorizations.

3.3 Adjustments to Account

- (a) An accounting of the adjustments pursuant to this Article 3 shall be made at Closing, based on the Receiver's good faith estimate of the costs and expenses paid or incurred by the Receiver or the Company prior to Closing and the revenues received by the Receiver prior to Closing. The Receiver and the Purchaser shall cooperate in preparing such interim accounting and the Receiver shall provide a statement setting forth the adjustments to be made at Closing not later than two (2) Business Days prior to Closing and shall assist the Purchaser in verifying the amounts set forth in such statement and no further or other adjustments whatsoever will be made thereafter. For greater certainty, any amounts received following the Closing Date in respect of sales, services, or other entitlements of the Company shall be for the account of the Purchaser, regardless of when such amounts were invoices, accrued, or earned.
- (b) All adjustments provided for in this Article 3 shall be adjustments to the Purchase Price.

3.4 Maintenance of Assets

- (a) From the date hereof until the Closing Date, the Receiver shall use reasonable commercial efforts, to the extent that the nature of its interest permits, and subject to the Receivership Order, pay or cause to be paid all costs and expenses relating to the Business which become due from the date hereof to the Closing Date, provided that nothing contained in the foregoing or elsewhere in this Agreement shall obligate the Receiver to post security, make any other financial contribution or file any undertaking with any Governmental Authority.
- (b) Notwithstanding Section 3.4(a), the Receiver shall not from the date hereof to the Closing Date make any commitment or propose, initiate or authorize any capital expenditure outside the ordinary course of business without first consulting with the Purchaser in respect of thereof, except: (i) in case of an emergency; (ii) as may be reasonably necessary to protect or ensure life and safety; or (iii) to preserve the assets of the Company or title thereto.

ARTICLE 4 CLOSING

4.1 Date, Time and Place of 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. Closing shall occur on the later of: (a) October 27, 2025; (b) the date that is five (5) Business Days following the day on which all conditions set out in Article 5 (other than those conditions that by their nature can only be satisfied on the Closing Date) have been satisfied or waived; or (c) such other earlier or later date as may be agreed upon by the Parties, provided that such date shall be no later than the Outside Date. The Parties agree to make reasonable commercial efforts to satisfy the conditions set out in Article 5 so that Closing may occur on October 27, 2025.

4.2 Effectiveness of Reverse Vesting Order

Subject to the other terms of this Agreement and the Reverse Vesting Order, to the extent such further action is required to give effectiveness thereto, the Receiver, the Company and ResidualCo, as applicable, shall effect the steps set forth in the Reverse Vesting Order, in the sequence and at the times specified therein, as such steps, transactions, sequence and/or times may be amended by written agreement of the Parties.

4.3 Closing Deliveries

- (a) On the Closing Date, the Receiver shall deliver to the Purchaser:
 - (i) an entered copy of the Reverse Vesting Order;
 - (ii) a share certificate or other satisfactory evidence representing, in aggregate, the Purchased Shares registered in the name of the Purchaser as directed by the Purchaser; and
 - (iii) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transactions.

- (b) On the Closing Date, the Purchaser shall deliver to the Receiver:
 - (i) the Closing Payment pursuant to Section 2.2;
 - (ii) a certificate dated as of the Closing Date and executed by an executive officer of the Purchaser confirming and certifying that each of the conditions in Sections 5.4(a) and 5.4(b) have been satisfied;
 - (iii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate government official of its jurisdiction of formation; and
 - (iv) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Receiver.

4.4 Transfer Taxes

The Purchaser will promptly pay any applicable transfer taxes and/or GST directly to the appropriate taxing Governmental Authority, or promptly reimburse the Receiver upon demand and delivery of proof of payment, all applicable transfer taxes and/or GST that are properly payable by the Purchaser under Applicable Laws in connection with this Agreement and the transactions contemplated herein. This obligation shall survive Closing.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Required Consents

- (a) Before Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law to permit closing of the Transactions. The Parties acknowledge that, except for the Reverse Vesting Order, the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other documentation required by Governmental Authorities to permit the transfer to the Purchaser, and registration of the Purchaser as owner and/or operator, of any of the Retained Assets, if any.
- (b) Notwithstanding anything to the contrary herein, except for the Reverse Vesting Order, it is the sole obligation of the Purchaser to obtain any Third Party consents, permissions or approvals that are required in connection with the Transactions at the Purchaser's sole cost and expense, including remedying any deficiencies under any contracts and agreements assumed by the Purchaser or that otherwise from part of the Retained Assets. Upon providing prior written notice and sufficient documentary support, all reasonable and necessary costs, fees, expenses, penalties or levies that are incurred by the Receiver in order to effect the Transactions pursuant to the Reverse Vesting Order shall be the sole responsibility of the Purchaser, and the Purchaser agrees to pay on behalf of the Receiver any such reasonable and necessary costs, fees, expenses, penalties or levies on a timely basis.

5.2 Mutual Conditions

The obligation of the Purchaser to complete the Transactions, and of the Receiver to sell the Purchased Shares to the Purchaser, is subject to the following conditions precedent:

- (a) the Reverse Vesting Order being obtained;
- (b) pursuant to the Reverse Vesting Order, all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo and all Losses and Encumbrances attached to the Excluded Assets and Excluded Liabilities (other than in respect of the Retained Liabilities) shall continue to attach to the Excluded Assets and Excluded Liabilities, as applicable, with the same nature and priority as they had immediately prior to their transfer and the Retained Liabilities and Retained Assets will be retained by the Company pursuant to and in accordance with the Reverse Vesting Order;
- (c) no Applicable Law or Order will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Claim will otherwise have been made under any Applicable Laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes or which would reasonably be expected to make the transactions contemplated by this Agreement illegal or to otherwise directly or indirectly cease trade, enjoin, restrain or otherwise prohibit completion of the transactions contemplated by this Agreement; and
- (d) the Company shall cease to be a party to the Receivership Proceedings and the Company be deemed to be released from the purview of Receivership Order and all other Orders of the Court granted under the Receivership Proceedings, save and except for the Reverse Vesting Order the provisions of which (as they relate to the Company) shall continue to apply in all respects.

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 5.1(b) have not been performed, satisfied or waived before the Outside Date, this Agreement and the obligations of the Parties under this Agreement (other than under Sections 7.11 and 7.12) shall automatically terminate without any further action on the part of either the Receiver or the Purchaser.

5.3 Purchaser's Conditions

The obligation of the Purchaser to purchase the Purchased Shares is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of the Purchaser and may be waived by the Purchaser:

- (a) the representations and warranties of the Receiver herein contained shall be true in all material respects when made and shall remain true as of the Closing Date; and
- (b) all obligations of the Receiver contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by the Purchaser, at or before the Outside Date, the Purchaser may rescind this Agreement by written notice to the Receiver. If the Purchaser rescinds this Agreement, the Parties

shall be released and discharged from all obligations hereunder except as provided in Sections 7.11 and 7.12.

5.4 Receiver's Conditions

The obligation of the Receiver to sell the Purchased Shares is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of the Receiver and may be waived by the Receiver:

- (a) the representations and warranties of the Purchaser herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;
- (b) all obligations of the 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 the Purchaser to the Receiver at Closing, including the Purchase Price, shall have been paid to the Receiver in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by the Receiver, at or before the Outside Date, the Receiver may rescind this Agreement by written notice to the Purchaser. If the Receiver rescinds this Agreement, the Parties shall be released and discharged from all obligations hereunder except as provided in Sections 7.11 and 7.12.

5.5 Efforts to Fulfil Conditions Precedent

The Parties 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.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Receiver

The Receiver makes only the following representations to the Purchaser, which representations shall not survive Closing:

- (a) it has been appointed as the receiver of the assets, undertakings and properties of the Company pursuant to the Receivership Order of the Court, subject to obtaining the Reverse Vesting Order, has the power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement;
- (b) subject to obtaining the Reverse Vesting Order, the Receiver has the right to enter into this Agreement and to complete the Transactions; and
- (c) subject to obtaining the Reverse Vesting Order, this Agreement is, and all documents executed and delivered pursuant to this Agreement will be, legal, valid and binding obligations of the Receiver enforceable against it in accordance with their terms.

6.2 Representations and Warranties of the Purchaser

The Purchaser makes the following representations and warranties to the Receiver and agrees that the Receiver is relying on such representations and warranties for the purposes of entering into this Agreement:

- (a) the Purchaser is a corporation duly organized, validly existing and, as at the Closing Date, will be authorized to carry on business in the provinces in which the Retained Assets are located;
- (b) the Purchaser has good right, full power and absolute authority to purchase and acquire the Purchased Shares according to the true intent and meaning of this Agreement;
- (c) 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 the Purchaser is bound;
- (d) subject to 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 the Purchaser is party or by which the Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or licence applicable to the Purchaser;
- (e) this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of the Purchaser enforceable against the 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 Retained Assets is required for the due execution, delivery and performance by the Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirements previously obtained and currently in force or to be obtained prior to or after Closing;
- (g) the Purchaser: (i) is not an insolvent person within the meaning of the BIA or the *Winding-up and Restructuring Act* (Canada); (ii) has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof; (iii) has not had any petition for a receiving order and/or for the appointment of a receiver or receiver and manager over its property and/or business presented in respect of it; and (iv) has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;
- (h) the Purchaser has not retained the services of any broker or agent in connection with the Transactions;
- (i) the Purchaser is acquiring the Purchased Shares in its capacity as principal and is not purchasing the Purchased Shares for the purpose of resale or distribution to a Third Party, and is dealing at arm's length with the Receiver and the Company;

- (j) the Purchaser is an accredited investor, as defined by National Instrument 45-106 – *Prospectus Exemptions*, and/or that it meets one of the other exemptions under Canadian securities laws;
- (k) the Purchaser understands that the Purchased Shares are being issued to it upon an exemption from the prospectus requirements applicable under applicable Canadian securities laws and that there may be restrictions imposed on the Purchaser and the Purchased Shares which limit the Purchaser's ability to resell the Purchased Shares in Canada. Without limiting the foregoing, the Purchaser further acknowledges and agrees that any proposed transfer, resale or other disposition of the Purchased Shares shall be subject to Applicable Laws, including any restrictions and requirements under Canadian securities laws;
- (l) the Purchaser is a registrant under the Excise Tax Act (Canada);
- (m) the aggregate book value of assets in Canada, and the annual gross revenues from sale, in from or into Canada, of Purchaser and its Affiliates, are in each case less than \$100 million, calculated in accordance with the *Competition Act* and the regulations enacted thereunder; and
- (n) the Purchaser is a WTO investor within the meaning of the *Investment Canada Act* and is not a state-owned enterprise as defined in the *Investment Canada Act*.

6.3 Limitation of Representations by the Receiver

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

- (a) except for the representations and warranties of the Receiver set forth in Section 6.1, it is entering into this Agreement, acquiring the Purchased Shares (and the underlying Retained Assets and Retained Liabilities), in each case on an "as is, where is" basis as they exist as of Closing;
- (b) it has conducted to its satisfaction and have relied on such independent searches, investigations, reviews and inspections of the Company, including without limitation, with respect to the Purchased Shares, the Retained Assets and the Retained Liabilities as it deemed appropriate, and based thereon, have determined to proceed with the Transactions;
- (c) except as expressly stated in Section 6.1, none of the Receiver, its Representatives or any other Person is making, and the Purchaser is not relying on, any written or oral representations, warranties, statements, information, promises or guarantees, express or implied, statutory or otherwise, concerning the Transactions, the Company, the Business, the Purchased Shares, the Retained Assets, the Retained Liabilities, the Excluded Assets and the Excluded Liabilities, including the right, title or interest of the Company in and to any of the foregoing, and any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement, are hereby waived in their entirety by the Purchaser;

- (d) none of the Receiver, its Representatives or any other Person has made any representation or warranty as to any regulatory approvals, permits, licences, consents, registrations, filings or authorizations that may be needed to complete the Transactions or to obtain the benefit of the Retained Assets or any portion thereof, and the Purchaser is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;
- (e) the Receiver shall have no liability or obligation whatsoever in respect of any regulatory approvals, permits, licenses, consents, registrations, filings or authorizations that may be needed to complete the Transactions or in respect of the Retained Assets and the Purchaser shall be solely responsible for obtaining any such regulatory approvals, permits, licenses, consents, registrations, filings or authorizations as it may require following Closing;
- (f) the obligations of the Purchaser under this Agreement are not conditional upon any additional due diligence;
- (g) except for the representations and warranties of the Receiver set forth in Section 6.1, any information regarding or describing the Purchased Shares, the Retained Assets or the Retained Liabilities, or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Receiver, its Representatives or any other Person concerning the completeness or accuracy of such information or descriptions;
- (h) except as otherwise expressly provided in this Agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights or claims the Purchaser might have against the Receiver, the Company or ResidualCo, or any of their respective Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than those representations and warranties of the Receiver expressly set forth in Section 6.1 such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, completeness of warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights; and
- (i) the provisions of this Section 6.3 shall survive and not merge on Closing.

6.4 Purchaser's Indemnities for Representations and Warranties

The Purchaser shall be liable to the Receiver and shall, in addition, indemnify the Receiver and its Representatives from and against, all Losses suffered, sustained, paid or incurred by the Receiver and its Representatives which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in Section 6.2 been accurate and truthful.

ARTICLE 7 GENERAL

7.1 Fees

The Purchaser hereby acknowledges and agrees that it will be responsible for any and all fees, expenses, and disbursements incurred by the Purchaser in connection with the formulation, negotiation, and finalization of this Agreement and the closing of the Transactions contemplated hereby.

7.2 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. Without limiting the generality of the foregoing, at the Purchaser's reasonable request and at the sole cost and expense of the Purchaser, the Receiver will provide such reasonably requested information and records with respect to the Business insofar as they relate to the Retained Assets or the Retained Liabilities.

7.3 Entire Agreement

Except for the Reverse Vesting Order, 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, in the event of conflict, except for the Reverse Vesting Order, the provisions of this Agreement shall prevail. In the event that Closing occurs, except for the Reverse Vesting Order, this Agreement supersedes all other agreements, 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 Transactions herein.

7.4 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. 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.

7.5 Assignment and Enurement

This Agreement shall not be assigned by the Purchaser without the prior written consent of the Receiver, which consent may be unreasonably and arbitrarily withheld; provided that, notwithstanding the foregoing, the Purchaser shall be entitled to assign this Agreement, or any rights or obligations of the Purchaser hereunder, to an Affiliate of the Purchaser without the prior written consent of the Receiver, and provided further that any such assignment shall not relieve the Purchaser of its obligations hereunder. 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.

7.6 Time of Essence

Time is of the essence in this Agreement.

7.7 Notices

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

if to the Receiver: 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

if to the Purchaser: 2698902 Alberta Corp.
855 – 2nd Street SW, Suite 3500
Calgary, AB T2P 4J8
Attention: Jordy Weinrauch
E-mail: jordy@jackfishresources.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 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.

7.8 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.

7.9 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 and made in accordance with the Agreement. 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.

7.10 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.

7.11 Confidentiality and Public Announcements

Until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Purchased Shares, the Retained Assets and this Agreement, and shall not release any information concerning this Agreement and the Transactions 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 to the public if required by Applicable Law (provided that the Purchaser shall advise the Receiver in advance of the content of any such public statement); or (ii) in connection with obtaining the Reverse Vesting Order.

7.12 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the Books and Records or otherwise obtained or reviewed by the Purchaser in connection with these Transactions only for those purposes for which it was initially collected from or in respect of the individual to which such information relates, unless:

- (a) the Receiver or the Purchaser has first notified such individual of such additional purpose, and where required by the Applicable Laws, obtained the consent of such individual to such additional purpose; or
- (b) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual; and
- (c) the Purchaser's obligations set forth in this Section 7.12 shall survive the Closing Date indefinitely.

7.13 Termination

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of the Parties; or
- (b) by either Party pursuant to the provisions of Sections 5.3 or 5.4, as applicable; or
- (c) by the Receiver if the Purchaser has breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from the Receiver.

In the event that this Agreement is terminated pursuant to this Section 7.12, each Party shall be released from all obligations under or in connection with this Agreement, other than the provisions with respect to Sections 7.11 and 7.12.

7.14 Counterpart Execution

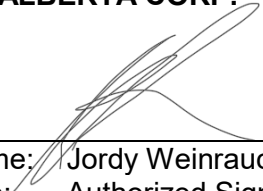
This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

[Signature Page Follows]

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

2698902 ALBERTA CORP.

By



Name: Jordy Weinrauch
Title: Authorized Signatory

CLEO ENERGY CORP., by and through its Court-appointed receiver **ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court-appointed receiver, and not in its personal or corporate capacity

By



Name: Orest Konowalchuk
Title: Authorized Signatory

SCHEDULE "A"

FORM OF REVERSE VESTING ORDER

See attached.

SCHEDULE “B”

EXCLUDED ASSETS, EXCLUDED LIABILITIES, EXCLUDED CONTRACTS, RETAINED ASSETS, RETAINED LIABILITIES AND RETAINED CONTRACTS

Excluded Assets

1. All cash, cash equivalents, securities, bank balances, funds, deposits or monies owned by the Company or on behalf of the Company at Closing (including for greater certainty, the Purchase Price and any other amounts paid by the Purchaser to the Receiver at Closing). For greater certainty, revenues, proceeds, and other entitlements relating to the Retained Assets received by the Receiver or the Company after the Effective Time which, pursuant to Section 3.2, shall be for the benefit of the Purchaser, shall not be an Excluded Asset.

Excluded Liabilities

1. All debts, obligations, Liabilities, Claims, indebtedness, contracts, leases, agreements, undertakings, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Company other than the Retained Liabilities or those in relation to or arising out of the Retained Contracts.

Excluded Contracts

1. The Fabyan 06-08-045-07W4M Gas Processing and Gas Handling Agreement by and between Durham Creek Energy Ltd. (“**Durham Creek**”) and Cleo Energy Corp, dated December 1, 2023, as assigned by Durham Creek to Surge Energy Inc. (“**Surge**”) pursuant to an assignment Agreement between Durham Creek and Surge dated April 15, 2024.
2. The Letter Contactor Agreement by and between Alvarez & Marsal Canada Inc., in its capacity as Court appointed Receiver of Cleo Energy Corp. and Block 63 Ltd.
3. The Commercial Agreement by and between Cleo Energy Corp. and Trafigura Canada Limited dated as of July 12, 2024.

Retained Assets

1. All of the assets, property, and undertakings, of every kind or nature, owned by the Company on the date of this Agreement, including without limitation, the Retained Contracts, the Title and Operating Documents, Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests, and Books and Records, other than the Excluded Assets and the Excluded Contracts. For greater certainty, revenues, proceeds, and other entitlements relating to the Retained Assets received by the Receiver or the Company after the Effective Time which, pursuant to Section 3.2, shall be for the benefit of the Purchaser, shall be a Retained Asset.

2. All security deposits, refunds, and financial assurances posted with any Governmental Authority, including without limitation any deposits or security held by the AER together with all related rights of recover, refund, or adjustment. The Company shall also retain all accounts receivable, credits, and rights to payment or reimbursement, including any rights pursue, reconcile, or adjust such amounts in the ordinary course of business, and to review and revise any related Tax filings or assessments as may be necessary to ensure regulatory and financial compliance.

Retained Liabilities

1. All Liabilities in relation to or arising out of the Retained Contracts.
2. All Liabilities arising out of events or circumstances and which become due and owing after the Effective Time, which are not adjusted for pursuant to Article 3 prior to Closing.
3. All Liabilities arising from the possession, ownership or use of the Retained Assets following Closing (including for greater certainty any municipal taxes, property taxes, surface use payments, bonuses, fees, royalties, overriding royalties, land use fees, license fees, easement payments and similar obligations and Liabilities that accrue on or after the Closing Date).
4. All Abandonment and Reclamation Obligations.
5. All Environmental Liabilities.

Retained Contracts

1. The Electricity Services Agreement by and between Alvarez & Marsal Canada Inc., in its capacity as Court appointed Receiver of Cleo Energy Corp. and 1772387 Alberta Limited Partnership (o/a Encor by Epcor) by its general partner, 1772387 Alberta Ltd, with a start date of June 28, 2025.

APPENDIX B

APPENDIX C