

Sale Process

Viceroy Canadian Resources Corp.



VICEROY CANADIAN RESOURCES CORP.

5% Working Interest under an Amended and Restated
Farm-in and Participation Agreement, including 5%
working interest in SAGD Facility in Alberta

December 2024 / January 2025

Introduction

Alvarez & Marsal Canada Inc., in its capacity as Receiver, is soliciting a potential sale of the assets of Viceroy Canadian Resources Corp., a private energy company with assets in western Canada. This overview is being provided to parties who have been identified as potentially having an interest in this opportunity.

Oil & Gas Sales Opportunity

- Viceroy Canadian Resources Corp. (“**Viceroy**”) is a party to an Amended and Restated Farm-in and Participation Agreement effective as of January 31, 2019 and amended and restated as of June 19, 2020 (the “**Farm-In Agreement**”). The Farm-In Agreement governs, amongst other things, Viceroy’s interest in a steam assisted gravity drainage plant and facility located approximately 45 kilometers north of Fort McMurray, Alberta (the “**McKay SAGD Project**”), which includes a SAGD plant and any associated equipment (the “**Plant**”). The Plant is operated under the following licenses and on the following lands:

License No.	Surface Location
42660	00/10-07-091-14W4
42685	00/15-07-091-14W4
42686	00/14-07-091-14W4

- Viceroy has a 5% working interest, and Greenfire has a 95% working interest, in the McKay SAGD Project (including the Plant). Greenfire is the operator of the McKay SAGD Project (including the Plant). Greenfire has ceased operations at the McKay site and the AER has provided approval to abandon the lease, and Greenfire is undertaking the necessary work to complete the abandonment.
- Viceroy also has a 5% working interest, and Burgess Canadian Resources ULC has a 95% working interest, in certain undeveloped lands and specifically the following oil sands leases:

Agreement Type	Agreement Number
OIL SANDS LEASE (074)	7407030048
OIL SANDS LEASE (074)	7407030050
OIL SANDS LEASE (074)	7407030051
OIL SANDS LEASE (074)	7407030052
OIL SANDS LEASE (074)	7407050715
OIL SANDS LEASE (074)	7407050716
OIL SANDS LEASE (074)	7407070267
OIL SANDS LEASE (074)	7407070551
OIL SANDS LEASE (074)	7407090383
Total Number of Agreements:	9

Introduction (cont'd)

Alvarez & Marsal Canada Inc., in its capacity as Receiver, is soliciting a potential sale of the assets of Viceroy Canadian Resources Corp., a private energy company with assets in western Canada. This overview is being provided to parties who have been identified as potentially having an interest in this opportunity.

Oil & Gas Sales Opportunity (cont'd)

- The sale of any property or assets will be on an “as is, where is” basis and without surviving representations, warranties, covenants or indemnities of any kind, nature or description by the Receiver or any of its agents, estates, advisors, professionals or otherwise, except to the extent set forth in a written agreement.
- On December 6, 2024 the Court approved a sale process (the “**Sale Process**”) to solicit interest in, and opportunities for a sale of all or part of Viceroy’s interests under the Farm-in Agreement, in addition to approving a stalking horse term sheet (the “**Stalking Horse Bid**”) with a wholly owned subsidiary of Greenfire (the “**Purchaser**”), which is discussed in detail on page 4.
- The outcome of the Sale Process may result in the sale of any or all of Viceroy’s 5% working interest under the Farm-in Agreement, including Viceroy’s 5% working interest in the McKay SAGD Project (which is being abandoned by the Operator) and the Plant, and any proceeds thereof (collectively, the “**Property**”). The Stalking Horse Bid is exclusively for the **Plant**, plus the assumption of Viceroy’s share of abandonment and reclamation obligations regarding the **Property**.
- **Interested parties must submit a formal bid by 4:00 PM Mountain Time on January 24, 2025.**
- Further details regarding the Sale Process procedures can be found on our website at: <https://www.alvarezandmarsal.com/Viceroy>.

McKay Facility Assets

- The McKay SAGD Project is comprised of various assets including the following: an oil processing facility with a capacity to process 12,000 bbl/day of oil and 37,400 bbl/day steam, including water treatment plant, oil processing and treatment facilities, glycol heating and cooling systems, three 5MV Taurus 60 gas turbine generators, three heat recovery steam generation units (HRSG), high-capacity boilers, distillation systems and Evap towers, softwater system, office building with control center, warm and cold warehouses, tank farm, truck loading/unloading stations, well pads and modular buildings, testing group separators and water source wells.
- The Plant is designed as a chattel, therefore:
 - it is equipment which was designed as modules to be easily moved and transferable wherever the production field is;
 - the Plant was intended to be mobile rather than a permanent structure;
 - the entire Plant is above ground and sits on skids which in turn rest on piles; and
 - the Plant is designed to be; and can be, easily removed from the piles in order to be relocated elsewhere.

Key Operational and Financial Highlights

- The original owner, Southern Pacific Energy Ltd., built the central process facility for a total cost of approximately \$468 million and was commissioned for first steam in 2012. The facility was designed to generate 37,400 bbl/d of steam and process 12,000 bbl/d of raw bitumen. The Plant has not been in operation since at least March 2023.

Facility Relocation Plan

- Ownership and operation of the Plant and certain petroleum and natural gas rights, wells and other assets (collectively the “**Other Assets**”) are currently governed by the Farm-In Agreement which incorporates the 2007 CAPL Operating Procedure (the “**Operating Procedure**”). If the Purchaser is the Successful Bidder, upon Closing, the Other Assets will be owned by Greenfire and Viceroy (or another purchaser) and the Purchased Assets will be owned by Greenfire and Purchaser resulting, by operation of certain provisions of the Operating Procedure, in a bifurcation of the Farm-In Agreement. To address such bifurcation and other matters related to the Purchased Assets and as contemplated in section 14.02(c) of the Operating Procedure, if the Purchaser is the Successful Bidder, the Seller and Greenfire shall negotiate a separate agreement for the Plant and its operation using the 1999 PJVA CO&O Agreement as its basis (the “**CO&O Agreement**”) and Purchaser shall be required to execute and deliver the CO&O Agreement at Closing. The CO&O Agreement shall be in form and substance satisfactory to each of the Seller, Greenfire and the Purchaser. Greenfire will be asking any bidder to execute a CO&O Agreement.
- Greenfire has advised that, as operations have ceased and the lease is being abandoned by the Operator, they intend to relocate the Plant to an underutilized Tier-1 reservoir.

Stalking Horse Bid

Stalking Horse

- In advance of the Sale Process, the Receiver, in consultation with Counsel, entered into discussions with the Stalking Horse Bidder (the Purchaser or “**Stalking Horse Bidder**”) to explore the possibility of participating in the Sale Process. The Stalking Horse Bidder has agreed to participate in such capacity in the Sale Process.
- The Receiver has entered into the Stalking Horse Term Sheet (“**Stalking Horse Term Sheet**”) with the Stalking Horse Bidder, meaning, if there is no Successful Bid from a party other than the Stalking Horse Bidder, all right, title and interest in the Purchased Assets (as defined in the Stalking Horse Term Sheet) and all privileges thereto will vest to the Stalking Horse Bidder, pending the Court granting a sale approval and vesting order in relation to the Stalking Horse Term Sheet. The Receiver has negotiated the Stalking Horse Bid outlined below:

Key Details	Description
Court Approval of Term Sheet and Sale Process	On December 6, 2024, the Court granted an order approving a sale process procedure and a stalking horse term sheet.
Purchaser	2666355 Alberta Ltd., a wholly owned subsidiary of Greenfire.
Seller	Alvarez & Marsal Canada Inc., in its capacity as Receiver.
Purchase Price	Anticipated to be approximately \$2,458,000, as follows: <ul style="list-style-type: none">• \$425,000 in unpaid joint interest billings;• \$1,630,000 for the assumption of Viceroy’s share of abandonment and reclamation obligations regarding the Property; and• \$400,000 in Receiver’s Certificates and other priority payables related to the professional fees, to be paid on closing.
Assumed Purchased Assets and Assumed Liabilities	Assumed Purchased Assets: Viceroy’s entire right, title, and interest (being 5% ownership interest) in and to the <u>Plant</u> . Assumed Liabilities: the Purchaser shall assume and agree to pay, perform, and discharge when due Viceroy’s share of abandonment and reclamation obligations regarding the <u>Property</u> .

- Further details regarding the Stalking Horse Term Sheet can be found on our website at: <https://www.alvarezandmarsal.com/Viceroy>.

Further Details

Sale Process

On October 22, 2024 Alvarez & Marsal Canada Inc. was appointed as Receiver of Viceroy’s right, title and interest in and to the Amended and Restated Farm-In Participation Agreement, effective as of January 31, 2019 and amended and restated as of June 19, 2020 (the “**Farm-In Agreement**”), including without limitation the Debtor’s 5% working interest in the McKay SAGD Project and the Plant, and any proceeds thereof (collectively, the “**Property**”), pursuant to section 13(2) of the Judicature Act, RSA 2000, c.J-2 and 65(7) of the Personal Property Security Act, RSA 2000, c.P-7.

On December 6, 2024, the Alberta Court of King’s Bench (the “**Court**”) approved a Sale Process to solicit interest in, and opportunities for, a sale of Viceroy’s Property.

Pursuant to Court approval, the Sale Process is being conducted by Alvarez & Marsal Canada Inc.

Interested parties wishing to pursue a transaction are to submit a Bid by 4:00p.m. Mountain Time on Friday, January 24, 2025.

Process Timeline

Key Milestones	Date
Launch Sale Process	As soon as practical following the granting of the Sale Process Order
Bid Deadline	January 24, 2025
Qualified Bidder(s) Notified	January 31, 2025
Auction	February 7, 2025
Court Approval (in the event of an Auction and Winning Bid)	As soon as practical following the Auction

Next Steps / Process

Interested parties who wish to pursue a potential investment are required to execute a Non-Disclosure Agreement; please email a respective party below for further information.



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