

1976218 ALBERTA LTD.

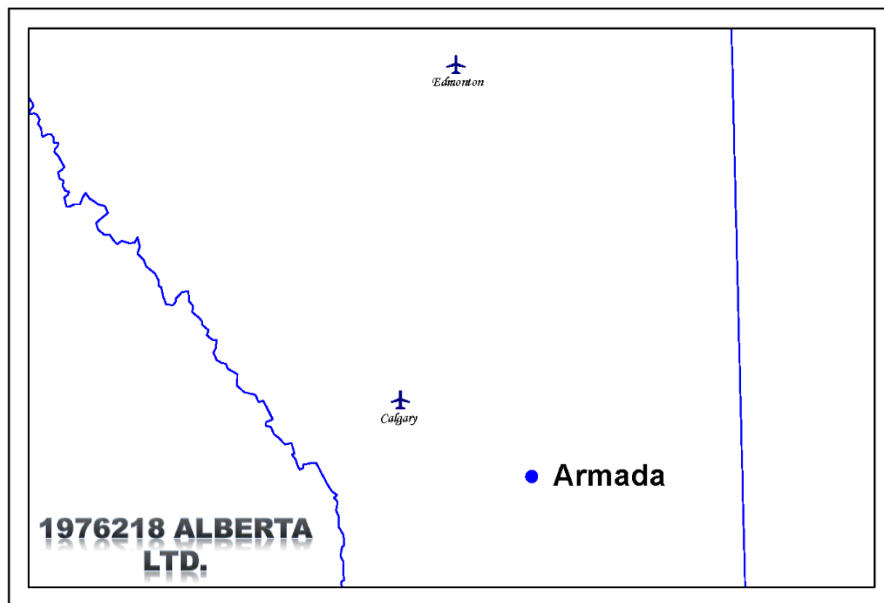
OVERVIEW INFORMATION

Facility Divestiture: Natural Gas Plant & Gathering System Armada, Alberta

1976218 ALBERTA LTD.

1976218 Alberta Ltd. ("197" or the "Company") has engaged **Sayer Energy Advisors** to assist the Company with the sale of its interest in the Armada Gas Plant and associated natural gas gathering system located in the Armada area of Alberta (the "Armada Facilities").

At Armada, 197 holds a 49.9975% working interest in the Armada Facilities located at 01-18-017-18W4 and the associated natural gas gathering system. The Armada Facilities are operated by **Canadian Natural Resources Limited** which holds a 42.863% working interest. The remaining 7.1395% working interest is held by **1951629 Alberta Inc.**



The Company's net operating income from the Armada Facilities the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined in the following pages. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

PROCESS & TIMELINE

Sayer Energy Advisors is accepting cash offers for the Armada Facilities until **12:00 pm on Thursday, February 17, 2022.**

Timeline		
Week of January 10, 2022		Preliminary Information Distributed
Week of January 17, 2022		Data Room Opens
February 17, 2022	12:00 noon	Bid Deadline
February 1, 2022		Effective Date
March 2022		Closing Date

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

Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, February 17, 2022.

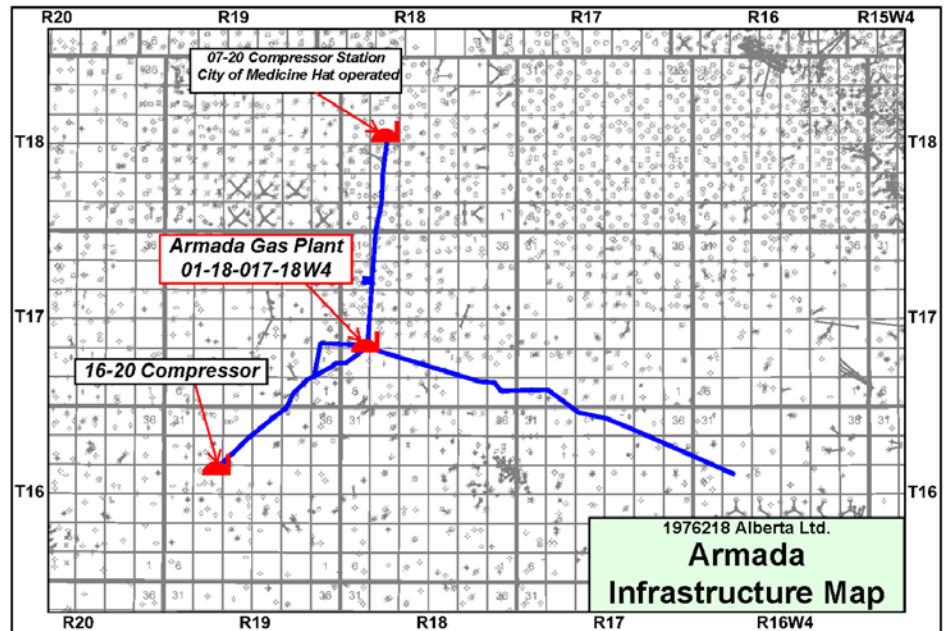


Armada Facilities

Township 16-18, Range 16-19 W4

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The Armada Gas Plant was built in 1979 by **Cochrane Oil & Gas Ltd.** as a midstream asset for area producers and the Company acquired its working interest in 2016. The Armada Facilities service 145 producing wells in the area.



The Armada Facilities were designed for sweet natural gas throughput of 30 MMcf/d. The natural gas gathering system consists of 16.4 km of 6" pipeline, 20.0 km of 4" pipeline and 12.4 km of 3" pipeline and two compressors which are tied into the Armada Gas Plant. The compressors are third-party owned.

Armada Gas Plant 01-18-017-18W4



A required turnaround of the Armada Gas Plant is scheduled for 2022 with an estimated start date of May 2, 2022. The budgeted cost net to the Company for the turnaround is estimated to be approximately \$225,500. The turnaround includes the following items:

- Overhaul on compressor Unit #3303 (100,000 hrs.)
- Regulatory driven PSV's Servicing
- Regulatory driven Vessel Inspections
- Regulator NGL Bullet Internal Inspection
- Glycol reboiler repair or replacement



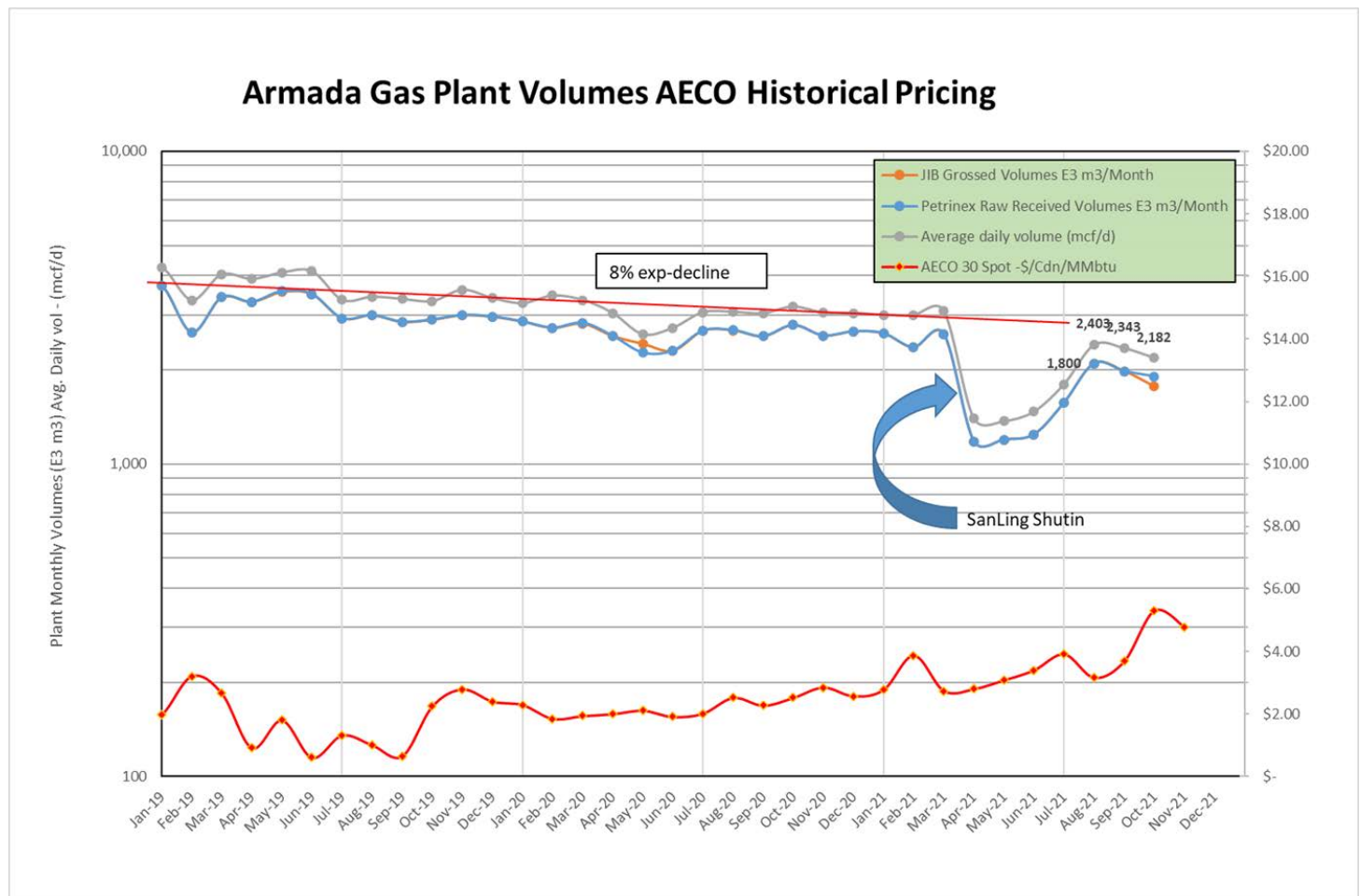


The Company's net operating income from the Armada Facilities for the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined below. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

The throughput at the Armada Gas Plant for the ten months ended October 31, 2021 was approximately 666 MMcf of natural gas. The Company forecasts throughput for 2022 to be approximately 777 MMcf.

The throughput volumes from Canadian Natural, **Revolution Oil & Gas Corporation** and **Sutton Energy Ltd.** make up approximately 88% of the throughput at the Armada Gas Plant. Additional volumes come from several operators including the **City of Medicine Hat**, **Nuova Strada Ventures Ltd.**, **Pure Oil & Gas Co. Ltd.**, **Razor Energy Corp.**, **Spartan Delta Corp.**, **TAQA North**, **Torxen Energy Ltd.** and **Wilcox Energy Corp.**

Current throughput is 2.2 MMcf/d of natural gas. As shown on the following chart, current throughput is lower than in previous years due to the volumes of **SanLing Energy Ltd.** being shut-in when SanLing became insolvent in 2021. Certain SanLing assets were acquired through a Court-approved vesting order dated November 23, 2021. The Company estimates the acquired volume to be approximately 1.0-1.1 MMcf/d of natural gas. The potential additional volumes are pipeline connected to the Armada Facilities. These volumes have not been included in the 2022 budget and are not currently online.

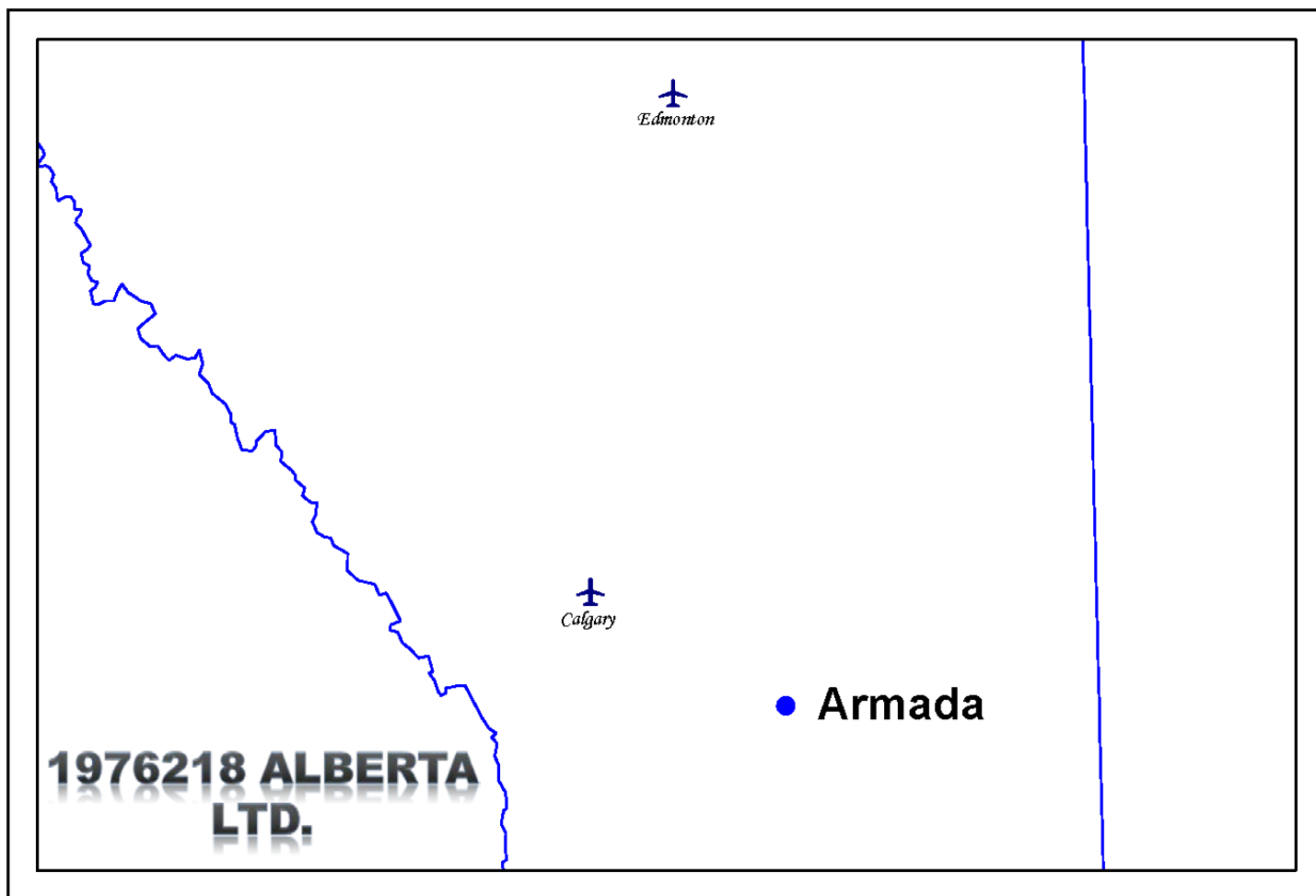




1976218 Alberta Ltd.

Winter 2022

Facility Divestiture



CONTACT

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

Included in the confidential information is the following: operating agreement, operating budget, and other relevant financial and technical information.

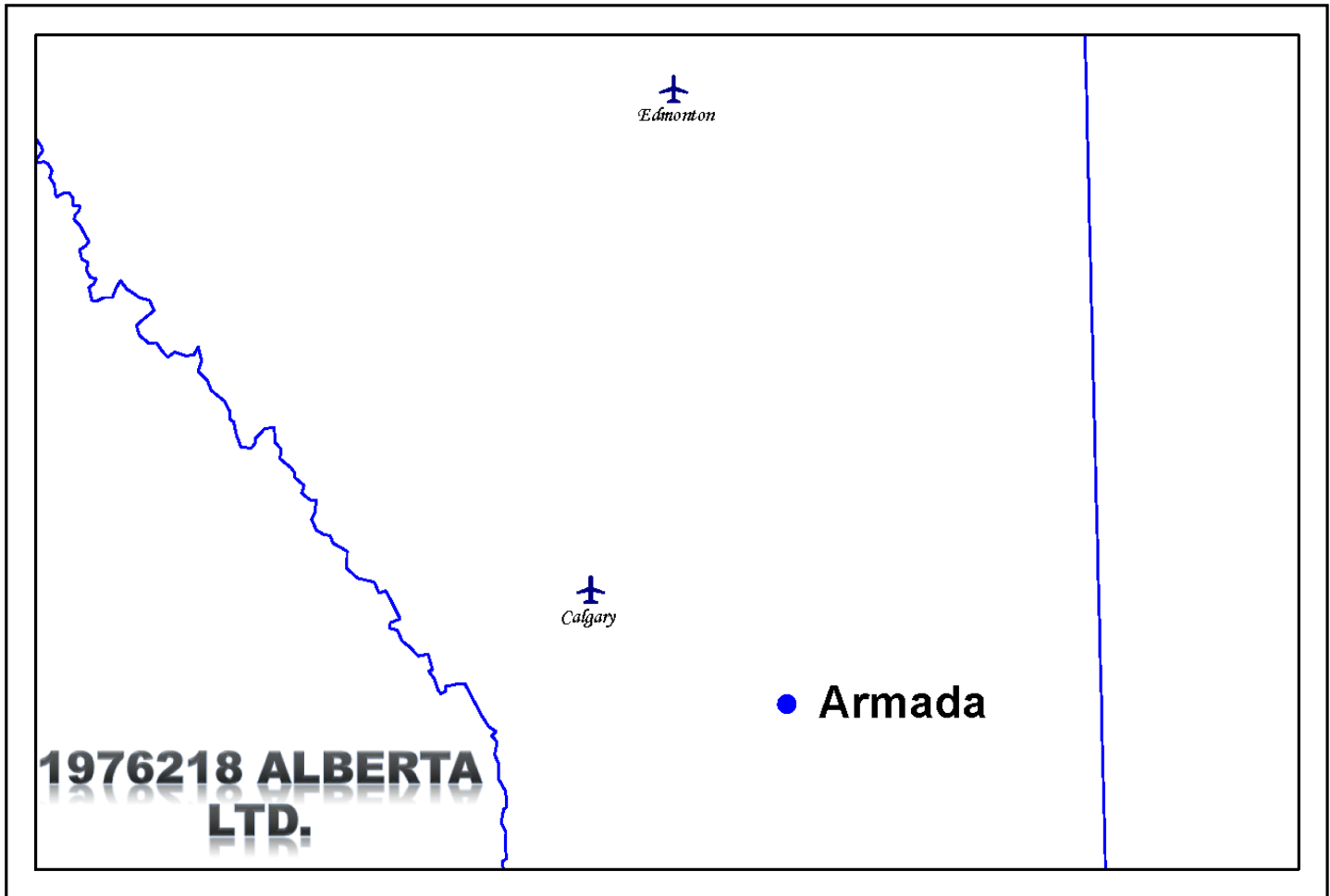
To receive further information on the Armada Facilities please contact Ben Rye, Tom Pavic or Grazina Palmer at 403.266.6133.



Overview

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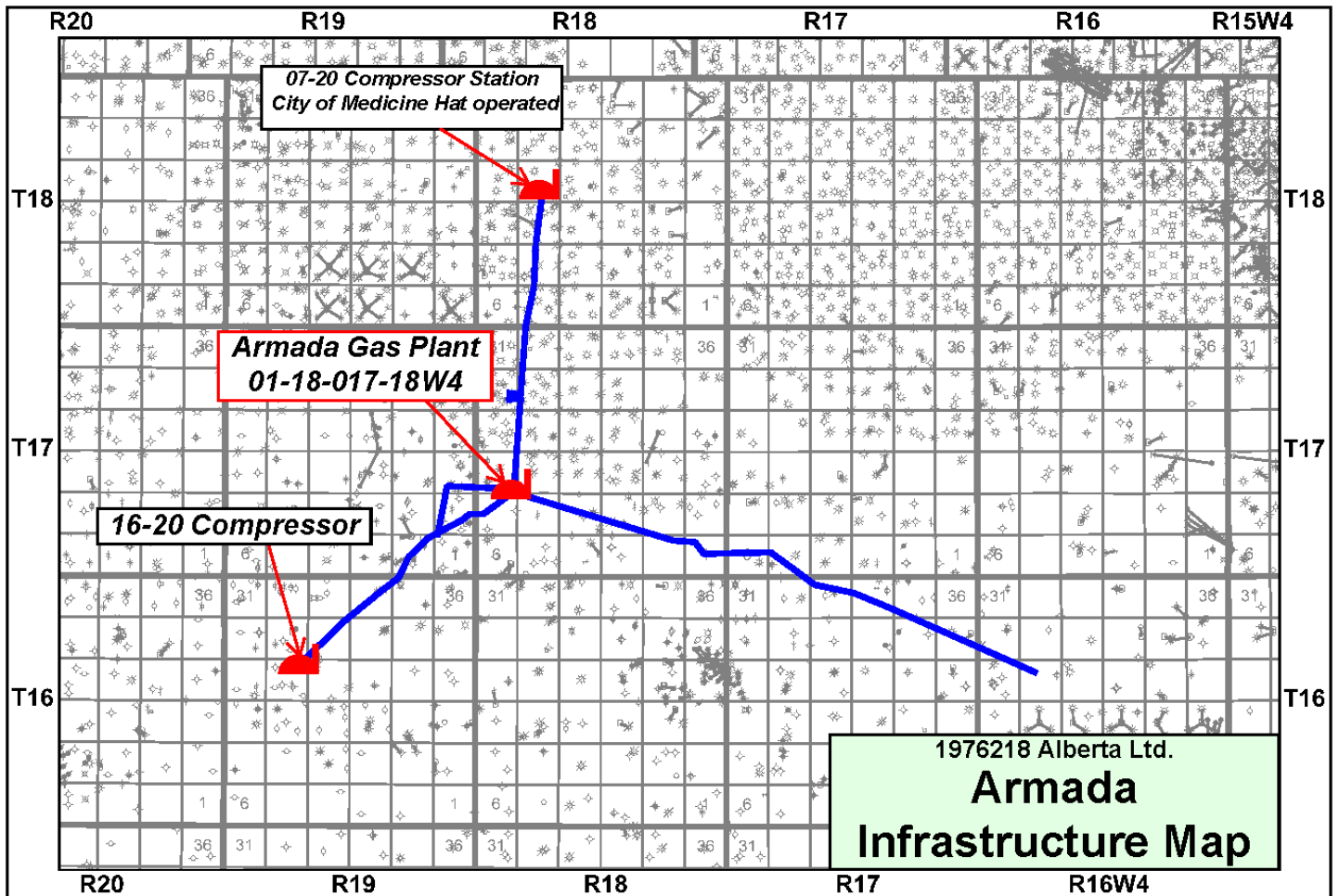
Overview Map Showing the Location of the Facility



Armada Facilities

Township 16-18, Range 16-19 W4

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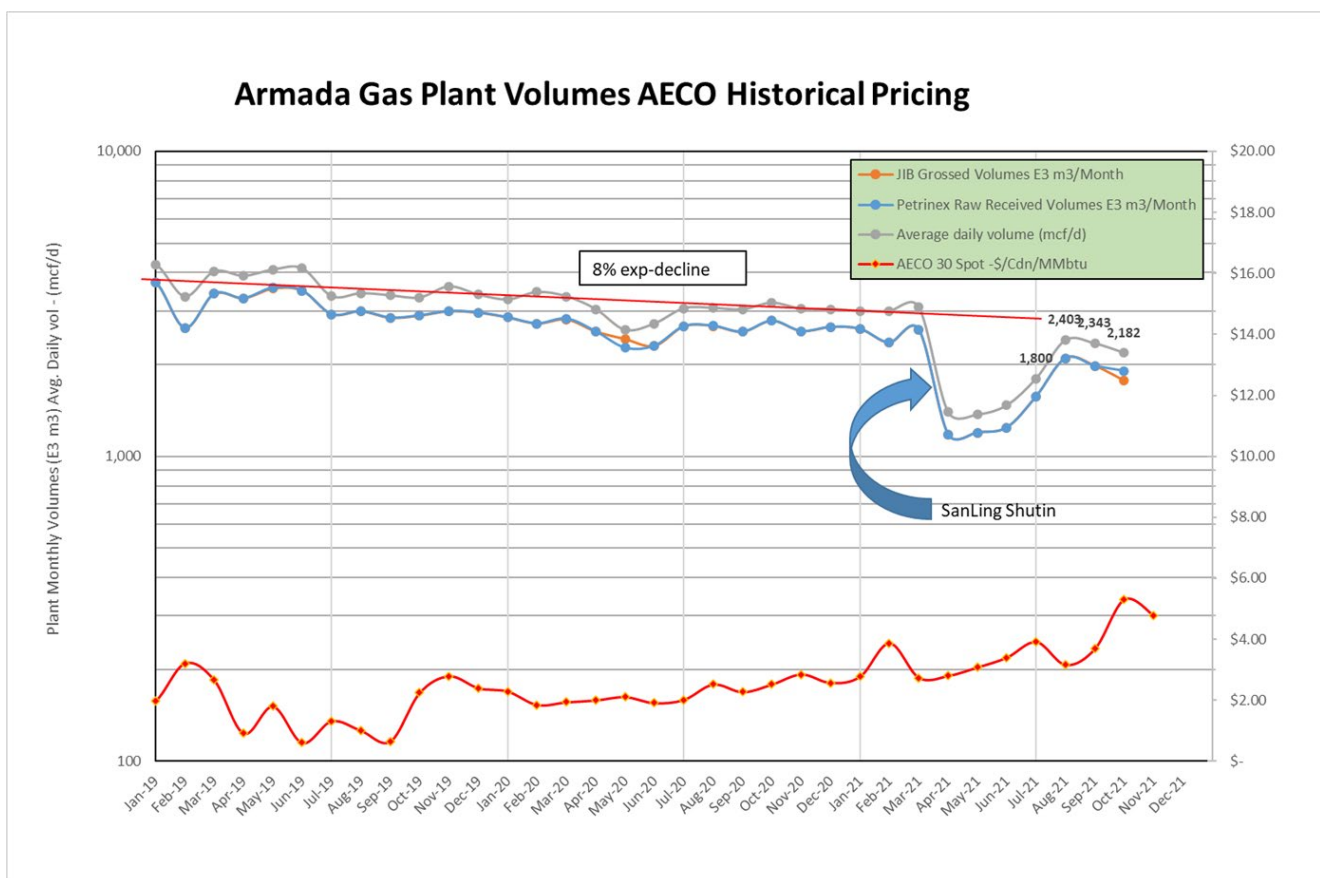
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The Company's net operating income from the Armada Facilities for the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined below. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

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Armada Gas Plant 01-18-017-18W4



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- Regulator NGL Bullet Internal Inspection
- Glycol reboiler repair or replacement

The budgeted cost net to the Company for the turnaround is estimated to be approximately \$225,500.

RECIPIENT COMPANY LETTERHEAD

_____, 2022

**1976218 Alberta Ltd.
c/o Sayer Energy Advisors
1620, 540 - 5th Avenue SW
Calgary, Alberta T2P 0M2**

Attention: Ben Rye

Re: **Confidentiality Agreement
Armada Facility Divestiture**

_____ ("Recipient") has expressed an interest in the purchase of certain midstream interests owned by 1976218 Alberta Ltd. ("197") in the Armada area of Alberta (the "Facility"). 197 is prepared to provide the Recipient access to certain information relating to the Facility, including but not limited to land schedules, financial results, marketing materials, geological and geophysical information and other documentation ("Confidential Information"). In consideration of 197 providing the Confidential Information, Recipient agrees as follows:

1. Recipient acknowledges that all Confidential Information provided to Recipient is proprietary to 197 and its joint venture partners except for Confidential Information which is set out and described in Clause 5.
2. The Confidential Information shall be kept in the strictest of confidence and shall not be used for any purpose whatsoever other than evaluating a possible transaction between Recipient and 197. The Confidential Information shall not be disclosed to any person other than Recipient and to such of its directors, employees, agents, consultants, representatives and advisors (the "Representatives") who have a need to know such information for the purpose of appraising the Facility. Recipient shall take all steps that are necessary to ensure that its Representatives are aware of the terms and conditions of this Agreement and that such terms and conditions are binding upon any and all of its Representatives. Upon request, Recipient shall provide 197 with a list of the Representatives who have received the Confidential Information.
3. Recipient agrees that it and its Representatives shall not disclose to any person or publish or disperse in any form, any terms, conditions or other facts with respect to any possible transaction relating to the Facility for which the Confidential Information was disclosed.
4. Notwithstanding the foregoing terms, Recipient shall be permitted to disclose such Confidential Information that is required to be disclosed pursuant to any law, rule or regulation. In the event that Recipient receives a request or legal directive to disclose Confidential Information, Recipient shall promptly provide written and verbal notification to 197 of such a request. Recipient shall consult with 197 on the advisability of taking steps to resist or narrow such request or directive. If disclosure is deemed advisable, Recipient shall cooperate with 197 in any attempt that 197 may make to obtain an order or other reliable

assurance that confidential treatment will be accorded by the requesting or directing party to the information required to be disclosed.

5. The restrictions set forth in Clauses 2 and 3 above shall not apply to any part of the Confidential Information which is:
 - (a) now in the public domain or becomes part of the public domain other than through an act of the Recipient or its Representatives; or
 - (b) in the lawful possession of the Recipient prior to its disclosure by 197; or
 - (c) subject to disclosure required by law, rule or regulation provided that 197 is given notice pursuant to Clause 4 prior to such disclosure; or
 - (d) made available to the Recipient or its Representatives from a source who may reasonably be believed to legally hold such information and who is not bound to 197 under a confidentiality agreement.
6. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of 197 and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
 - (a) be liable to 197 for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
 - (b) indemnify 197 against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by 197 or which 197 may suffer, sustain, pay or incur;resulting from disclosure by the Recipient, or its Representatives, of all or any part or parts of the Confidential Information.
7. At any time, at the request of 197, Recipient shall immediately return or cause to be returned to 197 all of the Confidential Information which may have been released to the Recipient. Recipient shall not retain any copies or other reproductions or extracts of the Confidential Information. Furthermore, Recipient shall, if so requested by 197, provide certification from an officer of the Recipient to 197 that the terms and conditions of this Clause have been complied with. The Recipient will return all requested Confidential Information except to the extent that computer systems are back-up or archived. The Recipient will be able to retain a copy of any analysis of Confidential Information in respect to a possible transaction with 197 for any internal management and/or board of directors recommendations or approvals.
8. Recipient understands and agrees that no contract or agreement providing for the sale of the Facility shall be deemed to exist between the Recipient and 197 unless and until a definitive offer to purchase has been accepted in writing by 197. For greater clarity the Recipient acknowledges that this Agreement does not constitute a definitive offer to purchase. Recipient hereby waives, in advance, any claims (including, without limitation, breach of contract) in connection with the sale of the Facility unless and until a definitive offer to purchase from Recipient has been accepted in writing by 197.
9. This Confidentiality Agreement shall remain in force for a period of one year from the date hereof, or until such time as all of the Confidential Information becomes part of the public

- domain through conventional processes and through no violation of this Agreement, whichever comes first.
10. Recipient understands that in providing access to the Confidential Information, 197 makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither 197 nor anyone representing 197 shall have any liability to the Recipient or any of its Representatives as a result of the use of the information by it or its Representatives.
 11. This Agreement shall be construed and determined according to the laws of the Province of Alberta.
 12. Recipient acknowledges and agrees that 197 may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. 197 and its joint venture partners shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of any of the provisions of this Confidentiality Agreement. Such remedies shall be in addition to all other remedies available at law or in equity.
 13. Recipient understands and agrees that:
 - (a) 197 shall be free to conduct the process for the sale of the Facility in its sole discretion and shall determine, without limitation, the course and nature of negotiations with any prospective buyer and the acceptance of a definitive offer to purchase without prior notice to the Recipient, its Representatives or any other person or corporate entity; and
 - (b) Recipient shall not have any claims whatsoever against 197 or any of its directors, officers, stockholders, owners, affiliates, representatives, advisors or agents arising out of or relating to the sale of the Facility other than as a party to a definitive offer to purchase accepted in writing by 197 and then only against 197 and in accordance with the terms of said offer to purchase.
 14. Recipient hereby acknowledges that it is aware and that it will advise its Representatives privy to the Confidential Information that applicable security laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this Agreement from purchasing or selling securities of such issuer or from communicating such information to any other person, under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.
 15. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding 197's business operations, prospects or finances (except as contemplated herein and for those contacts made in the ordinary course of business unrelated to the possible transaction) with any officer, director, employee, consultant or other representative of 197, or with any customer, supplier, sales representative, or competitor of 197 except with the express written permission of 197. Any such permission granted by 197 may be revoked at any time.
 16. If any provision of this agreement is wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the balance of this Confidentiality Agreement.

17. This Confidentiality Agreement shall be binding upon, and enure to the benefit of, the parties hereto, and their respective successors and permitted assigns.

The Recipient accepts the Confidential Information to be provided relating to the Facility subject to the terms and conditions set forth in this Confidentiality Agreement.

Yours truly,

COMPANY NAME

OFFICER'S SIGNATURE

OFFICER'S PRINTED NAME & TITLE

☐

I certify that no changes have been made to this Confidentiality Agreement that have not been clearly marked and initialed.

CONFIDENTIAL INFORMATION DELIVERY OPTIONS: *(please check one)*

____ Electronic or ____ Hard copy (binder)

NAME OF CONTACT PERSON TO FORWARD INFORMATION

CONTACT ADDRESS

TELEPHONE NUMBER

EMAIL ADDRESS

Option to Attach Business Card Here:

Accepted by 1976218 Alberta Ltd. this ____ day of _____, 2022

Barry Reid, P.Eng.
President