

*This document is important and requires your careful and immediate review and consideration. If you are in doubt as to how to respond to the Offer, you should consult your investment advisor, stock broker, bank manager, lawyer or other professional advisor. Inquiries concerning the information in this document should be directed to Certus Oil and Gas Inc. to the attention of Mr. Rob Brady, President and Chief Executive Officer of Certus, at [rob.brady@certusoil.com](mailto:rob.brady@certusoil.com).*



**DIRECTORS' CIRCULAR RECOMMENDING ACCEPTANCE**

**OF THE CASH OFFER BY**

**PINE CLIFF ENERGY LTD.**

**TO PURCHASE ALL OF THE OUTSTANDING CLASS "B" COMMON SHARES OF**

**CERTUS OIL AND GAS INC.**

**THE BOARD IS RECOMMENDING SHAREHOLDERS ACCEPT THE OFFER**

The directors of Certus Oil and Gas Inc. **UNANIMOUSLY RECOMMEND** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Class "B" Common Shares to the Offer.

**November 3, 2023**

**ACTION REQUIRED**

To accept the Offer, Shareholders are required to take the actions set out in Section 3 of the Offer "*Manner of Acceptance*". Shareholders who do not take any action to deposit their Class "B" Common Shares to the Offer will not receive the cash consideration for their shares under the Offer.

Dear Shareholders:

Pine Cliff Energy Ltd. (the "**Offeror**") and Certus Oil and Gas Inc. ("**Certus**" or the "**Company**") have entered into a pre-acquisition agreement dated October 30, 2023 (the "**Pre-Acquisition Agreement**"), pursuant to which the Offeror agreed, subject to the terms of the Pre-Acquisition Agreement, to make an offer (the "**Offer**") to acquire all of the issued and outstanding Class "B" Common Shares of the Company (the "**Common Shares**"), including any Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein) upon the exercise, exchange or conversion of securities of Certus into Common Shares at a price of up to **\$0.384** in cash per Common Share by way of a board-supported take-over bid.

The aggregate cash consideration offered pursuant to the Offer is: (i) based upon a purchase price that is equal to \$100,000,000 less Certus' estimated total indebtedness and liabilities, net of its current assets, as at December 31, 2023 (to be provided by Certus to the Offeror on or before the Expiry Time), multiplied by the fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class "A" Common Shares of the Company and the Common Shares; and (ii) subject to adjustment as described below in the Offer. All amounts paid to Shareholders will be rounded to the nearest whole cent on a per holder basis.

The Offer is stated to be open for acceptance until 5:00 p.m. (Calgary time) on December 8, 2023 (the "**Expiry Time**"). The Company has agreed to issue a deposit period news release upon request from the Offeror to reflect the Expiry Time.

<p><b>THE DIRECTORS OF CERTUS <u>UNANIMOUSLY RECOMMEND</u> THAT SHAREHOLDERS <u>ACCEPT</u> THE OFFER AND <u>DEPOSIT</u> THEIR COMMON SHARES TO THE OFFER.</b></p>
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The attached Directors' Circular explains in detail why the board of directors of the Company (the "**Board**") has reached this conclusion, and we strongly encourage you to read the Directors' Circular in its entirety. The Board considered many factors, including the opinion from its financial advisor Stifel Nicolaus Canada Inc. ("**Stifel**"), being the "Stifel Opinion", which states that, as of the date of such opinion, and based upon and subject to the scope of review, assumptions and limitations and other matters described therein, the consideration to be received by holders of Common Shares (the "**Shareholders**") under the Offer is fair, from a financial point of view, to the Shareholders.

As described in more detail in the enclosed Directors' Circular, the reasons for the Board's unanimous recommendation of the Offer, among others, include:

- **Cash Provides Certainty of Value and Liquidity.** The consideration under the Offer is all cash, giving depositing Shareholders certainty of value and immediate liquidity while removing financing, market, regulatory and execution risks to Shareholders.
- **No Financing Condition.** The Offer is not subject to any financing condition or financing contingencies. The Offeror intends to fund the cash consideration for the Common Shares through a combination of available cash and a secured term debt facility provided by an institutional investor.
- **Stifel Opinion.** Stifel provided the Board with an opinion to the effect that, as of the date of such opinion, subject to the assumptions, limitations, and qualifications which are set out in the opinion that is attached as Schedule "A" to this Directors' Circular, the consideration to be received by the Shareholders is fair, from a financial point of view, to the Shareholders. The full text of the Stifel Opinion is attached as Schedule "A" to this Directors' Circular. The Board recommends that Shareholders read the Stifel Opinion in its entirety.

- **Ability to Respond to Superior Proposals.** The Board has reserved the ability to respond to unsolicited proposals that may deliver greater value to Shareholders than the Offer. The terms and conditions of the Pre-Acquisition Agreement do not prevent an unsolicited third party from proposing or making a Superior Proposal and, provided the Company complies with the terms of the Pre-Acquisition Agreement, do not preclude the Board from responding to, considering and acting on a Superior Proposal. The Company is permitted to terminate the Pre-Acquisition Agreement to accept, approve or recommend a Superior Proposal that is made and not matched by the Offeror, provided that the Company pays the Offeror a \$5,000,000 non-completion fee under certain circumstances.
- **Marketing Process and Superior Offer.** As further discussed below under the "*Background to the Offer*", Certus engaged Stifel in March 2023 to conduct a strategic review and marketing process, which, after an extensive process during the summer of 2023, yielded 30 parties signing confidentiality agreements and 9 submitting proposals, including the Offeror. In view of the extensive marketing process undertaken by Stifel, in comparing the proposals received under such process against the Offer subsequently received outside of such process, the Offer was determined to be superior in terms of its value by comparison and represented financial wherewithal.
- **Arm's Length Negotiations.** Active, arm's length negotiations between the Board and the Offeror resulted in the price of the Offer being agreed upon at an amount considered to be fair, from a financial point of view, to Shareholders, based on the financial and legal advice received by the Board, including the Stifel Opinion, subject to the scope of review, assumptions and limitations and other matters described therein.
- **Support of Directors, Officers, Insiders and Shareholders.** The directors and officers of Certus who hold Common Shares, and certain other Shareholders of Certus, representing approximately 51% of the Common Shares (including Common Shares issuable upon exercise or conversion of Certus Options, Certus Warrants and Certus Notes, as applicable) or 90,771,092 Common Shares (calculated on a fully-diluted basis as at December 8, 2023) are subject to the Lock-up Agreements.
- **Unanimous Recommendation of the Board.** The Board has, after consultation with the Board's financial and legal advisors, **UNANIMOUSLY DETERMINED** that the Offer is in the best interests of the Company and the Shareholders and the consideration to be received by the Shareholders is fair, from a financial point of view, to the Shareholders and, accordingly, **UNANIMOUSLY RECOMMENDED** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares to the Offer.

For the above reasons, we recommend that you **ACCEPT** the Offer and **DEPOSIT** your Common Shares prior to the expiry of the initial deposit period.

Sincerely,

(signed) "*Robert Brady*"

Robert Brady

Director, President and Chief Executive Officer

## GENERAL INFORMATION

### Glossary

Certain capitalized terms used in this Directors' Circular that are not otherwise defined have their respective meanings set out in the "*Glossary*".

### Currency

All references to "\$" or "dollar" in this Directors' Circular are to Canadian dollars, unless otherwise indicated.

### Notice Regarding Information

Certain information in this Directors' Circular has been taken from or is based on documents that are expressly referred to in this Directors' Circular. All summaries of, and references to, documents that are specified in this Directors' Circular as having been filed, or that are contained in documents specified as having been filed, on SEDAR+ are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Shareholders are urged to read carefully the full text of those documents.

Information contained in this Directors' Circular concerning the Offeror and the Offer is based solely upon, and the Board has relied, without independent verification, exclusively upon, information contained in the Offer and the Bid Circular provided to Certus by the Offeror, or that is otherwise publicly available. While the Board has no reason to believe that such information is inaccurate or incomplete, neither Certus nor the Board assumes any responsibility for the accuracy or completeness of such information. **You are urged to read the Offer and the Bid Circular carefully and in its entirety. The Offer and the Bid Circular are available under Certus' and the Offeror's SEDAR+ profiles at [www.sedarplus.ca](http://www.sedarplus.ca) and at [www.pinecliffenergy.com](http://www.pinecliffenergy.com).**

Information contained in this Directors' Circular is given as of November 3, 2023 unless otherwise specifically stated.

### Forward-Looking Information

Certain statements in this Directors' Circular may constitute forward-looking information within the meaning of securities laws, including but not limited to information relating to the Offer, satisfaction of the conditions to the Offer, the expected timing of the Offer, certain strategic and financial benefits expected to result from the completion of the proposed acquisition by the Offeror of more than 66<sup>2/3</sup>% of the outstanding Common Shares, the fulfilment of obligations of the parties under the Pre-Acquisition Agreement and Lock-Up Agreements, the estimated total consideration to be received by Shareholders contained in the Offer and Bid Circular and the intentions, plans and future actions of Certus and the Offeror. Forward-looking information is provided to assist the reader with understanding Certus' expectations, plans and priorities for future periods or with respect to applicable events. Readers are cautioned that such information may not be appropriate for other purposes. This information is based on the estimates, beliefs and assumptions of the directors and management of Certus regarding the industry in which Certus operates. In some cases, forward-looking information may be identified by words such as "anticipate", "believe", "could", "expect", "plan", "seek", "may", "intend", "will", "forecast" and similar expressions.

This information is subject to important risks and uncertainties, which are difficult to predict, and assumptions, which may prove to be inaccurate. The most significant risk factors that we have identified which could cause actual events to differ materially from current expectations include, but are not limited to, failure to satisfy the conditions to the Offer as described in the Offer and Bid Circular, failure to successfully implement the transaction in the time period anticipated, actions taken by Shareholders in

respect of the Offer, the termination of the Pre-Acquisition Agreement in accordance with the provisions thereof, the decision or ability of the Offeror to complete a Compulsory Acquisition or Subsequent Acquisition Transaction, costs incurred by Certus in connection with the Offer and in the event of any Compulsory Acquisition or Subsequent Acquisition Transaction, absence of a material adverse change of the financial condition, business or results of operations of Certus, changes in general economic conditions, changes in industry conditions, the financial markets, the effects of competition in the markets where Certus operates, changes in and effects of laws, regulators, governmental policies and actions of third persons, and risks related to the Company's business including following any take-up of Common Shares pursuant to the Offer. Some of these risk factors are largely beyond the control of Certus. These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of Certus' forward-looking statements. Other unknown and unpredictable factors could also impact its results. This information assumes that the Offer will occur on the terms and conditions contemplated in the Pre-Acquisition Agreement. The Offer could be modified, restructured or terminated.

Should any risk factor affect Certus in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Unless otherwise indicated, forward-looking information does not take into account the effect that transactions announced or occurring after this information is provided may have on the business of Certus. All of the forward-looking information reflected in this document and the documents referred to within it are qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by Certus will be realized or, even if substantially realized, that they will have the expected consequences for the Shareholders or Certus (including the completion of the transactions on the terms and conditions contemplated in the Pre-Acquisition Agreement and the Offer and Bid Circular or at all).

Except as may be required by applicable securities laws, Certus disclaims any intention and assumes no obligation to update or revise any forward-looking information, even if new information becomes available, as a result of future events or for any other reason. Readers should not place undue reliance on any forward-looking information.

### **Notice to Holders of Convertible Securities**

The Offer is being made only for Common Shares and is not being made for any securities of Certus exercisable, exchangeable or convertible into Common Shares (including Certus Options, Certus Warrants and Certus Notes). Holders of Certus Options, Certus Warrants and Certus Notes who wish to accept the Offer must, to the extent permitted by the terms of the Certus Options, Certus Warrants and Certus Notes and subject to applicable Law, exercise, convert or exchange those securities in order to obtain certificate(s) representing Common Shares and deposit those Common Shares under the Offer. Any such exercise, conversion or exchange must be completed sufficiently in advance of the Expiry Time to assure that the holder of such Certus Options, Certus Warrants and/or Certus Notes will have certificate(s) representing the Common Shares issuable upon such exercise, conversion or exchange in time for deposit prior to the Expiry Time, or in sufficient time to comply with the procedures referred to in Section 3 of the Offer "*Manner of Acceptance*".

The income tax consequences to holders of Certus Options, Certus Warrants and Certus Notes of exercising, exchanging or converting such securities are not described in the Bid Circular, "*Certain Canadian Federal Income Tax Considerations*". Holders of Certus Options, Certus Warrants and Certus Notes should consult their tax advisors for advice with respect to potential income tax consequences to them in connection with the decision whether to exercise, exchange or convert such securities.

### **Notice to Shareholders in Other Jurisdictions**

The Offer to which this Directors' Circular relates is made for the securities of a Canadian issuer. This Directors' Circular has been prepared by Certus in accordance with disclosure requirements under applicable Canadian Law. Shareholders outside of Canada should be aware that these requirements may be different from those of other jurisdictions. This Directors' Circular has not been approved or disapproved by any securities regulatory authority, nor has any such authority passed upon the accuracy or adequacy of this Directors' Circular.

It may be difficult for Shareholders outside of Canada to enforce their rights and any claim they may have arising under securities Laws of non-Canadian jurisdictions since Certus is existing under the laws of the Province of Alberta, the majority of the officers and directors of Certus reside in Canada, and the assets of Certus and the other above-mentioned persons are located in Canada. Shareholders outside of Canada may not be able to sue Certus or its officers or directors in a foreign court for violation of securities Laws of non-Canadian jurisdictions. It may be difficult to compel such parties to subject themselves to the jurisdiction of a foreign court or to enforce a judgment obtained from a non-Canadian court.

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## GLOSSARY

*In this Directors' Circular, the following terms shall have the meanings set forth below, unless the subject matter or context is inconsistent therewith or where otherwise provided:*

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c.B-9;

"**Acquisition Proposal**" means a proposal or offer (including (i) by way of public announcement, (ii) by way of advertisement or sending an offer to Shareholders, or (iii) entering into any form of agreement, arrangement, or understanding), whether or not subject to due diligence or other conditions and whether or not in writing, (including any single or multi-step transaction or series of related transactions) by any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*), other than the Offeror, and excluding the Offer and the transactions contemplated by this Agreement which constitutes, or may reasonably be expected to lead to:

- (a) any direct or indirect sale, issuance or acquisition of securities of Certus that, when taken together with any securities of Certus held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of Certus or rights or interests therein;
- (b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase) of assets of Certus representing 20% or more of the assets of Certus (measured by the fair market value thereof as of the date of such proposal or offer);
- (c) an amalgamation, arrangement, merger, business combination, consolidation or similar transaction involving Certus;
- (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction involving Certus;
- (e) any other transaction or arrangement similar to, or having the same economic effect or consequences as, the foregoing; or
- (f) any other transaction, the consummation of which would reasonably be expected to prevent, materially impede or significantly delay the making of the Offer, the taking up of Common Shares under the Offer or the completion of the Offer, or which would or could reasonably be expected to materially reduce the benefits to the Offeror under this Agreement or the Offer;

except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "Acquisition Proposal" to "20% or more of the outstanding voting securities" shall be deemed to be references to "50% or more of the outstanding voting securities", and the references to "10% or more of the assets" shall be deemed to be references to "all or substantially all of the assets";

"**Affiliate**" has the meaning ascribed to it in the Securities Act;

"**Agent**" means Shell Trading Canada;

"**Aggregate Cash Consideration**" means, for all of the outstanding Common Shares, including any Common Shares which may become outstanding pursuant to the exercise of Certus Options and Certus Warrants, \$100,000,000.00 less the Certus Net Debt Amount, multiplied by the fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class A Shares and the Common Shares;

**"Associate"** has the meaning ascribed thereto in the Securities Act;

**"Bid Circular"** means the Offeror's take-over bid circular in Form 62-104F2 under NI 62-104, related letter(s) of transmittal and other ancillary documents related thereto;

**"Board"** means the board of directors of Certus;

**"Business Day"** means any day which is not a Saturday, Sunday or statutory holiday in the Province of Alberta, on which the principal commercial banks in downtown Calgary are generally open for the transaction of commercial banking business during regular business hours;

**"Certus"** means Certus Oil and Gas Inc.;

**"Certus HoldCo"** means Certus Holding Corporation, a corporation existing under the laws of the Province of Alberta and the sole shareholder of the Class A Shares;

**"Certus Key Management Option Plan"** means the key management stock option plan of Certus;

**"Certus Key Management Options"** means stock options granted under the Certus Key Management Option Plan;

**"Certus Net Debt Amount"** means Certus' total indebtedness and liabilities net of Certus' current assets, calculated on an accrual basis in accordance with GAAP (as modified by the definition in the Pre-Acquisition Agreement) as of the Effective Date consistent with the manner set forth in the Pre-Acquisition Agreement;

**"Certus Nominee"** means Rob Brady, the President and Chief Executive Officer of Certus as of the date hereof;

**"Certus Notes"** means the unsecured 10% one-year term notes convertible into Common Shares at a price of \$0.25 per Common Share issued in the aggregate principal amount of \$5,535,000;

**"Certus Option Plan"** means the employee stock option plan of Certus and **"Certus Option Plans"** means the employee stock option plan and the Certus Key Management Option Plan;

**"Certus Options"** means stock options granted under the Certus Option Plan and where the context requires, includes options granted under the Certus Key Management Option Plan;

**"Certus Warrants"** means the outstanding warrants to acquire an aggregate of 5,960,916 Common Shares and if applicable, includes any replacement warrants to purchase Common Shares issuable on a cashless basis upon exchange of existing Certus Warrants;

**"Class A Aggregate Cash Consideration"** means the aggregate cash consideration to be paid by the Purchaser to acquire, directly and indirectly, all of the outstanding equity securities of Certus HoldCo, being \$100,000,000 less the Certus Net Debt Amount, multiplied by a fraction where the numerator is the number of issued and outstanding Class A Shares and the denominator is the sum of the Class A Shares and the Common Shares;

**"Class A Management HoldCos"** means Certus Brady Holding Corporation, Certus Andrews Holding Corporation and Certus Woodford Holding Corporation;

**"Class A Management HoldCos Shareholders"** means the Woodford Family Trust, the sole shareholder of all of the outstanding equity securities of Certus Woodford Holding Corporation, the Aral Trust and Robert Brady, the sole shareholders of all of the outstanding equity securities of Certus Brady Holding Corporation,

and the Andrews Trust, the sole shareholder of all of the outstanding equity securities of Certus Andrews Holding Corporation;

**"Class A Net Debt Allocation"** means the Certus Net Debt Amount multiplied by a fraction where the numerator is the number of issued and outstanding Class A Shares and the denominator is the sum of the Class A Shares and the Common Shares;

**"Class A Non-Management Indirect Shareholders"** means 1005017 B.C. Ltd. and the principal of 1005017 B.C. Ltd.;

**"Class A Share Purchase Agreements"** means the share purchase agreements between the Purchaser, or its Affiliates, each of the Indirect Class A Shareholders, pursuant to which the Purchaser, or its Affiliates, at the Effective Time, will acquire ownership or control of, directly or indirectly, all of the issued and outstanding equity securities of Certus HoldCo by way of exempt takeover bid, for the Class A Aggregate Cash Consideration;

**"Class A Shares"** means the Class A common shares of Certus;

**"Class B Estimated Net Debt Allocation"** means the Estimated Net Debt Amount multiplied by a fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class A Shares and the Common Shares;

**"Class B Net Debt Allocation"** means the Certus Net Debt Amount multiplied by a fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class A Shares and the Common Shares;

**"Common Shares"** means the Class B common shares of Certus;

**"Competition Act"** means the *Competition Act*, R.S.C. 1985, c. C 34;

**"Competition Act Approval"** means (i) the issuance to the Offeror of an advance ruling certificate by the Commissioner of Competition under Subsection 102(1) of the Competition Act in respect of the purchase of the Common Shares contemplated in the Offer; or (ii) both of (a) the applicable waiting period, including any extension of such waiting period, under Section 123 of the Competition Act shall have expired or been terminated or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act shall have been waived in accordance with paragraph 113(c) of the Competition Act and (b) unless waived by the Offeror, the Commissioner of Competition shall have advised the Offeror in writing that he or she does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the purchase of the Common Shares contemplated in the Offer;

**"Compulsory Acquisition"** means an acquisition conducted in accordance with section 195 of the ABCA;

**"Confidentiality Agreement"** means the confidentiality agreement between the Offeror and Certus, dated July 7, 2023;

**"Credit Agreement"** means the credit agreement dated March 3, 2023 among Certus, as borrower, the several banks and other financial institutions or entities from time to time parties to such Credit Agreement, and the Agent, as lender and administrative agent for such lenders, as may be amended, supplemented or replaced from time to time;

**"Credit Facility"** means the credit facility of Certus provided by the Lenders and the Agent pursuant to the Credit Agreement;

**"Directors' Circular"** means this directors' circular in Form 62-104F3 under NI 62-104;

"**Effective Date**" means the date on which the Effective Time occurs;

"**Effective Time**" means the time at which the Offeror first takes up and pays for Common Shares deposited pursuant to the Offer;

"**Employee Obligations**" means any and all Liabilities of Certus to pay any amount to, or for the benefit of, its officers, directors, consultants or employees, in respect of the employee's employment with Certus (including but not limited to wages, overtime pay, holiday pay, vacation pay, benefit costs, insurance premiums, pension and RRSP contributions and incentive compensation) and in respect of statutory, contractual and common law termination pay in lieu of reasonable notice of termination, severance, change of control, incentive compensation bonus payments, or similar of any such Person arising from the termination of the employee's employment with Certus;

"**Escrow Agent**" means Dentons Canada LLP, or any replacement escrow agent as may be appointed under the Escrow Agreement;

"**Escrow Amount**" means \$2,000,000 multiplied by a fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class A Shares and the Common Shares;

"**Escrow Agreement**" means the escrow agreement to be entered into between the Offeror, Certus, the Certus Nominee and the Escrow Agent, substantially in the form attached as Schedule "G" to the Pre-Acquisition Agreement;

"**Estimated Net Debt Amount**" means the Certus Net Debt as at the Expiry Date as determined in accordance with the provisions of the Pre-Acquisition Agreement;

"**Expiry Date**" means the date on which the Expiry Time occurs;

"**Expiry Time**" means the Initial Expiry Time, unless the Offer is accelerated or extended in which case it means the expiry time of the Offer as accelerated or extended from time to time;

"**Indirect Class A Shareholders**" means collectively the Class A Management HoldCos Shareholders and the Class A Non-Management Indirect Shareholders;

"**Initial Expiry Time**" means 5:00 p.m. (Calgary Time) on December 8, 2023;

"**Insider**" has the meaning ascribed to it in the Securities Act;

"**Laws**" means applicable laws (including common law and statutes) and by-laws, published rules, regulations, published directives, instructions, orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case, of any Governmental Authority;

"**Lenders**" means the lenders under the Credit Agreement;

"**Liabilities**" means all liabilities and obligations, whether in equity, under Laws, under contract or otherwise, whether tortious, contractual, statutory or otherwise, whether absolute or contingent and whether based on fault, strict liability or otherwise;

"**Lock-Up Agreements**" means the lock-up agreements entered into in connection with the execution of the Pre-Acquisition Agreement and among Certus, the Offeror and each of the Supporting Shareholders, pursuant to which each Supporting Shareholder has agreed, amongst other things, to tender to the Offer all Common Shares (including Common Shares on any exercise of Certus Options or Certus Warrants or

the conversion of Certus Notes) beneficially owned or controlled by such Supporting Shareholders, directly or indirectly;

**"Material Adverse Change"** means, in respect of Certus, any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), that is, or would reasonably be expected to be (individually or in the aggregate), material and adverse to the condition (financial or otherwise), properties, licenses, affairs, assets, Liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise), capitalization, business, operations, results of operations or cash flows of Certus (taken as a whole), but "Material Adverse Change" shall not include a change (or a condition, event or development involving a prospective change) resulting or arising from:

- (a) a matter that has, prior to the date hereof, been disclosed in writing by or on behalf of Certus to the Offeror;
- (b) the announcement or completion of the transactions contemplated by the Pre-Acquisition Agreement or any step or other action taken by Certus in the performance of its obligations under the Pre-Acquisition Agreement;
- (c) conditions affecting the Alberta oil and gas industry as a whole;
- (d) general economic, financial, currency exchange or securities market conditions in North America including changes in currency exchange rates or in interest rates;
- (e) changes in the market price of any petroleum substance including crude oil, bitumen, natural gas or natural gas liquids;
- (f) any change in applicable Laws, GAAP, or changes in accounting requirements;
- (g) the failure of Certus to meet any projections, forecasts or estimates of revenues, earnings, cash flows or production of petroleum substances that have been provided to the other Party in connection with its due diligence inquiries or the negotiation of the Pre-Acquisition Agreement (provided, however, that the causes underlying such failure may be considered to determine whether such causes constitute a Material Adverse Change); and
- (h) any action taken by the Party that is consented to by the other Party pursuant to the Pre-Acquisition Agreement;

provided, however, that: (A) references in the Pre-Acquisition Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Change" has occurred; and (B) the change or effect referred to in (c), (d) or (e) above does not primarily relate only to (or have the effect of primarily relating only to) Certus, taken as a whole, or disproportionately affects Certus, taken as a whole, as the case may be, compared to other entities of similar size and operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to in (c), (d) or (e) above will not be applicable;

**"Material Adverse Effect"** means any effect resulting from a Material Adverse Change;

**"NI 62-104"** means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

**"Offer"** means the offer made to Shareholders to purchase by way of take-over bid all of the outstanding Common Shares including any and all Common Shares issued or issuable upon the exercise of Certus Options or Certus Warrants and the conversion of Certus Notes, the terms and conditions of which are set forth in the Bid Circular;

**"Offeror"** means Pine Cliff Energy Ltd.;

"Parties" or "Party" have the meanings ascribed to them in the recitals hereto;

"Person" includes any individual, corporation, sole proprietorship, partnership, firm, entity, limited partnership, limited liability company, unlimited liability company, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, or Governmental Authority and any group comprised of more than one Person, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator or legal representative;

"Pre-Acquisition Agreement" means the pre-acquisition agreement between Certus and the Offeror dated October 30, 2023 including all Schedules and all amendments or restatements as permitted;

"Regulatory Approvals" means sanctions, rulings, waivers, consents, orders, exemptions, permits, licences, authorizations and other approvals (including the lapse, without objection, of a prescribed time or waiting period under Laws that states that a transaction may only be implemented if a prescribed time lapses following the giving of notice without an objection or an opposition being filed, made or initiated) of any Governmental Authority and includes the Competition Act Approval;

"Stifel" means Stifel Nicolaus Canada Inc.;

"Stifel Opinion" means an opinion of Stifel to the effect that, as of the date of such opinion and based on and subject to the assumptions, limitations, qualifications and other matters set forth therein, the consideration to be received under the Offer is fair, from a financial point of view, to the Shareholders;

"Securities Act" means the *Securities Act* (Alberta), R.S.A. 2000 c. S-4;

"Shareholders" means the holders of Common Shares from time to time;

"Subsequent Transaction" has the meaning ascribed to it in the Pre-Acquisition Agreement;

"subsidiary" means, with respect to any Person, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to be voted in an election of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of a certain event or contingency) are at the time owned directly or indirectly by such Person, and shall include any partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a subsidiary;

"Superior Proposal" means any *bona fide* written Acquisition Proposal:

- (a) that complies with all applicable securities legislation;
- (b) that did not result from a breach of the Pre-Acquisition Agreement;
- (c) in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Board, acting in good faith, will be available at closing of such Acquisition Proposal;
- (d) in respect of which the Board has determined in good faith that:
  - (i) after receiving the advice of its legal counsel, as reflected in the minutes of the Board, the failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with its fiduciary duties under applicable Laws; and
  - (ii) such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), reasonably be expected to be superior, from a financial point of view, to the Offer;

**"Supporting Shareholders"** means certain of the directors and officers of Certus and certain Shareholders, all of whom hold (in the aggregate) not less than 50% of the total number of issued and outstanding Common Shares (including Common Shares issuable upon exercise of Certus Options, Certus Warrants and the conversion of Certus Notes); and

**"Termination Costs"** means, except with respect to those Certus employees that have accepted in writing offers of employment from the Offeror pursuant to the Pre-Acquisition Agreement, all Liabilities associated with the employment and without cause termination of certain officers and employees of Certus before or immediately prior to the Effective Time, including but not limited to statutory, contractual and common law termination pay in lieu of reasonable notice and all Employee Obligations.

## DIRECTORS' CIRCULAR

This Directors' Circular is issued by the Board in connection with the Offer made by the Offeror to purchase, on the terms and subject to the conditions set forth in the Offer, all of the issued and outstanding Common Shares, including all Common Shares that become issued and outstanding after the date of the Offer but before the Expiry Time upon the exercise or conversion of Certus Options, Certus Warrants and Certus Notes, at a price of up to \$0.384 in cash per Common Share, as more particularly described below and upon the terms and subject to the conditions set forth in the Bid Circular. The Offer is being made pursuant to the terms and conditions of the Pre-Acquisition Agreement, which is available under the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Please see the heading entitled "*Arrangements or Agreements with the Offeror – Pre-Acquisition Agreement*".

### **ACTION REQUIRED**

The Offer will be open for acceptance until 5:00 p.m. (Calgary time) on December 8, 2023 unless extended or withdrawn in accordance with its terms. The Offer is subject to conditions, including the condition that the Offeror will not take up, purchase or pay for, any Common Shares unless there shall have been properly and validly deposited pursuant to the Offer and not properly and validly withdrawn at the expiry of the initial deposit period more than 66<sup>2/3</sup>% of the Common Shares then outstanding, excluding any Common Shares beneficially owned, or over which control or direction is exercised by the Offeror or any other person acting jointly or in concert with the Offeror.

Full details concerning the terms and conditions of the Offer, the method of acceptance of the Offer and other information relating to the Offer and the Offeror are set out in the Offer and Bid Circular and the Letter of Transmittal that accompanies the Offer and Bid Circular.

The Offer is being made only for Common Shares and is not made for any Certus Options, Certus Warrants, Certus Notes or other securities of Certus exercisable, exchangeable or convertible into Common Shares. Any holder of Certus Options, Certus Warrants or Certus Notes who wishes to accept the Offer must, to the extent permitted by the terms of the Certus Options, Certus Warrants or Certus Notes, as applicable, and as contemplated by the Offer, the Pre-Acquisition Agreement and applicable Laws, exercise or convert their Certus Options, Certus Warrants or Certus Notes, as applicable, and tender all Common Shares issued in connection therewith to the Offer. Any such exercise or conversion must comply with the procedures established by Certus and the Offeror pursuant to the terms of the Offer and the Pre-Acquisition Agreement. See "*Arrangements between Certus and the Directors and Officers of Certus – Convertible Securities*".

**The Aggregate Cash Consideration offered pursuant to the Offer is: (i) based upon a purchase price that is equal to \$100,000,000.00 less the Estimated Net Debt Amount (to be provided by Certus to the Offeror on or before the Expiry Date), multiplied by the fraction where the numerator is the number of issued and outstanding Common Shares and the denominator is the sum of the Class A Shares and the Common Shares; and (ii) subject to a post Effective Date adjustment as described below. All amounts paid to Shareholders will be rounded to the nearest whole cent on a per holder basis.**

Based on the anticipated Estimated Net Debt Amount, on the Effective Date, it is expected that Shareholders will receive an anticipated price ranging from approximately \$0.374 per Common Share to \$0.384 per Common Share. On or about March 31, 2024, Shareholders may receive up to an additional \$1,798,591 which equates to a potential price increase of approximately \$0.01 per Common Share, subject to reduction in the event that Certus' Net Debt Amount is greater than the Estimated Net Debt Amount. Based on these estimations, the maximum aggregate consideration to be received by Shareholders shall be approximately \$0.384 per Common Share.

The additional \$1,798,591 Escrow Amount will be deposited into escrow in accordance with Section 2.4 of the Pre-Acquisition Agreement and will be distributed to the former Shareholders and/or the Offeror depending on the actual Certus Net Debt Amount.

Pursuant to the Escrow Agreement, the Offeror shall have until March 31, 2024 to provide the Certus Nominee with a statement setting forth the Offeror's calculation of the Certus Net Debt Amount and the amount payable, if any, from the Escrow Amount (the "**Adjustment Statement**"). The Pre-Acquisition Agreement provides that if the Certus Net Debt Amount is greater than the Estimated Net Debt Amount, the Offeror shall be entitled to a payment equal to the lesser of: (i) the Escrow Amount; and (ii) the difference between the Class B Net Debt Allocation and the Class B Estimated Net Debt Allocation from the Escrow Amount, if any. If the Certus Net Debt Amount is less than or equal to the Estimated Net Debt Amount, the Escrow Amount will be delivered to the Shareholders. Following payments to the Offeror made pursuant to the Adjustment Statement, any remaining Escrow Amount funds shall be paid to the former holders of Common Shares pro rata their previous holdings. If the Offeror does not provide an Adjustment Statement by March 31, 2024, the entire Escrow Amount shall be automatically released by the Escrow Agent to the former holders of Common Shares.

The Escrow Agreement provides a mechanism by which the Certus Nominee can dispute the Adjustment Statement which includes, if necessary, the engagement of an independent auditor. Costs of the independent auditor shall be borne by the Party or Parties that the independent auditor rules against. In discharging his duties under the Escrow Agreement, the Certus Nominee shall be entitled to reimbursement of all reasonable "out-of-pocket" expenses and third party professional fees incurred by the Certus Nominee as well as a fee rate of \$150 per hour for the Certus Nominee's reasonable time. The fees and expenses, up to a maximum of \$25,000, shall be paid from the Escrow Amount prior to any funds being released to the Offeror and/or the former Shareholders, as applicable, provided that no fees and expenses shall be paid if the Offeror does not provide an Adjustment Statement.

Notwithstanding any other provision of the Offer, but subject to applicable Law, the Offeror will not take up, purchase or pay for, any Common Shares unless, at the end of the initial deposit period or such earlier or later time during which Common Shares may be deposited under the Offer, excluding the mandatory 10-day extension period or any extension thereafter, there shall have been validly deposited under the Offer and not withdrawn that number of Common Shares, that constitutes more than 50% of the outstanding Common Shares, excluding any Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any Person acting jointly or in concert with the Offeror (the "**Statutory Minimum Condition**"). In the event that the Statutory Minimum Condition is not satisfied, the Offeror will have the right to withdraw or terminate the Offer or to extend the period of time during which the Offer is open for acceptance. The Statutory Minimum Condition cannot be waived by the Offeror.

Subject to the provisions of the Pre-Acquisition Agreement and the preceding paragraph, the Offeror shall have the right to withdraw the Offer or terminate the Offer and shall not be required to take up, purchase or pay for, and shall have the right to extend the period of time during which the Offer is open and postpone taking up and paying for, any Common Shares deposited under the Offer unless all of the following conditions are satisfied or waived by the Offeror at or prior to the Expiry Time:

- (a) there shall have been deposited under the Offer and not withdrawn at least 66<sup>2/3</sup>% of the Common Shares outstanding (for the purposes of the calculation of the percentage of the Common Shares, the number of Common Shares issuable upon the exercise of the Certus Options, Certus Warrants and the conversion of Certus Notes that have been deposited to the Offer shall be included and shall be considered deposited) other than any Common Shares held at the date of the Offer by or on behalf of Pine Cliff or its Affiliates;

- (b) all requisite Regulatory Approvals shall have been obtained on terms and conditions reasonably satisfactory to the Offeror and all applicable statutory or regulatory waiting periods shall have expired or been terminated;
- (c) the Offeror shall have determined in its discretion, acting reasonably, that no act, action, suit or proceeding shall have been threatened or taken before or by any Governmental Authority, whether or not having the force of Law, and no Law shall have been proposed, enacted, promulgated or applied, in either case:
  - (i) to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by or the sale to the Offeror of the Common Shares or the right of the Offeror to own or exercise full rights of ownership of the Common Shares;
  - (ii) which, if the Offer were consummated, would reasonably be expected to have a Material Adverse Effect on the Offeror or Certus; or
  - (iii) which would reasonably be expected to materially and adversely affect the ability of the Offeror to proceed with the Offer (or any Compulsory Acquisition or Subsequent Transaction) and/or take up and pay for any Common Shares deposited under the Offer;
- (d) the Offeror shall have determined, acting reasonably (after receipt of advice from outside legal counsel), that there shall not exist any prohibition at Law against the Offeror making the Offer or taking up and paying for any Common Shares deposited under the Offer or completing any Compulsory Acquisition or Subsequent Transaction;
- (e) there shall not have occurred, at any time subsequent to the date of the Pre-Acquisition Agreement, a Material Adverse Change in respect of Certus;
- (f) at the Expiry Time:
  - (i) the representations and warranties of Certus set out in the Pre-Acquisition Agreement shall be true and correct, as though made on and as of the Expiry Time, except to the extent such representations and warranties speak or are stated to be effective as of a specific date (in which case such representations and warranties shall be true and correct as of that specific date), unless the failure to be true or correct, individually or in the aggregate, would not have a Material Adverse Effect on Certus;
  - (ii) Certus shall have observed and performed its covenants in the Pre-Acquisition Agreement in all material respects to the extent that such covenants were to have been observed or performed by Certus at or prior to the Expiry Time,
- (g) the Pre-Acquisition Agreement shall not have been terminated in accordance with its terms;
- (h) the Lock-up Agreements shall not have been terminated and there shall not have occurred and be existing any uncured material breach of any provision, covenant, representation or warranty by any holder of Common Shares that is a party to a Lock-up Agreement, and no holder of Common Shares which is party to a Lock-up Agreement shall have exercised its right to withdraw its Common Shares from the Offer pursuant to the terms of such Lock-up Agreement, and no provision of the Agreement or a Lock-up Agreement shall have been held by a Governmental Authority to be invalid or unenforceable in accordance with its terms

- (i) collectively, there shall be no greater than 124,250,518 Common Shares issued and outstanding (excluding any Common Shares that may be issued on the valid exercise of Certus Options and Certus Warrants or the conversion of Certus Notes prior to the Expiry Time);
- (j) all outstanding Certus Options and Certus Warrants shall have been exercised or shall expire, and all Certus Notes shall have been converted, immediately prior to the Expiry Time and there shall not be rights or entitlements outstanding to purchase or otherwise acquire unissued Common Shares or other securities of Certus;
- (k) the Offeror and the Indirect Class A Shareholders shall have entered into Class A Share Purchase Agreements which result in the Offeror owning or controlling, directly or indirectly, all of the issued and outstanding Class A Shares;
- (l) Certus shall have received resignations and mutual releases from all directors and officers of Certus in the form and substance satisfactory to the Offeror;
- (m) the Offeror shall be satisfied, acting reasonably, that Certus has satisfied all applicable Termination Costs and other Employee Obligations.

The foregoing conditions are for the exclusive benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to such assertion (excluding any action or inaction by the Offeror or any of its Affiliates) giving rise to any such condition. The Offeror may, in the Offeror's sole discretion, waive any of the foregoing conditions, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right and each such right shall be deemed to be an ongoing right which may be assessed at any time and from time to time. For greater certainty, each of the conditions set out above is independent of and in addition to each other condition and may be asserted irrespective of whether any other condition may be asserted in connection with any particular event, occurrence or state of facts or otherwise.

If the Offer is withdrawn, the Offeror shall not be obligated to take-up or pay for any of the Common Shares deposited under the Offer and the Offeror will promptly return all certificates for deposited Common Shares, Letters of Transmittal and related documents to the parties by whom they were deposited. See Section 4 of the Offer, "*Conditions of the Offer*".

The Offer expires at the Initial Expiry Time, unless withdrawn or extended.

**Reference is made to the Bid Circular for details of the terms and conditions of the Offer.**

#### **UNANIMOUS RECOMMENDATION OF THE BOARD**

The members of the Board, after consultation with the Board's legal and financial advisors and receipt of the Stifel Opinion, and based upon their review and evaluation of the Offer on the terms set forth in the Pre-Acquisition Agreement and the Offer and Bid Circular, have unanimously determined that the Offer is fair, from a financial point of view, to Shareholders and in the best interests of the Company and the Shareholders and, accordingly unanimously recommend that Shareholders accept the Offer and deposit their Common Shares under the Offer.

Each of the directors and officers of Certus who hold Common Shares, as well as certain other Shareholders, have entered into Lock-Up Agreements pursuant to which they have agreed, among other things, to tender their Common Shares under the Offer. See "*Intentions of Directors and Officers*."

Stifel has provided its opinion that the consideration to be received under the Offer is fair, from a financial point of view, to the Shareholders. See "*Fairness Opinion*".

Notwithstanding the recommendation of the Board, Shareholders should consider the Offer carefully and come to their own conclusion as to acceptance or rejection of the Offer. Shareholders who are in doubt as to how to respond should consult with their investment advisor, stockbroker, bank manager, lawyer or other professional advisor. Shareholders are advised that acceptance of the Offer may have tax consequences and should consult their professional advisors and also see "*Certain Canadian Federal Income Tax Considerations*" in the Bid Circular.

Shareholders wishing to accept the Offer should complete the required documents carefully with reference to the Offer and Bid Circular.

### REASONS FOR RECOMMENDATION OF THE BOARD

The Board has reviewed and considered the Offer with the benefit of advice from its legal and financial advisors. As a result of the foregoing, the Board has determined that the Offer is fair, from a financial point of view, to Shareholders and in the best interests of the Company and the Shareholders. The Board has identified the following factors as the principal reasons for the unanimous recommendation that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer, including:

1. **Opportunity for Certainty of Value and Liquidity.** Under the Offer, Shareholders are offered 100% cash consideration for all of their Common Shares, providing Shareholders with certainty of value and immediate liquidity while removing financing, market, regulatory and execution risks to Shareholders. No public market exists for the Common Shares. The Offeror will be required to pay for Common Shares taken up by the Offeror at the Expiry Time not later than three business days (as defined under applicable Canadian securities Laws) after the Expiry Time. Provided the conditions to the Offer are satisfied or, where permitted, waived, the Offeror will be required to take up Common Shares validly deposited and not withdrawn at the Expiry Time.
2. **Fully Financed Cash Offer.** The Offer is not subject to obtaining any financing and the Offeror has sufficient funds available for the consideration payable for the Common Shares. Based on an Expiry Date of December 8, 2023, substantially all (approximately \$66,434,692 and assuming a Class B Estimated Net Debt Allocation of \$21,696,278) of the consideration to be paid by the Offeror pursuant to the Offer is payable at the Effective Time and a small portion of the consideration \$1,798,591 (the Escrow Amount) payable by the Offeror pursuant to the Offer is payable following the Effective Time on or about March 31, 2024 if certain conditions with respect to Certus Net Debt Amount, and other representations and warranties under the Pre-Acquisition Agreement and the Escrow Agreement, are met.
3. **Stifel Opinion.** Stifel provided the Board with an opinion to the effect that, as of the date of such opinion, subject to the assumptions, limitations, and qualifications which are set out in the opinion that is attached as Schedule "A" to this Directors' Circular, the consideration to be received under the Offer is fair, from a financial point of view, to Shareholders. The full text of the Stifel Opinion is attached as Schedule "A" to this Directors' Circular. The Board recommends that Shareholders read the Stifel Opinion in its entirety.
4. **Marketing Process and Superior Offer.** As further discussed below under the "Background to the Offer", Certus engaged Stifel in March 2023 to conduct a strategic review and marketing process, which after an extensive process during the summer of 2023, yielded 30 parties signing confidentiality agreements and 9 submitting proposals, including the Offeror. In view of the extensive marketing process undertaken by Stifel, in comparing the proposals received under such

process against the Offer subsequently received outside of such process, the Offer was determined to be superior in terms of its value by comparison and represented financial wherewithal.

5. **Ability to Respond to Superior Proposals.** The terms of the Offer and the Pre-Acquisition Agreement enable the Board to respond, in accordance with its fiduciary duties, to unsolicited Superior Proposals made prior to the successful completion of the Offer on the terms set out in the Pre-Acquisition Agreement (including liability of Certus for a \$5,000,000 non-completion fee under certain circumstances). The ability to respond is subject to the restrictions and conditions contained in the Pre-Acquisition Agreement.
6. **Arm's Length Negotiations.** Active, arm's length negotiations between the Board and the Offeror resulted in the price of the Offer being agreed upon at an amount considered to be fair, from a financial point of view, to Shareholders, based on the financial and legal advice received by the Board, including the Stifel Opinion, subject to the scope of review, assumptions and limitations and other matters described therein.
7. **Support of Directors, Officers and Shareholders.** The directors and officers of Certus who hold Common Shares, and certain other Shareholders of Certus, representing an aggregate of 90,771,092 Common Shares (which includes Common Shares issuable upon exercise of Certus Options and Certus Warrants and conversion of the Certus Notes, as applicable, held by the Supporting Shareholders and assuming conversion of the Certus Notes as of December 8, 2023) or approximately 51% of the currently issued and outstanding Common Shares (calculated on a fully-diluted basis) are subject to the Lock-up Agreements.
8. **Unanimous Recommendation of the Board.** The Board has, after consultation with the Board's financial and legal advisors, **UNANIMOUSLY DETERMINED** that the Offer is in the best interests of the Company and the Shareholders and the Offer is fair, from a financial point of view, to the Shareholders and, accordingly, **UNANIMOUSLY RECOMMENDED** that Shareholders **ACCEPT** the Offer and **DEPOSIT** their Common Shares under the Offer.

The foregoing summary of the information and factors considered by the Board is not intended to be exhaustive of all factors considered by the Board in reaching its conclusions and making its recommendations, but includes the material information, factors and analysis considered in reaching such conclusions and recommendations. The members of the Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Certus, and based upon the advice of financial and legal advisors. In view of the numerous factors considered in connection with their evaluation of the Offer, the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusions and recommendations. In addition, individual members of the Board may have given different weight to different factors. The conclusions and unanimous recommendations of the Board were made after considering all of the information and factors involved.

#### **OTHER FACTORS TO BE CONSIDERED**

While the Board believes that each of the factors set out above under "*Reasons for Recommendation of the Board*" supports its decision to recommend that Shareholders accept the Offer, the Board also recognizes a number of other factors including the following:

1. The conditions to the Offeror's obligation to take up and pay for the Common Shares deposited under the Offer.

2. If the Offer is successfully completed, it will eliminate the opportunity for Shareholders who accept the Offer to participate in the longer term potential benefits and risks of the business of the Company.
3. The risks to the Company if the Offer is not completed, including significant transaction costs and expenses to the Company in pursuing the Offer, the diversion of management's attention away from operating the business and the potential impact on the Company's relationships with its employees, dealers, funders, lenders, suppliers and partners.
4. If the Offer is terminated and the Board decides to seek another transaction, there is no assurance that the Company will be able to find a party willing to pay greater or equivalent value compared to the offer available to Shareholders under the Offer or that the continued operation of the Company under its current business model will yield equivalent or greater value to Shareholders compared to that available under the Offer.
5. If the Offer is terminated in certain circumstances, the Company may be required to pay a \$5,000,000 non-completion fee under certain circumstances. See also "*Arrangements or Agreements with the Offeror – Pre-Acquisition Agreement*."

The foregoing discussion of the factors reviewed by the Board is not intended to be exhaustive. In view of the wide variety of factors considered in connection with their evaluation of the Offer, the Board did not find it practicable to, and therefore did not, quantify or assign relative weights to specific factors or methodologies in reaching its conclusion. In addition, individual members of the Board may have given different weights to different factors.

**Shareholders should consider the Offer carefully and come to their own conclusions as to whether to accept or reject the Offer. Shareholders who are in doubt as to how to respond to the Offer should consult with their investment advisor, broker, bank manager, trust company manager, accountant, lawyer or other professional advisor. Shareholders are advised that acceptance of the Offer may have tax consequences and they should consult their own professional tax advisors having regard to their own particular circumstances.**

## THE COMPANY

Certus was incorporated under the ABCA on December 6<sup>th</sup>, 2023 under the name "Certus Oil and Gas Inc." Effective August 1, 2021, Certus amalgamated with its wholly-owned subsidiary, Sitka Exploration Ltd. pursuant to the provisions of the ABCA and continuing under the name "Certus Oil and Gas Inc."

Certus is a "non-reporting issuer" and neither the Common Shares nor any other class of shares of Certus are listed for trading

Certus' registered office is located at 15<sup>th</sup> Floor, Bankers Court, 850 – 2<sup>nd</sup> Street SW, Calgary, Alberta and its head office is located at Suite 400 W, 250 – 2<sup>nd</sup> Street SW, Calgary, Alberta.

## PINE CLIFF ENERGY LTD.

The Offeror is an independent, Calgary-based, natural gas producing company.

The Offeror is a "reporting issuer" in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick and its common shares are listed on the listed on the Toronto Stock Exchange under the symbol "PNE".

The Offeror's head office and registered office is located at Suite 850, 1015 - 4th Street S.W., Calgary, Alberta T2R 1J4.

## BACKGROUND TO THE OFFER

The Pre-Acquisition Agreement is the result of extensive negotiations among the Company, the Offeror and their respective advisors. The following is a summary of the principal events leading to the signing of the Pre-Acquisition Agreement and the announcement thereof.

As part of its continuing efforts to strengthen the business of the Company, the Board and its senior management team regularly assess Certus' operating performance and opportunities with a view to providing the shareholders with the opportunity to maximize the value of their shares. This assessment regularly includes discussion and review of Certus' growth plans, potential acquisitions and dispositions and possible corporate transactions.

In March 2023, the Board concluded that it would be in the best interests of Certus and its shareholders to undertake a formal process to determine whether a value-maximizing transaction was available.

On March 20, 2023, the Board authorized the engagement of Stifel as financial advisor with a mandate to provide financial advice and services with respect to a strategic alternatives process intended to maximize shareholder value. Certus formally retained Stifel pursuant to the terms of an engagement agreement between the Company and Stifel dated March 24, 2023 (the "**Stifel Engagement Agreement**").

As part of the strategic process, the Board, along with the management team, held several formal meetings and participated in a significant number of negotiations, discussions, calls and meetings with advisors and management in connection with this process.

Under the direction of the Board, Stifel launched a broad process on June 22, 2023, distributing non-confidential process marketing materials to 250 counterparties, in an effort to attract as many interested parties as possible. In late June and early July, Stifel reached out to several parties directly that had expressed an interest during the initial outreach. In total, 30 potential counterparties executed confidentiality agreements, which included the Confidentiality Agreement executed by the Offeror, and were granted access to a confidential data room that was populated by Certus and managed by Stifel. In late July and early August 2023, Stifel hosted 17 presentations with Certus management and interested counterparties. In late July 2023, Stifel set a proposal deadline for August 16, 2023, and provided parties with bidding instructions, the Company received 9 formal bids for consideration, including the Offeror's bid.

The scope of transactions under consideration varied among the counterparties that were contacted in the process. The Board also considered other value enhancement alternatives that might have been available to Certus, but no actionable proposals were received.

Throughout August 2023, the Board met to review the proposals received, including the non-binding proposal from the Offeror. In light of the proposals received and after considering a number of related factors, including the short- and long-term outlook for Certus, the Board authorized the continued negotiation by Stifel with the 5 of the parties that had submitted proposals with a view to obtaining improved proposals. The Board met to review the revised proposals received, including the non-binding proposal from the Offeror.

On September 6, 2023, Certus received an updated proposal from the Offeror to acquire, directly or indirectly, all of the outstanding shares of the Company for cash, subject to certain conditions and assumptions. The proposal contemplated exclusive negotiations with respect to the Offer and the Board met with its legal counsel, Dentons Canada LLP, and Stifel, to review and consider the Offeror's proposal. After a thorough discussion and upon receiving information from Stifel and Dentons Canada LLP regarding

the terms of the proposal and proposed transaction contemplated therein, the Board approved Certus entering into a non-binding indication of interest with the Offeror containing terms included in the Offer, and the non-binding indication of interest was signed.

During the period of exclusive negotiations with the Offeror, the Board, with the assistance of management, Dentons Canada LLP, and Stifel, negotiated the terms of the Pre-Acquisition Agreement and the Offeror conducted extensive due diligence in respect of Certus. The Board also received advice of Dentons Canada LLP in respect of the terms of the Pre-Acquisition Agreement and considered a number of additional factors including:

- (a) the terms of the Pre-Acquisition Agreement and related transactions;
- (b) the financial and capital markets advice and Stifel Opinion provided by Stifel;
- (c) the strategic process undertaken to date and the results from such process;
- (d) the benefits of the Offer including, among other things, that the terms of the Pre-Acquisition Agreement provided the opportunity for the Board to accept a Superior Proposal and that Shareholders were offered 100% cash consideration for all their Common Shares, which provided Shareholders with certainty of value and liquidity;
- (e) the strategic alternatives that were available to Certus, including continuing with the status quo;
- (f) various reports, presentations and analysis provided by management, legal counsel and Stifel to the Board;
- (g) the current state of the Canadian capital markets and the ability of the oil and gas sector to attract capital on a cost effective basis in the short and medium terms;
- (h) Certus' cost of capital, sources of financing and requirements for capital going forward in order to properly exploit its oil and gas properties;
- (i) the interests of the stakeholders affected by the Offer, including Shareholders, employees, creditors, industry partners, and the environment; and
- (j) the historical results of Certus and prospects for the future.

On October 13, 2023, the Board met and received: (i) a presentation by management on the proposed transaction and on the terms and conditions of the proposed Offer, including advice from Dentons Canada LLP as to the fiduciary duties of the Board in the context of the Offer; and (iii) financial advice from Stifel in respect of the Offer, including a verbal fairness opinion. As part of its deliberations, the Board considered the matters described under the headings "*Reasons for Recommendation of the Board*" above.

The negotiation of the definitive terms and conditions of the Pre-Acquisition Agreement and the Lock-Up Agreements were subsequently completed and the agreements executed on October 30, 2023. The Offeror issued a news release on October 31, 2023 announcing, among other things, the entering into of the Pre-Acquisition Agreement.

#### **FAIRNESS OPINION**

In connection with its evaluation of the Offer, the Board received the written Stifel Opinion, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, explanations and limitations

and other matters described therein, the consideration under the Offer is fair, from a financial point of view, to Shareholders. The Stifel Opinion was only one of many factors considered by the Board in making its determinations that the Offer is fair, from a financial point of view, to Shareholders and in the best interests of the Company and the Shareholders, and in recommending that Shareholders accept the Offer and deposit their Common Shares under the Offer.

The full text of the Stifel Opinion is attached as Schedule "A" to this Directors' Circular. The following summary is qualified in its entirety by reference to the full text of the Stifel Opinion. You are encouraged to read each of the Stifel Opinion carefully and in its entirety for a description of the assumptions made, information reviewed, procedures followed, matters considered and limitations on the scope of review undertaken. The Stifel Opinion addresses only the fairness, from a financial point of view, of the consideration under the Offer to Shareholders and is directed to the Board. The Stifel Opinion does not constitute a valuation of the Company or any of its securities or assets, nor does it constitute a recommendation to Shareholders as to whether they should accept the Offer. Stifel has expressed no opinion as to whether the Escrow Amount will be distributed, in full, in part or at all, to the Shareholders or the timing of any such distribution.

### **The Stifel Opinion**

On March 20, 2023, the Board authorized the engagement of Stifel as financial advisor with a mandate to provide financial advice and services with respect to a strategic alternatives process intended to maximize shareholder value. Certus formally retained Stifel pursuant to the terms of the Stifel Engagement Agreement, which provides for Stifel to be paid a fixed fee upon delivery of the Stifel Opinion (no part of which is contingent upon the Stifel Opinion being favourable or upon success of the Offer). In addition, the Company has agreed to reimburse Stifel for its reasonable out-of-pocket expenses and to indemnify Stifel in respect of certain liabilities that might arise in connection with its engagement.

On October 13, 2023, the Board received a verbal opinion from Stifel, subsequently confirmed by delivery of the written Stifel Opinion to the effect that, as of the date of such written opinion, subject to the assumptions, limitations, and qualifications which are set out in the Stifel Opinion, the consolidation under the Offer is fair, from a financial point of view, to Shareholders.

The Stifel Opinion was rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date of the Stifel Opinion and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as they were reflected in the information provided by the Company and as they have been represented to Stifel in discussions with management of the Company. In its analyses and in preparing the Stifel Opinion, Stifel made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Stifel or any party involved in the Offer.

The Stifel Opinion has been provided for the sole use and benefit of the Board in connection with, and for the purpose of, its consideration of the Offer and may not be used or relied upon by any other person or for any other purpose or quoted from or published without the prior written consent of Stifel.

## **ARRANGEMENTS OR AGREEMENTS WITH THE OFFEROR**

### **Pre-Acquisition Agreement**

On October 30, 2023, Certus and the Offeror entered into the Pre-Acquisition Agreement, which sets out, among other things, the terms and conditions upon which the Offeror agreed to make the Offer and the Company agreed to support and recommend that Shareholders accept the Offer. A summary of the material provisions of the Pre-Acquisition Agreement is contained in the Bid Circular. Shareholders should read the

Pre-Acquisition Agreement carefully and in its entirety, as the rights and obligations of the parties are governed by the express terms of the Pre-Acquisition Agreement and not by any other information contained in this Directors' Circular. The Pre-Acquisition Agreement has been filed by the Company and is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and may be obtained upon request from Certus at Certus Oil and Gas Inc., 250 2 Street SW, Suite 400W, Calgary, AB T2P 0C1, (403) 703-0266.

### **Lock-Up Agreements**

On October 30, 2023, the Offeror entered into Lock-up Agreements with Certus and the Supporting Shareholders. A summary of the material provisions of the Lock-up Agreements is contained in the Bid Circular and attached as Schedule "D" to the Pre-Acquisition Agreement. The summary contained therein are qualified in its entirety by the specific terms of the Lock-up Agreements. **You are urged to carefully read the full text of the Pre-Acquisition Agreement, including the form of the Lock-Up Agreement attached thereto.**

### **Class A Share Purchase Agreements**

Concurrently with the Offer, and pursuant to the terms and conditions of the Pre-Acquisition Agreement, the Offeror has entered into agreements to acquire all of the equity securities of the Class A Management HoldCos from the Class A Management HoldCo Shareholders and all of the equity securities of Certus HoldCo owned by the Class A Non-Management Indirect Shareholders for the Class A Aggregate Cash Consideration, by way of exempt take-over. The effect of the acquisition will be that the Offeror will own or control, indirectly, all of the Class A Shares of Certus at the Effective Time. The acquisition by the Offeror of the equity securities of the Management HoldCo Shareholders and the Certus HoldCo Shares held by the Class A Non-Management Indirect Shareholders has been structured to ensure that the consideration received by the Indirect Class A Shareholders is identical to the consideration received by the Shareholders, as if such Indirect Class A Shareholders in aggregate, had held Common Shares at the Expiry Time, in direct proportion to the number of Class A Shares held by Certus HoldCo is to the sum of the Common Shares and the Class A Shares.

A summary of the material provisions of the Class A Share Purchase Agreements is contained in the Bid Circular and attached as Schedule "G" to the Pre-Acquisition Agreement. The summary contained therein is qualified in its entirety by the specific terms of the Class A Share Purchase Agreements. **You are urged to carefully read the full text of the Pre-Acquisition Agreement, including the forms of the Class A Share Purchase Agreements attached thereto.**

### **OWNERSHIP OF SECURITIES OF THE COMPANY**

As at the date of this Directors' Circular, the issued and outstanding share capital of Certus consists of 104,346,881 Common Shares and 19,903,637 Class A Shares. In addition there are 6,172,953 Common Shares which are issuable upon the exercise of outstanding Certus Options issued under the employee stock option plan, which Certus Options have a weighted average exercise price of \$0.274442 per Common Share; 5,960,916 Common Shares issuable pursuant to the exercise of outstanding Certus Warrants, which Certus Warrants have a weighted average exercise price of \$0.005169 per Common Share; 25,259,810 Common Shares issuable pursuant to the conversion of an aggregate principal amount of \$5,535,000 Certus Notes (as at December 8, 2023), which Certus Notes have a conversion price of \$0.25 per Common Share. Moreover, there are 36,000,000 Common Shares which are issuable upon the exercise of outstanding Certus Options with an exercise price of \$0.001 per Common Share granted pursuant to the Certus Key Management Option Plan, with 10,000,000 such options being issued to each of Robert Brady, Chief Executive Officer, Darwin Little, Chief Financial Officer, Michael Woodford, Executive Vice President of Business Development and Peter Andrew, Chief Operating Officer, of which Robert Brady has exercised 4,000,000 such options as of the date hereof.

## Principal Holders

To the knowledge of the directors and officers of Certus, after reasonable inquiry, as at the date hereof, no person owned, directly or indirectly, or exercised control or direction over 10% or more of any class of securities of Certus and no person acting jointly or in concert with Certus owned, directly or indirectly, any securities of Certus other than:

Name	Number and Class of Shares Beneficially Owned or Controlled	Percentage of Outstanding Common Shares
Kevin Nabholz <sup>(1)</sup>	17,834,936 Common Shares	17.09%
Arrowhead Resources Ltd. <sup>(2)</sup>	20,012,882 Common Shares	19.18%

### Notes:

- (1) 9,273,397 (8.89%) held personally, 6,115,385 (5.86%) held by his spouse Lori Nabholz and 2,446,154 held by an Associate, Randy Oswald (2.34%).
- (2) A corporation beneficially owned and controlled by Scott Van Vliet.

## Directors and Officers

The names of each of the directors and officers of Certus and the respective number of securities of Certus beneficially owned, or over which control or direction is exercised by them or, to their knowledge after reasonable inquiry, their respective Associates and any person acting jointly or in concert with Certus, are as follows:

Name and Position <sup>(1)</sup>	Number of Common Shares	Percentage of Common Shares	Number of Options	Percentage of Options	Principal Amount of Certus Notes	Percentage of Certus Notes	Number of Class A Shares <sup>(3)</sup>	Percentage of Class A Shares <sup>(3)</sup>
<b>Robert Brady</b> Chief Executive Officer and Director	4,925,000	4.72%	6,000,000 <sup>(2)</sup>	14.23%	\$50,000	0.90%	7,423,912	37.30%
<b>Michael Woodford</b> Executive Vice President of Business Development	0	0%	10,000,000 <sup>(2)</sup>	23.72%	Nil	0%	4,438,369	22.30%
<b>Peter Andrews</b> Chief Operating Officer	366,668	0.35%	10,000,000 <sup>(2)</sup>	23.72%	\$100,000	1.8%	6,541,356	32.87%
<b>Darwin Little</b> Chief Financial Officer	0	0%	10,000,000 <sup>(2)</sup>	23.72%	\$50,000	0.90%	0	0%
<b>John Campbell</b> Director	1,000,000	0.96%	800,000	1.90%	Nil	0%	0	0%
<b>Kevin Nabholz</b> Director	17,834,936	17.09%	1,100,000	2.61%	\$1,000,000	18.07%	0	0%
<b>Scott Van Vliet</b> Director	20,012,822 <sup>(4)</sup>	19.18%	800,000	1.90%	\$800,000 <sup>(4)</sup>	14.45% <sup>(4)</sup>	0	0%

**Notes:**

- (1) The directors and officers of Certus hold Nil Certus Warrants.
- (2) Options granted pursuant to the Certus Key Management Option Plan and have an exercise price of \$0.001 per Common Share.
- (3) Beneficially owned or controlled through Certus HoldCo.
- (4) Held indirectly through Arrowhead Resources Ltd., a corporation beneficially owned and controlled by Scott Van Vliet.

In total, the directors and officers of the Company listed above as a group, beneficially own, directly or indirectly, or exercise control or direction over: (i) 42,847,758 Common Shares, representing approximately 42.30% of the issued and outstanding Common Shares, (ii) 38,700,000 Certus Options to purchase up to 38,700,000 Common Shares; (iii) Nil Certus Warrants to purchase Nil Common Shares and (iii) \$2,000,000 principal amount Certus Notes to be converted for up to 9,223,334 Common Shares (as of December 8, 2023). The fully-diluted holdings of these parties represent 90,771,092 Common Shares, or approximately 51% of the issued and outstanding Common Shares on a fully-diluted basis.

To the knowledge of the directors and officers of Certus after reasonable inquiry, no Associate or Affiliate of Certus, no Insider of Certus, nor any of such Insider's Associates or Affiliates or any person or company acting jointly or in concert with Certus, beneficially owns or exercises control or discretion over, directly or indirectly, any Common Shares except as otherwise disclosed in this Directors' Circular.

**INTENTION OF DIRECTORS, OFFICERS AND INSIDERS OF THE COMPANY WITH RESPECT TO THE OFFER**

Pursuant to the Lock-Up Agreements, each of the Supporting Shareholders, holding or entitled to acquire, in the aggregate, approximately 51% of the issued and outstanding Common Shares, on a fully-diluted basis, has agreed to accept the Offer and tender under the Offer the Common Shares owned, controlled or directed or to be acquired by the Supporting Shareholders pursuant to the exercise and conversion of the Certus Option, Certus Warrants and Certus Notes as described under the heading "*Arrangements or Agreements with the Offeror – Lock-Up Agreements*". The Lock-Up Agreements may only be terminated in limited circumstances as described in the Bid Circular under the heading "*Lock-Up Agreements*".

**TRADING IN SECURITIES OF CERTUS**

Other than as described in "*Issuances of Securities by the Certus*", during the six months preceding the date hereof, none of Certus, the directors or officers or any other Insider of Certus nor, to the knowledge of the directors and officers of Certus, after reasonable inquiry, any Associate or Affiliate of an Insider of Certus, any Associate or Affiliate of Certus or any person or company acting jointly or in concert with Certus, has traded any securities of Certus.

**ISSUANCES OF SECURITIES BY THE COMPANY**

No Common Shares or securities convertible into or exercisable for Common Shares have been issued by Certus to the directors, officers or Insiders of Certus during the two year period immediately preceding the date of this Directors' Circular, except as set out in the following table:

<b>Name and Position</b>	<b>Date of Issuance</b>	<b>Description of Issuance</b>	<b>Issue Price</b>	<b>Exercise Price</b>
Kevin Nabholz, Chairman	October 25 <sup>th</sup> , 2022	Certus Note	\$1,000,000	\$0.25
	August 1 <sup>st</sup> , 2023	300,000 Certus Options	Nil	\$0.35
	August 1 <sup>st</sup> , 2022	300,000 Certus Options	Nil	\$0.35
John Campbell, Director	August 1 <sup>st</sup> , 2023	200,000 Certus Options	Nil	\$0.35
John Campbell, Director	August 1 <sup>st</sup> , 2022	200,000 Certus Options	Nil	\$0.35
Scott Van Vliet, Director	October 25 <sup>th</sup> , 2022 <sup>(1)</sup>	Certus Note <sup>(1)</sup>	\$800,000 <sup>(1)</sup>	\$0.25 <sup>(1)</sup>
	August 1 <sup>st</sup> , 2023	200,000 Certus Options	Nil	\$0.35
	August 1 <sup>st</sup> , 2022	200,000 Certus Options	Nil	\$0.35

<u>Name and Position</u>	<u>Date of Issuance</u>	<u>Description of Issuance</u>	<u>Issue Price</u>	<u>Exercise Price</u>
Peter Andrews, Director <sup>(2)</sup>	February 22 <sup>nd</sup> , 2023	Certus Note	\$100,000	\$0.25
Robert Brady, Chief Executive Officer	February 22 <sup>nd</sup> , 2023	Certus Note	\$50,000	\$0.25
Darwin Little, Chief Financial Officer	February 22 <sup>nd</sup> , 2023	Certus Note	\$50,000	\$0.25

**Notes:**

- (1) Indirectly through Arrowhead Resources Ltd.
- (2) Indirectly through Andrews Trust.

### **OWNERSHIP OF SECURITIES OF THE OFFEROR**

None of Certus nor the directors or officers of Certus nor, to their knowledge after reasonable inquiry, any Associate or Affiliate of an Insider of Certus, any Affiliate or Associate of Certus, any Insider of Certus who is not a director or officer of Certus or any person acting jointly or in concert with Certus, beneficially owns, or exercises control or direction over, any securities of the Offeror.

### **ARRANGEMENTS BETWEEN THE OFFEROR AND THE DIRECTORS AND OFFICERS OF CERTUS**

To the knowledge of the directors and officers of Certus, after reasonable inquiry, other than the Lock-Up Agreements or as otherwise described in this Directors' Circular, there are no additional agreements, commitments or understandings made or proposed to be made between the Offeror and any of the directors or officers of Certus respecting the Offer, including any agreement, commitment or understanding pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful. Additionally, none of the directors or officers of Certus is a director, officer or shareholder of the Offeror or any of its Subsidiaries.

### **ARRANGEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND OFFICERS**

Other than as described in this Directors' Circular, no agreement, commitment or understanding has been made, or is proposed to be made, between Certus and any of its directors or officers pursuant to which a payment or other benefit is to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful.

### **Severance Payments**

Certus has previously entered into employment agreements ("**Employment Agreements**") with Robert Brady, Michael Woodford, Peter Andrews and Darwin Little pursuant to which Certus will make, as a result of the Offer constituting a "change of control" for the purposes of the Employment Agreements, a lump sum severance payments in the amount of:

- (a) \$276,361.57 to Robert Brady which is equal to the sum of 8.6 months current annual base salary and one times the most recent annual bonus plus any vacation pay due and owing;
- (b) \$276,361.57 to Michael Woodford which is equal to the sum of 8.6 months current annual base salary and one times the most recent annual bonus plus any vacation pay due and owing;
- (c) \$274,833.39 to Peter Andrews which is equal to the sum of 8.5 months current annual base salary and one times the most recent annual bonus plus any vacation pay due and owing; and

- (d) \$229,000.04 to Darwin Little which is equal to the sum of 6 months current annual base salary and one times the most recent annual bonus plus any vacation pay due and owing, (together, the "**Severance Obligation Payments**").

A "change of control" is defined in the Employment Agreements as a transfer to a third party (other than to a related entity of the Company) of ownership or control of voting securities or ownership interests representing not less than 50.1% in the aggregate of all voting securities or ownership interests of the Company, and as a result of such transfer persons who were directors of the Company before this event shall cease to constitute a majority of the Board of the Company or any successor to the Company.

### **Convertible Securities**

Pursuant to stock option agreements, warrant agreements and unsecured convertible notes entered into between Certus and the holders of Certus Options (including options granted pursuant to the Certus Key Management Option Plan), Certus Warrants and Certus Notes, Certus has granted Certus Options to directors, officers, consultants and employees of Certus, and certain other eligible participants under Certus' Option Plan and the Key Management Option Plan, and has issued Certus Warrants and Certus Notes on a private placement basis to certain subscribers. As at the date of this Directors' Circular, Certus had outstanding Certus Options entitling the holders thereof to acquire up to 41,051,550 Common Shares outstanding Certus Warrants entitling the holders thereof to acquire up to 19,996,972 Common Shares and an aggregate principal amount of \$5,535,000 of Certus Notes. The Offeror and Certus have agreed that holders of outstanding Certus Options may exercise their Certus Options on a cashless basis prior to the Expiry Time in accordance with their terms. The Offeror and Certus have also agreed that holders of outstanding Certus Warrants and Certus Notes may exercise and convert their Certus Warrants and Certus Notes in accordance with their terms. Holders of Certus Options, Certus Warrants and/or Certus Notes who so exercise or convert their Certus Options, Certus Warrants and/or Certus Notes pursuant to the foregoing will be entitled to Common Shares underlying such Certus Options, Certus Warrants and/or Certus Notes entitling such holders to receive the same ultimate cash consideration under the Offer as if they were the holders of Common Shares at the Expiry Time. Pursuant to the Offer and the terms of the Pre-Acquisition agreement, the Board has directed Certus to use its commercially reasonable efforts to ensure that, prior to the Expiry Time, all persons holding Certus Options, Certus Warrants and/or Certus Notes either: (a) exercise (on a cashless basis or otherwise) their Certus Options and/or Certus Warrants and tender all Common Shares issued in connection therewith to the Offer; (b) convert their Certus Notes and tender all Common Shares issued in connection therewith to the Offer; or (c) cancel, terminate or surrender the rights to exercise or convert, as the case may be, any of their Certus Options, Certus Warrants and/or Certus Notes. In addition, pursuant to the Offer and the terms of the Pre-Acquisition Agreement, the Board has authorized and directed Certus to, among other things, cause the vesting of entitlements of the Certus Options and Certus Warrants to accelerate, such that all outstanding Certus Options and Certus Warrants shall be exercisable and fully vested concurrent with the Expiry Time.

All Certus Options, Certus Warrants and Certus Notes tendered to Certus for exercise or conversion on or before the Expiry Time, conditional on the Offeror taking up Common Shares under the Offer (a "**Conditional Exercise**"), shall be deemed by the Offeror to have been exercised immediately prior to the Expiry Time and the Offeror shall accept as validly tendered under the Offer as of the Expiry Time, all Common Shares that are to be issued pursuant to the Conditional Exercise; provided that, the holders of such Certus Options, Certus Warrants and/or Certus Notes indicate that such Common Shares are tendered pursuant to the Offer and provided that such holders agree to surrender any of their remaining unexercised or unconverted Certus Options, Certus Warrants and/or Certus Notes for cancellation for no consideration immediately prior to the Expiry Time. The Offeror has agreed to cooperate with Certus in implementing one or more mechanisms to facilitate exercise of the Certus Options, Certus Warrants and Certus Notes pursuant to the Conditional Exercise.

## **Directors' and Officers' Insurance and Indemnification**

Pursuant to the Pre-Acquisition Agreement, the Offeror has agreed for a period of six years after the Effective Time, to cause Certus or any successor to Certus (including any successor resulting from the winding up or liquidation or dissolution of Certus) to maintain Certus' current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "runoff" basis subject in either case to terms and conditions no less advantageous to the directors and officers of Certus than those contained in the policy in effect on the date of the Pre-Acquisition Agreement, for all present and former directors and officers of Certus, covering claims made prior to or within six years after the Effective Time. The Offeror shall, and shall cause Certus or any successor to Certus to, indemnify the directors and officers of Certus to the fullest extent to which the Offeror and Certus, as the case may be, are permitted to indemnify such officers and directors under their respective charter, by-laws, Laws and contracts of indemnity.

## **ARRANGEMENTS BETWEEN THE OFFEROR AND SECURITY HOLDERS OF THE COMPANY**

Other than the Lock-Up Agreements discussed under the heading "*Arrangements of Agreements with the Offeror – Lock-Up Agreements*", there are no agreements, commitments, or understandings made or, to the knowledge of the directors and officers of the Company, proposed to be made between the Offeror and a security holder of the Company relating to the Offer.

## **INTERESTS OF DIRECTORS AND OFFICERS IN MATERIAL TRANSACTIONS OF THE OFFEROR**

Other than as described or referred to in this Directors' Circular, none of the directors or officers of Certus and their Associates and, to the knowledge of the directors and officers of Certus, after reasonable inquiry, no person who owns more than 10% of any class of equity securities of Certus for the time being outstanding has any interest in any material transaction to which the Offeror is a party.

## **CANADIAN SECURITIES LAW CONSIDERATIONS NI 62-104 CONSIDERATIONS**

### **NI 62-104 Considerations**

Subject to certain exceptions, NI 62-104 prohibits a person who makes a take-over bid from entering into any collateral agreement, commitment or understanding that has the effect, directly or indirectly, of providing a security holder of the offeree issuer with consideration of greater value than that offered to the other security holders of the offeree issuer pursuant to the take-over bid.

The Severance Obligation Payments and Termination Costs that certain officers, employees and consultants of Certus would receive pursuant to their respective employment or consulting agreements and the terms of the Pre-Acquisition Agreement based upon a termination of their employment with Certus may result in the Pre-Acquisition Agreement being characterized as a collateral agreement that has the effect, directly or indirectly, of providing the applicable officer, employee or consultant with consideration of greater value than that offered to the other Shareholders.

NI 62-104 provides an exception from the prohibition on collateral agreements in respect of benefits received solely in connection with the security holder's services as an employee, director or consultant of the offeree issuer or an affiliated entity of the offeree issuer, or of a successor to the business of the offeree issuer where (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the amount of the consideration paid to the security holder for securities deposited under the bid or providing an incentive to deposit under the bid; (ii) the conferring of the benefit is not, by its terms, conditional on the security holder supporting the bid in any manner; (iii) full particulars of the benefit are disclosed in the take-over bid circular or directors' circular; and (iv) either (A) at the time the bid is publicly announced, the security holder and its associates beneficially own or exercise control or direction over less than 1% of the outstanding securities of each class of securities of the offeree issuer subject to the bid, or (B) an independent committee

of directors of the offeree issuer, acting in good faith, has determined that either (x) the value of the benefit, net of any offsetting costs to the security holder, is less than 5% of the amount of consideration that the security holder expects it will be beneficially entitled to receive under the terms of the bid in exchange for the securities beneficially owned by the security holder, or (y) the security holder is providing at least equivalent value in exchange for the benefit, and in either case the security holder receiving the benefit has disclosed to the independent committee the amount of consideration that the security holder expects it will be beneficially entitled to receive under the terms of the bid in exchange for the securities beneficially owned by the security holder and the independent committee's determination is disclosed in the take-over bid circular or directors' circular.

In connection with the Severance Obligation Payments and Termination Costs, the independent members of the Board determined, based on: (i) the scope and length of employment or service to Certus of each of the officers, directors, employees and consultants receiving Severance Obligation Payments or Termination Costs; (ii) the terms of the Severance Obligation Payments and Termination Costs; (iii) consultation with its legal advisor; and (iv) their experience in the oil and gas industry and in relation to compensation provided to similar positions held by each of the officers, employees and consultants at other companies, that each of the officers, directors, employees and consultants receiving Severance Obligation Payments or Termination Costs is providing and has in the past provided at least equivalent value to Certus to that value in exchange for such Severance Obligation Payments and Termination Costs. In addition, the independent members of the Board satisfied themselves that: (i) the Severance Obligation Payments and Termination Costs are not conferred for the purpose, in whole or in part, of increasing the amount of the consideration paid to the Person receiving such payments for their Common Shares to be deposited under the Offer; and (ii) the conferring of the Severance Obligation Payments and Termination Costs are not, by their terms, conditional on such Persons supporting the Offer in any manner. Accordingly, the Severance Obligation Payments and Termination Costs fall within the exception from the prohibition against collateral agreements under NI 62-104.

### **MATERIAL CHANGES AND OTHER INFORMATION CONCERNING CERTUS**

Other than as described or referred to in this Directors' Circular, or otherwise publicly disclosed, the directors and officers of Certus are not aware of any information that indicates any material change in the affairs, activities, financial position or prospects of Certus since the date of its last published financial statements, being its audited financial statements for the year period ended December 31, 2022.

### **OTHER MATERIAL INFORMATION**

Except as disclosed in this Directors' Circular, no information is known to the directors or officers of Certus that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

### **RESPONSE OF THE COMPANY**

Other than as described or referred to in the Bid Circular or in this Directors' Circular, no negotiations are underway in response to the Offer which relate to or would result in: (a) an extraordinary transaction such as a merger, reorganization or liquidation involving Certus; (b) the purchase, sale or transfer of a material amount of assets by Certus; (c) a take-over bid or other acquisition of securities of Certus by any person; (d) a bid by Certus for its own securities or for those of another issuer; or (e) any material change in the present capitalization or dividend policy of Certus.

Other than as described or referred to in this Directors' Circular, there is no transaction, resolution of the Board, agreement in principle or signed contract of Certus which has occurred in response to the Offer and that is related to one of the matters set forth in the preceding paragraph.

### **STATUTORY RIGHTS OF ACTION**

Securities legislation in the provinces and territories of Canada provides security holders of Certus with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

### **APPROVAL OF DIRECTORS' CIRCULAR**

The contents of this Directors' Circular have been approved, and the delivery thereof has been authorized, by the Board.

**CONSENT**

Dated: November 3, 2023

To: The Board of Directors of Certus Oil and Gas Inc.

We hereby consent to all references to our firm and to the inclusion of the text of our opinion dated October 13, 2023 in the Directors' Circular dated November 3, 2023 of Certus Oil and Gas Inc.

(signed) "*Mark Pearson*"

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Mark Pearson  
Managing Director, Investment Banking

**CERTIFICATE**

Dated: November 3, 2023

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

On Behalf of the Board

(signed) "*Kevin D. Nabholz*"

(signed) "*John Campbell*"

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Kevin D. Nabholz  
Director

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John Campbell  
Director

**SCHEDULE "A"**

**STIFEL OPINION**

October 13, 2023

Board of Directors  
Certus Oil & Gas Inc.  
Suite 400, 250 2nd Street S.W.  
Calgary, Alberta T2P 0C1

Dear Sirs:

Stifel Nicolaus Canada Inc. (“**Stifel**”, “**we**”, “**us**” or “**our**”) understands that Certus Oil and Gas Inc. (“**Certus**”) and Pine Cliff Energy Ltd. (“**Pine Cliff**”) propose to enter into a pre-acquisition agreement to be dated October 30, 2023 (the “**Agreement**”) pursuant to which, among other things, Pine Cliff would agree to make a take-over bid (the “**Offer**”) for all of the outstanding Class “B” Common Shares of Certus (the “**Certus Shares**”), including any Certus Shares which may become outstanding upon exercise of Certus Options and Certus Warrants and upon conversion of Certus Notes, by way of a take-over bid.

Pursuant to the Offer, the total consideration to be paid by Pine Cliff for all of issued and outstanding shares in the capital of Certus (the “**Shares**”), including any Certus Shares which may become outstanding upon exercise of Certus Options and Certus Warrants and upon conversion of Certus Notes, shall be comprised of that amount of cash having an aggregate value equal to \$100,000,000.00 less Certus’s estimated total indebtedness and liabilities, net of its current assets, as at December 31, 2023, less the amount in escrow (the “**Escrow Amount**”). The Escrow Amount of \$2,000,000 will be deposited into escrow and will be distributed to the then former holders of Shares and/or Pine Cliff depending on Certus’ actual net debt. We understand that based on the assumptions contained in the Offer, the cash consideration per Certus Share shall be approximately \$0.374 and, if the total Escrow Amount is distributed to the former holders of Shares, each holder of Certus Shares (the “**Certus Shareholders**”) would receive an additional amount of approximately \$0.010 per Certus Share previously held (collectively, the “**Consideration**”). Stifel expresses no opinion as to whether the Escrow Amount will be distributed, in full, in part or at all, to the Shareholders or the timing of any such distribution. The Consideration shall be rounded to the nearest cent on a per shareholder basis.

It is also our understanding that certain directors, officers and Certus Shareholders will each enter into a form of lock-up agreement (the “**Lock-Up Agreement**”) with Pine Cliff in which each will agree to tender their Certus Shares (including any Certus Shares which may become outstanding upon exercise of Certus Options and Certus Warrants and upon conversion of Certus Notes) to the Offer, which in the aggregate represents at least 50% of the outstanding Certus Shares.

The above description is a summary in nature. The specific terms and conditions are set out in the Agreement and will be more fully described in Pine Cliff’s take-over bid circular (the “**Directors’ Circular**”) to be mailed to, among others, the Certus Shareholders. Certain capitalized terms used in this Fairness Opinion (as defined below) that are not otherwise defined have their respective meanings set out in the Directors’ Circular.

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Certus has retained Stifel to provide advice and assistance in evaluating the Offer, including the preparation and delivery to the board of directors of Certus (the “**Board**”) of its opinion (the “**Fairness Opinion**”) as to the fairness of the Consideration, from a financial point of view, to the Certus Shareholders.

## ***Stifel Engagement***

Certus formally retained Stifel to act as a financial advisor in respect of a process to investigate, review, assess, and evaluate possible strategic alternatives pursuant to an engagement letter dated March 24, 2023 (the “**Engagement Agreement**”).

The Engagement Agreement provides for Stifel to receive from Certus, in consideration for the services provided, a fee upon delivery of this Fairness Opinion, in addition to previously agreed to advisory fees, a portion of which is contingent upon completion of the Offer, as well as reimbursement of all reasonable out-of-pocket expenses. In addition, Certus has agreed to indemnify Stifel from and against certain liabilities arising out of the performance of professional services rendered to Certus by Stifel and its personnel under the Engagement Agreement.

Stifel has received no instructions from Certus in connection with the conclusions reached in this Fairness Opinion. Stifel consents to the inclusion of the Fairness Opinion in its entirety and a summary thereof in any materials delivered to the Certus Shareholders by Certus in connection with the Offer.

## ***Credentials of Stifel***

Stifel is a leading independent Canadian investment dealer focused on investment banking and institutional equities for corporate clients and institutional investors. As part of our investment banking activities, we are regularly engaged in the valuation of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions. Stifel is not in the business of providing auditing services and is not controlled by a Canadian financial institution.

The opinion expressed herein is the opinion of Stifel as an entity, and the form and content hereof have been approved for release by a group of professionals of Stifel, each of whom is experienced in mergers, acquisitions, divestitures, restructurings, valuation, fairness opinion and capital markets matters.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Canadian Investment Regulatory Organization (“**CIRO**”) but the CIRO has not been involved in the preparation or review of this Fairness Opinion.

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## ***Independence of Stifel***

Neither Stifel nor any of its associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act (Alberta)*) of Certus or Pine Cliff or any of their respective associates or affiliates (collectively, the “**Interested Parties**”).

In the ordinary course of its business, Stifel acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have, today, or in the future, positions in the securities of the Interested Parties and may from time to time, may have executed or may execute transactions on behalf of the Interested Parties or other clients for which it received or may receive compensation. In addition, as an investment dealer, Stifel conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including research with respect to the Interested Parties.

## ***Scope of Review Conducted by Stifel***

Certus has requested this Fairness Opinion pursuant to the Engagement Agreement. In that regard, Stifel has analyzed publicly available documents relating to Certus and Pine Cliff, along with financial, operational and other information relating to, including information derived from meetings and discussions with the management of Certus, as described below. Except as expressly described herein, Stifel has not conducted any independent investigations to verify the accuracy and completeness thereof.

In connection with rendering this Fairness Opinion, Stifel has reviewed and relied upon, among other things, the following:

- i) the fully executed Non-Binding indication of Interest dated September 6, 2023 between Certus and Pine Cliff;
- ii) the most recent draft of the Agreement distributed to Stifel on October 30, 2023;
- iii) the most recent draft of the Lock-Up Agreement distributed to Stifel on October 30, 2023;
- iv) the most recent draft of the Director’s Circular distributed to Stifel on October 30, 2023;
- v) Certus’ lease operating statements;
- vi) Certus’ third party abandonment and reclamation obligation model as provided by 360 Energy Liability Management;
- vii) certain public information relating to Certus assets;
- viii) certain non-public information, including budgets, forecasts, projections and estimates;
- ix) information obtained in due diligence discussions with the senior management and certain other employees of Certus and Certus’s legal counsel;

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- x) the audited consolidated financial statements and management's discussion and analysis of Certus for the years ended December 31, 2022 and 2021;
- xi) the unaudited interim consolidated financial statements and management's discussion and analysis of Certus for each of the three months ended March 31, 2023 and June 30, 2023; and
- xii) Sproule National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* compliant reserve report effective July 1, 2023 and Val Nav database.

In addition, Stifel has:

- i) reviewed certain publicly-available information pertaining to current and expected future oil and natural gas prices, foreign exchange rates and other economic factors;
- ii) reviewed and considered capital market conditions, both current and expected, for the Canadian oil and natural gas industry in general, for selected oil and natural gas producers operating in similar jurisdictions, and for Certus specifically;
- iii) reviewed the operating and financial performance of Certus's assets relative to the performance and characteristics of select relevant oil and natural gas producers and precedent transactions;
- iv) received representations contained in a certificate addressed to us from certain senior officers of Certus as to the completeness and accuracy of the information upon which this Fairness Opinion is based (the "**Officers' Certificate**"); and
- v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Stifel considered necessary and appropriate in the circumstances.

Stifel also conducted such analyses, modelling and various other methods of analytical valuation, mechanical updates, investigations, research and testing of assumptions as were deemed by Stifel to be appropriate or necessary in the circumstances.

Stifel has not, to the best of its knowledge, been denied access by Certus to any information requested by Stifel. Stifel did not meet with the auditors of Certus and as stipulated below, has assumed, without independent investigation, the accuracy and fair presentation of the audited consolidated financial statements of Certus and the reports of the auditors thereon.

## ***Assumptions and Limitations***

Stifel has assumed and relied upon, but with the Board's acknowledgement and subject to the exercise of its professional judgment, has not independently verified the accuracy, completeness and fair representation of any of the data, advice, opinions, materials, information, representations, reports and discussions, including the Officers' Certificate (collectively, the "**Information**") referred to above and this Fairness Opinion is conditional upon such accuracy, completeness and fair

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representation and Stifel has assumed that since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Certus and there has been no material change or change in any material fact or new material fact which is of a nature so as to render the Information untrue or misleading in any material respect, or which would reasonably be expected to have a material adverse effect on Certus or the assets contemplated in the Agreement. Stifel's assumptions, the procedures Stifel adopted and the conclusions and opinions reached by Stifel are dependent, in part, upon all such Information. With respect to forecasts, projections or estimates or other forward-looking information provided to Stifel and relied upon in its analysis, Stifel has assumed that they have been reasonably prepared on bases reflecting reasonable assumptions, estimates and judgments of Certus as appropriate, having regard to the plans, financial condition and prospects of Certus, as the case may be, and in rendering the opinion expressed herein, Stifel expresses no view as to the reasonableness of such forecasts, projections or estimates or other forward-looking information or the assumptions on which they are based.

Stifel believes that the analyses and factors considered in arriving at this Fairness Opinion must be considered as a whole and are not necessarily amenable to partial analysis or summary description and that selecting portions of the analyses and the factors considered by Stifel, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion employed by Stifel and the conclusions reached herein. In arriving at its opinion, in addition to the facts and conclusions contained in the Information, Stifel has assumed, among other things, the validity and efficacy of the procedures being followed to implement the Offer and Stifel expresses no opinion on such procedures. The preparation of this Fairness Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Stifel was not engaged to review any legal, tax or accounting aspects of the Agreement and accordingly expresses no view thereon.

The Offer is subject to a number of conditions outside the control of Certus and Pine Cliff and Stifel has assumed that the Offer will be completed in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement thereof and in accordance with all applicable laws, that all conditions precedent to the completion of the Offer can and will be satisfied in due course and all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualification. Stifel expresses no view as to the likelihood that the conditions respecting the Agreement will be satisfied or waived or that the Offer will be implemented within the time frame indicated in the Agreement. Stifel has also assumed that all of the representations and warranties contained in the Agreement are true and correct as of the date hereof.

In its analysis in connection with the preparation of this Fairness Opinion, Stifel made numerous assumptions which it believes to be reasonable with respect to the industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the Offer. While in the opinion of Stifel, the assumptions used in preparing



this Fairness Opinion are reasonable in the current circumstances, some or all of these assumptions may prove to be incorrect.

This Fairness Opinion is rendered as of the date hereof on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the condition and prospects, financial and otherwise, of Certus, as the case may be, as they were reflected in the Information provided to Stifel and as they were represented to Stifel in its discussions with the senior management of Certus. Any changes therein may affect this Fairness Opinion and, although Stifel reserves the right to change or withdraw this Fairness Opinion in such event, we disclaim any undertaking or obligation to advise any person of any such change that may come to Stifel's attention, or to update this Fairness Opinion after the date hereof. Any reference to this Fairness Opinion or the engagement of Stifel by the Board is expressly prohibited without the express written consent of Stifel, except that Stifel consents to the inclusion of the complete text of this Fairness Opinion and to appropriate references to, or summaries of, this Fairness Opinion, subject to our review to our satisfaction of the final form and context of such disclosures, in the Director's Circular or other form of document(s) required to be mailed to Certus Shareholders in connection with the Offer.

This Fairness Opinion does not address the relative merits of the Offer as compared to other transactions or business strategies that might be available to Certus, nor does it address the underlying business decision to approve the Agreement.

This Fairness Opinion has been provided solely for the use of the Board and is not intended to be, and does not constitute, a recommendation to approve the Agreement or to any Certus Shareholder as to whether or not they should tender their Certus Shares to the Offer. Stifel expresses no opinion with respect to future prices of the securities of Certus.

While in the opinion of Stifel the assumptions used in preparing this Fairness Opinion are appropriate in the circumstances, some or all of these assumptions may prove to be incorrect.

### ***Conclusion and Fairness Opinion***

Based upon and subject to all of the foregoing and such other matters as Stifel has considered relevant, Stifel is of the opinion that, as of the date hereof, the Consideration to be received by the Certus Shareholders is fair, from a financial point of view, to the Certus Shareholders.

This Fairness Opinion may be relied upon by the Board for the purpose of considering the Offer, but may not be published, reproduced, disseminated, quoted from or referred to, in whole or in part, or be used or relied upon by any other person for any other purpose without Stifel's express prior written consent.

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Yours very truly,

*Stifel Nicolaus Canada Inc.*

**Stifel Nicolaus Canada Inc.**