



**FORM 2B**  
**LISTING APPLICATION**

**COELACANTH ENERGY INC.**  
**("ExploreCo" or the "Applicant")**

**Application for the listing of Common Shares in the capital of ExploreCo**

*"No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are the subject of this application"*

**June 14, 2022**

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### Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein may constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "objectives", "strategies", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. ExploreCo believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Listing Application should not be unduly relied upon.

In 2020, the Coronavirus disease caused by SARS-CoV-2 ("**COVID-19**") and the restrictions and disruptions related to it, have had a drastic adverse effect on the world demand for, and prices of, oil and gas as well as the market price of the shares of oil and gas companies generally. These factors are beyond the control of ExploreCo and it is difficult to assess how these, and other factors, will continue to affect ExploreCo and the market price of the ExploreCo Shares. In light of the current situation, as at the date of this Listing Application, ExploreCo continues to review and assess its business plans and assumptions regarding the business environment, as well as its estimates of future production, cash flows, operating costs and capital expenditures.

In particular, forward-looking statements may relate to the following:

- the performance characteristics of the Sold Assets;
- the anticipated production of the Sold Assets, including oil, NGL and natural gas production levels;
- the size of the oil and natural gas reserves;
- projections of market prices and costs;
- cash available for funding of capital expenditures;
- the anticipated debt of ExploreCo;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- drilling plans;
- tax horizons;
- timing of development of undeveloped reserves;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs;
- stock exchange listings and timing thereof;
- the sufficiency and the use of proceeds raised under the ExploreCo Private Placement;
- the ExploreCo Stock Option Plan and expectations with respect to the grant of options to purchase ExploreCo Shares in the future;
- the ExploreCo PRSU Plan and expectations with respect to the grant of ExploreCo PSUs and ExploreCo RSUs in the future;
- the number of employees of ExploreCo and the proposed compensation of the executive officers and directors of ExploreCo;
- corporate governance matters relating to ExploreCo;
- the business strategy and business plans of ExploreCo, including conducting low-risk drilling and modern completion technology to grow production and reserves, focusing on operational and cost efficiencies to increase returns and maintaining a conservative financial structure; and
- the business strengths of ExploreCo, including significant well performance, extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities and a conservative financial structure with no initial indebtedness.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere herein:

- exploration, development and production risks;
- general economic, market and business conditions;
- price, markets and marketing of oil, natural gas and NGLs;
- failure to realize the anticipated benefits of acquisitions and dispositions;
- long term reliance on third parties;
- reliance on third party infrastructure for transportation, processing or marketing of oil and natural gas volumes;
- lack of policy and regulatory certainty in relation to the development of interprovincial and international pipelines;
- project risks;
- competition for, among other things, capital, the acquisition of reserves, export pipeline capacity and skilled personnel;
- the need to obtain regulatory approvals and maintain compliance with regulatory requirements;
- environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations;
- fluctuations in foreign exchange rates and interest rates;
- the capital requirements of future projects of ExploreCo;
- additional funding requirements;
- the lack of available drilling equipment and limitations on access to the Sold Assets;
- risks associated with confirming title to the Sold Assets;
- risks arising from future acquisition activities;
- the potential for management and reserves evaluators estimates and assumptions to be inaccurate;
- insurance risks;
- the failure to realize anticipated benefits of the Arrangement and the acquisition of the Sold Assets;
- the effect that the issuance of additional securities by ExploreCo could have on the market price of the ExploreCo Shares;
- the failure of ExploreCo or the holder of certain licenses or leases to meet specific requirements of such licenses or leases;
- claims made in respect of ExploreCo's operations, properties or assets, including aboriginal claims;
- seasonality;
- third party credit risk;
- conflicts of interest;
- the absence of an existing public market for the ExploreCo Shares;
- risks relating to receiving listing approval of the ExploreCo Shares;
- geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves;
- failure to obtain or retain key personnel; and
- other factors discussed under "ITEM 21 -- Risk Factors".

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Listing Application are expressly qualified by this cautionary statement.

Although the forward-looking statements contained herein are based upon assumptions which ExploreCo believes to be reasonable, ExploreCo cannot assure that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements, ExploreCo has made assumptions regarding: the use of available funds; that ExploreCo will be able to assume Leucrotta's role with respect to the Sold Assets; future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; general conditions in economic and financial markets; availability of drilling and related equipment; future well production rates; the performance of existing wells; the success of drilling new wells; effects of regulation by governmental agencies; royalty rates and future operating costs. ExploreCo has included the

above summary of assumptions and risks related to forward-looking information in order to provide a more complete perspective on ExploreCo's future operations and such information may not be appropriate for other purposes. ExploreCo's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits ExploreCo will derive therefrom. These forward-looking statements are made as of the date hereof and ExploreCo disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

## ITEM 1 - GLOSSARY

*Unless the context otherwise requires or where otherwise provided, the following words and terms will have the meanings set forth below in this Listing Application. Any capitalized term used herein not otherwise defined shall have the same meaning as ascribed in the TSX Venture Exchange Corporate Finance Manual, National Instrument 41-101 – General Prospectus Requirements ("NI 41-101") or in Form 41-101F1 – Information Required in a Prospectus ("Form 41-101F1"). In the event of a conflict between a term defined in this Glossary and a term defined in the TSX Venture Exchange Corporate Finance Manual, the TSX Venture Exchange Corporate Finance Manual will govern.*

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquisition**" means the purchase of the Sold Assets by ExploreCo from Leucrotta and the assumption of the Assumed Liabilities by ExploreCo pursuant to the Conveyance Agreement;

"**Applicable Canadian Securities Laws**" means, in any context that refers to one or more Persons, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, that apply to such Person or Persons or his/her/its/their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or his/her/its/their business, undertaking, property or securities;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws that apply to such Person or Persons or his/her/its/their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or his/hers/its/their business, undertaking, property or securities;

"**Applicable Securities Laws**" means, collectively, Applicable Canadian Securities Laws and Applicable U.S. Securities Laws;

"**Applicable U.S. Securities Laws**", in any context that refers to one or more Persons, means, collectively, and as the context may require, the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time prior to the Effective Date, that apply to such Person or Persons or his/her/its/their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or his/her/its/their business, undertaking, property or securities;

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA, on the terms set out in the Plan of Arrangement and the Final Order that was completed on May 31, 2022;

"**Arrangement Agreement**" means the arrangement agreement dated March 28, 2022 among Vermilion, Leucrotta and ExploreCo with respect to the Arrangement, together with all amendments thereto, attached as Appendix C to the Information Circular;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement approved by the Leucrotta Shareholders at the Leucrotta Meeting substantially in the form attached as Appendix A to the Information Circular;

**"Assumed Liabilities"** means all of the liabilities and obligations that were assumed by ExploreCo pursuant to the Conveyance Agreement, including, without limitation: (i) all liabilities attributable under the title and operating documents of the Sold Assets; (ii) all liabilities arising out of ownership or operation of the Sold Assets, including environmental and end-of-life liabilities; (iii) the Leucrotta Transaction Costs less than \$10 million; and (iv) all transfer costs, governmental fees and regulatory costs relating to transferring the Sold Assets from Leucrotta to ExploreCo and in respect of any costs or expenses relating to ExploreCo, including, without limitation, any and all legal and regulatory costs and all transactions contemplated by the Conveyance Agreement including costs and expenses related to the creation and registration of the Specific Conveyances incurred on or before the Effective Time or thereafter;

**"Business Day"** means, with respect to any action to be taken, any day, other than a Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

**"Conveyance Agreement"** means the conveyance agreement dated May 31, 2022 between Leucrotta and ExploreCo, which provided for, among other things, the sale of the Sold Assets to ExploreCo and the assumption of the Assumed Liabilities by ExploreCo;

**"Court"** means the Court of Queen's Bench of Alberta;

**"Dissent Rights"** means the right of a registered holder of Leucrotta Shares pursuant to Section 191 of the ABCA (as modified by the Interim Order) to dissent to the Arrangement Resolution and to be paid the fair value of the Leucrotta Shares in accordance with Section 191 of the ABCA (as modified by the Interim Order);

**"Dissenting Shareholders"** means registered Leucrotta Shareholders who validly exercise the Dissent Rights;

**"Effective Date"** means the date upon which the Plan of Arrangement became effective pursuant to the ABCA, being May 31, 2022;

**"Effective Time"** means the time the Arrangement became effective on the Effective Date pursuant to the ABCA;

**"Environmental Laws"** means all Applicable Laws relating in whole or in part to the protection of the Environment and employee and public health and safety, and includes, without limitation, those Applicable Laws relating to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, release and disposal of Hazardous Substances;

**"Exchange"** means the TSX Venture Exchange;

**"ExploreCo Arrangement Warrant"** means a share purchase warrant entitling the holder thereof to purchase one ExploreCo Share at a price of \$0.27 until 5:00 p.m. (Calgary time), or, if a warrant is registered to CDS & Co., 4:30 p.m. (Calgary time), on the date that is 30 calendar days following the Effective Date in accordance with the terms and conditions of the warrant indenture dated May 31, 2022 governing the terms of such warrants;

**"ExploreCo Board of Directors"** means the board of directors of ExploreCo as it may be comprised from time to time;

**"ExploreCo CDE Unit"** means a unit of ExploreCo, each of which entitles the holder thereof to acquire one ExploreCo Flow-Through Share and one ExploreCo CDE Unit Warrant;

**"ExploreCo CDE Unit Warrant"** means a common share purchase warrant of ExploreCo comprising part of the ExploreCo CDE Unit issued under the ExploreCo Private Placement, and which entitles the holder thereof to acquire one ExploreCo Flow-Through Share at an exercise price of \$0.27, subject to adjustment in certain circumstances, until 5:00 p.m. on the date that is five years following the Effective Date;

**"ExploreCo Common Share Unit"** means a unit of ExploreCo, each of which entitles the holder thereof to acquire one ExploreCo Share and one ExploreCo Common Share Unit Warrant;

**"ExploreCo Common Share Unit Warrant"** means a common share purchase warrant of ExploreCo comprising part of the ExploreCo Unit to be issued under the ExploreCo Private Placement, and which entitles the holder thereof to acquire one ExploreCo Share at an exercise price of \$0.27, subject to adjustment in certain circumstances, until 5:00 p.m. on the date that is five years following the Effective Date;

**"ExploreCo Flow-Through Share"** means an ExploreCo Share that would on issuance constitute a "flow-through share" with respect to "Canadian development expenses", each as defined in the Tax Act;

**"ExploreCo Options"** means options to purchase ExploreCo Shares granted pursuant to the terms of the ExploreCo Stock Option Plan;

**"ExploreCo Parent Private Placement"** means the private placement by ExploreCo of 53,303,668 ExploreCo Shares to Vermilion as the sole subscriber at a price of \$0.27 per ExploreCo Share for proceeds of \$14,391,990;

**"ExploreCo Preferred Share"** means a Class C Preferred Share in the capital of ExploreCo;

**"ExploreCo Preferred Share Redemption Amount"** means with respect to the ExploreCo Preferred Share, the amount determined by the directors of ExploreCo at the time of issuance of such ExploreCo Preferred Share, being an amount equal to the amount by which the fair market value of the Sold Assets exceeds the fair market value of the ExploreCo Shares issued to Leucrotta pursuant and the Assumed Liabilities, at the time the Class C Preferred Shares in the capital of Leucrotta are issued, pursuant to the Plan of Arrangement;

**"ExploreCo Private Placement"** means the non-brokered private placement of ExploreCo Units issued at price of \$0.27 per ExploreCo Unit for aggregate gross proceeds of \$7,500,638;

**"ExploreCo PRSU Plan"** means the performance and restricted share unit plan of ExploreCo;

**"ExploreCo PSU"** means the performance share units issued pursuant to the ExploreCo PRSU Plan;

**"ExploreCo RSU"** means the restricted share units issued pursuant to the ExploreCo PRSU Plan;

**"ExploreCo Shares"** means the common shares in the capital of ExploreCo;

**"ExploreCo Stock Option Plan"** means the stock option plan of ExploreCo;

**"ExploreCo Unit"** means, collectively, the ExploreCo Common Share Units and the ExploreCo CDE Units;

**"ExploreCo Unit Warrant"** means collectively, the ExploreCo Common Share Unit Warrants and the ExploreCo CDE Unit Warrants;

**"Facilities"** means the right, title and interest of Leucrotta in and to the facilities described in Schedule C to the Conveyance Agreement and all other facilities, if any, located within, upon or under the Lands, and includes all related equipment appurtenant thereto or used or intended for use in connection therewith, including exploration, appraisal, production, processing, transportation, redelivery facilities, platforms, structures, plants, machinery, storage and off-loading facilities;

**"Final Order"** means the final order of the Court approving the Arrangement pursuant to Subsection 193(9) of the ABCA that was granted on May 20, 2022;

**"IFRS"** means accounting principles in conformance with International Financial Reporting Standards, as issued by the International Accounting Standards Board;

**"Investor Rights Agreement"** means the agreement investor rights agreement entered into between ExploreCo and Vermilion dated as of the Effective Date;

"**GLJ**" means GLJ Ltd., independent qualified reserves evaluators of Calgary, Alberta;

"**Hazardous Substances**" means any element, waste or other substance whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to the environment or worker or public health and safety;

"**Information Circular**" means the management information circular and proxy statement of Leucrotta dated April 26, 2022, together with all appendices thereto;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Leucrotta Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is attached as Appendix B to the Information Circular;

"**Lands**" means the lands set forth and described in Schedule A of the Conveyance Agreement, insofar as rights pertaining to the Petroleum Substances underlying those lands are granted by the Leases;

"**Laws**" means all laws (including, for greater certainty, common law), all statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, notices and directions enacted by a Governmental Authority (including all Applicable Securities Laws) and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority;

"**Leases**" means the leases, licences, permits, reservations, certificates of title and other documents of title and agreements by virtue of which Leucrotta is entitled to interests in, or in respect of, Petroleum Substances, including the entitlement to explore for, recover, remove or dispose of Petroleum Substances within, upon or under the Lands, including those leases, licences, permits, reservations, certificates of title and other documents of title and agreements set forth and described in Schedule A of the Conveyance Agreement, and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefore;

"**Leucrotta**" means Leucrotta Exploration Inc., a corporation incorporated under the ABCA;

"**Leucrotta Employee Obligations**" means the obligations of Leucrotta to pay any amount to its officers, directors, employees or consultants, other than salary and vacation pay in the ordinary course and in each case in amounts consistent with historic practices, pursuant to all employment, consulting services and change of control agreements (including the Leucrotta Employment and Change of Control Agreements), termination, severance and retention plans or policies for severance, termination or bonus payments (including all Leucrotta Employee Bonuses) and any payments or compensation pursuant to any other incentive plans, resolutions of the board of directors of Leucrotta or otherwise in accordance with Applicable Laws;

"**Leucrotta Employee Bonuses**" has the meaning ascribed thereto in subsection 2.5(c) of the Arrangement Agreement;

"**Leucrotta Employment and Change of Control Agreements**" means employment and/or change of control agreements entered into between Leucrotta and certain officers and employees;

"**Leucrotta Flow-Through Warrants**" means the Leucrotta Share purchase warrants issued on June 22, 2021, entitling the holder to acquire Leucrotta Shares that on issuance would constitute "flow-through shares" as defined under the Tax Act;

"**Leucrotta Meeting**" means the special meeting of the Leucrotta Shareholders held at 10:00 a.m. (Calgary time) on May 20, 2022 at the Devonian Room at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta;

**"Leucrotta Option Plan"** means the stock option plan of Leucrotta providing for the grant of Leucrotta Options to directors, officers, employees and consultants of Leucrotta;

**"Leucrotta Options"** means the outstanding stock options of Leucrotta granted under the Leucrotta Option Plan, whether or not vested, entitling the holders thereof to acquire Leucrotta Share;

**"Leucrotta PRSU Plan"** means the performance and restricted share unit plan of Leucrotta;

**"Leucrotta RSUs"** means the outstanding restricted share units of Leucrotta issued under the Leucrotta PRSU Plan;

**"Leucrotta Shares"** means the common shares in the capital of Leucrotta;

**"Leucrotta Shareholders"** means those persons who hold Leucrotta Shares immediately prior to the Effective Time;

**"Leucrotta Transaction Costs"** means, collectively, all Leucrotta Employee Obligations and all other costs and expenses incurred by Leucrotta or ExploreCo in connection with the Arrangement Agreement and the Arrangement, including, without limitation, all legal, accounting, engineering, audit, financial advisory, printing, director and officer run-off insurance, solicitation and shareholder communication costs and costs associated with the Leucrotta Meeting and other administrative and professional fees, costs and expenses incurred by Leucrotta in connection with the Arrangement and all costs and expenses of any nature whatsoever related to the establishment, organization and transactions involving ExploreCo, including the transactions contemplated by the Conveyance Agreement including costs and expenses related to the creation and registration of the Specific Conveyances, which Leucrotta has estimated will be approximately \$10 million;

**"Leucrotta Warrants"** means the common share purchase warrants of Leucrotta that each entitled the holder thereof to acquire one Leucrotta Share at an exercise price of \$1.00 until March 31, 2023 in accordance with a warrant indenture dated March 31, 2021;

**"Miscellaneous Interests"** means all right, title, interest and estate of Leucrotta in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum & Natural Gas Rights or Tangibles) ancillary to either the Petroleum & Natural Gas Rights or Tangibles, including the following:

1. all contracts, agreements (whether written or oral), arrangements and documents (including the title and operating documents of the Sold Assets) or any rights in relation thereto;
2. all right, title and interest in all rights that are, or were held, to enter upon, use or occupy the surface of any lands which are or were used, held for use or to be crossed in connection with, or to gain access to, the Petroleum and Natural Gas Rights, the Wells and/or the Tangibles and includes any specified land as defined in Applicable Laws;
3. all Wells including the wellbores and casing thereof;
4. all well, pipeline and other licenses, permits, certificates, franchises, consents, orders, grants, easements, covenants, approvals, classifications, registrations or other authorizations of and from any Person, including any governmental entity, including all licenses and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles;
5. all right, title and interest in all drill core samples, SEGP summary reports, surveyor's ground elevation records, shooter's records, record sections, drill core samples and all shot point maps, seismograph records and tapes, field shot and monitor records and tapes, SEGP survey data and observer's reports, derived profiles from refraction seismic, other seismic electronic data and equivalent reports, data and information for the electromagnetic survey, but only to the extent pertaining to the Lands;

6. all books, records and documents and geological, geophysical, hydrological, engineering and production reports, records, logs, drawings and data pertaining solely to the Petroleum and Natural Gas Rights, Wells or Tangibles;
7. copies of all books, records and documents and geological, geophysical, hydrological, engineering and production reports, records, logs, drawings and data pertaining to the Petroleum and Natural Gas Rights, Wells or Tangibles;
8. proprietary information pertaining solely to the Petroleum and Natural Gas Rights, Wells or Tangibles; and
9. a non-exclusive licence on the terms set forth in the Conveyance Agreement for the use of proprietary information pertaining to the Petroleum and Natural Gas Rights, Wells or Tangibles;

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

"**Plan of Arrangement**" means the plan of arrangement, as amended, that was effected as of the Effective Date;

"**Petroleum and Natural Gas Rights**" means all rights in and to the Lands and, insofar as they pertain to the Lands, the Leases, together with any of the following which relate thereto:

1. rights to explore for, drill for, extract, win, produce, take, save or market Petroleum Substances from the Lands;
2. rights to a share of the production of Petroleum Substances from the Lands;
3. rights to Petroleum Substances injected into but not produced from the Lands;
4. rights to a share of the proceeds of sale of, or rights to receive payment calculated by reference to, the quantity, value or proceeds of sale of the production of Petroleum Substances produced from the Lands; and
5. the rights to acquire any of the rights described in clauses (1) to (5) of this definition, and includes interests and rights known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and fee simple interests, including fractional or undivided interests in any of the foregoing;

"**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids and any and all other substances produced in association with and related to any of the foregoing, whether liquid, solid or gaseous and whether hydrocarbons or not, including sulphur;

"**Pipelines**" means all right, title and interest of Leucrotta in and to the pipelines described in Schedule C to the Conveyance Agreement and all other pipelines associated with the Wells and Facilities, if any, located within, upon or under the Lands;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;

"**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the natural environment;

"**Reserves Report**" means the report prepared by GLJ dated March 11, 2022 and effective December 31, 2021, evaluating the crude oil, natural gas and natural gas liquids reserves attributable to the Sold Assets, which report is attached to this Listing Application as Appendix "E";

"**Sold Assets**" means the oil and gas assets acquired by ExploreCo from Leucrotta pursuant to the Conveyance Agreement and the Arrangement;

"**Specific Conveyances**" means all conveyances, assignments, notices of assignments, assignment and novation agreements, transfers, novations, trust declarations and other documents or instruments that are reasonably required or desirable, in accordance with customary oil and gas industry practices, to convey, assign and transfer the Sold Assets to ExploreCo and to novate ExploreCo into the documents and agreements in the place and stead of Leucrotta with respect to the Sold Assets;

"**Tangibles**" means all right, title and interest in the Facilities, the Pipelines and in all other tangible depreciable property or assets (other than the Facilities and the Pipelines) that are used or intended to be used, or which were previously used in connection with production, gathering, treatment, storage, compression, processing, transportation, disposal, injection, removal, measurement or other operations relating to the Petroleum and Natural Gas Rights, and includes all tangible depreciable property and assets that form part of or are used in connection with them (including the tangible equipment, if any, relating to the Wells and downhole equipment and includes pipelines that have been abandoned but not removed);

"**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.) as amended, including the regulations promulgated thereunder;

"**Transferred Net Cash**" means \$53,550,000 in cash, less the Leucrotta Transaction Costs, that is transferred to ExploreCo pursuant to the Conveyance Agreement;

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;

"**Vermilion**" means Vermilion Energy Inc., a corporation incorporated under the ABCA;

"**Wells**" means all producing, shut-in, water source, observation, disposal, injection, abandoned, suspended, reclaimed and unitized wells and all other wells located within, upon or under the Lands or directly relating to current or prior operation of the Lands, including, for certainty, each Well that has been either: (a) issued a reclamation certificate; or (b) is reclamation exempt, in each case pursuant to and in accordance with Applicable Law, and whether or not the permit for such Well or reclamation certificate therefor is in the name the name of Leucrotta, or any of its predecessors in interest or Affiliates (whether or not in existence), and the wells described in Schedule B of the Conveyance Agreement;

Certain terms and abbreviations used in this Listing Application but not defined or described are defined in NI 51-101 or the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and, unless the context otherwise requires, have the same meanings herein as in NI 51-101 or the COGE Handbook, as applicable.

## CONVENTIONS

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with IFRS.

## ABBREVIATIONS

Oil and Natural Gas Liquids		Natural Gas	
Bbl	Barrel	Mcf	thousand cubic feet
Bbls	Barrels	MMcf	million cubic feet
Bbls/d	Barrels per day	Mcf/d	thousand cubic feet per day
Mbbls	thousand barrels	MMcf/d	million cubic feet per day

MMbbls	million barrels	MMBTU	million British Thermal Units
Mstb	1,000 stock tank barrels	Bcf	billion cubic feet
Bbls/d	barrels per day	GJ	Gigajoule
NGLs	natural gas liquids		

**Other**


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AECO	a natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	barrels of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 (unless otherwise stated) Mcf of natural gas. <b>The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.</b>
BOE/d	BOE per day
m3	cubic metres
MBOE	1,000 BOE
000s	thousands
MM	millions
MMBOE	1,000,000 BOE
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

**CONVERSION**

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Mcf	Cubic metres	28.317
Cubic metres	Cubic feet	35.315
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Gigajoules	Mmbtu	0.950
Mmbtu	Gigajoules	1.0526

**Notes on Reserves Data and Other Oil and Gas Information*****Caution Respecting Reserves Information***

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGL and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of ExploreCo's anticipated natural gas and petroleum reserves does not represent the fair market value of ExploreCo's proposed reserves.

### ***Caution Respecting Boe***

In this Listing Application, the abbreviation Boe means a barrel of oil equivalent on the basis of 1 Boe to 6 Mcf of natural gas when converting natural gas to Boes. Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf to 1 Boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.

### ***Definitions***

Certain terms used in this Listing Application in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this Listing Application, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

"**API gravity**" means the American Petroleum Institute gravity expressed in degrees in relation to liquids, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water, but it is used to compare the relative densities of petroleum liquids;

"**API**" means the American Petroleum Institute;

"**Current Production**" means average daily gross production from the Sold Assets and as set out in the Reserves Report;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems;

**"development well"** means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

**"exploration costs"** means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs"); (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (c) dry hole contributions and bottom hole contributions; (d) costs of drilling and equipping exploratory wells; and (e) costs of drilling exploratory type stratigraphic test wells;

**"exploration well"** means a well that is not a development well, a service well or a stratigraphic test well;

**"forecast prices and costs"** means future prices and costs that are:

- (a) generally accepted as being a reasonable outlook of the future; or
- (b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which ExploreCo is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

**"gross"** means: (a) in relation to an issuer's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest;

**"net"** means: (a) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (b) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (c) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer;

**"P+P Reserves"** means Proved Reserves plus Probable Reserves;

**"PDP Reserves"** means proved developed producing reserves;

**"Probable Reserves"** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities" (which refers to the lowest level at which reserves calculations are performed) and to "reported reserves" (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- (a) at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
- (b) at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories;

"**Proved Reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved Reserves;

"**Reserve Life Index**" or "**RLI**" is calculated by dividing year-end reserves by expected Current Production;

"**Reserves Data**" has the meaning set forth under the heading "*Significant Acquisitions*" in this Listing Application;

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (i) analysis of drilling, geological, geophysical and engineering data; (ii) the use of established technology; and (iii) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates;

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion; and

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed nonproducing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status; and "working interest" means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, Crown or freehold, which interest gives the issuer the right to "work" the property (lease) to explore for, develop, produce and market the leased substances.

## **ITEM 2 - SUMMARY**

*The following is a summary of the information relating to ExploreCo and should be read together with the more detailed information, financial data and reserves data contained elsewhere in this Listing Application.*

### **ExploreCo:**

ExploreCo was incorporated pursuant to the ABCA on March 24, 2022 as "2418574 Alberta Ltd." for the purpose of oil and natural gas production, exploration and acquisition in the Two Rivers area of British Columbia and was, immediately prior to the Effective Time, a wholly-owned subsidiary of Leucrotta. On April 12, 2022, Articles of Amendment were filed to change its name to "Coelacanth Energy Inc". ExploreCo does not have any subsidiaries.

Please see "*ITEM 4 - Description of Business*".

**Business of ExploreCo:**

ExploreCo entered into the Conveyance Agreement and acquired the Sold Assets from Leucrotta on May 31, 2022. The Sold Assets are exploration assets focused in the Two Rivers area of British Columbia with production of approximately 400 BOE/d of light oil and liquids-rich natural gas.

Please see "*ITEM 4 - Description of Business*" and "*ITEM 33 - Significant Acquisitions*".

**Description of Securities to be Listed:**

ExploreCo is authorized to issue an unlimited number of ExploreCo Shares without nominal or par value.

The holders of ExploreCo Shares are entitled to dividends if, as and when declared by the board of directors to vote at any meetings of the holders of ExploreCo Shares of ExploreCo and upon liquidation, dissolution or winding up of ExploreCo, receive the remaining property and assets of ExploreCo. All of the ExploreCo Shares outstanding are fully paid and non-assessable.

ExploreCo: (i) is applying to have the ExploreCo Shares listed and posted for trading on the Exchange under the symbol "CEI"; (ii) anticipates meeting the Exchange's initial listing requirements for a Tier 1 Issuer and to be listed as such; (iii) notes that the listing of the ExploreCo Shares is subject to ExploreCo fulfilling all of the Exchange's minimum listing requirements and obtaining the Exchange's approval for such listing; and (iv) notes there can be no assurance that the Exchange will grant approval of the listing of the ExploreCo Shares.

Please see "*ITEM 9 - Description of Securities to be Listed*".

**Directors and Officers:**

The ExploreCo Board of Directors is composed of: Robert Zakresky, John Brussa, William Lancaster, Tom Medvedic, Raymond T. Hyer, Harvey Doerr and Dion Hatcher.

The executive officers of ExploreCo are: Robert J. Zakresky as President and Chief Executive Officer; Terry L. Trudeau as Vice-President, Operations and Chief Operating Officer; Nolan Chicoine as Vice-President, Finance and Chief Financial Officer; Peter Cochrane as Vice President, Engineering; Helmut R. Eckert as Vice-President, Land; John Fur as Vice President, Geosciences; and Gregory Peterson as Corporate Secretary.

Please see "*ITEM 16 - Directors and Executive Officers*".

**Arrangement:**

Leucrotta entered into the Arrangement Agreement with Vermilion pursuant to which, Vermilion acquired all of the issued and outstanding Leucrotta Shares. Under the terms of the Arrangement each Leucrotta Share was exchanged for \$1.73 in cash, 1.0 ExploreCo Share and 0.1917 of an ExploreCo Arrangement Warrant. Each whole ExploreCo Arrangement Warrant will entitle the holder to acquire one ExploreCo Share at an exercise price equal to \$0.27 per share at any time on or before 5:00 p.m. (Calgary time), or, if a

warrant is registered to CDS & Co., 4:30 p.m. (Calgary time), on June 30, 2022.

There are currently 454,209,484 ExploreCo Shares issued and outstanding on a fully-diluted basis comprised of: (i) 289,792,341 ExploreCo Shares issued to Leucrotta securityholders (which included former holders of Leucrotta Flow-Through Warrants, Leucrotta Warrants, Leucrotta Options and Leucrotta RSUs) under the Arrangement; (ii) 53,303,668 ExploreCo Shares issued pursuant to the ExploreCo Parent Private Placement (iii) 27,780,142 ExploreCo Shares issued pursuant to the ExploreCo Private Placement; (iv) 55,553,191 ExploreCo Shares issuable pursuant to the exercise of ExploreCo Arrangement Warrants issued pursuant to the Arrangement; and (v) 27,780,142 ExploreCo Shares issuable pursuant to the ExploreCo Unit Warrants issued pursuant to the ExploreCo Private Placement. In addition, ExploreCo has reserved for issuance up to an aggregate of 37,087,615 ExploreCo Shares pursuant to grants under the ExploreCo Option Plan and ExploreCo PRSU Plan. As of the date hereof, no ExploreCo Options, ExploreCo RSUs or ExploreCo PSUs have been issued pursuant to the ExploreCo Option Plan or ExploreCo PRSU Plan, as applicable.

ExploreCo is carrying on the exploration for, and development and production of, oil and natural gas in respect of the Sold Assets. ExploreCo has assets focused in the highly prolific Montney gas resource trend of northeast British Columbia predominantly in the Two Rivers area with production of approximately 400 BOE/d of light oil and liquids-rich natural gas, over 140 net sections (96,960 acres) of land in the liquids-rich Montney land in the high GOR light oil window. Pursuant to the Conveyance Agreement, ExploreCo assumed, among other things: (i) liabilities attributable under the title and operating documents of the Sold Assets; (ii) all liabilities arising out of ownership or operation of the Sold Assets, including environmental and end-of-life liabilities; (iii) the Leucrotta Transaction Costs.

Please see "ITEM 4 -Description of Business".

**Conveyance  
Agreement:**

ExploreCo entered into the Conveyance Agreement dated effective as of the Effective Date to acquire the Sold Assets from Leucrotta pursuant to the Acquisition. The consideration for the Sold Assets was equal to the fair market value of the Sold Assets being approximately \$79.3 million, payable by the issuance of ExploreCo Shares, ExploreCo Arrangement Warrants and the assumption by ExploreCo of the Assumed Liabilities, which are estimated at approximately \$11.1 million. The Sold Assets are exploration assets that Leucrotta believes to have a potential upside based on recent drilling in the area. The Sold Assets are focused in the Montney resource trend of Two Rivers area in British Columbia, with the following key attributes:

<b>British Columbia</b>	<b>Gross PDP Reserves (MBOE)</b>	<b>Gross P+P Reserves (MBOE)</b>	<b>P+P RLI (years)</b>
<b>Two Rivers area</b>	<b>259</b>	<b>1,177</b>	<b>4.7</b>

<b>Total</b>	<b>259</b>	<b>1,177</b>	<b>4.7</b>
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**Note:**

(1) The source of this information is the Reserves Report.

While management expects that ExploreCo will receive the benefits noted above, the Acquisition does expose ExploreCo to additional risks including the risk that ExploreCo will fail to realize the anticipated benefits of the Acquisition. See "*Risk Factors*" for a further discussion of certain of the risks associated with the Acquisition.

Total capital expenditures related to activities attributable to the Sold Assets (excluding capitalized general and administrative expenses) for the year ended December 31, 2021 was \$1,326,000.

Please see "ITEM 4 - *Description of Business*" and "ITEM 33 - *Significant Acquisitions*".

**ExploreCo Private Placement:**

The ExploreCo Private Placement was completed for aggregate gross and net proceeds of approximately \$7.5 million. The ExploreCo Private Placement was non-brokered and as such, no fees or commissions were payable by ExploreCo. A total of 13,779,190 ExploreCo Units were issued under the ExploreCo Private Placement as ExploreCo CDE Units. Each ExploreCo Common Share Unit was comprised of one ExploreCo Share and one ExploreCo Common Share Unit Warrant. Each ExploreCo Common Share Unit Warrant entitles the holder thereof to acquire one ExploreCo Share at an exercise price of \$0.27. Each ExploreCo CDE Unit was comprised of one ExploreCo Flow-Through Share and one ExploreCo CDE Unit Warrant. Each ExploreCo CDE Unit Warrant entitles the holder thereof to acquire one ExploreCo Flow-Through Share at an exercise price of \$0.27. Each ExploreCo Unit was issued at a subscription price of \$0.27, which management of ExploreCo believes is a premium to the estimated net asset value of ExploreCo on a per share basis. Directors, officers and employees of ExploreCo as well as service providers, consultants and other related persons were entitled to subscribe for all or a portion of the ExploreCo Private Placement.

Please see "ITEM 16 - *Directors and Executive Officers*" for a description of the participation of the directors and executive officers of ExploreCo in the ExploreCo Private Placement.

The purpose of the ExploreCo Private Placement was to provide additional capital for use by ExploreCo in its exploration and development activities, for general working capital purposes and to reduce indebtedness incurred as a result of the Arrangement. In addition, the ExploreCo Board of Directors believes that the ExploreCo Private Placement was important to ExploreCo: (a) to facilitate increased ownership in ExploreCo, at a fair price and in a manner which encourages continued performance; (b) to align the interests of holders of ExploreCo Shares through the capital commitment being made under the ExploreCo Private Placement by

ExploreCo employees; (c) to allow ExploreCo to meet the challenges in retaining qualified personnel in a very competitive employment market, particularly in the context of ExploreCo's historical cash compensation levels; and (d) to provide additional capital to ExploreCo for use in its exploration and development program.

Please see "ITEM 5 - *Financings*" for more information.

**ExploreCo Parent  
Private Placement:**

Under the ExploreCo Parent Private Placement, which closed concurrent with the completion of the Arrangement, Vermilion subscribed for 53,303,668 ExploreCo Shares at a price of \$0.27 per ExploreCo Share, for aggregate proceeds of \$14,391,990. No fees or commissions were payable by ExploreCo in connection with the ExploreCo Parent Private Placement. The ExploreCo Shares subscribed for by Vermilion pursuant to the ExploreCo Parent Private Placement represent 11.74% of the outstanding ExploreCo Common Shares on a fully-diluted basis.

**Available Funds  
and Principal  
Purposes:**

Prior to deducting transaction costs of the ExploreCo Private Placement and ExploreCo Parent Private Placement, any operating adjustments under the Conveyance Agreement, and the Acquisition and the ExploreCo Private Placement (assuming full subscription of the ExploreCo Private Placement), and prior to giving effect to the exercise of any of the ExploreCo Arrangement Warrants, ExploreCo has approximately \$65.4 million in capital available for oil and gas activities.

There is no certainty that any of the ExploreCo Arrangement Warrants and/or the ExploreCo Unit Warrants will be exercised. In the event that the ExploreCo Arrangement Warrants and/or the ExploreCo Unit Warrants are not exercised, funds currently budgeted for certain activities may be postponed until initial drilling results are received and further funds can potentially be made available. Further, the working capital amount is a good faith estimate that is subject to a number of uncertainties including results of future operations.

The use of available funds by ExploreCo is consistent with its stated business objectives and strategic goals of the exploration for and development and appraisal of oil and gas interests in its core areas.

While ExploreCo intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in ExploreCo's best interests and as a result there is no assurance ExploreCo will use the proceeds as stated. Please "ITEM 5 - *Financings*" for more information.

**Risk Factors:**

Some of the risks relating to the business of ExploreCo, the ExploreCo Shares and the Acquisition are summarized as follows: failure to realize the anticipated benefits of the Acquisition; operational and reserves risks related to the Sold Assets; risk of the inaccuracy of forward-looking statements, risk of changes in the marketability and price of oil and natural gas that may be acquired or discovered by ExploreCo; exploration, development and production risks; uncertainties inherent in estimating quantities of oil, natural

gas and NGL reserves and the future cash flows attributed to such reserves; risks associated with confirming title to the Sold Assets; project risks; risks related to termination or expiration of ExploreCo licences or leases or the working interests relating to a licence or lease; failure to realize the anticipated benefits of acquisitions or dispositions; the risk of the lack of available drilling equipment and limitations on access to the Sold Assets; seasonality; the dependence on other companies for operation of assets in which ExploreCo may have interest; third party credit risk; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations; competition for, among other things, capital, the acquisition of reserves and resources, export pipeline capacity and skilled personnel; hedging risk; risk of uninsured liabilities; geopolitical risks; risks relating to potential climate change regulation; risks relating to gathering and processing facilities, pipeline systems and rail; cost of new technologies; risk of change in royalty regimes; risks of changes to provincial liability management programs; litigation risk; income tax risk; claims made in respect of ExploreCo operations, properties or assets, including aboriginal claims; reliance of key personnel; conflicts of interest; growth related risks including capacity constraints and pressure on its internal systems and controls; the absence of an existing public market for the ExploreCo Shares; the substantial capital requirements of ExploreCo projects; additional funding requirements; fluctuations in foreign exchange rates and interest rates; the effect that the issuance of additional securities by ExploreCo could have on the market price of the ExploreCo Shares; risks relating to issue of debt; dilution and the other factors discussed under "*Risk Factors*".

**Selected Financial  
and Operational  
Information:**

The following table summarizes the financial position of ExploreCo.

	<b>Prior to Completion of Arrangement, Acquisition, ExploreCo Parent Private Placement and ExploreCo Private Placement</b>	<b>After Completion of Arrangement, Acquisition, ExploreCo Parent Private Placement and ExploreCo Private Placement (\$'000s)</b>
Total Assets	\$1	\$65,443
Total Liabilities	-	-
Shareholders' Equity	\$1	\$65,443

The following table summarizes the gross production attributable to the Sold Assets for the years ended December 31, 2021, 2020 and 2019.

**Gross Production from the Sold Assets**

<b>Year Ended December 31, 2021</b>	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
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Tight oil (Bbls/d)	87	225	-
Light and medium oil (Bbls/d)	-	-	34
Natural gas (Mcf/d)	2,411	2,730	-
NGLs (Bbls/d)	44	62	-
Oil equivalent (BOE/d)	533	742	34

**Schedule of Revenues, Royalties, Operating Expenses and Transportation Expenses for the Sold Assets**

(thousands of dollars, other than \$ per BOE)	Three Months Ended March 31, 2022	Year Ended		
		December 31, 2021	December 31, 2020	December 31, 2019
Revenues <sup>(1)</sup>	1,688	7,776	5,616	748
Royalties <sup>(1)</sup>	(478)	(2,177)	(1,371)	(93)
Excess of revenues over royalties <sup>(1)</sup>	1,210	5,599	4,245	655
Operating and transportation expenses <sup>(1)</sup>	584	(3,126)	(4,587)	(539)
Operating Income (Loss) <sup>(1)</sup>	626	2,473	(342)	116
Operating Income (Loss) per BOE <sup>(2)</sup>	18.17	12.72	(1.25)	9.46

**Notes:**

1. Derived from the schedules of Revenue, Royalties, Operating Expenses and Transportation Expenses Relating to the Sold Assets attached to this Listing Application as Appendix "B" and Appendix "C".
2. Derived from the discussion under the heading "Management's Discussion and Analysis" in this Listing Application.

This Listing Application contains estimates of reserves and related future net revenue in respect of the Sold Assets which ExploreCo acquired pursuant to the Conveyance Agreement, which estimates have been independently evaluated by GLJ in the Reserves Report and are summarized below. A copy of the Reserves Report is attached to this Listing Application as Appendix "E".

Year Ended December 31, 2021 (thousands of dollars)	Sold Assets
Gross Revenue	7,776
Royalty Expenses	(2,177)
Operating and Transportation Expenses	(3,126)
Operating Income	2,473
Proved Reserves	
Tight Oil (MBbls)	234

Shale gas (MMcf)	3,871
NGLs (MBbls)	72
Oil Equivalent (MBOE)	951
<hr/>	
Proved plus Probable Reserves	
Tight Oil (MBbls)	288
Shale Gas (MMcf)	4,797
NGLs (MBbls)	89
Oil Equivalent (MBOE)	1,177
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Undeveloped Land Holdings (acres) - Net	110,400
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These financial statements and operational information should be read in conjunction with the information included in "Management's Discussion and Analysis" and "Financial Statement Disclosure for Issuers" below.

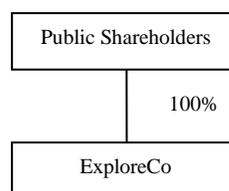
The above is a summary of selected financial information for the Sold Assets for the periods ended March 31, 2022, December 31, 2021, December 31, 2020 and December 31, 2019 which has been derived from: (i) the audited statement of financial position of ExploreCo as at April 26, 2022 and the statement of cash flows and changes in equity of ExploreCo for the period from incorporation on March 24, 2022 to April 26, 2022 attached as Appendix "A" to this Listing Application; (ii) the audited operating statements relating to the Sold Assets for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 attached as Appendix "B" to this Listing Application; (iii) the unaudited operating statements relating to the Sold Assets for the three-month periods ended March 31, 2022 and March 31, 2021 attached as Appendix "C" to this Listing Application; and (iv) the discussion under the heading "ITEM 7 - Management's Discussion and Analysis" in this Listing Application.

### ITEM 3 - CORPORATE STRUCTURE

ExploreCo was incorporated pursuant to the ABCA on March 24, 2022 as "2418573 Alberta Ltd." for the purpose of oil and natural gas production, exploration and acquisition in the Two Rivers area of northeast British Columbia of the Montney resource trend and is a wholly-owned subsidiary of Leucrotta. On April 12, 2022, ExploreCo filed articles of amendment to change its name to "Coelacanth Energy Inc.". ExploreCo does not have any subsidiaries.

The head office of ExploreCo is located at 2110, 530 – 8th Avenue S.W., Calgary, Alberta, T2P 3S8 and its registered office is located at 1600, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

The organizational structure of ExploreCo is as follows:



ExploreCo's website is located at [www.coelacanth.ca](http://www.coelacanth.ca).

ExploreCo is a reporting issuer or the equivalent thereof in each of the provinces of Canada.

## ITEM 4 - DESCRIPTION OF BUSINESS

### General Development of the Business

ExploreCo was incorporated for the purposes of participating in the Arrangement and acquiring the Sold Assets and has not carried on any active business other than in connection with the Arrangement and related matters and as discussed in this Listing Application. Pursuant to the Plan of Arrangement and the Conveyance Agreement, Leucrotta will transfer the Sold Assets to ExploreCo on the Effective Date. ExploreCo carries on the business of the exploration for, and development and production of, oil and natural gas in respect of the Sold Assets. The Sold Assets are exploration assets focused in the highly prolific Montney gas resource trend of northeast British Columbia predominantly in the Two Rivers area with production of approximately 400 BOE/d of light oil and liquids-rich natural gas. See "*Significant Acquisitions*". For more information on the Sold Assets, see Appendix "E" to this Listing Application.

### Three-Year History

ExploreCo was incorporated on March 24, 2022. On March 28, 2022, ExploreCo entered into the Arrangement Agreement, please see heading "*The Arrangement*" for more detail on the Arrangement Agreement. The Arrangement closed on May 31, 2022 alongside the: (i) Acquisition (see heading "*Acquisition of the Sold Assets*" for more detail) pursuant to which, among other things, ExploreCo acquired the Sold Assets; and (ii) the ExploreCo Parent Private Placement (see ITEM 5 – *Financings* for more detail). The ExploreCo Private Placement closed subsequent to the Arrangement and prior to the date hereof (see ITEM 5 – *Financings* for more detail on the ExploreCo Private Placement).

### Business Strategy

ExploreCo's business strategy is to provide ExploreCo shareholders with attractive long term returns that provide production and cash flow growth by exploiting the Sold Assets in a financially disciplined manner and by acquiring additional long-life oil and gas assets of a similar nature.

ExploreCo seeks to execute this strategy by:

- ***Conducting low-risk drilling, and modern completion technology to grow production and reserves.*** ExploreCo has a large land base that is geologically delineated and similar to Leucrotta's Mica property to the south. ExploreCo will look to add production and reserves using the same techniques used at Mica by Leucrotta.
- ***Focusing on operational and cost efficiencies to increase returns.*** ExploreCo expects to review operating measures, evaluate drilling results and monitor the results and use of technology by other industry players to identify ways to maximize the return on the invested capital through operational and cost efficiencies.
- ***Maintaining a conservative financial structure.*** ExploreCo intends to maintain a strong balance sheet to ensure that financial resources are available to fund capital expenditures to sustain and grow production.

In reviewing potential drilling or acquisition opportunities, ExploreCo will give consideration to the following criteria:

- risk capital required to secure or evaluate the investment opportunity;
- the potential return on the project, if successful;
- the likelihood of success; and

- the risked return versus cost of capital.

In general, ExploreCo will use a portfolio approach in developing a large number of opportunities with a balance of risk profiles and commodity exposure, in an attempt to generate sustainable high levels of profitable production and financial growth.

The ExploreCo Board of Directors may, in its discretion, approve acquisitions that do not conform to these guidelines based upon its consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life and asset quality.

### **Business Strengths**

The business strengths of ExploreCo are as follows:

- ***Significant well performance.*** Leucrotta recently released results from its successful test pad at Mica. Based on independent reserve report prepared by GLJ, average wells in the lower Montney are estimated to produce an average of 730 BOE/d for the first year and have an estimated proved plus probable undeveloped reserves of over 1.3 million BOE.
- ***Land Inventory.*** ExploreCo will hold a large land base in the Two Rivers area consisting of over 151.5 net sections (96,960 acres) of Montney land in the high GOR light oil window.
- ***Extensive low-risk drilling inventory with recompletion and enhanced recovery opportunities.*** ExploreCo plans to increase production by conducting low-risk drilling, recompletion and enhanced recovery operations on the Sold Assets.
- ***Conservative financial structure with no initial indebtedness.*** As part of the Acquisition, Leucrotta transferred net cash of approximately \$43.5 million, with approximately \$10 million of Leucrotta Transaction Costs, to ExploreCo. Assuming the exercise of all ExploreCo Arrangement Warrants, ExploreCo has approximately \$80 million in cash and no debt, and is fully financed to carry out a significant drilling program.

### **Bankruptcy, Receivership or Similar Proceedings**

There has been no bankruptcy, receivership or similar proceedings against ExploreCo, or any voluntary bankruptcy, receivership or similar proceedings by ExploreCo.

### **Employees**

ExploreCo has appointed 6 officers who are employed by ExploreCo. See "Directors and Executive Officers" in this Listing Application. ExploreCo has 13 employees. To proceed with the development of the Sold Assets, ExploreCo may require additional experienced employees and third-party consultants and contractors.

### **Reorganizations**

Other than the Arrangement, there have been no material restructuring transactions of ExploreCo. Pursuant to the Plan of Arrangement, the former Leucrotta Shareholders (other than Dissenting Shareholders) and holders of Leucrotta Flow-Through Warrants received ExploreCo Shares and ExploreCo Arrangement Warrants.

### **Environmental Considerations**

ExploreCo will have a corporate Environment Management System which will be continuously updated and will meet the Canadian Association of Petroleum Producers Environmental Management Guidelines. Procedures will be put in place to ensure that the utmost care is taken in the day-to-day management of ExploreCo's oil and gas properties. All government regulations and procedures will be followed in strict adherence to the law. ExploreCo believes in well

abandonment and site restoration in a timely manner to ensure minimal damage to the environment and lower overall costs.

### **Renegotiation or Termination of Material Contracts**

As of the date hereof, ExploreCo does not anticipate that any aspect of its business will be materially affected in the remainder of 2022 by the renegotiation or termination of contracts or subcontracts.

### **Specialized Skill and Knowledge**

ExploreCo believes its success will be dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to oil and gas operations. ExploreCo believes that it will have adequate personnel with the specialized skills required to successfully carry out its operations.

### **Marketing**

It is expected that ExploreCo's crude oil, NGLs and natural gas production will be sold primarily through marketing companies at current market prices. Crude oil and NGL contracts are generally for a period of up to one year and are cancellable on 30 days notice and natural gas contracts are generally for one year and are cancellable on 60 days notice. Less than 1% of ExploreCo natural gas production will be sold to aggregators who accumulate production from various producers and market the gas on behalf of the group. Such contracts are reserve specific and continue for the life of production from the specified reserves.

### **Cyclical and Seasonal Nature of Industry**

ExploreCo's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on ExploreCo's financial condition. See "Risk Factors". ExploreCo will mitigate such price risk through closely monitoring the various commodity markets and establishing hedging programs, as deemed necessary, to lock-in high netbacks on production volumes.

### **Competitive Conditions**

ExploreCo will be a member of the petroleum industry, which is highly competitive at all levels. ExploreCo will compete with other companies for all of its business inputs, including exploitation and development prospects, access to commodity markets, acquisition opportunities, available capital and staffing.

ExploreCo will strive to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploitation, development and operational activities.

Please see "*Significant Acquisitions*".

## **THE ARRANGEMENT**

### ***General***

The Arrangement resulted in the acquisition by Vermilion of all of the issued and outstanding Leucrotta Shares in consideration for \$1.73 in cash for each Leucrotta Share. Pursuant to the Arrangement, Leucrotta Shareholders (other than Dissenting Leucrotta Shareholders) and holders of Leucrotta Flow-Through Warrants also received one (1) ExploreCo Share and 0.1917 of an ExploreCo Arrangement Warrant for each Leucrotta Share or Leucrotta Flow-Through Warrant held. ExploreCo has approximately 259 MBOE of proved developed producing reserves of liquids-rich natural gas, over 151.5 net sections (96,960 acres) of land in the liquids-rich Montney land in the high GOR light oil window. Each whole ExploreCo Arrangement Warrant entitles the holder thereof to acquire one ExploreCo Share for a period of 30 calendar days from the Effective Date at a subscription price equal of \$0.27 per share.

The Arrangement was implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement.

## ACQUISITION OF THE SOLD ASSETS

### Highlights of the Acquisition

ExploreCo entered into the Conveyance Agreement to acquire the Sold Assets from Leucrotta. The consideration for the Sold Assets was equal to the fair market value of the Sold Assets being approximately \$79.3 million, payable by the issuance of ExploreCo Shares, ExploreCo Arrangement Warrants and the assumption by ExploreCo of the Assumed Liabilities. The Sold Assets are exploration assets that ExploreCo believes to have a potential upside based on recent drilling in the area. The Sold Assets are focused in the Montney liquids-rich gas resource trend of Two Rivers. The Sold Assets have the following key attributes:

	Current Production (BOE/d)	Gross PDP Reserves (MBOE)	Gross P+P Reserves (MBOE)	P+P RLI (years)
<b>British Columbia</b>				
<b>Two Rivers area</b>	400	259	1,177	4.7
<b>Total</b>	400	259	1,177	4.7

#### Note:

- (1) The source of this information is the Reserves Report.

See "*Significant Acquisitions*". While management expects that ExploreCo will receive the benefits noted above, the Acquisition does expose ExploreCo to additional risks including the risk that ExploreCo will fail to realize the anticipated benefits of the Acquisition. See "*Risk Factors*" for a further discussion of certain of the risks associated with the Acquisition.

### Description of Sold Assets

The following is a description of the properties comprising the Sold Assets. The following property description is as of December 31, 2021.

#### *Two Rivers, BC*

ExploreCo holds an average 95% working interest in approximately 159 gross (151.5 net) sections or 101,760 gross (96,960 net) acres of undeveloped Montney land in the Two Rivers area of northeastern British Columbia. The target zone in this area is the Montney formation and production for the fourth quarter of 2021 was 428 BOE/d.

ExploreCo has no existing work commitments.

#### *History of the Sold Assets*

The majority of the Sold Assets were purchased by Leucrotta in 2014 and Leucrotta has been providing continuous disclosure on those assets from such date.

### Capital Expenditures

The following table summarizes the capital expenditures (net of dispositions) related to activities attributable to the Sold Assets (excluding capitalized general and administrative expenses) for the years ended December 31, 2021, 2020 and 2019.

(\$ thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Land and seismic	572	(5,226)	2,183
Drilling, completions and workovers	68	5,770	1,085
Well equipping and facilities	686	4,036	5,482
Total capital expenditures	1,326	4,580	8,750

### Conveyance Agreement

Leucrotta and ExploreCo entered into the Conveyance Agreement. As consideration for the transfer of the Sold Assets, ExploreCo provided to Leucrotta consideration equal to the fair market value of the Sold Assets, being approximately \$79.3 million, payable by the issuance of ExploreCo Shares and one ExploreCo Preferred Share as contemplated by the Arrangement Agreement and pursuant to the Plan of Arrangement and the assumption by ExploreCo of the Assumed Liabilities, which are estimated at approximately \$11.1 million.

A final accounting of all adjustments required under the Conveyance Agreement shall be carried out within thirty (30) days following the Effective Date. All adjustments shall be settled by payment to or by Leucrotta and ExploreCo, as the case may be, as soon as practicable after the Acquisition pursuant to the Conveyance Agreement.

Leucrotta transferred all of the Sold Assets to ExploreCo on an "as is, where is" basis and without relying on any representations and warranties, on the Effective Date.

Under the Conveyance Agreement, "**Pre-emptive Rights**" means a right of first refusal, pre-emptive right of purchase or similar contractual right under the governing agreements included in the Miscellaneous Interests or otherwise whereby a third party has the right to purchase or acquire any of the Sold Assets because of Leucrotta's agreement to dispose of the Sold Assets to ExploreCo. To the extent that any of the Sold Assets were subject to Pre-emptive Rights ("**ROFR Assets**") operative by virtue of the Conveyance Agreement, ExploreCo promptly complied with the applicable provisions of such rights and couriered notices to the third parties holding such rights using ExploreCo's bona fide allocations of value for its interest therein.

ExploreCo was, and shall, be responsible for addressing any third party claim associated with the ROFR Assets (including the value attributed thereto by ExploreCo) including, as appropriate, transferring the ROFR Assets to any third party exercising its Pre-emptive Right. ExploreCo was, and shall, in addition, be entitled to all proceeds of disposition resulting from the exercise of any such Rights of First Refusal.

ExploreCo shall be liable to Leucrotta for and, as a separate and independent covenant, indemnify and save harmless Leucrotta in respect of all claims made against Leucrotta which arise out of any matter or thing occurring or arising through or attributable to Rights of First Refusal. ExploreCo shall be entitled to conduct any litigation in the name of Leucrotta pertaining to such claims for so long as ExploreCo and Leucrotta have common interest in such litigation, provided that Leucrotta's counsel shall be permitted to attend all meetings, advise Leucrotta and have access to ExploreCo's counsel's files. If at any time ExploreCo's counsel, acting reasonably, advises Leucrotta and ExploreCo that it cannot represent both Leucrotta's and ExploreCo's interest due to conflict, Leucrotta's counsel shall thereafter be entitled to fully participate in the conduct of the litigation and ExploreCo shall continue to indemnify Leucrotta in accordance with the foregoing. ExploreCo may settle any such litigation without Leucrotta's consent, provided that any such settlement is without cost to Leucrotta.

### Acquisition Financing

The purchase price for the Sold Assets was paid in accordance with the Conveyance Agreement as set forth in the Plan of Arrangement.

## ITEM 5 - FINANCINGS

### ExploreCo Parent Private Placement

Pursuant to the terms of the Arrangement Agreement, Vermilion subscribed for 53,303,668 ExploreCo Shares at a price of \$0.27 per ExploreCo Share for an aggregate subscription price of \$14,391,990 under the ExploreCo Parent Private Placement. The purpose of the ExploreCo Parent Private Placement was to provide additional capital for use by ExploreCo in its exploration and development activities and for general working capital purposes.

### ExploreCo Private Placement

Following the completion of the Arrangement on May 31, 2022, ExploreCo completed the ExploreCo Private Placement, a non-brokered financing of 27,780,142 ExploreCo Units. 13,779,190 of the ExploreCo Units issued pursuant to the ExploreCo Private Placement were issued as ExploreCo CDE Units.

The ExploreCo Private Placement resulted in the receipt by ExploreCo of aggregate gross proceeds of approximately \$7.5 million. Approximately \$3.72 million of the ExploreCo Units issued pursuant to the ExploreCo Private Placement were issued as ExploreCo CDE Units. Each ExploreCo Common Share Unit was comprised of one ExploreCo Share and one ExploreCo Common Share Unit Warrant. Each ExploreCo Common Share Unit Warrant entitles the holder thereof to acquire one ExploreCo Share at an exercise price of \$0.27, subject to adjustment in certain events, until 5:00 p.m. on the fifth anniversary of the date of issuance of such ExploreCo Common Share Unit Warrant. Each ExploreCo CDE Unit was comprised of one ExploreCo Flow-Through Share and one ExploreCo CDE Unit Warrant. Each ExploreCo CDE Unit Warrant entitles the holder thereof to acquire one ExploreCo Flow-Through Share at an exercise price of \$0.27, subject to adjustment in certain events, until 5:00 p.m. on the fifth anniversary of the date of issuance of such ExploreCo CDE Unit Warrant. Each ExploreCo Unit was issued at a subscription price of \$0.27. The price of \$0.27 for the ExploreCo Units in connection with the ExploreCo Private Placement was determined having considered the advice of Haywood Securities Inc. with regard to, among other factors, the reserve value of ExploreCo, projected production and cash flows of ExploreCo, net asset value of ExploreCo, financing completion risk and the trading price of comparable public companies. The estimated net asset value of ExploreCo has been determined based upon: (a) the Reserves Report to value the oil, NGLs and natural gas interests forming a part of the Sold Assets, which, at 10% proved plus probable reserves (before tax) was approximately \$7.1 million; (b) the aggregate value of land and capital projects attributable to the Sold Assets, which is valued approximately at \$39.7 million (calculated based on an average value of \$410 per acre, which was estimated based on recent land sales of lands adjacent to the lands attributable to the Sold Assets); (c) the Transferred Net Cash; (d) the Assumed Liabilities; and (e) excluding: (i) the proceeds from the ExploreCo Private Placement; and (ii) any proceeds resulting from the exercise of ExploreCo Arrangement Warrants.

No finders' fees or commissions were paid in connection with the ExploreCo Private Placement. Directors, officers, certain shareholders and employees of ExploreCo as well as service providers, consultants and other related persons were entitled to subscribe for all or a portion of the ExploreCo Private Placement.

The purpose of the ExploreCo Private Placement was to provide additional capital for use by ExploreCo in its exploration and development activities and for general working capital purposes. In addition, the ExploreCo Board of Directors believes that the ExploreCo Private Placement is important to ExploreCo: (a) to facilitate increased ownership in ExploreCo, at a fair price and in a manner which encourages continued performance; (b) to align the interests of holders of ExploreCo Shares through the capital commitment being made under the ExploreCo Private Placement by ExploreCo employees; (c) to allow ExploreCo to meet the challenges in retaining qualified personnel in a very competitive employment market, particularly in the context of Leucrotta's historical cash compensation levels; and (d) to provide additional capital to ExploreCo for use in its exploration and development program.

### Available Funds and Principal Purposes

Prior to any operating adjustments under the Conveyance Agreement and the Acquisition, and prior to giving effect to the exercise of any of the ExploreCo Arrangement Warrants or ExploreCo Unit Warrants, ExploreCo has sources of funds available to it of up to \$65.443 million as follows:

	<b>\$'000s</b>
ExploreCo Private Placement <sup>(1)</sup>	7,501 <sup>(3)</sup>
ExploreCo Parent Private Placement	14,392 <sup>(3)</sup>
Working capital amount <sup>(2)</sup>	43,550
<b>Total</b>	<b>65,443</b>

**Notes:**

1. No provision of the exercise of the ExploreCo Arrangement Warrants or the ExploreCo Unit Warrants has been provided as the exercise of such ExploreCo Arrangement Warrants and ExploreCo Unit Warrants is wholly dependent on the future trading price of the ExploreCo Shares, should the ExploreCo Shares be approved for listing by the Exchange.
2. Comprised only of the Transferred Net Cash (assuming \$10,000,000 of Leucrotta Transaction Costs) as any other estimate of working capital amount is inherently difficult and dependent upon assumptions such as the future results of ExploreCo's operations, costs of the Arrangement and other factors.
3. Represents both net and gross proceeds, as transaction costs were included in the Leucrotta Transaction Costs.

ExploreCo intends to use such available funds as follows:

	<b>\$'000s</b>
Oil and gas activities <i>(exploration for and development and appraisal of oil and gas interests)</i> <sup>(1)</sup>	59,000
Land purchases	1,000
General and administrative costs and other corporate working capital	5,000
Unallocated funds	443
<b>Total</b>	<b>65,443</b>

**Note:**

- (1) ExploreCo estimates that oil and gas capital expenditures will substantially increase dependent upon the exercise of the ExploreCo Unit Warrants. Additionally, capital expenditures may increase dependent upon cash flow from operations.

There is no certainty that any of the ExploreCo Arrangement Warrants and/or the ExploreCo Unit Warrants will be exercised. Further, the working capital amount is a good faith estimate that is subject to a number of uncertainties including results of future operations and final costs of the Arrangement.

The use of available funds by ExploreCo is consistent with its stated business objectives and strategic goals of the exploration for and development and appraisal of oil and gas interests in its core Two Rivers area. There is no particular significant event or milestone that must occur for ExploreCo's business objectives to be accomplished.

While ExploreCo intends to use the net proceeds as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management believes are in ExploreCo's best interests and as a result there is no assurance ExploreCo will use the proceeds as stated. See "*Cautionary Note Regarding Forward Looking Statements*".

## **ITEM 6 - DIVIDENDS AND OTHER DISTRIBUTIONS**

As of the date hereof, no dividends or other distributions have been made by ExploreCo.

There are no restrictions in ExploreCo's articles or elsewhere which could prevent ExploreCo from paying dividends. It is not contemplated that any dividends will be paid on any ExploreCo Shares in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of ExploreCo's business. The directors of ExploreCo will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on ExploreCo's financial position at the relevant time. Any decision to pay dividends on the ExploreCo Shares will be made by the directors on the basis of ExploreCo's earnings, financial requirements and other factors existing at such future time, including commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the

satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. All of the ExploreCo Shares will be entitled to an equal share in any dividends declared and paid.

### ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**"), dated as of April 26, 2022, provides a detailed explanation of the revenue, royalties and operating and transportation expenses of the Sold Assets for the years ended December 31, 2021, 2020 and 2019 and should be read in conjunction with the audited operating statements relating to the Sold Assets for the years then ended set forth in Appendix "B" to this Listing Application and the unaudited operating statements relating to the Sold Assets for the three-month periods ended March 31, 2022 and 2021. The audited and unaudited operating statements related to the Sold Assets have been prepared in all material respects in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (Acquisition of an Interest in an Oil and Gas Property). All references are to Canadian dollars unless otherwise indicated. All per BOE amounts are stated at a conversion rate of six thousand cubic feet of natural gas being equal to one barrel of oil or liquids.

	Year ended December 31,		Percent Change	Year ended December 31, 2019 (thousands of dollars)
	2021 (thousands of dollars)	2020 (thousands of dollars)		
<b>Revenue</b>				
Tight oil revenue	2,307	2,574	(10)	-
Light and medium crude oil	-	-	-	748
Shale gas revenue	4,652	2,571	81	-
NGLs revenue	817	471	73	-
	7,776	5,616	38	748
<b>Operating: (6:1 BOE conversion)</b>				
<b>Average daily production</b>				
Tight Oil (Bbls/d)	87	225	(61)	-
Light and medium crude oil (Bbls/d)	-	-	-	34
Natural gas (Mcf/d)	2,411	2,730	(12)	-
NGLs (Bbls/d)	44	62	(29)	-
Barrels of oil equivalent (BOE/d)	533	742	(28)	34
<b>Average Sold Assets sales price</b>				
Tight Oil (\$/Bbl)	72.93	31.39	132	-
Light and medium crude oil (\$/Bbl)	-	-	-	60.36
Natural gas (\$/Mcf)	5.29	2.58	105	-
NGLs (\$/Bbl)	50.43	20.92	141	-
Barrel of oil equivalent (\$/BOE)	39.99	20.74	93	60.36
<b>Average Benchmark Prices</b>				
Crude Oil - WTI (US\$/Bbl)	67.91	39.40	72	57.02
Crude Oil - Edmonton Par	80.31	45.39	77	68.87

Natural gas - AECO	3.64	2.24	63	1.80
Exchange rate (US\$/Cdn\$)	0.7980	0.7463	7	0.7537

Commodity prices are affected by both domestic and international factors that are beyond the control of ExploreCo.

Tight oil, NGLs and shale gas revenue increased significantly from 2020 to 2021 as a result of production increases from successful drilling and changes in commodity pricing. In 2019 minimal production was received from light and medium crude oil which was shut-in in the first quarter of 2020.

### Royalties

	Year ended December 31,		Percent Change	Year ended December 31,
	2021	2020		2019
	<i>(thousands of dollars)</i>			<i>(thousands of dollars)</i>
Royalties	2,177	1,371	59	93
Percent of total revenue	28	24	17	12
Per BOE (\$)	11.20	5.06	121	7.47

Royalties consist of amounts paid to provincial governments (Crown) and other oil and gas companies that own surface or mineral rights. Crown royalties are calculated based on commodity prices and individual well production rates. Royalty rates can change due to commodity price fluctuations, changes in production volumes and royalty incentive programs. Royalties have increased in 2020 and 2021 as the result of increased production and higher oil and gas commodity prices.

### Operating and Transportation Expenses

	Year ended December 31,		Percent Change	Year ended December 31,
	2021	2020		2019
	<i>(thousands of dollars)</i>			<i>(thousands of dollars)</i>
Total operating expenses (\$000's)	2,066	3,392	(39)	538
Total transportation expenses (\$000's)	1,060	1,195	(11)	1
Percent of total revenue	40	82	(51)	72
Per BOE (\$)	16.07	16.93	(5)	43.43

Operating and transportation expenses for the year ended December 31, 2021 were \$16.07 per BOE, consistent with \$16.93 per BOE in 2020 and significantly decreased from \$43.43 per BOE in 2019. The decrease was due to the significant increase in production.

## Operating Income

	Three months ended March 31, 2022 (thousands of dollars)	Year ended December 31,					
		2021 (thousands of dollars)	per BOE	2020 (thousands of dollars)	per BOE	2019 (thousands of dollars)	per BOE
Revenues	1,688	7,776	39.99	5,616	20.74	748	60.36
Royalties	(478)	(2,177)	(11.20)	(1,371)	(5.06)	(93)	(7.47)
	1,210	5,599	28.79	4,245	15.68	655	52.89
Operating and transportation expenses	584	(3,126)	(16.07)	(4,587)	(16.93)	(539)	(43.43)
<b>Operating income (loss)</b>	626	2,473	12.72	(342)	(1.25)	116	9.46

Operating income from 2020 to 2021 increased due to a 93% increase in commodity prices partially offset by a 28% decrease in production

The primary factor that causes significant variability of the Sold Assets operating income is commodity prices. The Sold Assets operating income will be dependent on the prices received for crude oil and natural gas. Commodity prices have fluctuated widely and are determined by economic and political factors. Supply and demand factors, including weather and general economic conditions as well as conditions in other oil and natural gas regions, impact prices. Any movement in commodity prices could have a material effect on the operating income. **As a result of changes in commodity prices, historical financial performance may not be indicative of future performance.**

### ITEM 8 - DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

ExploreCo is authorized to issue an unlimited number of ExploreCo Shares, an unlimited number of non-voting common shares, an unlimited number of Class A preferred shares, issuable in series, and an unlimited number of Class B preferred shares, issuable in series. There are currently 454,209,484 ExploreCo Shares issued and outstanding on a fully-diluted basis, comprised of: (i) 289,792,341 ExploreCo Shares issued to Leucrotta securityholders (which included former holders of Leucrotta Flow-Through Warrants, Leucrotta Warrants, Leucrotta Options and Leucrotta RSUs) under the Arrangement; (ii) 53,303,668 ExploreCo Shares issued pursuant to the ExploreCo Parent Private Placement (iii) 27,780,142 ExploreCo Shares issued pursuant to the ExploreCo Private Placement; (iv) 55,553,191 ExploreCo Shares issuable pursuant to the exercise of ExploreCo Arrangement Warrants issued pursuant to the Arrangement; and (v) 27,780,142 ExploreCo Shares issuable pursuant to the ExploreCo Unit Warrants issued pursuant to the ExploreCo Private Placement. In addition, ExploreCo has reserved for issuance up to an aggregate of 37,087,615 ExploreCo Shares pursuant to grants under the ExploreCo Option Plan and ExploreCo PRSU Plan. As of the date hereof, no ExploreCo Options, ExploreCo RSUs or ExploreCo PSUs have been issued pursuant to the ExploreCo Option Plan or ExploreCo PRSU Plan, as applicable. No non-voting common shares, Class A preferred shares or Class B preferred shares are issued and outstanding. See "Capitalization" in this Listing Application.

ExploreCo proposes to list the ExploreCo Shares on the Exchange.

#### *ExploreCo Shares*

The holders of ExploreCo Shares are entitled to: (a) receive dividends if, as and when declared by the ExploreCo Board of Directors on the ExploreCo Shares as a class equally with the holders of the non-voting common shares, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares ranking in priority to the ExploreCo Shares in respect of dividends; (b) to receive notice of and to attend any meeting of the shareholders of ExploreCo and to one vote per ExploreCo Share at any meetings of the holders of ExploreCo Shares; and (c) in the event of any liquidation, dissolution or winding up of ExploreCo, whether voluntary or involuntary, or

any other distribution of its assets for the purpose of winding up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of ExploreCo ranking in priority to the ExploreCo Shares in respect of return of capital on dissolution, share rateably, together with the holders of non-voting common shares of ExploreCo and of shares of any other class of shares of ExploreCo ranking equally with the ExploreCo Shares in respect of return of capital on dissolution, in such assets of ExploreCo as are available for distribution. All of the ExploreCo Shares outstanding are fully paid and non-assessable.

The holders of not less than 4% of the issued and outstanding ExploreCo Shares may requisition the directors of ExploreCo to call a meeting of shareholders of ExploreCo for the purposes stated in the requisition. The requisition, which may consist of several documents of like form each signed by one or more shareholders of ExploreCo, shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of ExploreCo. On receiving the requisition, the ExploreCo Board of Directors shall call a meeting of the shareholders of ExploreCo to transact the business stated in the requisition unless: (i) a record date has been fixed and notice of the record date has been given under section 133 of the ABCA; (ii) the directors of ExploreCo have called a meeting of the shareholders of ExploreCo and have given notice of the meeting under section 134 of the ABCA; or (iii) the business of the meeting as stated in the requisition includes matters described in subsections 136(5)(b) to (e) of the ABCA. Should the ExploreCo Board of Directors not call such meeting within 21 days after receiving such requisition, a shareholder who made such requisition may call the meeting as nearly as possible in the manner in which such meetings are to be called under the ABCA and the by-laws of ExploreCo. Unless the shareholders of ExploreCo otherwise resolve at a meeting called pursuant to the foregoing, ExploreCo shall reimburse the shareholders of ExploreCo for the expenses reasonably incurred by them in requisitioning, calling and holding the meeting called pursuant to the foregoing.

#### *Non-Voting Common Shares of ExploreCo*

Holders of non-voting common shares of ExploreCo are entitled to: (a) receive notice of and to attend any meeting of the shareholders of ExploreCo provided that, except as required by law, the holders of the non-voting common shares of ExploreCo shall not be entitled to vote at any meeting of the shareholders; (b) receive dividends if, as and when declared by the ExploreCo Board of Directors on the non-voting common shares of ExploreCo as a class equally with the holders of the ExploreCo Shares, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes of shares ranking in priority to the non-voting common shares of ExploreCo in respect of dividends; and (c) in the event of any liquidation, dissolution or winding up of ExploreCo, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of ExploreCo ranking in priority to the non-voting common shares of ExploreCo in respect of return of capital on dissolution, share rateably, together with the holders of ExploreCo Shares and of shares of any other class of shares of ExploreCo ranking equally with the non-voting common shares of ExploreCo in respect of return of capital on dissolution, in such assets of ExploreCo as are available for distribution.

#### *Class A Preferred Shares of ExploreCo*

Prior to the issuance thereof, the ExploreCo Board of Directors shall fix the designation, rights, privileges, restrictions and conditions attaching to each series of Class A preferred shares of ExploreCo including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a distribution of capital of ExploreCo; the extent, if any, of further participation in a distribution of capital; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non cumulative), if any. In the event of the liquidation, dissolution or winding up of ExploreCo, whether voluntary or involuntary, holders of each series of Class A preferred shares of ExploreCo shall be entitled, in priority to holders of ExploreCo Shares, non-voting common shares of ExploreCo, Class B preferred shares of ExploreCo, and any other shares ranking junior to Class A preferred shares of ExploreCo on a distribution of capital, to be paid rateably with holders of each other series of Class A preferred shares of ExploreCo the amount, if any, specified as being payable preferentially to holders of such series on a distribution of capital of ExploreCo. Holders of each series of Class A preferred shares of ExploreCo shall be entitled, in priority to holders of ExploreCo Shares, non-voting common shares of ExploreCo, Class B preferred shares of ExploreCo, and any other shares ranking junior to Class A preferred shares of ExploreCo, to be paid rateably with holders of each other series of Class A preferred shares of ExploreCo, the amount of cumulative dividends, if any, specified as being payable preferentially to holders of such series.

### *Class B Preferred Shares of ExploreCo*

Prior to the issuance thereof, the ExploreCo Board of Directors shall fix the designation, rights, privileges, restrictions and conditions attaching to each series of Class B preferred shares of ExploreCo including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a distribution of capital of ExploreCo; the extent, if any, of further participation in a distribution of capital; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non cumulative), if any. In the event of the liquidation, dissolution or winding up of ExploreCo, whether voluntary or involuntary, holders of each series of Class B preferred shares of ExploreCo shall be entitled, in priority to holders of ExploreCo Shares, non-voting common shares of ExploreCo, and any other shares ranking junior to Class B preferred shares of ExploreCo, to be paid rateably with holders of each other series of Class B preferred shares of ExploreCo the amount, if any, specified as being payable preferentially to holders of such series on a distribution of capital of ExploreCo. Holders of each series of Class B preferred shares of ExploreCo shall be entitled, in priority to holders of ExploreCo Shares, non-voting common shares of ExploreCo, and any other shares ranking junior to Class B preferred shares of ExploreCo, to be paid rateably with holders of each other series of Class B preferred shares of ExploreCo, the amount of cumulative dividends, if any, specified as being payable preferentially to holders of such series.

### *ExploreCo Arrangement Warrants*

Issued in connection with the Arrangement, the holders of ExploreCo Arrangement Warrants are entitled to exercise each ExploreCo Arrangement Warrant for one (1) ExploreCo Share for a period of thirty (30) calendar days following the Effective Date for one ExploreCo Share at a price of \$0.27 per share.

### *ExploreCo Stock Options*

Pursuant to the ExploreCo Stock Option Plan, the total number of ExploreCo Shares reserved for issuance pursuant to the options granted and outstanding under the ExploreCo Stock Option Plan and other share compensation arrangements, including but not limited to the ExploreCo PRSU Plan, shall not exceed a number of ExploreCo Shares equal to 10% of the number of issued and outstanding ExploreCo Shares. As of the date hereof, no options have been granted pursuant to the ExploreCo Stock Option Plan and management has not yet determined the options that will be granted to ExploreCo Service Providers. Such grants, if any, will depend upon the performance of ExploreCo.

### *ExploreCo PSUs and RSUs*

Pursuant to the ExploreCo PRSU Plan, the number of ExploreCo Shares that may be reserved for issuance pursuant to awards granted under the ExploreCo PRSU Plan and other share compensation arrangements, including but not limited to the ExploreCo Stock Option Plan, shall not exceed 10% of the total ExploreCo Shares issued and outstanding as at the time of the grant. As of the date hereof, no RSUs or PSUs have been granted pursuant to the ExploreCo PRSU Plan and management has not yet determined the RSUs or PSUs that will be granted thereunder. Such grants, if any, will depend upon the performance of ExploreCo.

### *Debt Securities*

As of the date hereof, ExploreCo has no debt securities issued and outstanding.

## **ITEM 9 - DESCRIPTION OF SECURITIES TO BE LISTED**

ExploreCo has applied to list the ExploreCo Shares on the Exchange under the symbol "CEI". While ExploreCo anticipates meeting the Exchange's initial listing requirements of a Tier 1 Issuer and expects to be listed as such, listing of these securities will be subject to fulfilling all the minimum listing requirements of the Exchange. **There are no assurances that the Exchange will list the ExploreCo Shares.**

The holders of ExploreCo Shares are entitled to dividends if, as and when declared by the ExploreCo Board of Directors to vote at any meetings of the holders of ExploreCo Shares and upon liquidation, dissolution or winding up

of ExploreCo, receive the remaining property and assets of ExploreCo. All of the ExploreCo Shares outstanding are fully paid and non-assessable.

See ITEM 8 - *Disclosure of Outstanding Security Data on Fully Diluted Basis* for more information on the ExploreCo Shares, the ExploreCo Arrangement Warrants, ExploreCo Options and ExploreCo RSUs.

### ITEM 10 - CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of ExploreCo as at June 14, 2022 before and after giving effect to the Arrangement (including the ExploreCo Parent Private Placement), the ExploreCo Private Placement and the exercise of the ExploreCo Arrangement Warrants, as applicable.

	Authorized	Amount Outstanding as of June 14, 2022 before giving effect to the Arrangement, the Acquisition and the ExploreCo Private Placement <sup>(1)</sup>	Amount Outstanding as of June 14, 2022 after giving effect to the Arrangement and the Acquisition but before giving effect to the ExploreCo Private Placement	Amount Outstanding as of June 14, 2022 after giving effect to the Arrangement, the Acquisition and the ExploreCo Private Placement <sup>(4)</sup>	Amount Outstanding as of June 14, 2022 after giving effect to the Arrangement, the Acquisition, the ExploreCo Private Placement and the exercise of ExploreCo Arrangement Warrants <sup>(4)</sup>
ExploreCo Shares	unlimited	\$1.00 (1 ExploreCo Share)	\$57,941,990 (343,096,009 ExploreCo Shares)	\$65,442,628 (370,876,151 ExploreCo Shares)	\$80,441,990 (426,429,342 ExploreCo Shares) <sup>(7)</sup>
ExploreCo Arrangement Warrants <sup>(2)</sup>	55,553,191.7697	-	\$Nil (55,553,191.7697 ExploreCo Arrangement Warrants)	\$Nil (55,553,191.7697 ExploreCo Arrangement Warrants)	-
ExploreCo Purchase Warrants	27,780,142	-	-	\$Nil (27,780,142 ExploreCo Unit Warrants) <sup>(3)</sup>	\$Nil (27,780,142 ExploreCo Unit Warrants) <sup>(3)</sup>
Long Term Debt <sup>(5)</sup>	-	-	-	-	-
Long Term Liabilities <sup>(6)</sup>	-	-	11,068,000	11,068,000	11,068,000

**Notes:**

1. The one ExploreCo Share was issued to Leucrotta on March 24, 2022. See "Prior Sales" in this Listing Application.
2. The ExploreCo Arrangement Warrants have an exercise price of \$0.27 per ExploreCo Share and are exercisable until and including June 30, 2022.
3. The ExploreCo Unit Warrants have an exercise price of \$0.27 per ExploreCo Share or ExploreCo Flow-Through Share, as applicable, and are exercisable for five years from the date of issuance.
4. In addition, an aggregate of up to 10% of the ExploreCo Shares outstanding, after giving effect to the Arrangement (including the ExploreCo Shares issuable pursuant to the ExploreCo Parent Private Placement), the Acquisition and the ExploreCo Private Placement, will be reserved for issuance pursuant to the ExploreCo Stock Option Plan and the ExploreCo PRSU Plan.
5. Represents the estimated amount of debt that ExploreCo assumed from Leucrotta on the Effective Date.
6. Represents management of ExploreCo's best estimate of the decommissioning obligations that ExploreCo will assume from Leucrotta on the Effective Date.
7. Does not include the exercise of any ExploreCo Unit Warrants.

### ITEM 11 - STOCK OPTION PLAN

The ExploreCo Board of Directors has adopted the ExploreCo Stock Option Plan, which was approved by Leucrotta Shareholders at the Leucrotta Meeting, pursuant to which options may be granted to its directors, officers, employees, consultants and other service providers of ExploreCo or, if applicable, any of its subsidiaries (collectively, "**ExploreCo Service Providers**"). The purpose of the ExploreCo Stock Option Plan is to develop the interest of ExploreCo Service Providers in the growth and development of ExploreCo by providing them the opportunity through

options to acquire an increased proprietary interest in ExploreCo. Options granted pursuant to the ExploreCo Stock Option Plan will have a term not exceeding 10 years and will vest in such manner as determined by the ExploreCo Board of Directors.

*The following is a summary only of the material terms of the ExploreCo Stock Option Plan and is subject to, and qualified in its entirety by, the full text of the ExploreCo Stock Option Plan.*

Currently, under the ExploreCo Stock Option Plan:

- a) The maximum number of ExploreCo Shares issuable under the ExploreCo Stock Option Plan and other share compensation arrangements, including but not limited to the ExploreCo PRSU Plan shall not exceed 10% of the issued and outstanding ExploreCo Shares from time to time. ExploreCo Shares in respect of which options are exercised, cancelled or expire unexercised for any reason shall be available for subsequent option grants under the ExploreCo Stock Option Plan. No fractional shares may be purchased or issued under the ExploreCo Stock Option Plan.
- b) Any grant of options under the ExploreCo Stock Option Plan is subject to the following limitations: (i) the aggregate number of ExploreCo Shares reserved for issuance pursuant to options outstanding and pursuant to other share compensation arrangements at any time may not exceed 10% of the total issued and outstanding ExploreCo Shares; (ii) the aggregate number of ExploreCo Shares reserved for issuance pursuant to options granted to any one participant and pursuant to other share compensation arrangements in any 12 month period may not exceed 5% of the total issued and outstanding ExploreCo Shares; (iii) the number of ExploreCo Shares that may be reserved for allotment to any one consultant of ExploreCo (or any of its subsidiaries) pursuant to stock options and pursuant to other share compensation arrangements in any 12 month period must not exceed 2% of the issued and outstanding ExploreCo Shares; and (iv) the aggregate number of ExploreCo Shares that may be reserved for issuance pursuant to options granted to any one person employed to provide investor relations activities in any 12 month period must not exceed 2% of the issued and outstanding ExploreCo Shares, in addition, stock options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than  $\frac{1}{4}$  of the stock options vesting in any 3 month period and a condition that such stock options will expire 30 days after the optionee ceases to be employed to provide investor relations activities; and (v) the aggregate number of ExploreCo Shares reserved for issuance pursuant to stock options granted to insiders of ExploreCo under the ExploreCo Stock Option Plan and pursuant to other share compensation arrangements at any time shall not exceed 10% of the total issued and outstanding ExploreCo Shares.
- c) The exercise price of options shall be determined by the ExploreCo Board of Directors, provided that if the ExploreCo Shares are listed and posted for trading on any stock exchange, the exercise price shall not be less than the volume weighted average trading price of the ExploreCo Shares on such stock exchange for the five trading days prior to the date of the grant of such options.
- d) Subject to any specific requirements of any stock exchange upon which the ExploreCo Shares are then listed and posted for trading, the ExploreCo Board of Directors shall determine the vesting period or periods within the option term during which an ExploreCo Service Provider may exercise options or a portion thereof. In addition, in the event certain change of control events are proposed or contemplated, the ExploreCo Board of Directors may exercise their discretion, by way of a resolution, to permit accelerated vesting of then outstanding stock options as further described below.
- e) The term of any option granted under the ExploreCo Stock Option Plan shall be a period of time fixed by the ExploreCo Board of Directors, not to exceed 10 years and, unless the ExploreCo Board of Directors determines otherwise, options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are contained in the ExploreCo Stock Option Plan or as the ExploreCo Board of Directors may from time to time impose or as may be required by any stock exchange or under applicable securities Laws.
- f) Subject to the terms of the applicable stock option agreement, in the event that an ExploreCo Service Provider ceases to be an ExploreCo Service Provider for any reason other than death or termination for cause, the

option may be exercised up to and including the earlier of the expiry time of the option and the date that is 90 days following the effective date of the notice of resignation, retirement or termination, as the case may be (subject to such shorter period as may be specified in the applicable stock option agreement); in the event of termination for cause of the ExploreCo Service Provider, the option will expire and terminate immediately at the time of delivery of the notice of termination; in the event of the death of the ExploreCo Service Provider, the option may be exercised up to and including the earlier of the expiry time of the option and the date that is one year from the date of death.

- g) Stock options are not transferable or assignable unless permitted by the stock exchange upon which the ExploreCo Shares are then listed and posted for trading.
- h) Subject to applicable regulatory approval, the ExploreCo Board of Directors may, at any time and from time to time, amend, suspend or terminate the ExploreCo Stock Option Plan or a stock option granted thereunder without the approval of the holders of ExploreCo Shares, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or the consent or deemed consent of an ExploreCo Service Provider where such amendment, suspension or termination materially prejudices the rights of such ExploreCo Service Provider.
- i) Notwithstanding paragraph (h) above, and subject to prior review and approval of the Exchange (assuming the ExploreCo Shares are then listed and posted for trading on the Exchange), the ExploreCo Board of Directors may amend the ExploreCo Stock Option Plan in any respect with prior approval of the holders of ExploreCo Shares, or disinterested approval from holders of ExploreCo Shares where applicable according to the policies of the Exchange and, without limiting the generality of the foregoing, the ExploreCo Board of Directors may make amendments to the ExploreCo Stock Option Plan or any option granted thereunder for any of the following purposes: (A) to increase the maximum number of ExploreCo Shares allocated and made available to be granted to ExploreCo Service Providers under the ExploreCo Stock Option Plan as set out in Section 4.3 of the ExploreCo Stock Option Plan; (B) to increase the maximum number of ExploreCo Shares that may be reserved for issuance pursuant to stock options outstanding at any time as set out in Section 4.5 of the ExploreCo Stock Option Plan; (C) subject to receipt of disinterested approval from holders of ExploreCo Shares, to reduce the option price of stock options for the benefit of any ExploreCo Service Provider; (D) to extend the expiry time of stock options for the benefit of any ExploreCo Service Provider (subject to a maximum extension of the expiry time to ten years from the date of grant and any additional extension pursuant to Section 6.4 of the ExploreCo Stock Option Plan); or (E) to amend the provisions of Article 13 of the ExploreCo Stock Option Plan.
- j) If the outstanding ExploreCo Shares are increased or decreased or changed into or exchanged for a different number or kind of shares or securities of ExploreCo through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the ExploreCo Board of Directors, in its discretion, in the number or kind of shares optioned and the exercise price per share, as regards previously granted and unexercised options or portions thereof. In addition, in certain circumstances, the ExploreCo Board of Directors has been granted the discretion to provide for accelerated vesting of stock options as further described below.

Provided that the ExploreCo Shares are listed on the Exchange and that ExploreCo is in compliance with applicable Exchange requirements, an ExploreCo Service Provider participating in the ExploreCo Stock Option Plan may, in lieu of paying the exercise price for the ExploreCo Shares to be issued upon the exercise of options, elect to receive, subject to any applicable withholding requirements, in respect of all or a portion of the options being exercised an amount per option equal to the difference between: (i) the closing trading price of the ExploreCo Shares on the Exchange on the last trading day immediately preceding the date of receipt by ExploreCo of such ExploreCo Service Provider's notice to exercise (or, in the event that the ExploreCo Shares are not then listed and posted for trading on any stock exchange in Canada, a fair market value as determined by the ExploreCo Board of Directors in its sole discretion); and (ii) the exercise price of the option, against surrender of such options by such participant to ExploreCo for no additional consideration.

Pursuant to the ExploreCo Stock Option Plan, in the event that certain events such as a take-over bid (as such term is defined under the Securities Act (Alberta)), liquidation or dissolution of ExploreCo or a re-organization, plan of

arrangement, merger or consolidation of ExploreCo with one or more entities, as a result of which ExploreCo is not the surviving entity, are proposed or contemplated, the ExploreCo Board of Directors may, notwithstanding the terms of the ExploreCo Stock Option Plan or stock option agreements issued thereunder: (a) exercise its discretion, by way of resolution, to permit accelerated vesting of options on such terms as the ExploreCo Board of Directors sees fit at that time; and (b) in the event of an acceleration of vesting as referred to in (a), exercise its discretion, by way of resolution, to cause the options to terminate after the end of the period of accelerated vesting on such terms as the ExploreCo Board of Directors sees fit at that time, even if such termination of the options is prior to the normal expiry time of the options. If the ExploreCo Board of Directors, in its sole discretion, determines that the ExploreCo Shares subject to any option granted under the ExploreCo Stock Option Plan shall vest on an accelerated basis, all participants in the ExploreCo Stock Option Plan entitled to exercise an unexercised portion of options then outstanding shall have the right at such time, upon written notice being given by ExploreCo, to exercise such options to the extent specified and permitted by the ExploreCo Board of Directors, and within the time period specified by the ExploreCo Board of Directors, which shall not extend past the expiry time of the options.

In addition, an option may provide for acceleration of the vesting provisions contained therein upon other events of change of control of ExploreCo, on such terms as the ExploreCo Board of Directors determines in its sole discretion at the time of the grant of the option. Where the accelerated vesting provisions in the ExploreCo Stock Option Plan apply, ExploreCo may satisfy any obligations to a participant under the ExploreCo Stock Option Plan by paying to such participant, in cash, the difference between the exercise price of all unexercised options granted under the ExploreCo Stock Option Plan and the fair market value of the securities to which such participant would be entitled upon exercise of all unexercised options.

In the event of the death of a participant in the ExploreCo Stock Option Plan at or prior to the expiry time of the options, such options may be exercised as to such of the ExploreCo Shares in respect of which such options have not previously been exercised (and as such participant would have been entitled to exercise) by the legal personal representatives of such participant, at any time up to and including (but not after) the earlier of the expiry time of the options and a date that is one year from the date of death of such participant, subject to such shorter period as may be otherwise specified in a stock option agreement, after which date the options shall forthwith expire and terminate and be of no further force or effect whatsoever.

In the event of the permanent disability (meaning the mental or physical state of a participant whereby such person has to a substantial degree been unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as an ExploreCo Service Provider either for any consecutive four-month period or for any period of six months (whether or not consecutive) in any consecutive 12-month period, and ExploreCo has certified the same in writing, or a court of competent jurisdiction has declared the participant to be mentally incompetent or incapable of managing his affairs) of a participant in the ExploreCo Stock Option Plan at or prior to the expiry time of the options, such options may be exercised as to such of the ExploreCo Shares in respect of which such options have not previously been exercised (and as such participant would have been entitled to exercise) by the legal personal representatives of such participant, at any time up to and including (but not after) the earlier of the expiry time of the options and a date that is six months from the date of permanent disability of such participant, subject to such shorter period as may be otherwise specified in a stock option agreement, after which date the options shall forthwith expire and terminate and be of no further force or effect whatsoever.

As of the date hereof, no options have been granted pursuant to the ExploreCo Stock Option Plan and management has not yet determined the options that will be granted to ExploreCo Service Providers. Please see "ITEM 10 - Consolidated Capitalization" and "ITEM 8 - Disclosure of Outstanding Security Data on Fully Diluted Basis".

## **ITEM 12 - PRSU PLAN**

The ExploreCo Board of Directors has adopted the ExploreCo PRSU Plan, which was approved by Leucrotta Shareholders at the Leucrotta Meeting, pursuant to which ExploreCo PSUs and ExploreCo RSUs may be granted to ExploreCo Service Providers. The purpose of the ExploreCo PRSU Plan is to develop the interest of ExploreCo Service Providers in the growth and development of ExploreCo by providing them the opportunity through ExploreCo PSUs and ExploreCo RSUs to acquire an increased proprietary interest in ExploreCo. ExploreCo PSUs and ExploreCo RSUs granted pursuant to the ExploreCo PRSU Plan will expire no later than December 15th of the third year following the year in which the services giving rise to such were performed and will vest in such manner as determined

by the ExploreCo Board of Directors, provided that they may not vest in less than a year from the date granted or issued, or after the expiration date.

The following is a summary only of the material terms of the ExploreCo PRSU Plan and is subject to, and qualified in its entirety by, the full text of the ExploreCo PRSU Plan.

The number of ExploreCo Shares that may be reserved for issuance pursuant to awards granted under the ExploreCo PRSU Plan and other share compensation arrangements, including but not limited to the ExploreCo Stock Option Plan, shall not exceed 10% of the total ExploreCo Shares issued and outstanding as at the time of the grant.

ExploreCo Service Providers are designated by the ExploreCo Board of Directors at their sole discretion. ExploreCo Service Providers are eligible to receive ExploreCo PSUs and ExploreCo RSUs, pursuant to the ExploreCo PRSU Plan. Persons retained primarily to conduct investor relations activities are not eligible to participate in the ExploreCo PRSU Plan. Pursuant to the ExploreCo PRSU Plan, directors of ExploreCo are only eligible to be awarded ExploreCo RSUs; they are not eligible to be awarded ExploreCo PSUs.

Subject to the provisions and restrictions of the ExploreCo PRSU Plan, the aggregate maximum number of ExploreCo Shares available under the ExploreCo PRSU Plan may be used for any type of award as determined and fixed by the ExploreCo Board of Directors, at their sole discretion. The ExploreCo Board of Directors shall have the authority to determine, in their sole discretion, at the time of a grant of any ExploreCo PSUs or ExploreCo RSUs the duration of the vesting period, except that no ExploreCo PSU or ExploreCo RSU, or portion thereof, may vest before the date that is one year following the date it is granted or issued, or after the expiry date of the ExploreCo PSU or ExploreCo RSU, as applicable, or as otherwise provided in the ExploreCo PRSU Plan.

In accordance with the policies of the Exchange: (a) the aggregate number of ExploreCo Shares that may be issued pursuant to the ExploreCo PRSU Plan shall not exceed ten percent (10%) of the issued and outstanding ExploreCo Shares at the time of grant; (b) the number of ExploreCo Shares issuable to any one ExploreCo Service Provider under all security based compensation arrangements, including the ExploreCo PRSU Plan, within any one-year period, shall not exceed five percent (5%) of the issued and outstanding ExploreCo Shares; (c) the aggregate number of ExploreCo Shares issuable to any one ExploreCo Service Provider who is a consultant under all security based compensation arrangements, including the ExploreCo PRSU Plan within any one-year period, shall not exceed two percent (2%) of the issued and outstanding ExploreCo Shares; and (d) the aggregate number of ExploreCo Shares issuable to Insiders (as defined by the Exchange policies) at any time or within any one-year period, shall not exceed ten percent (10%) of the issued and outstanding ExploreCo Shares.

ExploreCo Service Providers may elect at any time to redeem vested awards on any date or dates after the date the awards become vested awards and on or before the expiry. ExploreCo Service Providers shall have no rights as shareholders in respect of any ExploreCo Shares covered by such ExploreCo Service Provider's ExploreCo PSUs or ExploreCo RSUs, as applicable, until the awards have been redeemed and a share certificate has been issued to such ExploreCo Service Provider.

If an ExploreCo Service Provider ceases to hold the position or positions (as the case may be) as an ExploreCo Service Provider for any reason other than death or disability, including by reason of termination or resignation, all vested ExploreCo PSUs or ExploreCo RSUs, as applicable, must be redeemed at the earlier of the expiry date and 90 days. If the ExploreCo Service Provider ceases to hold such position or positions (as the case may be) as an ExploreCo Service Provider by reason of disability, all vested ExploreCo PSUs or ExploreCo RSUs, as applicable, shall be automatically settled and the date of distribution of the ExploreCo Shares represented by such ExploreCo PSUs or ExploreCo RSUs, as applicable, shall be the 90th day after such date and all ExploreCo PSUs or ExploreCo RSUs unvested at the time such ExploreCo Service Provider ceases to hold such position or positions as an ExploreCo Service Provider shall terminate without payment and shall be of no further force or effect. In the case of death of an ExploreCo Service Provider, all vested ExploreCo PSUs or ExploreCo RSUs, as applicable, which shall vest within one year shall be automatically settled and the date of distribution of the ExploreCo Shares represented by such ExploreCo PSUs or ExploreCo RSUs, as applicable, shall be within one year after the death of the ExploreCo Service Provider and all other unvested ExploreCo PSUs or ExploreCo RSUs, as applicable, shall terminate without payment and shall be of no further force or effect. If the ExploreCo Service Provider ceases to hold the position or positions (as the case may be) as an ExploreCo Service Provider by reason of disability, any vested ExploreCo PSUs or

ExploreCo RSUs, as applicable, held by such ExploreCo Service Provider under the PRSU Plan at the date such ExploreCo Service Provider ceases to hold the position or positions (as the case may be) as an ExploreCo Service Provider, shall be automatically settled and the distribution date shall be the 90th day after such date and all unvested ExploreCo PSUs or ExploreCo RSUs, as applicable, shall terminate without payment and shall be of no further force or effect.

Unless otherwise determined by the ExploreCo Board of Directors in its sole discretion, in the event of a change in control of ExploreCo and an ExploreCo Service Provider is terminated without cause, or voluntarily terminated for good reason within 1 month prior to or 12 months following the change in control, any unvested ExploreCo PSUs or ExploreCo RSUs outstanding shall automatically become fully vested. All unvested ExploreCo RSUs held by directors of ExploreCo shall become automatically vested upon a change in control unless otherwise determined by the ExploreCo Board of Directors in its sole discretion. The ExploreCo Shares issuable in respect of ExploreCo PSUs or ExploreCo RSUs, unless issued prior to the change of control, shall be deemed to be issued immediately prior to the completion of the transaction which would result in such change in control.

In the event ExploreCo effects an amalgamation, combination, arrangement, merger or other reorganization or a subdivision or consolidation of ExploreCo Shares or any similar capital reorganization that warrants the amendment or replacement of any existing awards, the ExploreCo Board of Directors will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

ExploreCo PSUs and ExploreCo RSUs are not assignable or transferable, other than by will or by the laws of descent.

The ExploreCo PRSU Plan allows ExploreCo to implement procedures and set conditions with respect to the withholding and remittance of taxes imposed under applicable law.

The ExploreCo PRSU Plan will be administered by the ExploreCo Board of Directors and the ExploreCo Board of Directors has authority, in their discretion, to: (a) determine the ExploreCo Service Providers to whom grants may be made; (b) make grants of ExploreCo PSUs and ExploreCo RSUs in such amounts, to such persons and, subject to the provisions of the ExploreCo PRSU Plan, on such terms and conditions as it determines including without limitation (i) the time or times at which ExploreCo PSUs and ExploreCo RSUs may be granted, (ii) the conditions under which ExploreCo PSUs and ExploreCo RSUs may be granted to ExploreCo Service Providers or forfeited to ExploreCo, (iii) applicable performance criteria and period, (iv) the price, if any, to be paid by an ExploreCo Service Provider in connection with the granting of ExploreCo PSUs or ExploreCo RSUs, as applicable, (v) whether restrictions or limitations are to be imposed on the ExploreCo Shares issuable pursuant to grants of ExploreCo PSUs and ExploreCo RSUs, and the nature of such restrictions or limitations, if any, and (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any ExploreCo PSUs or ExploreCo RSUs, based on such factors as the ExploreCo Board of Directors may determine; (c) interpret the ExploreCo PRSU Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the ExploreCo PRSU Plan; and (d) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the ExploreCo PRSU Plan.

To the extent permitted by applicable law and ExploreCo's bylaws, the ExploreCo Board of Directors may, from time to time, delegate to a committee of the ExploreCo Board of Directors, all or any of the powers conferred on the ExploreCo Board of Directors under the ExploreCo PRSU Plan.

As of the date hereof, no ExploreCo PSUs and ExploreCo RSUs have been granted pursuant to the ExploreCo PRSU Plan and management has not yet determined the ExploreCo PSUs and ExploreCo RSUs that will be granted to ExploreCo Service Providers.

### ITEM 13 - PRIOR SALES

The following table sets forth the securities issued by ExploreCo since incorporation:

Date	Number of Securities Issued	Issue Price per Security (\$)	Aggregate Issue Price (\$)	Nature of Consideration
March 24, 2022	1 ExploreCo Share <sup>(1)</sup>	\$1.00	\$1.00	Cash
May 31, 2022	53,303,668 ExploreCo Shares <sup>(2)</sup>	\$0.27	\$14,391,990	Cash
June 7 and June 10, 2022 <sup>(4)</sup>	27,780,142 ExploreCo Units <sup>(3)</sup>	\$0.27	\$7,500,638	Cash

**Notes:**

- (1) The one ExploreCo Share was issued to Leucrotta on March 24, 2022. Pursuant to the Arrangement, such ExploreCo Share was cancelled in connection with the Arrangement.
- (2) Issued pursuant to the ExploreCo Parent Private Placement.
- (3) Issued pursuant to the ExploreCo Private Placement.
- (4) The ExploreCo Private Placement was closed in two tranches.

Please see "*Financings*" above for information on the ExploreCo Private Placement and the ExploreCo Parent Private Placement.

The above table does not include the aggregate 289,792,341 ExploreCo Shares and 55,553,191.7697 ExploreCo Arrangement Warrants issued pursuant to the Arrangement, see "*ITEM 10 – Consolidated Capitalization*".

As of the date hereof, ExploreCo has no securities posted or listed for trading on any Canadian or foreign market, however, ExploreCo has applied to list the ExploreCo Shares. For more information, see "*ITEM 9 – Description of Securities to be Listed*".

### ITEM 14 - ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following securities will be held in escrow for 18 months by or upon listing on the Exchange in accordance with the policies of the Exchange:

<u>Designation of Class</u>	<u>Number of securities held in escrow or that are subject to contractual restrictions on resale<sup>(3)</sup></u>	<u>Percentage of Class</u>
ExploreCo Shares	81,555,845 <sup>(1)</sup>	21.99% <sup>(2)</sup>

**Notes:**

- (1) Includes 26,982,177 ExploreCo Shares that were issued to Principals of ExploreCo (as such term is defined in Exchange Policy 1.1) under the ExploreCo Private Placement, 1,270,000 ExploreCo Shares issued to in exchange for Leucrotta Shares issued to holders of Leucrotta RSUs who redeemed such Leucrotta RSUs prior to completion of the Arrangement, and 53,303,668 ExploreCo Shares issued to Vermilion pursuant to the ExploreCo Parent Private Placement.
- (2) Percentage is based on 370,876,151 ExploreCo Shares issued and outstanding, which includes ExploreCo Shares issued under the ExploreCo Parent Private Placement and the ExploreCo Private Placement but excludes ExploreCo Shares issuable upon exercise of ExploreCo Arrangement Warrants and ExploreCo Unit Warrants.
- (3) Securities will be held in escrow by Computershare Trust Company of Canada. Subject to the Exchange's discretion to release escrowed securities in circumstances and on terms it deems appropriate, 25% of the escrowed securities will be released on the date the Final Exchange Bulletin (as defined in Exchange Policy 1.1), with 25% of the escrowed securities to be released on the dates that are 6 months, 12 months and 18 months after the date of the Exchange Bulletin, in accordance with additional customary terms and conditions set forth in the Exchange's Form 5D – Escrow Agreement (Value Security).

### ITEM 15 - PRINCIPAL SECURITYHOLDERS

To the knowledge of ExploreCo, no person or corporation owns or controls or directs, directly or indirectly, more than 10% of the issued and outstanding ExploreCo Shares other than as set out below:

<b>Name and Municipality of Residence</b>	<b>Ownership</b>	<b>Number and Percentage of ExploreCo Shares held as of the date hereof<sup>(3)</sup></b>
Vermilion Energy Inc. <sup>(1)</sup> , Calgary, Alberta	Registered	53,303,668 (14.37%)
GMT Capital Corp. on behalf of their respective managed accounts <sup>(2)</sup> , Atlanta, GA	Registered	99,545,842 (26.84%)

**Notes:**

- (1) Vermilion Energy Inc. is a public company listed on the Toronto Stock Exchange and the New York Stock Exchange.
- (2) Mr. Tom Claugus is the President of GMT Capital Corp. and is primarily responsible for directing its investment decisions.
- (3) Percentages are based on 370,876,151 ExploreCo Shares issued and outstanding, which includes ExploreCo Shares issued under the ExploreCo Parent Private Placement and the ExploreCo Private Placement but excludes ExploreCo Shares issuable upon exercise of ExploreCo Arrangement Warrants and ExploreCo Unit Warrants.

**ITEM 16 - DIRECTORS AND EXECUTIVE OFFICERS**

The following table provides the name, municipality of residence, positions held with ExploreCo, principal occupation during the preceding five years, and the holdings of ExploreCo Shares of each of the current directors and executive officers of ExploreCo.

<b>Name and Province and Country of Residence</b>	<b>Position Presently Held with ExploreCo</b>	<b>Held Office Since</b>	<b>Principal Occupation For the Past Five Years</b>	<b>Holdings of ExploreCo Shares<sup>(1)</sup></b>
Robert Zakresky Calgary, Alberta Canada	President, Chief Executive Officer and Director	March 24, 2022	Mr. Zakresky has held the position of President and Chief Executive Officer of Leucrotta since June 2014.	23,530,499 (6.34%)
Terry L. Trudeau Calgary, Alberta Canada	Vice President, Operations and Chief Operating Officer	May 31, 2022	Mr. Trudeau has held the position of Vice President, Operations and Chief Operating Officer of Leucrotta since July 2014.	6,123,548 (1.65%)
Nolan Chicoine Calgary, Alberta Canada	Vice President, Finance and Chief Financial Officer	March 24, 2022	Mr. Chicoine has held the position of Vice President, Finance and Chief Financial Officer of Leucrotta since June 2014.	2,922,585 (0.79%)
Peter Cochrane Calgary, Alberta Canada	Vice President, Engineering	May 31, 2022	Mr. Cochrane has held the position of Vice President, Engineering of Leucrotta since July 2014.	2,826,187 (0.76%)
Helmut R. Eckert Calgary, Alberta Canada	Vice President, Land	May 31, 2022	Mr. Eckert has held the position of Vice President, Land of Leucrotta since July 2014.	4,063,223 (1.1%)
John Fur Calgary, Alberta Canada	Vice President, Geosciences	May 31, 2022	Mr. Fur has held the position of Manager, Exploration of Leucrotta since July 2014.	770,770 (0.21%)
Gregory Peterson Calgary, Alberta Canada	Corporate Secretary	May 31, 2022	Mr. Peterson has been a Partner with Gowling WLG (Canada) LLP, an international Canadian law firm, since 1990.	168,260 (<0.1%)
John Brussa Calgary, Alberta Canada <sup>(3)(4)(5)</sup>	Director	May 31, 2022	Mr. Brussa is the Chairman of Burnet, Duckworth & Palmer LLP, a Calgary based energy law firm where he focuses on tax law. He is also a director of a number of energy and energy-related companies.	3,910,085 (1.05%)

Name and Province and Country of Residence	Position Presently Held with ExploreCo	Held Office Since	Principal Occupation For the Past Five Years	Holdings of ExploreCo Shares <sup>(1)</sup>
William Lancaster Denver, Colorado USA <sup>(4)(6)</sup>	Director	May 31, 2022	Mr. Lancaster joined GMT Energy Resources Limited (" <b>GMT Energy</b> ") as Vice President of Exploration and Production on January 1, 2000. Effective April 20, 2001, Mr. Lancaster was named President of GMT Energy. Mr. Lancaster resigned from his position with GMT Energy effective January 4, 2005 with the sale of GMT Energy. On the same date he was named President of GMT Exploration Company LLC, and has since served as a member of the board of directors and President of GMT Exploration Company LLC since that time.	1,390,299 (0.37%)
Tom Medvedic Calgary, Alberta Canada <sup>(3)(4)(7)</sup>	Director	May 31, 2022	Mr. Medvedic is currently the Chief Financial Officer of NorthRiver Midstream Inc. Prior thereto, Mr. Medvedic served as the President, Canadian Division of Calfrac Well Services Ltd. from 2015 to 2019.	1,439,956 (0.39%)
Raymond T. Hyer Belleair Shore, Florida USA <sup>(3)(5)(6)</sup>	Director	May 31, 2022	Mr. Hyer was the President, CEO and Chairman of Gardner-Gibson, Inc. (" <b>Gardner-Gibson</b> ") and remained in these positions until his retirement in 2017. Mr. Hyer also served as Chairman of the board of directors of Sun Paints & Coatings, Inc. (" <b>Sun Coatings</b> ") for over 35 years. In late 2020 both Sun Coatings and Gardner-Gibson were sold to strategic buyers. Mr. Hyer continues to remain the Chairman of the board of directors of Rowell Chemical Corp. in the Midwest United States.	18,175,289 (4.90%)
Harvey Doerr Calgary, Alberta Canada <sup>(5)(6)(7)</sup>	Director	May 31, 2022	Mr. Doerr has more than 29 years of full-time experience in the oil and gas industry, including broad exposure to domestic and international exploration and production, heavy oil and oilsands, offshore, refining, retail marketing, acquisitions and divestitures, strategic planning and government relations. He was previously Executive Vice President of Murphy Oil Corporation, responsible for worldwide refining and marketing operations and strategic planning. Prior thereto, Mr. Doerr held various positions in the upstream oil and gas industry with Murphy Oil Corporation and affiliates, primarily in Canada. Since his retirement from Murphy Oil in 2009, Mr. Doerr has continued his career as a professional director, serving on the boards of directors of a number of public, private and not-for-profit corporations	1,631,731 (0.44%)

<b>Name and Province and Country of Residence</b>	<b>Position Presently Held with ExploreCo</b>	<b>Held Office Since</b>	<b>Principal Occupation For the Past Five Years</b>	<b>Holdings of ExploreCo Shares<sup>(1)</sup></b>
Dion Hatcher Calgary, Alberta Canada <sup>(2)(6)(7)</sup>	Director	May 31, 2022	Since January 2022, President of Vermilion. From November 2020 to December 2021, Vice President North America of Vermilion. From March 2016 to November 2020, Vice President Canada Business Unit of Vermilion.	Nil

**Notes:**

- (1) Percentages are based on 370,876,151 ExploreCo Shares issued and outstanding, which includes ExploreCo Shares issued under the ExploreCo Parent Private Placement and the ExploreCo Private Placement but excludes ExploreCo Shares issuable upon exercise of ExploreCo Arrangement Warrants and ExploreCo Unit Warrants.
- (2) Mr. Hatcher is the nominee of Vermilion pursuant to Vermilion's right to nominate a director of ExploreCo under the Investor Rights Agreement.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Corporate Governance Committee.
- (6) Member of the Reserves Committee.
- (7) Member of the Safety Committee.

ExploreCo has established an Audit Committee, a Corporate Governance Committee, a Compensation Committee, a Safety Committee and a Reserves Committee. Members of these committees are set forth in the notes to the above table.

Each of the directors of ExploreCo will hold office until the first annual meeting of the holders of ExploreCo Shares or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with ExploreCo's articles or by-laws.

As at the date hereof, the current directors and executive officers of ExploreCo, as a group, beneficially own or control or direct, directly or indirectly, approximately 66,952,432 ExploreCo Shares, being approximately 18.05% of the issued and outstanding ExploreCo Shares, on the basis of 370,876,151 ExploreCo Shares issued and outstanding (which includes ExploreCo Shares issued under the ExploreCo Parent Private Placement and the ExploreCo Private Placement but excludes ExploreCo Shares issuable upon exercise of ExploreCo Arrangement Warrants and ExploreCo Unit Warrants).

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed below:

- (a) no current or proposed director or officer or securityholder holding a sufficient number of securities of ExploreCo to affect materially the control of ExploreCo has, within the last ten years prior to the date of this document, been a director, chief executive officer or chief financial officer of any issuer (including ExploreCo) that, (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was subject to an order that resulted, after the director, executive officer or securityholder holding a sufficient number of securities of ExploreCo to affect materially the control of ExploreCo ceased to be a director, chief executive officer or chief financial officer of an issuer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer;

- (b) no current or proposed director or officer or security holder holding a sufficient number of securities of ExploreCo to affect materially the control of ExploreCo has, within the last ten years prior to the date of this document, been a director or executive officer of any company (including ExploreCo) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) no current or proposed director or officer or securityholder holding a sufficient number of securities of ExploreCo to affect materially the control of ExploreCo has, within the last ten years prior to the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or securityholder; and
- (d) no current or proposed director or officer or securityholder holding a sufficient number of securities of ExploreCo to affect materially the control of ExploreCo has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Brussa resigned as a director of Calmena Energy Services Inc. ("**Calmena**") on June 30, 2014. On January 19, 2015, a senior lender of Calmena (the "**Calmena Senior Lender**") made an application to the Alberta Court of Queen's Bench to appoint an interim receiver under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and trading in the common shares of Calmena was suspended by the Toronto Stock Exchange. On January 20, 2015, the Calmena Senior Lender was granted a receivership order by the Alberta Court of Queen's Bench.

Mr. Brussa was a director of Enseco Energy Services Corp. ("**Enseco**"), a public oilfield service company, which was placed in receivership on October 14, 2015 and, in connection therewith, a receiver was appointed under the BIA. Mr. Brussa resigned as a director of Enseco on October 14, 2015. On December 21, 2015 Enseco was assigned into bankruptcy by the receiver.

Mr. Brussa was a director of Argent Energy Ltd. which was the administrator of Argent Energy Trust. On February 17, 2016, Argent Energy Trust and its Canadian and United States holding companies (collectively "**Argent**") commenced proceedings under the CCAA for a stay of proceedings until March 19, 2016. On the same date, Argent filed voluntary petitions for relief under Chapter 15 of the United States Bankruptcy Code ("**Chapter 15**"). On March 9, 2016, the stay of proceedings under the CCAA was extended until May 17, 2016. Additionally on March 10, 2016 the United States Bankruptcy Court approved an order recognizing the CCAA as the foreign main proceedings under Chapter 15. Mr. Brussa resigned as a director of Argent Energy Ltd. on June 30, 2016.

Mr. Brussa resigned as a director of Twin Butte Energy Ltd. ("**Twin Butte**") on September 1, 2016. On September 1, 2016, the senior lenders of Twin Butte (the "**Twin Butte Senior Lenders**") made an application to the Alberta Court of Queen's Bench to appoint a receiver and manager over the assets, undertakings and property of Twin Butte under the BIA and trading in the common shares of Twin Butte was suspended by the Toronto Stock Exchange. On September 1, 2016, the Twin Butte Senior Lenders were granted a receivership order by the Alberta Court of Queen's Bench.

Mr. Brussa and Mr. Zakresky were both directors of Virginia Hills Oil Corp. ("**VHO**"), an Exchange listed oil and gas company. On February 13, 2017, VHO received a demand notice and notice of intention to enforce security from its lenders and agreed to consent to the early enforcement of the lenders' security and the appointment of a receiver over all of the current and future assets, undertakings and properties of VHO. The receiver was appointed on February 13, 2017. Mr. Brussa and Mr. Zakresky both resigned as directors of VHO on February 24, 2017.

Mr. Peterson was formerly a director of Great Prairie Energy Services Corp. ("**GPE**") (a public oilfield service company) which was placed in receivership on January 22, 2016. Mr. Peterson resigned as a director of GPE in connection with the appointment of the receiver on January 22, 2016.

From July 8, 2010 to February 20, 2018, Mr. Peterson was a director of Manito Energy Inc. ("Manitok"), a company listed on the TSX Venture Exchange. On January 10, 2018, Manito announced that it had filed a Notice of an Intention to Make a Proposal (the "NOI") pursuant to the provisions of the Bankruptcy and Insolvency Act (Canada), naming FTI Consulting Canada Inc. ("FTI") as the proposed trustee. Manito was unable to form a proposal with its creditors within 30 days after filing its NOI and as a result, on February 20, 2018, the Court of Queen's Bench of Alberta issued a Receivership Order placing Manito into receivership and substituting Alvarez & Marsal Canada Inc. ("Alvarez") in place of FTI as the trustee in bankruptcy. The Court also appointed Alvarez as the receiver and manager of Manito and terminated the NOI. All of the directors of Manito, including Mr. Peterson, resigned.

### Conflicts of Interest

Circumstances may arise where members of the ExploreCo Board of Directors or officers of ExploreCo are directors or officers of companies, which are in competition to the interests of ExploreCo. Pursuant to the ABCA, directors who have an interest in a proposed transaction upon which the ExploreCo Board of Directors is voting are required to disclose their interests and refrain from voting on the transaction. As of the date of this Listing Application and to the knowledge of the directors and officers of ExploreCo, there are no existing conflicts of interest between ExploreCo and any of the individuals acting as directors or officers.

### Previous Reporting Issuer Experience of the Directors and Officers of ExploreCo

The following table sets the previous reporting issuer experience of the directors and officers of ExploreCo for the last five years from the date of this Listing Application.

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position</b>	<b>From (month/year)</b>	<b>To (month/year)</b>
<b>Robert Zakresky</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	President, Chief Executive Officer and Director	June 10, 2014	May 31, 2022
<b>Terry L. Trudeau</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Vice President, Operations and Chief Operating Officer	July 4, 2014	May 31, 2022
<b>Nolan Chicoine</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Vice President, Finance and Chief Financial Officer	June 10, 2014	May 31, 2022
<b>Peter Cochrane</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Vice President, Engineering	July 4, 2014	May 31, 2022
<b>Helmut R. Eckert</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Vice President, Land	July 4, 2014	May 31, 2022
<b>John Fur</b>	N/A	N/A	N/A	N/A	N/A
<b>John Brussa</b>	Leucrotta Exploration Inc., Alberta, Canada Crew Energy Inc., Alberta, Canada	TSX Venture Exchange Toronto Stock Exchange	Director Director	July 4, 2014 September 2, 2003	May 31, 2022 Present

	CVW CleanTech Inc., Alberta, Canada	TSX Venture Exchange	Director	January 12, 2022	Present
	Crown Capital Partners Inc., Alberta, Canada	Toronto Stock Exchange	Director	May 5, 2020	Present
	Cardinal Energy Ltd., Alberta, Canada	Toronto Stock Exchange	Director	December 10, 2013	Present
	Baytex Energy Corp., Alberta, Canada	Toronto Stock Exchange	Director	January 1, 2011	May 3, 2018
	Storm Resources Ltd., Alberta, Canada	Toronto Stock Exchange (has since ceased reporting)	Director	January 1, 2011	May 3, 2018
	TORC Oil & Gas Ltd., Alberta, Canada	Toronto Stock Exchange (has since ceased reporting)	Director	November 19, 2012	February 24, 2021
	Just Energy Group Inc., Ontario, Canada	TSX Venture Exchange	Director	January 1, 2011	June 26, 2019
<b>William Lancaster</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Director	August 25, 2020	May 31, 2022
	Pipestone Energy Corp., Alberta, Canada	Toronto Stock Exchange	Director	January 9, 2019	Present
<b>Tom Medvedic</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Director	July 4, 2014	May 31, 2022
	Calfrac Well Service Ltd., Alberta, Canada	Toronto Stock Exchange	Chief Financial Officer; President, Canadian Division; Sr. VP	July 12, 2004	March 15, 2019
<b>Raymond T. Hyer</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Director	June 29, 2021	May 31, 2022
<b>Harvey Doerr</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Director	June 29, 2021	May 31, 2022
	Seven Generations Energy Ltd., Alberta, Canada	Toronto Stock Exchange (has since ceased reporting)	Director	May 4, 2016	April 6, 2021
	Newalta Corporation, Alberta, Canada	Toronto Stock Exchange (has since ceased reporting)	Director	May 7, 2014	July 19, 2018
	MEG Energy Corp., Alberta, Canada	Toronto Stock Exchange	Director	July 27, 2010	June 17, 2020
<b>Dion Hatcher</b>	Vermilion Energy Inc., Alberta, Canada	Toronto Stock Exchange	President; Vice President, North America	March 1, 2016	Present
<b>Gregory Peterson</b>	Leucrotta Exploration Inc., Alberta, Canada	TSX Venture Exchange	Corporate Secretary	July 3, 2014	May 31, 2022
	Manitok Energy Ing., Alberta, Canada	TSX Venture Exchange	Director	July 8, 2010	February 20, 2018

## **ITEM 17 - EXECUTIVE COMPENSATION**

### **Year Ended December 31, 2021**

ExploreCo was incorporated on March 24, 2022. To date, ExploreCo has not carried on any active business (except in respect of the Arrangement) and has not completed a fiscal year of operations. No compensation has yet been paid by ExploreCo to its executive officers or directors.

### **Expectations for the Year Ended December 31, 2022**

#### **Executive and Employee Compensation Principles**

##### **Compensation Discussion and Analysis**

The Board of Directors recognizes that ExploreCo's success depends greatly on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if ExploreCo has an appropriately structured and executed compensation program. The principal objectives of ExploreCo's compensation program are as follows:

1. to attract and retain qualified officers and employees;
2. to align officer and employee interests with those of the shareholders; and
3. to reward both demonstration of leadership and performance as measured against specific objectives.

##### **Compensation Committee**

The Board has established a Compensation Committee of all independent directors within the meaning of National Instrument 52-110 *Audit Committees*. Each member of the Compensation Committee has direct experience that is relevant to his responsibilities in executive compensation, as well as the skills and experience necessary to enable him to make decisions as to the suitability of ExploreCo's policies and practices. These skills have been acquired, in part, through their involvement in executive management and other roles with other companies. In connection with their various responsibilities, all of the members of the Compensation Committee have experience in the implementation and management of compensation policies and practices.

The mandate of the Compensation Committee is to:

- (a) review ExploreCo's overall corporate goals and objectives and ensure they are supported by appropriate executive compensation philosophy and programs;
- (b) annually evaluate the performance of the Chief Executive Officer against predetermined goals and criteria and recommend to the Board the total compensation for the Chief Executive Officer;
- (c) annually review and provide input in respect of the Chief Executive Officer's recommendations for compensation of the executives that report directly to the Chief Executive Officer;
- (d) review the succession planning process and results of the process as it relates to executive roles;
- (e) review, and approve as appropriate, any significant compensation and benefit programs for all employees; and
- (f) review and recommend to the Board the compensation to be provided to members of the Board and ensure its competitiveness.

The Compensation Committee will convene at least once a year to review compensation for all executive officers and conducts an independent evaluation of compensation for current management. The Compensation Committee will

submit its recommendations to the Board. The Compensation Committee has the goal of achieving an effective compensation structure that aligns the interests of management with those of the shareholders.

#### *Executive Compensation*

ExploreCo's policy is to provide a compensation package that will:

- (a) align executive compensation with shareholders' interests;
- (b) attract and retain qualified executive officers;
- (c) focus performance by linking incentive compensation to the achievement of corporate objectives and financial results; and
- (d) encourage retention of key executives for leadership succession.

ExploreCo will rely solely on the Compensation Committee to determine the compensation of ExploreCo's executive officers. While the Compensation Committee will consider various factors (as discussed above) when determining executive compensation, it will not apply any formal objectives or criteria.

#### *Compensation of the Chief Executive Officer*

The factors to be considered by the Compensation Committee in determining total compensation for the Chief Executive Officer, as well as the manner in which these factors are reviewed, are similar to those used in determining total compensation for the other executive officers of ExploreCo. However, in the case of the Chief Executive Officer, more weight will generally be given to strategic planning to support future shareholder value and the reward for high performance generally takes the form of stock options (rather than some other component(s) of executive compensation discussed above). Following the Compensation Committee's evaluation of the Chief Executive Officer's performance, the Compensation Committee will prepare a compensation recommendation for the review and approval of the Board.

#### **Components of Compensation**

The components of executive compensation of ExploreCo are discussed below. Although each of the components has different objectives, each will be considered by the Compensation Committee to be equally important and each must be competitive within ExploreCo's peer group.

#### *Base Salary*

Base salaries for executive officers will be determined by the Compensation Committee generally on the basis of position held, related responsibilities and functions performed, having regard to base salary ranges for similar positions in ExploreCo's comparative group. The Compensation Committee will also consider an annual industry survey containing comparative data for a peer group of oil and gas companies. Compensation levels are to approximate the median level of the survey, but individual and corporate performance will also be considered by the Compensation Committee in assessing compensation.

#### *Bonus Plan*

Bonuses for executive officers are to be determined by the Compensation Committee generally on the basis of position held, related responsibilities and functions performed. The Compensation Committee will also consider ExploreCo's performance.

### *Stock Options*

Stock options are to be granted by the Compensation Committee and, in determining the number of options to be granted, the Compensation Committee is to consider the number and terms of options held by each executive officer, the responsibilities and functions of each executive officer, the individual performance of each executive officer and the overall performance of ExploreCo.

Options are an important means of compensating officers and employees and aligning the interests of officers and employees with the interests of the shareholders. These factors will be taken into consideration by the Compensation Committee when evaluating appropriate total executive compensation and in some cases, individual salaries and bonuses are adjusted accordingly in order to continue to attract and retain quality and experienced people.

Option grants and proposed grants for employees and officers will be reviewed and discussed from time to time by the Compensation Committee and the Board. The Compensation Committee, as part of its mandate, will administer the ExploreCo Stock Option Plan approved by the Board in accordance with its terms including making recommendations to the Board regarding the grant of options to employees. The Compensation Committee will also review and make recommendations to the Board pertaining to options for officers, including the Chief Executive Officer, and members of the Board.

Please see "ITEM 8 - *Disclosure of Outstanding Security Data on Fully Diluted Basis*" for more information.

### **Compensation Risk**

The Compensation Committee will review compensation policies and practices of ExploreCo taking into account any risks associated with these policies and practices. Those risks and uncertainties which may have a material adverse effect on ExploreCo will be reviewed on a quarterly basis by management of ExploreCo and the Audit Committee.

The ExploreCo has not adopted a formal policy forbidding an insider from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the insider, ExploreCo is not aware of any insider having entered into this type of transaction.

### **Pension Plans and Retiring Allowances**

ExploreCo does not currently provide its officers, including the Chief Executive Officer, with pension plan benefits or retiring allowances.

### **Summary Compensation Table**

As of the date of this Listing Application, the exact compensation allocated to the Named Executive Officers has not been determined, as such compensation will vary on a monthly basis depending on certain factors such as the performance of the Sold Assets and other factors as discussed under "Compensation Discussion and Analysis". However, management of ExploreCo expects to allocate compensation to its Named Executive Officers (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) in a manner consistent with that of Leucrotta.

It is anticipated that the highest paid individuals of ExploreCo, other than ExploreCo's Chief Executive Officer and Chief Financial Officer, will be Terry Trudeau, Chief Operating Officer and VP Operations, who will have an annualized salary of \$295,000 (pro rated \$138,000 for the 2022 year after closing of the Arrangement), and John Fur, Vice President, Geosciences, who will have an annualized salary of approximately \$257,000 (pro rated \$120,000 for the 2022 year after closing of the Arrangement). The anticipated executive salaries for 2022 are expected to be \$773,000 and the total non-executive salaries for 2022 are expected to be \$432,000.

### **Outstanding Share-Based Awards and Option-Based Awards**

As of the date hereof, ExploreCo does not have any share-based awards or option-based awards outstanding.

### Termination and Change of Control Benefits

As at the date hereof, ExploreCo does not have any employment agreements with any of its officers. Pursuant to option agreements to be entered into in respect of any outstanding options, in certain circumstances as outlined in the ExploreCo Stock Option Plan, the vesting of options granted thereunder are accelerated.

### Director Compensation

ExploreCo does not have any share-based awards or option-based awards outstanding. ExploreCo has not to date granted any options and no decisions have been made by the Board regarding the future grant of options during 2022.

### Directors' Outstanding Share-Based Awards and Option-Based Awards

ExploreCo does not have any share-based awards or option-based awards outstanding. ExploreCo has not to date granted any options.

## ITEM 18 - INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time since the incorporation of ExploreCo has there been any indebtedness, other than routine indebtedness, of any director or officer of ExploreCo, any proposed directors of ExploreCo, or any associate or affiliate of any such director or officer, to ExploreCo or to any other entity which is, or at any time since the beginning of the most recently completed financial period has been, the subject of a guarantee, support agreement, letter of agreement or other similar arrangement or understanding provided by ExploreCo.

## ITEM 19 - AUDIT COMMITTEE AND CORPORATE GOVERNANCE

The purpose of the Audit Committee to the ExploreCo Board of Directors is to provide assistance to the ExploreCo Board of Directors in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of ExploreCo. It is the objective of the Audit Committee to maintain a free and open means of communications among the ExploreCo Board of Directors, the independent auditors and the senior management of ExploreCo.

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") will require ExploreCo, as a venture issuer, to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

### The Audit Committee's Mandate

A copy of ExploreCo's Audit Committee Charter is attached as Appendix "D" to this Listing Application.

### Composition of the Audit Committee

The Audit Committee is comprised of the following individuals:

Name	Independent	Financially Literate
Tom Medvedic (Chair)	Independent	financially literate <sup>(1)</sup>
John Brussa	Independent	financially literate <sup>(1)</sup>
Raymond Hyer	Independent	financially literate <sup>(1)</sup>

Note:

<sup>(1)</sup> Within the meaning of NI 52-110.

## Relevant Education and Experience

All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer's financial statements, and have an understanding of internal controls.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his/her responsibilities as an Audit Committee member is as follows:

**Tom Medvedic** – Mr. Medvedic is currently the Chief Financial Officer of NorthRiver Midstream Inc. Mr. Medvedic brings over two decades of energy sector expertise in increasingly senior roles for large oil field services companies. Most recently, he was President of the Canadian Division of Calfrac Well Services, a leading independent global provider of specialized oilfield solutions, after holding roles including Chief Financial Officer, Senior Vice President of Corporate Development, and Vice President of Operations (Canadian Division). Prior to that, he held several senior finance positions at global oilfield service provider Ensign Energy Services Inc. Mr. Medvedic holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Professional Accountant. He has served as a director of several oil and gas companies in his career and is currently a member of the Dean's Advisory Council at the MacPhail School of Energy at the Southern Alberta Institute of Technology.

**John Brussa** – Mr. Brussa is Chairman of the Calgary-based energy law firm of Burnet, Duckworth & Palmer LLP and has been a partner of the firm since 1987, specializing in the area of taxation. He has been the Chairman of Crew since it was founded in 2003. He served on his first public oil and gas board in 1990 and currently serves on the board of directors for a number of energy and energy related companies. Mr. Brussa brings a wealth of experience stewarding both private and public companies through continued industry evolution and growth, and provides key strategic direction for managing operational strategy, hedging, legal aspects, tax implications and corporate governance. Mr. Brussa holds a Bachelor of Arts degree in History and Economics and a Bachelor of Laws degree. He is a past governor of the Canadian Tax Foundation and a Gold Medalist (Law) from the University of Windsor.

**Raymond Hyer** – Mr. Hyer was the President, CEO and Chairman of Gardner-Gibson, Inc. ("Gardner-Gibson") and remained in these positions until his retirement in 2017. Mr. Hyer also served as Chairman of the board of directors of Sun Paints & Coatings, Inc. ("Sun Coatings") for over 35 years.

## Audit Committee Oversight

Not applicable. The Audit Committee, having been appointed after closing of the Arrangement, has not yet made any recommendations regarding the nomination or compensation of an external auditor to the board of directors of ExploreCo.

## External Auditor Oversight

The Audit Committee will be responsible for the assessment of qualifications of external auditors, establishing and maintaining a direct line of communication with ExploreCo's internal (if any) and external auditors and assessing their performance, as well as reviewing and resolving any disagreements or issues between management and the external auditors regarding financial reporting. For additional information on the role and responsibilities of the Audit Committee, please see Appendix "D" for a copy of the Audit Committee Charter.

## Reliance on Certain Exemptions

ExploreCo is relying on the exemption provided by section 6.1 of NI 52-110 which provides that ExploreCo, as a Venture Issuer (as defined in NI 52-110), is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee is expected to adopt specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees (By Category)**

As of the date of this Listing Application, ExploreCo has not paid any fees to external auditors since incorporation.

### **Corporate Governance Disclosure**

The following sets out information in respect of ExploreCo's proposed corporate governance practices in accordance with National Instrument 58-101 – Disclosure of Corporate Governance Practices.

### **Board of Directors**

The ExploreCo Board of Directors is currently comprised of 6 directors, of which 5 are independent within the meaning of "independence" in section 1.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Accordingly, a majority of the ExploreCo Board of Directors is independent. All of the directors of ExploreCo are independent except for Robert Zakresky. Mr. Zakresky is not considered independent by virtue of being the President and Chief Executive Officer of ExploreCo.

In order to facilitate the exercise of independent judgment, ExploreCo has both appointed a Corporate Governance Committee and expects that members of the ExploreCo Board of Directors will recuse themselves from the discussion of and voting on any matters of ExploreCo which may be perceived to place them in a conflict of interest. In addition, it is anticipated that the independent directors of ExploreCo will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, typically in conjunction with each regularly scheduled meeting of the ExploreCo Board of Directors. Further, the ExploreCo Board of Directors is expected to facilitate its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, it is expected that the ExploreCo Board of Directors will examine the effectiveness of ExploreCo's internal control processes and information systems.

Several of ExploreCo's directors serve as directors of other reporting issuers as indicated in the table below.

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>
John Brussa	Cardinal Energy Ltd., Crew Energy Inc., CVW CleanTech Corp., Crown Capital Partners Inc.
William Lancaster	Pipestone Energy Corp.

### **Corporate Governance Committee**

The purpose of ExploreCo's Corporate Governance Committee to the Board of Directors is to provide a focus on corporate governance that will enhance corporate performance and to ensure, on behalf of the Board of Directors and ExploreCo's shareholders, that ExploreCo's corporate governance system is effective.

The members of the Corporate Governance Committee are John Brussa (Chair), Ray Hyer and Harvey Doerr, all of whom are independent.

Responsibilities of the Corporate Governance Committee include, but are not limited to:

- develop and monitor ExploreCo's overall approach to corporate governance issues and, subject to approval by the Board of Directors, implement and administer a system of corporate governance which reflects superior standards of corporate governance practices;

- report annually to ExploreCo's shareholders, through ExploreCo's annual management proxy circular or annual report to shareholders, on ExploreCo's system of corporate governance and the operation thereof, having reference to the applicable corporate governance guidelines;
- analyze and report to the Board of Directors on the relationship of each director to ExploreCo as to whether such director is considered to be independent; and
- advise the Board of Directors or any of the committees of the Board of Directors of any corporate governance issues which the Corporate Governance Committee determines ought to be considered by the Board of Directors or any such committee.

### **Board Mandate**

The ExploreCo Board of Directors adopted its charter and mandate ("**Board Charter**") on June 1, 2022, promptly after the completion of the Arrangement and concurrent with the establishment of the Audit Committee, Compensation Committee, Corporate Governance Committee, Safety Committee and Reserves Committee.

In addition to statutory requirements of directors, responsibilities of the Board of Directors under the Board Charter include those relating to ensuring appropriate structures and procedures are in place to permit the Board of Directors to function independent of ExploreCo management, manage risk, determine long-term goals and strategic planning of ExploreCo and effectively communicate with its shareholders and stakeholders.

### **Orientation and Continuing Education**

ExploreCo's Corporate Governance Committee is responsible for ensuring that new members of the Board of Directors have appropriate training, that all directors have available continuing education opportunities and that a director's manual (the "**Director's Manual**") is maintained and provided to all ExploreCo directors. The Director's Manual is expected to contain, among other things, information regarding the roles and responsibilities of the ExploreCo Board of Directors and each committee of the ExploreCo Board of Directors, any governance policies and charters adopted by the ExploreCo Board of Directors and financial and operational information regarding ExploreCo.

### **Ethical Business Conduct**

The ExploreCo Board of Directors has adopted a Code of Business Conducts and Ethics Policy and a Whistleblower Policy. The Board Charter requires the Board of Directors to, either as a whole or through its committees, ensure that ExploreCo operates at all times to the highest ethical and moral standards.

### **Compensation – Compensation Committee**

The members of the Compensation Committee of the ExploreCo Board of Directors are John Brussa (Chair), William Lancaster and Tom Medvedic. The Compensation Committee is responsible for annually determining the compensation to be received by ExploreCo's directors and executive officers. Compensation is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contributions of the individuals involved and the overall performance of ExploreCo. With respect to directors' compensation, the Compensation Committee is responsible for reviewing the level and form of compensation received by the directors, members of each committee and the chair of each committee, considering the duties and responsibilities of each director, his or her past service and continuing duties in service to ExploreCo. The compensation of directors and executive officers of competitors will be considered, to the extent publicly available, in determining compensation and the Compensation Committee will have the power to engage a compensation consultant or advisor to assist in determining appropriate compensation.

Please see "ITEM 17 - *Executive Compensation*" for more information.

### **Assessments – Compensation Committee**

In addition to determining compensation, the Compensation Committee is responsible for conducting an annual evaluation and assessment of the performance, contribution and effectiveness of individual directors, each chair of each committee chair, each committee and the ExploreCo Board of Directors as a whole. Please see "ITEM 17 - *Executive Compensation*" for more information.

### **Reserves Committee**

The members of the Compensation Committee are Dion Hatcher (Chair), Harvey Doerr, Raymond Hyer and William Lancaster. The function of the Reserves Committee is to meet with ExploreCo's independent reserves evaluation engineers, at least annually, to discuss the evaluation of ExploreCo's reserves and to assist ExploreCo in fulfilling its duties and obligations under NI 51-101.

### **Safety Committee**

The members of the Safety Committee are Harvey Doerr (Chair), Dion Hatcher and Tom Medvedic. The function of the Safety Committee is to review and monitor the environmental policies and activities of ExploreCo and the activities of ExploreCo as they relate to the health and safety of ExploreCo's employees in the workplace.

## **ITEM 20 - AGENT, SPONSOR OR ADVISOR**

ExploreCo has received an exemption from sponsorship pursuant to section 3.4 of Policy 2.2 of the TSX Venture Exchange Corporate Finance Manual in connection with its application to list the ExploreCo Shares on the Exchange.

There are no constraints imposed on the ownership of securities of ExploreCo to ensure a required level of Canadian ownership.

## **ITEM 21 - RISK FACTORS**

The risks and uncertainties below are not the only ones facing ExploreCo. Additional risks and uncertainties not presently known to ExploreCo or that ExploreCo currently considers immaterial may also impair the business and operations of ExploreCo and cause the price of the ExploreCo Shares to decline. If any of the following risks actually occur, ExploreCo business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the ExploreCo Shares could decline and purchasers of the ExploreCo Shares may lose all or part of their investment.

### **Risks Relating to the Arrangement**

#### ***Possible Failure to Realize Anticipated Benefits of the Arrangement and the Acquisition***

ExploreCo completed the Arrangement and the Acquisition to position itself in the oil and natural gas industry and to create the opportunity to realize certain benefits. Achieving the benefits of the Acquisition depends in part on factors outside of ExploreCo control, including, but not limited to, commodity prices, regulatory regimes and tax and royalty regimes. The purchase price for the Sold Assets is partially based on engineering and economic assessments made by independent petroleum engineers as well as actual historical financial and operating results. These assessments and historical results include a number of material assumptions and factors regarding matters such as recoverability and marketability of oil, natural gas and NGLs, future prices of oil, natural gas and NGLs, and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the operator of the Sold Assets and ExploreCo. In particular, changes in the prices of and markets for petroleum, natural gas, NGLs and sulphur from those anticipated at the time of making such assessments will affect the return on the value of the ExploreCo Shares. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower production and reserves than that attributed to the Sold Assets.

Acquisitions of oil and gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas, future operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of ExploreCo. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated. Although select title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat ExploreCo title to certain assets or that environmental defects, liabilities or deficiencies do not exist or are greater than anticipated. Such deficiencies or defects could adversely affect the value of the Sold Assets and ExploreCo securities.

### **Other Risks Relating to the Arrangement**

#### ***Forward-Looking Statements May Prove Inaccurate***

Leucrotta Shareholders and prospective investors are cautioned not to place undue reliance on ExploreCo's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

### **Risks Relating to ExploreCo and the Sold Assets**

#### ***Operational and Reserves Risks Relating to the Sold Assets***

The risk factors set forth in this Listing Application relating to the oil and natural gas business and the operations and reserves of ExploreCo apply equally in respect of the Sold Assets that ExploreCo is acquiring pursuant to the Acquisition. In particular, the reserve and recovery information in respect of the Sold Assets are only estimates, and the actual production from and ultimate reserves of those properties may be greater or less than the estimates contained in such reports. See "*Information Concerning the Statement of Reserves Data and Other Oil and Gas Information Regarding the Sold Assets – Significant Factors or Uncertainties*".

#### ***Volatility of Oil and Gas Prices and Markets***

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, the ongoing COVID-19 pandemic, OPEC actions, political uncertainties, sanctions imposed on certain oil producing nations by other countries and conflicts in the Middle East and Eastern Europe. Prices for oil and natural gas are also subject to the availability of foreign markets and ExploreCo's ability to access such markets. A material decline in prices could result in a reduction of ExploreCo's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of ExploreCo's reserves. ExploreCo's might also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on ExploreCo's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

ExploreCo's financial performance and condition are substantially dependent on the prevailing prices of oil and natural gas which are unstable and subject to fluctuation. Fluctuations in oil or natural gas prices could have an adverse effect on ExploreCo's operations and financial condition and the value and amount of its reserves. Prices for crude oil fluctuate in response to global supply of and demand for oil, market performance and uncertainty and a variety of other factors which are outside the control of ExploreCo, including, but not limited to, the world economy and OPEC's ability to adjust supply to world demand, government regulation, political stability and the availability of alternative fuel sources. Natural gas prices are influenced primarily by factors within North America, including North American

supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources. In addition, the marketability of the production depends upon the availability and capacity of gathering systems and pipelines and the effect of federal and provincial regulation on such production and general economic conditions. All of these factors are beyond the control of ExploreCo.

Fluctuations in the price of commodities and associated price differentials affect the value of ExploreCo's assets and ExploreCo's ability to pursue its business objectives. Prolonged periods of commodity price depression and volatility may also affect ExploreCo's ability to meet guidance targets and its financial obligations as they come due. Any substantial and extended decline in the price of oil and gas could have an adverse effect on ExploreCo's reserves, borrowing capacity, revenues, profitability and funds flow from operations and may have a material adverse effect on ExploreCo's business, financial condition, results of operations, prospects and the level of expenditures for the development of oil and natural gas reserves. This may include delay or cancellation of existing or future drilling or development programs or curtailment in production as the economics of producing from some wells may become impaired.

### ***Global Financial Markets***

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the American and European sovereign debt levels, have caused significant volatility in commodity prices. These events and conditions have caused a decrease in confidence in the broader United States and global credit and financial markets and have created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted company valuations and are likely to continue to impact the performance of the global economy going forward. Worldwide crude oil commodity prices are expected to remain volatile in the near future as a result of global excess supply, recent actions taken by OPEC, and ongoing global credit and liquidity concerns. This volatility may affect ExploreCo's ability to obtain equity or debt financing on acceptable terms.

### ***Indigenous Land and Rights Claims***

Opposition by Indigenous groups to the conduct our operations, development or exploratory activities in any of the jurisdictions in which ExploreCo conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact ExploreCo's progress and ability to explore and develop properties.

Some Indigenous groups have established or asserted Indigenous treaty, title and rights to portions of Canada. There are outstanding Indigenous and treaty rights claims, which may include Indigenous title claims, on lands where ExploreCo operates, and such claims, if successful, could have a material adverse impact on its operations or pace of growth. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims. ExploreCo is not aware that any claims have been made in respect of the Sold Assets. However, if a claim arose and was successful, it could have an adverse effect on ExploreCo and its operations.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect ExploreCo's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. The Blueberry Decision, from the British Columbia Supreme Court determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nations group on Treaty 8 lands in northeast British Columbia breached that group's treaty rights. Going forward, this decision may have significant impacts on the regulation of industrial activities in northeast British Columbia, including Treaty 8 lands where a substantial portion of ExploreCo's land will be situated. Further, it may lead to similar claims of cumulative effects across Canada

in other areas covered by numbered treaties. The long-term impacts of and associated risks of the decision on the Canadian oil and natural gas industry and ExploreCo remain uncertain.

In addition, to implement the UNDRIP the federal government passed the UNDRIP Act, the BC Government has passed DRIPA, and the Government of British Columbia issued a draft action plan in June 2021 for the implementation of DRIPA which contemplates enabling agreements with Indigenous governing bodies, including joint or consent-based decision-making agreements that reflect free, prior and informed consent. Other Canadian jurisdictions have also introduced or passed similar legislation, or begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by government is uncertain; additional processes may be created or legislation amended or introduced associated with project development and operations, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

On May 31, 2017, the British Columbia Supreme Court denied an injunction application brought by the BRFN which sought to restrain the Province of British Columbia from, among other things, permitting new oil and gas activities within a portion of northeast British Columbia, including Treaty 8 lands where a substantial portion of ExploreCo's land will be situated. Had the injunction application been successful, it would likely have had a material adverse impact on ExploreCo, its operations and production. The interlocutory injunction was part of an underlying claim by the BRFN against the Province of British Columbia, filed on March 3, 2015, which seeks relief for alleged breaches of treaty rights in northeast British Columbia. On June 29, 2021, the British Columbia Supreme Court issued the Blueberry Decision to address this underlying claim and determined that the cumulative impacts of industrial development on the traditional territory of the BRFN in northeast British Columbia had breached the BRFN's rights guaranteed under Treaty 8, as mentioned above. The Blueberry Decision and the subsequent negotiations between BRFN and the Government of BC as a result of this decision to implement measures to avoid the cumulative impacts of industrial development on the traditional territory of the BRFN, could have a material adverse effect on the Sold Assets and have a material adverse impact on ExploreCo.

### ***Political Uncertainty***

ExploreCo's results can be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact ExploreCo's operations and planned projects. This includes actions by regulators or other political actors to delay or deny necessary licenses and permits for ExploreCo's activities or restrict the operation of third-party infrastructure that ExploreCo relies on. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact ExploreCo's results.

Other government and political factors that could adversely affect ExploreCo's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, and the use of alternative fuels or uncompetitive fuel components could affect ExploreCo's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources, and the success of these initiatives may decrease demand for ExploreCo's products.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic in Canada, which has resulted in a rise in civil disobedience surrounding oil and natural gas development—particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt ExploreCo's activities.

### ***Impact of Pandemics***

Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illnesses could have an adverse impact on ExploreCo's results, business, financial condition or liquidity.

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The COVID-19 pandemic has negatively impacted the Canadian, U.S., and global economies; disrupted Canadian, U.S., and global supply chains; disrupted financial markets; contributed to a decrease in interest rates; resulted in ratings downgrades, credit deterioration and defaults in many industries; forced the closure of many businesses, led to loss of revenues, increased unemployment and bankruptcies; and necessitated the imposition of quarantines, physical distancing, business closures, travel restrictions, and sheltering-in-place requirements in Canada, the U.S., and other countries. If the pandemic is prolonged, including through subsequent waves, or if additional variants of COVID-19 emerge which are more transmissible or cause more severe disease, or if other diseases emerge with similar effects, the adverse impact on the economy could worsen. Moreover, it remains uncertain how the macroeconomic environment, and societal and business norms will be impacted following this COVID-19 pandemic. Unexpected developments in financial markets, regulatory environments, or consumer behaviour may also have adverse impacts on ExploreCo's results, business, financial condition or liquidity, for a substantial period of time.

ExploreCo's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, be adversely impacted as a result of the pandemic and/or decline in commodity prices as a result of:

- the shut-down of facilities or the delay or suspension of work on major capital projects due to workforce disruption or labour shortages caused by workers becoming infected with COVID-19, or government or health authority mandated restrictions on travel by workers or closure of facilities or worksites;
- suppliers and third-party vendors experiencing similar workforce disruption or being ordered to cease operations;
- reduced cash flows resulting in less funds from operations being available to fund capital expenditure budgets;
- reduced commodity prices resulting in a reduction in the volumes and value of reserves;
- crude oil storage constraints resulting in the curtailment or shutting in of production;
- counterparties being unable to fulfill their contractual obligations on a timely basis or at all;
- the inability to deliver products to customers or otherwise get products to market caused by border restrictions, road or port closures or pipeline shut-ins, including as a result of pipeline companies suffering workforce disruptions or otherwise being unable to continue to operate; and
- the ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, commodity prices and/or a change in market fundamentals.

The COVID-19 pandemic has also created additional operational risks for ExploreCo, including the need to provide enhanced safety measures for its employees and customers; comply with rapidly changing regulatory guidance; address the risk of, attempted fraudulent activity and cybersecurity threat behaviour; and protect the integrity and functionality of ExploreCo's systems, networks, and data as a larger number of employees work remotely. ExploreCo is also exposed to human capital risks due to issues related to health and safety matters, and other environmental stressors as a result of measures implemented in response to the COVID-19 pandemic, as well as the potential for a significant proportion of ExploreCo's employees, including key executives, to be unable to work effectively, because of illness, quarantines, sheltering-in-place arrangements, government actions or other restrictions in connection with the pandemic.

The extent to which the COVID-19 pandemic continues to impact ExploreCo's results, business, financial condition or liquidity will depend on future developments in Canada, the U.S. and globally, including the development and widespread availability of efficient and accurate testing options, and effective treatment options or vaccines. Despite the approval of certain vaccines by the regulatory bodies in Canada and the U.S., the ongoing evolution of the development and distribution of an effective vaccine also continues to raise uncertainty.

### ***Capital Markets***

As a result of the weakened global economic situation, ExploreCo, along with all other oil and gas entities, may have restricted access to capital, bank debt and equity, and is likely to face increased borrowing costs. Although ExploreCo's business has not changed, the lending capacity of all financial institutions has diminished and risk premiums have increased. As future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales, ExploreCo's ability to make such capital expenditures will be dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and ExploreCo's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, ExploreCo's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result.

If funds generated from operations are lower than expected or capital costs for these projects exceed current estimates, or if ExploreCo incurs major unanticipated expenses related to development or maintenance of its existing properties, it will be required to seek additional capital to maintain its capital expenditures at planned levels. Failure to obtain any financing necessary for ExploreCo's capital expenditure plans may result in a delay in development or production on ExploreCo's properties.

### ***Exploration, Development and Production Risks***

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of ExploreCo depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves ExploreCo may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in ExploreCo's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that ExploreCo will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of ExploreCo may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that commercial quantities of oil and natural gas will be discovered or acquired by ExploreCo.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, ExploreCo may explore for and produce sour

natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to ExploreCo.

In accordance with industry practice, ExploreCo is not fully insured against all of these risks, nor are all such risks insurable. Although ExploreCo maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event ExploreCo could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

### ***Reserve Estimates***

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and NGLs reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Listing Application and in the Information Circular are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. ExploreCo's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of Proved Reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, ExploreCo's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from ExploreCo's oil and gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities ExploreCo intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in ExploreCo's reserves since that date.

### ***Reserve Replacement***

ExploreCo's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on ExploreCo successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves ExploreCo may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in ExploreCo's reserves will depend not only on ExploreCo's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that ExploreCo's future exploration and

development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

### ***Hydraulic Fracturing***

Hydraulic fracturing involves the injection of water, sand and small amounts of additives under pressure into tight rock formations to stimulate hydrocarbon (natural gas and oil) production. The use of hydraulic fracturing is necessary to produce commercial quantities of natural gas and oil from many reservoirs. Concerns about seismic activity, including earthquakes, caused by hydraulic fracturing has resulted in regulatory authorities implementing additional protocols for areas that are prone to seismic activity or completely banning hydraulic fracturing in other areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third-party or governmental claims, and could increase ExploreCo's costs of compliance and doing business, as well as delay the development of oil, liquids and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. ExploreCo anticipates that federal, provincial and state regulatory frameworks to address concerns related to hydraulic fracturing will continue to emerge. ExploreCo's prospects may also be negatively impacted, any of which may have a material adverse effect on ExploreCo's business, financial condition and results of operations. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that ExploreCo is ultimately able to produce from its reserves. ExploreCo conducts its fracturing operations with reputable service providers, with due regard for potential impact on the environment and closely monitors and complies with the regulatory regime.

Water is an essential component of ExploreCo's drilling and hydraulic fracturing processes. Limitations or restrictions on ExploreCo's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If ExploreCo is unable to obtain water to use in its operations from local sources, it may need to be obtained from new sources and transported to drilling sites, resulting in increased costs, which could have a material adverse effect on its financial condition, results of operations, and cash flows.

In addition, ExploreCo must dispose of the fluids produced from oil, liquids and natural gas production operations, including produced water, which it does directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities regarding such disposal activities.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by ExploreCo or by commercial disposal well vendors that ExploreCo may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in ExploreCo or its vendors having to limit disposal well volumes, disposal rates and pressures or locations, or require ExploreCo or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on ExploreCo's business, financial condition, and results of operations.

### ***Project Risks***

ExploreCo will manage a variety of small and large projects in the conduct of its business. Project delays may delay expected revenues from operations. Significant project cost over-runs could make a project uneconomic. ExploreCo's ability to execute projects and market oil and natural gas depends upon numerous factors beyond ExploreCo's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;

- the availability of, and the ability to acquire, water supplies needed for drilling and hydraulic fracturing, or ExploreCo's ability to dispose of water used or removed from strata at a reasonable cost and within applicable environmental regulations;
- the supply of and demand for oil and natural gas;
- the availability of alternative fuel sources;
- the effects of inclement weather;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;
- currency fluctuations;
- changes in regulations;
- the availability and productivity of skilled labour;
- the regulation of the oil and natural gas industry by various levels of government; and
- governmental agencies.

Because of these factors, ExploreCo could be unable to execute projects on time, on budget or at all, and may not be able to effectively market the oil and natural gas that it produces.

#### ***Title to Assets***

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat ExploreCo's claim which may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect ExploreCo's title to the oil and natural gas properties ExploreCo controls that could impair ExploreCo's activities on them and result in a reduction of the revenue received by ExploreCo.

If a defect exists in the chain of title or in ExploreCo's right to produce, or a legal challenge or legislative change arises, it is possible that ExploreCo may lose all, or a portion of, the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

#### ***Expiration of Licences and Leases***

ExploreCo's properties are held in the form of licences and leases and working interests in licences and leases. If ExploreCo or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of ExploreCo's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

#### ***Failure to Realize Anticipated Benefits of Acquisitions and Dispositions***

ExploreCo may make acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as ExploreCo's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of ExploreCo. The integration of acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management will continually assess the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets may be periodically disposed of, so that ExploreCo can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of ExploreCo, if disposed of, could be expected to realize less than their carrying value on the financial statements of ExploreCo.

#### ***Availability of Drilling Equipment and Access***

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to ExploreCo and may delay exploration and development activities.

### ***Seasonality***

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable which prevents, delays or makes operations more difficult. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of ExploreCo's production if not otherwise tied-in. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of ExploreCo.

### ***Operational Dependence***

Other companies operate some of the assets in which ExploreCo will acquire an interest. As a result, ExploreCo has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect ExploreCo's financial performance. ExploreCo's return on assets operated by others therefore depends upon a number of factors that may be outside of ExploreCo's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to volatile commodity prices, many companies, including companies that may operate some of the assets in which ExploreCo's has an interest, may be in financial difficulty, which could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which ExploreCo has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, ExploreCo may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any of such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, ExploreCo potentially becoming subject to additional liabilities relating to such assets and ExploreCo having difficulty collecting revenue due from such operators or recovering amounts owing to ExploreCo from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse affect on ExploreCo's financial and operational results.

### ***Joint Ownership***

Many of ExploreCo's material assets are jointly held and are governed by contractual arrangements. As a result, certain decisions regarding these assets require the approval of ExploreCo's partners. While ExploreCo believes that it will have prudent governance and contractual rights in place, there can be no assurance that ExploreCo will not encounter disputes with partners that may impact operations or cash flows.

### ***Third Party Credit Risk***

ExploreCo may be exposed to third party credit risk through its contractual arrangements with its future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to ExploreCo, such failures may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects. ExploreCo's return on assets operated by others depends upon a number of factors that may be outside of ExploreCo's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices. In addition, poor credit conditions in the industry and of joint venture

partners may impact a joint venture partner's willingness to participate in ExploreCo's ongoing capital program, potentially delaying the program and the results of such program until ExploreCo finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in ExploreCo being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect ExploreCo's financial and operational results.

### ***Regulatory***

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. See "*Industry Conditions*". Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase ExploreCo's costs, any of which may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects. Further, the ongoing third party challenges to regulatory decisions or orders has reduced the efficiency of the regulatory regime, as the implementation of the decisions and orders has been delayed resulting in uncertainty and interruption to business of the oil and natural gas industry.

In order to conduct oil and gas operations, ExploreCo will require regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that ExploreCo will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect ExploreCo's business, financial condition and the market value of its shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity.

### ***Environmental***

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry.

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require ExploreCo to incur costs to remedy such discharge. Although ExploreCo believes that it will be in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

### ***Climate Change***

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially

hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries across the globe, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In addition, during the course of the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada's Prime Minister Justin Trudeau made several pledges aimed at reducing Canada's GHG emissions and environmental impact. As discussed below, ExploreCo faces both transition risks and physical risks associated with climate change and climate change policy and regulations.

ExploreCo's exploration and production facilities and other operations and activities emit GHGs and may require ExploreCo to comply with future federal legislation in Canada regulating emissions of GHGs. The future implementation or modification of GHG regulations could have a material impact on the nature of oil and natural gas operations, including those of ExploreCo. Given the evolving nature of the debate related to climate change and the control of GHGs and resulting requirements, it is not possible to predict the impact on ExploreCo and its operations and financial condition.

### ***Transition Risks***

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing ExploreCo's operating expenses, and, in the long-term, potentially reducing the demand for oil, liquids, natural gas and related products, resulting in a decrease in ExploreCo's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against oil and natural gas companies, including ExploreCo, for alleged personal injury, property damage, or other potential liabilities. While ExploreCo is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavorable ruling in any such case could adversely affect the demand for and price of securities issued by ExploreCo, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing, and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts require ExploreCo's management to dedicate significant time and resources to these climate change-related concerns, may adversely affect ExploreCo's operations, the demand for and price of ExploreCo's securities and may negatively impact ExploreCo's cost of capital and access to the capital markets.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, the International Sustainability Standards Board

has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators published for comment Proposed National Instrument 51-107 – Disclosure of Climate Related Matters, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. If ExploreCo is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

### ***Physical risks***

Based on ExploreCo's current understanding, the potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict ExploreCo's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of ExploreCo's assets are located in locations that are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to ExploreCo's assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

### ***Competition***

The petroleum industry is competitive in all its phases. ExploreCo will compete with numerous other organizations in the exploration, development, production and marketing of oil and natural gas. ExploreCo's competitors will include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of ExploreCo. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than ExploreCo. ExploreCo's ability to increase its reserves in the future will depend not only on its ability to explore and develop the Sold Assets, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory and development drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

### ***Hedging***

From time to time ExploreCo may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that ExploreCo engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, ExploreCo's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil and natural gas prices.

Similarly, from time to time ExploreCo may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the

United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, ExploreCo will not benefit from the fluctuating exchange rate.

### ***Insurance***

ExploreCo's proposed involvement in the exploration for and development of oil and natural gas properties may result in ExploreCo becoming subject to liability for pollution, blow outs, leaks of sour natural gas, property damage, personal injury or other hazards. Although ExploreCo will maintain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, such risks are not, in all circumstances, insurable or, in certain circumstances, ExploreCo may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to ExploreCo. The occurrence of a significant event that ExploreCo is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

ExploreCo's insurance policies will generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead ExploreCo to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, ExploreCo's overall risk exposure could be increased and ExploreCo could incur significant costs.

### ***Geo-Political Risks***

The marketability and price of oil and natural gas that may be acquired or discovered by ExploreCo is and will continue to be affected by political events throughout the world that cause disruptions in the supply of oil. Conflicts, or conversely peaceful developments, arising outside of Canada, have a significant impact on the price of oil and natural gas. Any particular event could result in a material decline in prices and therefore result in a reduction of ExploreCo's net production revenue.

In addition, ExploreCo's oil and natural gas properties, wells and facilities could be subject to a terrorist attack. If any of ExploreCo's properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects. ExploreCo will not have insurance to protect against the risk from terrorism.

### ***Alternatives to and Changing Demand for Petroleum Products***

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation devices could reduce the demand for oil, natural gas and other liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of hydrocarbons and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. ExploreCo cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on ExploreCo's business, financial condition, results of operations and cash flows by decreasing ExploreCo's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

### ***Gathering and Processing Facilities, Pipeline Systems and Rail***

ExploreCo will deliver its products through gathering and processing facilities and pipeline systems some of which it does not own and by rail. The amount of oil and natural gas that ExploreCo can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems and

railway lines. The lack of availability of capacity in any of the gathering and processing facilities, pipeline systems and railway lines, and in particular the processing facilities, could result in ExploreCo's inability to realize the full economic potential of its production or in a reduction of the price offered for ExploreCo's production. Although pipeline expansions are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and market oil and natural gas production. In addition, the pro-rationing of capacity on inter-provincial pipeline systems continues to affect the ability to export oil and natural gas. Furthermore, producers are increasingly turning to rail as an alternative means of transportation. In recent years, the volume of crude oil shipped by rail in North America has increased dramatically and it is projected to continue in this upward trend. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm ExploreCo's business and, in turn, ExploreCo's financial condition, results of operations and cash flows.

A portion of ExploreCo's production may, from time to time, be processed through facilities owned by third parties and over which ExploreCo does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a materially adverse effect on ExploreCo's ability to process its production and deliver the same for sale. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of particular shippers.

### ***Cost of New Technologies***

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before ExploreCo. There can be no assurance that ExploreCo will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If ExploreCo does implement such technologies, there is no assurance that ExploreCo will do so successfully. One or more of the technologies currently utilized by ExploreCo or implemented in the future may become obsolete. In such case, ExploreCo's business, financial condition and results of operations could be affected adversely and materially. If ExploreCo is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

### ***Enforcement of Operating Agreements***

Operations of the wells located on properties not operated by ExploreCo will generally be governed by operating agreements that typically require the operator to conduct operations in a good and workmanlike manner. Operating agreements generally provide, however, that the operator will have no liability to the other non-operating working interest owners for losses sustained or liabilities incurred, except such as may result from gross negligence or wilful misconduct. In addition, third-party operators are generally not fiduciaries with respect to ExploreCo.

### ***Fiscal and Royalty Regimes***

In addition to federal regulation, each province has legislation and regulations which govern land tenure, drilling and construction permits, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on well productivity, commodity prices, geographical location, field discovery data and the type or quality of the petroleum product produced.

The royalty regime in Alberta, British Columbia and any other jurisdictions in which ExploreCo's oil and natural gas assets are located, may be subject to further review and changes which could adversely impact ExploreCo's financial condition and operations and make future capital investments less economic. See "Industry Conditions – Royalties and Incentives" in this Listing Application.

### ***Liability Management***

Alberta and British Columbia have developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines in the event that a licensee or permit holder becomes defunct. The AER continues to implement the AB LM Framework, with changes to be gradually phased in throughout 2022, replacing the current AB LMR Program. A similar transition is being carried out by the BCOGC to implement the BC CLM Plan, particularly by way of replacing the BC LMR Program with the BC PCA Program. The implementation of the new AB LM Framework or other changes to the requirements of liability management programs may result in significant increases to the security that must be posted, increased and more frequent financial disclosure obligations or the denial of licence or permit transfers, which could impact the availability of capital to be spent by ExploreCo. These programs generally involve an assessment of the ratio of a licensee's deemed assets to deemed liabilities. If a licensee's deemed liabilities exceed its deemed assets, a security deposit is required. Changes of the ratio of ExploreCo's deemed assets to deemed liabilities or changes to the requirements of liability management programs may result in significant increases to the security that must be posted. This is of particular concern to junior oil and gas companies as they may be disproportionately affected by price instability. See "Industry Conditions – Liability Management Rating Programs" in this Listing Application.

### ***Breach of Confidentiality***

ExploreCo may disclose confidential information relating to its business, operations or affairs while discussing potential business relationships or other transactions with third parties. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put ExploreCo at competitive risk and may cause significant damage to its business. The harm to ExploreCo's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, ExploreCo will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

### ***Litigation***

In the normal course of ExploreCo's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries (including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, environmental issues, including claims relating to contamination or natural resource damages and contract disputes). The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to ExploreCo and as a result, could have a material adverse effect on ExploreCo's assets, liabilities, business, financial condition and results of operations. Even if ExploreCo prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse affect on ExploreCo's financial condition.

### ***Information Technology Systems and Cyber-Security***

ExploreCo relies heavily on information technology, such as computer hardware and software systems, in order to properly operate its business. In the event ExploreCo is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data, compromise confidential customer or employee information, result in the disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on ExploreCo's business, financial condition, results of operations and cash flows.

In the ordinary course of business, ExploreCo collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of ExploreCo's employees and third parties. Despite ExploreCo's security measures, its information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on ExploreCo's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen.

To date ExploreCo has not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that ExploreCo will not incur such losses in the future. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to ExploreCo's operations and damage to its reputation, which could have a material adverse effect on ExploreCo's business, financial condition, results of operations and cash flows. Although ExploreCo maintains a risk management program, which includes an insurance component that may provide coverage for the operational impacts from an attack to, or breach of, ExploreCo's information technology and infrastructure, including process control systems, ExploreCo does not maintain stand-alone cyber insurance. Furthermore, not all cyber risks are insurable. As a result, ExploreCo's existing insurance may not provide adequate coverage for losses stemming from a cyber-attack to, or breach of, its information technology and infrastructure.

### ***Delays in Business Operations***

In addition to the usual delays in payments by purchasers of oil and natural gas to ExploreCo or to the operators, and the delays by operators in remitting payment to ExploreCo, payments between these parties may be delayed due to restrictions imposed by lenders, accounting delays, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, adjustment for prior periods, or recovery by the operator of expenses incurred in the operation of the properties. Any of these delays could reduce the amount of cash flow available for the business of ExploreCo in a given period and expose ExploreCo to additional third party credit risks.

### ***Income Taxes***

ExploreCo will file all required income tax returns and believes that it is in full compliance with the provisions of the Tax Act and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of ExploreCo, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects ExploreCo. Furthermore, tax authorities having jurisdiction over ExploreCo may disagree with how ExploreCo calculates its income for tax purposes or could change administrative practices to ExploreCo's detriment.

### **Risks Relating to the Management of ExploreCo**

#### ***Reliance on Key Personnel***

ExploreCo's success will depend in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects. ExploreCo does not, and will not, have any key person insurance in effect for ExploreCo. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that ExploreCo will be able to continue to attract and retain all personnel necessary for the development and operation of the business of ExploreCo. Any inability on the part of ExploreCo to attract and retain qualified personnel may delay or interrupt the exploration for, and development and production of, oil and natural gas with respect to the Sold Assets. Sustained delays or interruptions could have a material adverse effect on the financial condition and performance of ExploreCo. In addition, rising personnel costs would adversely impact the costs associated with the exploration for,

and development and production of, oil and natural gas in respect of the Sold Assets, which could be significant and material.

### ***Potential Conflicts of Interest***

There may be circumstances in which the interests of ExploreCo and its affiliates will conflict with those of shareholders. ExploreCo and its affiliates may acquire oil and natural gas properties on their own behalf or on behalf of persons other than the shareholders. Neither ExploreCo, nor its management, will carry on their full-time activity on behalf of shareholders and, when acting on their own behalf or on behalf of others, may at times act in competition with the interests of shareholders.

In the event of such conflicts, decisions will be made on a basis consistent with the provisions of any relevant contractual arrangements and objectives and financial resources of each group of interested parties. ExploreCo will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat ExploreCo, and the other interested party, fairly taking into account all of the circumstances of ExploreCo and such interested party and to act honestly and in good faith in resolving such matters.

Circumstances may arise where members of the ExploreCo Board of Directors are directors or officers of corporations which are in competition to the interests of ExploreCo. No assurances can be given that opportunities identified by such board members will be provided to ExploreCo.

Certain directors of ExploreCo are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with ExploreCo to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See "Directors and Executive Officers – Conflicts of Interest" in this Listing Application.

### ***Management of Growth***

ExploreCo may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of ExploreCo to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of ExploreCo to deal with this growth may have a material adverse effect on ExploreCo's business, financial condition, results of operations and prospects.

### ***Internal Controls***

Effective internal controls are necessary for ExploreCo to provide reliable financial reports and to help prevent fraud. Although ExploreCo will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, ExploreCo cannot be certain that such measures will ensure that ExploreCo will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm ExploreCo's results of operations or cause it to fail to meet its reporting obligations. If ExploreCo or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in ExploreCo's financial statements and harm the trading price of the ExploreCo Shares.

### ***Discretion in Use of Funds***

While ExploreCo currently intends to use the funds as described herein, there may be circumstances that are not known at this time where a reallocation of available funds may be advisable for business reasons that management believes are in ExploreCo's best interests. As a result, there is no assurance ExploreCo will use the available funds as stated. Management will have discretion in the actual application of available funds and the failure by management to apply these funds effectively could have a material adverse effect on the business of ExploreCo.

## **Risks Relating to the ExploreCo Shares**

### ***No Prior Public Market for ExploreCo Shares***

No public market will exist for the ExploreCo Shares until and unless Exchange approval is obtained for the listing of the ExploreCo Shares on the Exchange. ExploreCo has applied to list the ExploreCo Shares (including all ExploreCo Shares issuable upon exercise of ExploreCo Arrangement Warrants) on the Exchange. Listing of the ExploreCo Shares will be subject to ExploreCo meeting and fulfilling all listing requirements of the Exchange. There is no assurance that ExploreCo will meet the listing requirements of the Exchange, however if listing approval is ultimately obtained, trading in the ExploreCo Shares is expected to commence shortly after the delisting of the Leucrotta Shares from the Exchange. There can be no assurance that the ExploreCo Shares will be listed on the Exchange. A failure to list the ExploreCo Shares on a designated stock exchange could result in a determination that the ExploreCo Shares are not qualified investments under the Tax Act for Deferred Plans and would likely render such shares "taxable Canadian property" for purposes of the Tax Act. An active and liquid market for the ExploreCo Shares may not develop or, if developed, may not be maintained. If an active public market does not develop or is not maintained, purchasers may have difficulty selling their ExploreCo Shares.

### ***Substantial Capital Requirements***

ExploreCo anticipates making substantial capital expenditures for the acquisition, exploration, development and production of the Sold Assets and other oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, ExploreCo's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- ExploreCo's credit rating;
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and ExploreCo's securities in particular.

Further, if ExploreCo's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including ExploreCo, to access additional financing and/or the cost thereof. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes ExploreCo to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to ExploreCo. ExploreCo may be required to seek additional equity financing on terms that are highly dilutive to existing shareholders. The inability of ExploreCo to access sufficient capital for its operations could have a material adverse effect on ExploreCo's business financial condition, results of operations and prospects.

### ***Additional Funding Requirements***

ExploreCo's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, ExploreCo may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause ExploreCo to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. Due to the conditions in the oil and natural gas industry and/or global economic and political volatility, ExploreCo may, from time to time, have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies to access, or the cost of, additional financing.

If ExploreCo's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect ExploreCo's ability to expend the necessary capital to replace its reserves or to maintain its production. If ExploreCo's funds from operations are not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available will be on terms acceptable to ExploreCo. Continued uncertainty in domestic and international credit markets could materially affect ExploreCo's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on ExploreCo's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

#### ***Variations in Foreign Exchange Rates and Interest Rates***

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. Material increases in the value of the Canadian dollar negatively impact ExploreCo's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of ExploreCo's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price ExploreCo receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used for ExploreCo's operations, which may have a negative impact on ExploreCo's financial results.

To the extent that ExploreCo engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which ExploreCo may contract.

An increase in interest rates could result in a significant increase in the amount ExploreCo pays to service debt, which could negatively impact the market price of the ExploreCo Shares.

#### ***Future Sales or Issuances of ExploreCo Shares and the Price of ExploreCo Shares***

Future sales, or the ability for sale, of substantial amounts of the ExploreCo Shares in the public market could adversely affect the prevailing market price for the ExploreCo Shares. If ExploreCo shareholders sell substantial amounts of their ExploreCo Shares in the public market, the market price of the ExploreCo Shares could decline these sales might also make it more difficult for ExploreCo to sell equity or equity-related securities in the future at a time and price that ExploreCo deems appropriate.

#### ***Issuance of Debt***

From time to time ExploreCo may enter into transactions to acquire assets or the shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase ExploreCo's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, ExploreCo may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither ExploreCo's articles nor its by-laws limit the amount of indebtedness that ExploreCo may incur. The level of ExploreCo's indebtedness from time to time, could impair ExploreCo's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

#### ***Dilution***

ExploreCo may make future acquisitions or enter into financings or other transactions involving the issuance of securities of ExploreCo which may be dilutive.

#### ***Dividends***

ExploreCo does not intend to pay dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of ExploreCo, the need for funds to finance ongoing operations and other considerations, as the ExploreCo Board of Directors considers relevant. See "Dividend Policy".

## **ITEM 22 - PROMOTERS**

ExploreCo does not have any promoters within applicable securities laws.

## **ITEM 23 - LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings against ExploreCo or involving the Sold Assets and ExploreCo is not a party to any legal proceedings and ExploreCo is not aware of any contemplated proceedings.

As at the date hereof, as applicable, there were (i) no penalties or sanctions imposed against ExploreCo or by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against ExploreCo that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements ExploreCo entered into before a court relating to a securities legislation or with a securities regulatory authority.

## **ITEM 24 - INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except for the proposed sale of the Sold Assets by Leucrotta to ExploreCo under the Conveyance Agreement, the proposed participation in the ExploreCo Private Placement by certain directors and officers of ExploreCo and as disclosed under "Directors and Executive Officers – Conflicts of Interest" in this Listing Application, management is not aware of any material interest, direct or indirect, of any director or officer of ExploreCo, any person beneficially owning, directly or indirectly, more than 10% of ExploreCo's voting securities, or any associate or affiliate of such person in any transaction within the last three years or in any proposed transaction which in either case has materially affected or will materially affect ExploreCo, other than as disclosed herein.

## **ITEM 25 - INVESTOR RELATIONS ARRANGEMENTS**

ExploreCo has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for ExploreCo.

## **ITEM 26 - AUDITORS, TRANSFER AGENTS AND REGISTRARS**

KPMG LLP, Chartered Professional Accountants, with their offices at 3100, 205 – 5th Avenue S.W., Calgary, Alberta T2P 4B9, are the auditors for ExploreCo. The transfer agent and registrar for the ExploreCo Shares is Computershare Trust Company of Canada in Calgary, Alberta and Toronto, Ontario.

## **ITEM 27 - MATERIAL CONTRACTS**

Except for the Arrangement Agreement and the Conveyance Agreement, ExploreCo has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect. The Arrangement Agreement is available for review on ExploreCo's SEDAR profile at [www.sedar.com](http://www.sedar.com). See "ITEM 33 – *Significant Acquisitions*" for details of the Conveyance Agreement.

## **ITEM 28 - EXPERTS**

Certain legal matters relating to the ExploreCo Private Placement will be passed upon, and have been passed upon, by Gowling WLG (Canada) LLP on behalf of ExploreCo and Leucrotta. The partners and associates of Gowling WLG (Canada) LLP as a group each own less than one percent of the outstanding ExploreCo Shares and any other outstanding securities of any associate or affiliate of ExploreCo. In addition, none of the partners or associates of Gowling WLG (Canada) LLP are currently expected to be elected, appointed or employed as a director, officer or employee of ExploreCo or any of its associates or affiliates.

GLJ are ExploreCo's independent engineers and have prepared the Reserves Report. Neither GLJ nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the outstanding ExploreCo Shares.

In addition, none of the officers, directors, employees or consultants of GLJ are currently expected to be elected, appointed or employed as a director, officer or employee of ExploreCo or any of its associates or affiliates.

KPMG LLP has prepared an independent auditors' report in connection with the financial statements of ExploreCo and the operating statements relating to the Sold Assets included in this Listing Application. KPMG LLP has advised that they are independent with respect to ExploreCo within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

#### **ITEM 29 - OTHER MATERIAL FACTS**

To the best of ExploreCo's knowledge, there are no other material facts in respect of ExploreCo which are not disclosed elsewhere in this Listing Application.

#### **ITEM 30 - ADDITIONAL INFORMATION – MINING OR OIL AND GAS APPLICANTS**

The following information is summarized from the Reserves Report. Note that not all figures and tables from the Reserves Report are reproduced below and the information below is qualified in its entirety by the Reserves Report contained at Appendix "E" of this Listing Application. Please also see "*Description of Business*" and "*Significant Acquisitions*" for additional information on the Sold Assets to be acquired pursuant to the Conveyance Agreement.

##### **Property Description and Location**

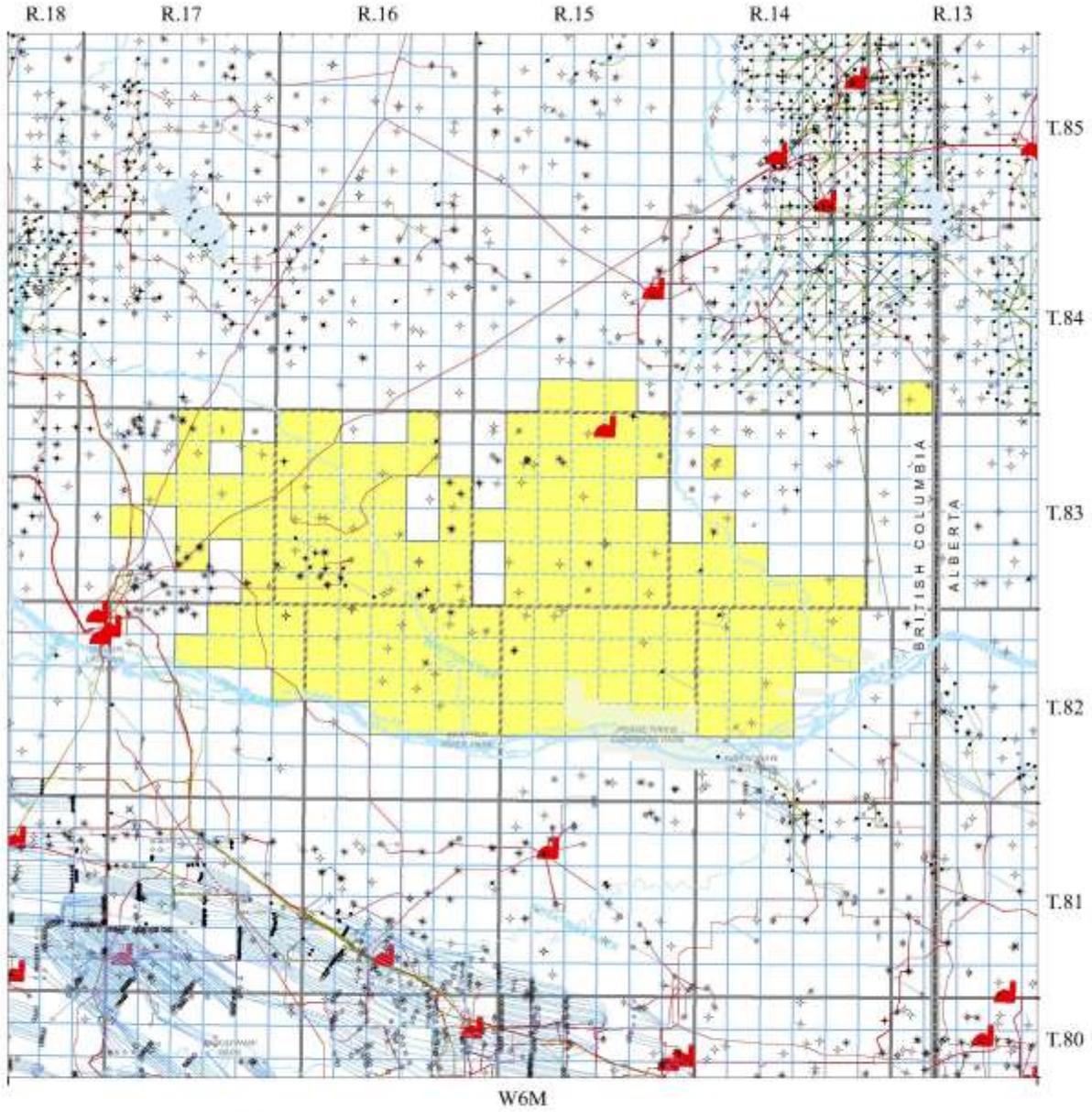
##### ***Location, Accessibility, Climate, Local Resources, Infrastructure and Physiology***

The Two Rivers property is located in Townships 082 to 084, Ranges 13 to 17 W6M near the British Columbia–Alberta border, approximately 30 kilometres southeast of Fort St. John. ExploreCo owns various interests in this property as detailed in the Land section and illustrated on the Land Map set out below.

### Land Map

Property: Two Rivers

Project: s1213120/twom01



As at December 31, 2021, there were two horizontal wells and one vertical well actively producing within the property. The two horizontal wells are producing from the Montney Formation and make up the bulk of production and reserves attributed to the property.

All wells will be operated by ExploreCo. The property has established roads and year-round access.

The Montney Formation on interest lands was divided into Upper and Lower units. These units were further subdivided into four members. Of the four members, the Upper Montney and the Lower Montney: lower target member (Lower Montney) are producing on interest lands.

The Montney was initially developed in the property in 2017 with the 100/02-18-083-16W6/0 horizontal well, which successfully tested the Upper Montney Formation. The Lower Montney Formation was successfully tested in 2020 when the 100/04-03-083-16W6/0 well began production.

One additional horizontal Montney location, 1XX/04-10-083-16W6, targeting the Upper Montney interval is included to further develop the property. This development location is assigned proved undeveloped and proved plus probable undeveloped reserves.

Individual well production history and rate versus cumulative production plots are presented in the appendix to the Reserves Report.

## **Geology**

The dolomitic sandstones and siltstones of the Triassic Montney Formation unconformably overlie the Permian Belloy Formation and are in turn unconformably overlain by the phosphatic shales of the Triassic Doig Formation.

Within Leucrotta's Two Rivers property, the Montney Formation attains a thickness of up to 326 metres and has been subdivided into an Upper and Lower unit marked by a prominent, regionally correlative gamma ray spike observed at 1,666 metres true vertical depth ("TVD") in the 100/06-13-083-16W6/00 wellbore (Figure 1 in the Reserves Report). Regionally, the Upper Montney is subdivided into two members to account for grain density differences attributed to variations in weight percent of Total Organic Carbon (TOC). This high TOC interval, located at the base of the Upper Montney in the west, pinches out to the east and is observed at 1650m in Figure 1. The Lower Montney unit was subdivided into the middle, lower target, and lower basal members based on petrophysical characteristics and core analysis data. In Figure 1, the Lower Montney middle member correlates to the top of the unit at 1,666 metres TVD, the lower target member was picked at 1,822 metres TVD, and the lower basal member was picked at 1,868 metres TVD.

## **Reserves Data, Future Net Revenue, Production History, Other Oil and Gas Information**

For detailed information on: (i) reserves data; (ii) net present value of future net revenue; (iii) additional information concerning future net revenue; (iv) production history; and (v) other information including but not limited to estimated abandonment and reclamation costs, see "ITEM 33 – *Significant Acquisitions- Statement of Reserves Data and Other Oil and Gas Information Regarding the Sold Assets – Reserves Report.*"

## **Report of Qualified Reserves Evaluator or Auditor**

Reserves Data provided in the Reserves Report in Appendix "E" to this Listing Application is based upon an evaluation by GLJ with an effective date of December 31, 2021. The Reserves Data summarizes the oil, NGLs and natural gas reserves associated with the Sold Assets and the net present values of future net revenue for such reserves using forecast prices and costs. The crude oil, NGLs and natural gas reserve estimates presented in the Reserves Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in both NI 51-101 and the COGE Handbook. GLJ was engaged to provide evaluations of Proved Reserves and Proved plus Probable (P+P) Reserves and no attempt was made to evaluate possible reserves.

### ITEM 31 - EXEMPTIONS

ExploreCo has not received any discretionary exemptions from any securities regulatory or securities regulatory authority within the 12 month period preceding the date of this Listing Application.

### ITEM 32 - FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

The following financial statements are included in this Listing Application as appendices:

1. Appendix "A" - Audited Statement of Financial Position of ExploreCo as at April 26, 2022 and the Statement of Cash Flows and Changes in Equity of ExploreCo for the Period from Incorporation on March 24, 2022 to April 26, 2022
2. Appendix "B" – Audited Schedule of Revenue, Royalties, Operating Expenses and Transportation Expenses Relating to the Sold Assets for the Years Ended December 31, 2021, December 31, 2020 and December 31, 2019
3. Appendix "C" - Unaudited Schedule of Revenue, Royalties, Operating Expenses and Transportation Expenses Relating to the Sold Assets for the Three-Month Periods Ended March 31, 2022 and March 31, 2021

### ITEM 33 - SIGNIFICANT ACQUISITIONS

Leucrotta and ExploreCo have entered into the Conveyance Agreement. The purchase price for the Sold Assets was paid to Leucrotta pursuant to the terms and conditions in the agreements.

#### *Conveyance of the Sold Assets*

The completion of the Arrangement was conditional upon Leucrotta and ExploreCo entering into the Conveyance Agreement, in a form satisfactory to Vermilion, acting reasonably, whereby Leucrotta transferred all of the Sold Assets to ExploreCo on an "as is, where is" basis and without relying on any representations and warranties, on the Effective Date.

#### *The Sold Assets*

Under the Conveyance Agreement, the Sold Assets are defined as Leucrotta's entire right, title, estate and interest (whether contingent, legal or beneficial) in the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests. For more information on the Sold Assets, see Appendix "E" to this Listing Application.

#### *The Consideration and Adjustments*

As consideration for the transfer of the Sold Assets, ExploreCo provided to Leucrotta consideration equal to the fair market value of the Sold Assets (the "**Conveyance Consideration**"), being approximately \$79.3 million, paid through the issuance of one ExploreCo Preferred Share and ExploreCo Shares pursuant to the Plan of Arrangement as contemplated by the Arrangement Agreement as well as through the assumption by ExploreCo of the Assumed Liabilities.

Pursuant to the Conveyance Agreement, ExploreCo and Leucrotta acknowledged that the Leucrotta Transaction Costs that were used to determine the amount of the Transferred Net Cash on the date of the Conveyance Agreement represented an estimate and ExploreCo and Leucrotta agree that they would work together to determine, within 30 days from Effective Time, the actual Leucrotta Transaction Costs. If the determination of the actual Leucrotta Transaction Costs in accordance with the foregoing results in a difference between the actual Leucrotta Transaction Costs and the estimated Leucrotta Transaction Costs, then the appropriate adjustment will be made by payment in cash from the applicable party within 5 Business Days of the determination of the actual Leucrotta Transaction Costs.

### *Assumed Liabilities*

Pursuant to the Conveyance Agreement, ExploreCo agreed to assume, pay, discharge, and perform the following: (a) all liabilities attributable under each of the Title and Operating Documents or otherwise relating to or arising with respect to the Sold Assets; and (ii) all other liabilities arising out of ownership or operation of the Sold Assets, including all environmental and end-of-life liabilities.

In the determination of the Conveyance Consideration, Leucrotta and ExploreCo confirmed and agree that past, present and future environmental and end-of-life liabilities are a future cost embedded in the Sold Assets that is so associated or physically connected with the Sold Assets that, while having been taken into account in establishing the value of the Sold Assets, cannot be separated from the ownership rights in the Sold Assets and moreover, that such obligations are not capable of quantification at the date of the Conveyance Agreement. Accordingly, Leucrotta and ExploreCo did not attribute a specific or agreed value with regard to either the environmental and end-of-life liabilities or the indemnities provided for in the Conveyance Agreement, nor shall there be any adjustments made to the consideration with respect to such obligations. Neither the existence nor amount of any accounting reserve for asset reclamation obligations or similar matters in the financial statements or accounting records of Leucrotta or ExploreCo was of any relevance to either Leucrotta or ExploreCo in determining the value of the Sold Assets pursuant to the Conveyance Agreement.

### *Rights of First Refusal*

Pursuant to the Conveyance Agreement, ExploreCo acknowledged and agreed that it shall be responsible for all Pre-emptive Rights, if any, in connection with the transfer of the Sold Assets. ExploreCo agreed to indemnify Leucrotta for all Losses, Liabilities and Claims arising or resulting from or in connection with the exercise of such Pre-emptive Rights (including for any increase in the Tax liability of Leucrotta relating to any increased price to ExploreCo for the Sold Assets which are subject to Pre-emptive Rights) in accordance with Section 8.1 of the Conveyance Agreement and ExploreCo shall be entitled to all proceeds arising from the exercise of such Pre-emptive Rights.

### **Statement of Reserves Data and Other Oil and Gas Information Regarding the Sold Assets – Reserves Report**

The statement of reserves data and other oil and gas information set forth below (the "**Reserves Data**") is dated April 26, 2022. The effective date of the Reserves Data is December 31, 2021 and the preparation date of the Reserves Data is March 11, 2022.

#### **(a) Disclosure of Reserves Data**

The Reserves Data set forth below is based upon an evaluation by GLJ with an effective date of December 31, 2021 contained in the Reserves Report. The Reserves Data summarizes the oil, NGLs and natural gas reserves associated with the Sold Assets and the net present values of future net revenue for such reserves using forecast prices and costs. The crude oil, NGLs and natural gas reserve estimates presented in the Reserves Report are based on the guidelines contained in the COGE Handbook and the reserve definitions contained in both NI 51-101 and the COGE Handbook. GLJ was engaged to provide evaluations of Proved Reserves and Proved plus Probable (P+P) Reserves and no attempt was made to evaluate possible reserves. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which ExploreCo believes is important to the readers of this information.

#### **The information regarding the Sold Assets set forth herein is in respect of all of the Sold Assets.**

All of the reserves associated with the Sold Assets are in Canada and, specifically, in British Columbia.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs and natural gas reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth in this Listing Application are estimates only. The recovery and reserve estimates of the crude oil, NGLs and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated

reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein. In general, estimates of economically recoverable crude oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of crude oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary and such variations may be material. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves associated with the Sold Assets may vary from the information presented herein and such variations could be material.

In certain of the tables set forth below, the columns may not add due to rounding.

**SUMMARY OF OIL AND GAS RESERVES**  
**as of December 31, 2021**  
**FORECAST PRICES AND COSTS**

Reserve Category	Tight Oil		Shale Gas		Natural Gas Liquids		Total Oil Equivalent	
	Gross (MBbl)	Net (MBbl)	Gross (MBbl)	Net (MBbl)	Gross (MBbl)	Net (MBbl)	Gross (MBOE)	Net (MBOE)
<b>PROVED</b>								
Developed Producing	43	32	1,163	803	21	13	259	178
Developed Non Producing	-	-	-	-	-	-	-	-
Proved Undeveloped	191	147	2,708	2,157	50	35	692	542
<b>TOTAL PROVED</b>	<b>234</b>	<b>179</b>	<b>3,871</b>	<b>2,960</b>	<b>72</b>	<b>48</b>	<b>951</b>	<b>720</b>
<b>PROBABLE</b>	<b>54</b>	<b>42</b>	<b>926</b>	<b>698</b>	<b>17</b>	<b>11</b>	<b>226</b>	<b>170</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>288</b>	<b>221</b>	<b>4,797</b>	<b>3,658</b>	<b>89</b>	<b>59</b>	<b>1,177</b>	<b>890</b>

**SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE**  
**as at December 31, 2021**  
**FORECAST PRICES AND COSTS**

RESERVES CATEGORY	Before Income Tax Discounted at (%/year)					After Income Taxes Discounted at (%/year)					Unit Value Before Income Tax Discounted at 10%/year <sup>(1)</sup> (\$/BOE)
	0	5	10	15	20	0	5	10	15	20	
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)	
PROVED											
Developed Producing	1,478	1,524	1,538	1,532	1,514	1,478	1,524	1,538	1,532	1,514	8.63
Developed Non- Producing	-	-	-	-	-	-	-	-	-	-	-
Undeveloped	5,257	4,422	3,701	3,092	2,580	5,257	4,422	3,701	3,092	2,580	6.83
TOTAL PROVED	6,734	5,946	5,239	4,624	4,094	6,734	5,946	5,239	4,624	4,094	7.28
PROBABLE	2,814	2,280	1,877	1,572	1,339	2,814	2,280	1,877	1,572	1,339	11.05
TOTAL PROVED PLUS PROBABLE	9,548	8,226	7,116	6,195	5,433	9,548	8,226	7,116	6,195	5,433	8.00

Note:

- The unit values are based on net reserve volumes.

**TOTAL FUTURE NET REVENUE (UNDISCOUNTED)**  
**as at December 31, 2021**  
**FORECAST PRICES AND COSTS**

RESERVES CATEGORY (\$000's)	REVENUE (\$000's)	ROYALTIES (\$000's)	OPERATING COSTS (\$000's)	DEVELOP- MENT COSTS (\$000's)	ABANDONMENT AND RECLAMATION COSTS (\$000's)	FUTURE NET REVENUE BEFORE INCOME TAXES (\$000's)	FUTURE INCOME TAXES (\$000's)	FUTURE NET REVENUE AFTER INCOME TAXES (\$000's)
Proved Reserves	34,638	7,835	13,196	6,300	575	6,734	-	6,734
Proved Plus Probable Reserves	43,110	9,715	16,954	6,300	596	9,548	-	9,548

**FUTURE NET REVENUE  
BY PRODUCTION GROUP  
as of December 31, 2021  
FORECAST PRICES AND COSTS**

<b>RESERVES CATEGORY</b>	<b>PRODUCTION GROUP</b>	<b>FUTURE NET REVENUE BEFORE INCOME TAXES (discounted at 10%/year) (\$000's)</b>	<b>UNIT VALUE (\$/BOE)</b>
Proved Reserves	Shale Gas (including by-products but excluding solution gas and by-products from oil wells)	5,239	7.28
Proved Plus Probable Reserves	Shale Gas (including by-products but excluding solution gas and by-products from oil wells)	7,116	8.00

Note:

1. The unit values are based on net reserve volumes.

**(b) Pricing Assumptions**

The following tables set forth the benchmark reference prices, as at December 31, 2021, reflected in the Reserves Data. These price assumptions were provided to ExploreCo by GLJ and were GLJ's then current forecast at the date of the Reserves Report.

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS<sup>(1)</sup>**  
**as of December 31, 2021**  
**FORECAST PRICES AND COSTS**

Year	OIL		NATURAL GAS		LIQUIDS				
	WTI Crude Oil @ Cushing, Oklahoma (\$USD/bbl)	MSW, Light Crude Oil @ Edmonton 40° API (\$CAD/bbl)	AECO/NIT Spot (\$CAD/Mmbtu)	Midwest @ Chicago Spot (\$USD/Mmbtu)	Condensate Edmonton (\$CAD/bbl)	Butane Edmonton (\$CAD/bbl)	Propane Edmonton (\$CAD/bbl)	Spec Ethane (\$CAD/bbl)	Exchange Rate <sup>(2)</sup> (\$USD/\$CAD)
Forecast <sup>(3)</sup>									
2022	73.00	87.97	3.40	3.65	93.04	61.65	48.39	10.89	0.790
2023	69.01	81.89	3.10	3.35	86.09	49.13	32.75	9.86	0.790
2024	67.24	79.32	3.15	3.00	83.82	47.59	31.73	10.03	0.790
2025	68.58	80.91	3.21	3.06	85.49	48.55	32.36	10.24	0.790
2026	69.96	82.53	3.28	3.13	87.22	49.52	33.01	10.47	0.790
2027	71.35	84.18	3.34	3.19	88.95	50.51	33.67	10.68	0.790
2028	72.78	85.86	3.41	3.26	90.73	51.52	34.34	10.92	0.790
2029	74.24	87.58	3.48	3.33	92.54	52.55	35.03	11.16	0.790
2030	75.72	89.32	3.55	3.40	94.39	53.59	35.73	11.40	0.790
2031	77.24	91.11	3.62	3.47	96.29	54.67	36.45	11.64	0.790
Thereafter +	.....Escalated at a rate of 2.0%.....								0.790

## Notes:

1. This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
2. The exchange rate used to generate the benchmark reference prices in this table.
3. As at December 31, 2021.

Weighted average historical prices, excluding hedging, realized from the Sold Assets for the year ended December 31, 2021 were \$65.33/Bbl for crude oil and natural gas liquids and \$5.29/Mcf for natural gas.

**(c) Additional Information Relating to Reserves Data for the Sold Assets**

***Undeveloped Reserves***

Undeveloped reserves are attributed by GLJ in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than Proved Reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101. In general, undeveloped reserves are planned to be developed over the next two years.

In some cases, it will take longer than two years to develop these reserves. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion formation is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see "*Risk Factors*" herein.

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, first attributed to the Sold Assets in each of the following financial years.

***Proved Undeveloped Reserves***

Year	Shale Gas (MMcf)		Tight Oil (MBbl)		NGLs (MBbl)		Oil Equivalent (Mboes)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2019	-	1,272	-	91	-	16	-	318
2020	-	-	-	-	-	-	-	-
2021	1,850	2,708	156	191	34	50	498	692

GLJ has assigned 692 MBOE of proven undeveloped reserves in the Reserves Report under forecast prices and costs, together with \$6.3 million of associated undiscounted future capital expenditures. Proven undeveloped capital spending in the first two forecast years of the Reserves Report accounts for \$6.3 million, or 100%, of the total forecast.

***Probable Undeveloped Reserves***

Year	Shale Gas (MMcf)		Tight Oil (MBbl)		NGLs (MBbl)		Oil Equivalent (Mboes)	
	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2019	-	334	-	31	-	4	-	91
2020	-	-	-	-	-	-	-	-
2021	395	679	36	46	7	13	109	172

GLJ has assigned 172 MBOE of probable undeveloped reserves with no additional dollars allocated for future development capital over the proved schedule for the first two years.

***Significant Factors or Uncertainties***

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions can be either positive or negative.

In addition, higher than estimated operating costs would substantially reduce ExploreCo's netback, which in turn would reduce the amount of cash available for reinvestment in drilling opportunities. This becomes most relevant during periods of low commodity prices when profits are more significantly impacted by high costs.

***Future Development Costs***

The following table sets forth development costs deducted in the estimation of the future net revenue attributable to the reserve categories noted below.

Year	Future Development Costs	
	Proved Reserves (\$M)	Proved Plus Probable Reserves (\$M)
2022	6,300	6,300
2023	-	-
2024	-	-
2025	-	-
2026	-	-
Thereafter	-	-
Total: Undiscounted	6,300	6,300
Total: Discounted at 10% per year	6,007	6,007

ExploreCo expects to fund the development costs of these reserves through a combination of internally generated cash flow and the issuance of new equity where and when it believes appropriate.

There can be no guarantee that funds will be available or that the ExploreCo Board of Directors will allocate funding to develop all of the reserves attributable in the Reserves Report. Failure to develop those reserves could have a negative impact on ExploreCo future cash flow.

The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. ExploreCo does not anticipate that interest or other funding costs would make further development of any of the Sold Assets uneconomic.

(d) **Other Oil and Gas Information**

***Oil and Gas Properties***

For a description of the Sold Assets, see "*Acquisition of the Sold Assets – Description of Principal Properties*" in this Listing Application.

***Oil and Gas Wells***

The following table sets forth the number and status of wells as at December 31, 2021 in which ExploreCo has a working interest.

	Oil Wells <sup>(3)</sup>				Natural Gas Wells <sup>(4)</sup>			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>	Gross <sup>(1)</sup>	Net <sup>(2)</sup>
British Columbia	3	2.9	3	3.0	-	-	-	-
Total	3	2.9	3	3.0	-	-	-	-

**Notes:**

"Gross" refers to all oil and gas wells in which the Corporation has a working interest.

- (1) "Net" refers to the aggregate of the percentage working interests of the Corporation in the gross wells, before the deduction of any royalty interests.
- (2) Includes light and medium oil wells and tight oil wells.
- (3) Includes conventional natural gas wells and shale gas wells.
- (4) Total well count differs from well count provided in our discussion of abandonment and reclamation costs below, as this table excludes abandoned, water source, water injection, and disposal wells.

***Properties with no Attributed Reserves***

The following table sets out the developed and undeveloped land holdings forming part of the Sold Assets as at December 31, 2021.

	Developed Acres		Undeveloped Acres		Total Acres	
	Gross	Net	Gross	Net	Gross	Net
British Columbia	1,280	1,280	115,200	110,400	116,480	111,680
Alberta	-	-	-	-	-	-
Total	1,280	1,280	115,200	110,400	116,480	111,680

ExploreCo expects that rights to explore, develop and exploit up to 10,240 net acres of unproved Montney land holdings in the Two Rivers area may expire by December 31, 2022 and an additional 24,320 net acres by December 31, 2023. The majority of that acreage is comprised of drilling licenses that require drilling, and a portion of that acreage comprised of leases that may be mapped or extended and ExploreCo's 2022 exploitation and development program may result in validating, extending or eliminating a majority of such potential expirations. ExploreCo closely monitors land expirations as compared to its development program with the strategy of minimizing undeveloped land expirations relating to significant identified opportunities.

***Forward Contracts***

ExploreCo's operational results and financial condition will be dependent upon the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely in recent years. Such prices are primarily determined by economic and political factors. Supply and demand factors, as well as weather and conditions in other oil and natural gas regions of the world also impact prices. Any upward or downward movement in oil and natural gas prices could have an effect on ExploreCo's financial condition.

ExploreCo may implement a hedging policy using, amongst others, costless collars and fixed price swaps to hedge up to 50% of its gross oil, NGLs and natural gas production for a maximum period of three years. These hedging activities could expose ExploreCo to losses or gains. To the extent that ExploreCo engages in risk management activities related to commodity prices, it will be subject to credit risk associated with the parties with which it contracts. This credit risk will be mitigated by entering into contracts with only stable and creditworthy parties and through the frequent review of ExploreCo's exposure to these entities. See "*Risk Factors*".

***Additional Information Concerning Abandonment and Reclamation Costs***

ExploreCo estimates the costs to abandon and reclaim all the Sold Assets, non-producing and producing wells, gas plants, pipelines, batteries and other facilities based on its previous experience, current regulations, costs, technology an industry standards area by area. No estimate of salvage value is netted against the estimated cost. ExploreCo's model for estimating the amount of future abandonment and reclamation expenditures was done on an individual well and facility level. Estimated expenditures for each well and facility are based on internal estimates. Each well and facility is assigned an average cost for abandonment and reclamation over a 60 year period. Timing of expenditures is based on budgets and estimates of such annual activities. Facility reclamation costs are generally scheduled to begin shortly before the end of the reserve life of ExploreCo's associated reserves and continue beyond the reserve life under the assumption that decommissioning of plant/facilities are generally mobile assets with a long useful life.

ExploreCo estimates that it will incur reclamation and abandonment costs on the properties to be held by it upon abandonment. The approximate net cost to abandon and reclaim all wells and facilities for proven plus probable reserves, discounted at 10%, totals \$3.7 million (\$14.4 million undiscounted). Included in the Reserves Report are costs of \$0.2 million (\$0.6 million undiscounted) based on proved plus probable reserves discounted at 10%. Abandonment and reclamation costs undiscounted and expected to be paid over the next three years totals \$nil.

As at December 31, 2021, ExploreCo is expected to incur reclamation and abandonment costs in respect of 86 (68.2 net) wells.

### ***Tax Horizon***

As a newly incorporated entity, ExploreCo has not been required to pay any income related taxes. Following the Arrangement (including the Acquisition), ExploreCo will have approximately \$35.0 million of tax pools available, primarily Canadian Oil and Gas Property Expense and Capital Cost Allowance deductions. It is expected, based upon current legislation, the projections contained in the Reserves Report and various other assumptions, that no cash income taxes are to be paid by ExploreCo in the near future. A higher level of capital expenditures than those contained in the Reserves Report, or further additional acquisitions, could further extend the estimated tax horizon.

### ***Costs Incurred***

The following table summarizes property acquisition costs, exploration costs and development costs (before property dispositions and drilling royalty credits) incurred during the year ended December 31, 2021 in respect of the Sold Assets:

<b>Nature of Cost</b>	<b>Amount (\$ thousands)</b>
Property Acquisition Costs	
Proved Properties	-
Unproved Properties	540
Exploration Costs	43
Development Costs	743
Total	1,326

### ***Exploration and Development Activities***

The following table sets forth the gross and net wells on the Sold Assets in which Leucrotta participated during the year ended December 31, 2021:

	<b>Exploratory</b>		<b>Development</b>		<b>Total</b>	
	<b>Gross<sup>(1)</sup></b>	<b>Net<sup>(2)</sup></b>	<b>Gross<sup>(1)</sup></b>	<b>Net<sup>(2)</sup></b>	<b>Gross<sup>(1)</sup></b>	<b>Net<sup>(2)</sup></b>
Oil wells	-	-	-	-	-	-
Gas wells	-	-	-	-	-	-
Stratigraphic wells	-	-	-	-	-	-
Service wells	-	-	-	-	-	-
Dry holes	-	-	-	-	-	-
Total	-	-	-	-	-	-

#### **Notes:**

(1) "Gross" means the total number of wells comprising the Corporation's reserves.

(2) "Net" means the number of wells obtained by aggregating the working interest in each of the gross wells comprising the Corporation's reserves.

***Production Estimates***

The following table sets out the volume of production estimated for the Sold Assets for the year ended December 31, 2022 reflected in the estimate of future net revenue disclosed in the tables contained under "*Statement of Reserves Data and Other Oil and Gas Information Regarding the Sold Assets – Disclosure of Reserves Data*" in this Listing Application.

	<b>Tight Oil (bbl/d)</b>	<b>Shale Gas (Mcf/d)</b>	<b>NGLs (bbl/d)</b>	<b>Oil Equivalent (Boe/d)</b>
Proved	158	2,765	51	670
Probable	4	78	2	18
Proved Plus Probable	162	2,843	53	688

The Two Rivers area accounts for 100% of the estimated production of the Sold Assets as set forth in the immediately preceding table.

### ***Production History***

The following table summarizes certain information in respect of production, prices received, royalties paid, operating expenses, transportation expenses and resulting netback associated with the Sold Assets for the periods indicated below:

	Quarter Ended 2021				Year Ended
	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31, 2021
<b>Average Gross Daily Production<sup>(1)</sup></b>					
Tight Oil (Bbls/d)	116	92	76	61	86
Shale Gas (Mcf/d)	2,911	2,550	2,172	1,993	2,405
NGLs (Bbls/d)	56	47	39	35	44
Combined (BOE/d)	657	565	477	428	531
<b>Average Production Prices Received</b>					
Tight Oil (\$/Bbl)	61.08	72.26	78.65	89.03	72.93
Shale Gas (\$/Mcf)	6.35	3.70	5.93	5.05	5.29
NGLs (\$/Bbl)	46.65	46.34	51.62	60.63	50.43
Combined (\$/BOE)	42.89	32.41	43.78	41.16	39.99
<b>Royalties Paid</b>					
Tight Oil (\$/Bbl)	21.81	24.20	24.81	28.86	24.37
Shale Gas (\$/Mcf)	1.53	0.64	1.36	1.51	1.25
NGLs (\$/Bbl)	15.15	15.90	20.18	23.57	18.13
Combined (\$/BOE)	11.92	8.19	11.80	13.08	11.20
<b>Production Costs<sup>(2)(3)</sup></b>					
Tight oil (\$/Bbl)	14.21	15.93	14.46	7.27	13.52
Shale Gas (\$/Mcf)	3.16	2.90	3.03	2.17	2.86
NGLs (\$/Bbl)	10.93	8.37	9.17	11.83	10.03
Combined (\$/BOE)	17.46	16.42	16.83	12.10	16.07
<b>Netback Received<sup>(4)</sup></b>					
Crude Oil (\$/Bbl)	25.06	32.13	39.38	52.90	35.04
Shale Gas (\$/Mcf)	1.66	0.16	1.54	1.37	1.18
NGLs (\$/Bbl)	20.57	22.07	22.27	25.23	22.27
Combined (\$/BOE)	13.51	7.80	15.15	15.98	12.72

Notes:

1. Before deduction of royalties.
2. This figure includes all field operating expenses and transportation expenses.
3. Leucrotta did not record operating expenses on a commodity basis. Information in respect of operating expenses for tight oil (\$/Bbl), NGLs (\$/Bbl) and natural gas (\$/Mcf) has been determined by allocating expenses on a well by well basis based upon the relative volume of production of crude oil and natural gas.
4. Information in respect of netbacks received for tight oil (\$/Bbl), NGLs (\$/Bbl) and shale gas (\$/Mcf) is calculated using operating expense figures for tight oil (\$/Bbl), NGLs (\$/Bbl) and shale gas (\$/Mcf), which figures have been estimated. See note 3 above.

The following table indicates the approximate average daily production from the Sold Assets for the year ended December 31, 2021:

<b>Properties</b>	<b>Tight Oil (Bbls/d)</b>	<b>NGLs (Bbls/d)</b>	<b>Shale Gas (Mcf/d)</b>	<b>Total (BOE/d)</b>
<b>British Columbia</b>				
Two Rivers Area	86	44	2,405	531
<b>Total</b>	<b>86</b>	<b>44</b>	<b>2,405</b>	<b>531</b>

(e) **Reserves Reconciliation**

The following tables set forth a reconciliation in gross reserves of the Sold Assets for the year ended December 31, 2021, derived from the Reserves Report using forecast prices and costs estimates, reconciled to the gross reserves at December 31, 2021.

<b>FACTORS</b>	<b>TIGHT OIL</b>			<b>NATURAL GAS LIQUIDS</b>		
	<b>Gross Proved (MBbl)</b>	<b>Gross Probable (MBbl)</b>	<b>Gross Proved plus Probable (MBbl)</b>	<b>Gross Proved (MBbl)</b>	<b>Gross Probable (MBbl)</b>	<b>Gross Proved plus Probable (MBbl)</b>
December 31, 2020	101	32	132	57	13	70
Extensions	156	36	191	34	7	42
Infills	-	-	-	-	-	-
Technical Revisions	9	(13)	(4)	(4)	(3)	(7)
Economic Factors	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Production	(32)	-	(32)	(16)	-	(16)
December 31, 2021	234	54	288	72	17	89

<b>FACTORS</b>	<b>SHALE GAS</b>			<b>TOTAL BOE</b>		
	<b>Gross Proved (MMcf)</b>	<b>Gross Probable (MMcf)</b>	<b>Gross Proved plus Probable (MMcf)</b>	<b>Gross Proved (MBOE)</b>	<b>Gross Probable (MBOE)</b>	<b>Gross Proved plus Probable (MBOE)</b>
December 31, 2021	2,241	501	2,741	531	128	659
Extensions	1,850	395	2,246	498	109	607
Infills	-	-	-	-	-	-
Technical Revisions	522	(82)	440	93	(30)	63
Economic Factors	138	112	250	23	19	42
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Production	(880)	-	(880)	(194)	-	(194)

FACTORS	SHALE GAS			TOTAL BOE		
	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved plus Probable (MMcf)	Gross Proved (MBOE)	Gross Probable (MBOE)	Gross Proved plus Probable (MBOE)
December 31, 2021	3,871	927	4,797	951	226	1,177

(f) **Marketing**

It is expected that ExploreCo's crude oil, NGLs and natural gas production will be sold primarily through marketing companies at current market prices. Crude oil and NGL contracts are generally for a period of up to one year and are cancellable on 30 days notice and natural gas contracts are generally for one year and are cancellable on 60 days notice. Less than 1% of ExploreCo natural gas production will be sold to aggregators who accumulate production from various producers and market the gas on behalf of the group. Such contracts are reserve specific and continue for the life of production from the specified reserves.

(g) **Employees**

ExploreCo has appointed 6 officers who are employed by ExploreCo, all of whom are current officers of Leucrotta. See "*Directors and Executive Officers*" in this Listing Application. ExploreCo has 13 employees. To proceed with the development of the Sold Assets, ExploreCo may require additional experienced employees and third-party consultants and contractors. See "*Risk Factors – Risks Relating to the Management of ExploreCo – Reliance on Key Personnel*" in this Listing Application.

(h) **Specialized Skill and Knowledge**

ExploreCo believes its success will be dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to oil and gas operations. ExploreCo believes that it will have adequate personnel with the specialized skills required to successfully carry out its operations. See "*Risk Factors – Risks Relating to the Management of ExploreCo – Reliance on Key Personnel*" in this Listing Application.

(i) **Cyclical and Seasonal Nature of Industry**

ExploreCo's operational results and financial condition will be dependent on the prices received for oil and natural gas production. Oil and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions, as well as conditions in other oil and natural gas regions. Any decline in oil and natural gas prices could have an adverse effect on ExploreCo's financial condition. See "*Risk Factors*". ExploreCo will mitigate such price risk through closely monitoring the various commodity markets and establishing hedging programs, as deemed necessary, to lock-in high netbacks on production volumes.

(j) **Environmental Considerations**

ExploreCo has a corporate Environment Management System which will be continuously updated and will meet the Canadian Association of Petroleum Producers Environmental Management Guidelines. Procedures will be put in place to ensure that the utmost care is taken in the day-to-day management of ExploreCo's oil and gas properties. All government regulations and procedures will be followed in strict adherence to the law. ExploreCo believes in well abandonment and site restoration in a timely manner to ensure minimal damage to the environment and lower overall costs.

(k) **Health, Safety and Environmental**

Management, employees and all contractors will be responsible and accountable for the overall health, safety and environmental program. ExploreCo will operate in compliance with all applicable regulations and will ensure all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

ExploreCo will maintain a safe and environmentally responsible work place and provide training, equipment and procedures to all individuals in adhering to its policies. It will also solicit and take into consideration input from neighbours, communities and other stakeholders in regard to protecting people and the environment.

(l) **Competitive Conditions**

ExploreCo is a member of the petroleum industry, which is highly competitive at all levels. ExploreCo will compete with other companies for all of its business inputs, including exploitation and development prospects, access to commodity markets, acquisition opportunities, available capital and staffing.

ExploreCo will strive to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploitation, development and operational activities.

(m) **Bankruptcy and Similar Procedures**

There have been no bankruptcy, receivership or similar proceedings against ExploreCo, or any voluntary bankruptcy, receivership or similar proceedings by ExploreCo.

(n) **Material Restructuring Transactions**

Other than the Arrangement, there have been no material restructuring transactions of ExploreCo. Pursuant to the Plan of Arrangement, the former Leucrotta Shareholders (other than Dissenting Shareholders) and holders of Leucrotta Flow-Through Warrants received ExploreCo Shares and ExploreCo Arrangement Warrants.

**ITEM 34 - CERTIFICATES**

June 14, 2022

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under each item of this Listing Application and of any material fact not otherwise required to be disclosed under an item of this Listing Application.

(Signed) "Robert Zakresky"

Robert Zakresky  
President and Chief Executive Officer

(Signed) "Nolan Chicoine"

Nolan Chicoine  
Vice President, Finance and Chief Financial  
Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed) "John Brussa"

John Brussa  
Director

(Signed) "Harvey Doerr"

Harvey Doerr  
Director

**ITEM 34.3 - ACKNOWLEDGEMENT – PERSONAL INFORMATION**

Dated: June 14, 2022

"Personal Information" means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for this collection, use and disclosure by the Exchange of the Personal Information contained in or submitted pursuant to this Listing Application for the purposes described in Appendix "A" to the Exchange's Form 2B.

**COELACANTH ENERGY INC.**

By: (Signed) "Robert Zakresky"  
Robert Zakresky  
President and Chief Executive Officer

**Appendix "A"**

**Audited Statement of Financial Position of ExploreCo as at April 26, 2022 and the Statements of Cash Flows and Changes in Equity of ExploreCo for the Period from Incorporation on March 24, 2022 to April 26, 2022**

See attached



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Coelacanth Energy Inc.

### **Opinion**

We have audited the financial statements of Coelacanth Energy Inc. (ExploreCo) (the "Entity"), which comprise:

- the statement of financial position as at April 26, 2022
- the statement of changes in equity for the period from incorporation on March 24, 2022 to April 26, 2022
- the statement of cash flows for the period from incorporation on March 24, 2022 to April 26, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 26, 2022 and its financial performance and its cash flows for the period from incorporation on March 24, 2022 to April 26, 2022 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 26, 2022

**Coelacanth Energy Inc. (ExploreCo)**  
**Statement of Financial Position**  
**As at April 26, 2022**

**Assets**

Current assets

Cash	\$	1
		1
		1

**Shareholder's Equity**

Share capital (note 3)	\$	1
		1
		1

Subsequent events (note 4)

*See accompanying notes to the financial statements.*

Approved by the Board of Directors

(Signed) "Rob Zakresky"  
 Director

**Coelacanth Energy Inc. (ExploreCo)**  
**Statement of Changes in Equity**  
**For the period from incorporation on March 24, 2022 to April 26, 2022**

	<b>Shares</b>		<b>Total</b>
Issuance of share capital on incorporation	1	\$	1
<b>Balance, April 26, 2022</b>	<b>1</b>	<b>\$</b>	<b>1</b>

*See accompanying notes to the financial statements.*

**Coelacanth Energy Inc. (ExploreCo)**  
**Statement of Cash Flows**  
**For the period from incorporation on March 24, 2022 to April 26, 2022**

<b>Financing activities</b>		
Issuance of shares	\$	1
<b>Increase in cash for the period and cash at the end of the period</b>	<b>\$</b>	<b>1</b>

*See accompanying notes to the financial statements.*

**Coelacanth Energy Inc. (ExploreCo)**  
**Notes to the Financial Statements**  
**As at April 26, 2022 and for the period from incorporation on March 24, 2022 to April 26, 2022**

---

**1. BUSINESS AND STRUCTURE OF EXPLORECO**

Coelacanth Energy Inc. ("ExploreCo" or the "Company") was incorporated under the laws of the Province of Alberta on March 24, 2022 as 2418573 Alberta Ltd. and subsequently changed its name to Coelacanth Energy Inc. on April 12, 2022. The Company's head office is located in Calgary, Alberta, Canada. The Company has not yet commenced commercial operations. The Company intends to acquire and operate oil and natural gas properties.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") relevant to preparing such financial statements. The financial statements are presented in Canadian dollars which is the Company's functional currency. The financial statements were approved by the Board of Directors on April 26, 2022.

The accounting policies set out below have been applied to the period presented in these financial statements and have been applied consistently by the Company.

**(a) Cash**

Cash is comprised of cash on hand.

**(b) Share capital**

Costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

**3. SHARE CAPITAL**

**(a) Authorized**

An unlimited number of common shares.

**(b) Issued and outstanding**

	Number of Shares	Amount
Common shares issued for cash on incorporation	1 \$	1

**4. SUBSEQUENT EVENTS**

On March 28, 2022, the Company announced that pursuant to a plan of arrangement (the "Arrangement") entered into among Leucrotta Exploration Inc. ("Leucrotta"), Vermilion Energy Inc. ("Vermilion"), ExploreCo, and the shareholders of Leucrotta under the Business Corporations Act (Alberta), the Company will acquire certain oil and natural gas properties from Leucrotta and assume all liabilities, including environmental liabilities, in respect to these properties.

Under the terms of the Arrangement, the holders of Leucrotta Shares will receive \$1.73 in cash per Leucrotta common share held, plus 1.0 common share of ExploreCo ("ExploreCo Share") and 0.1917 of one ExploreCo common share purchase warrant (each whole ExploreCo common share purchase warrant, an "ExploreCo Arrangement Warrant"). Each ExploreCo Arrangement Warrant will entitle the holder to acquire one ExploreCo Share at an exercise price of \$0.27 per share at any time on or before 30 days following the closing of the Arrangement.

Under the terms of the Arrangement, ExploreCo will receive approximately \$43.5 million cash, net of transaction costs, and certain oil and gas properties in the Two Rivers, BC area. In addition, ExploreCo plans to raise net proceeds of up to \$36.9 million through the exercise of the ExploreCo Arrangement Warrants and two private placement financings (see below). The proceeds of the financings will be used to fund future capital projects.

Concurrent with the completion of the Arrangement, ExploreCo has proposed raising additional capital via the Management Financing and the Vermilion Financing (defined below).

***Description of Management Financing***

The Management Financing is a non-brokered private placement offering of up to 27.8 million units (the "ExploreCo Units") to certain officers, employees and directors of ExploreCo. Each ExploreCo Unit is comprised of one ExploreCo Share and one ExploreCo Share purchase warrant (a "Warrant"). The ExploreCo Units will be priced at \$0.27 per ExploreCo Unit for total gross proceeds of approximately \$7.5 million pursuant to the Management Financing. The Warrants will be exercisable at a price of \$0.27 per ExploreCo Share until the fifth anniversary of the date of issuance of the Warrants.

Up to approximately \$3.53 million of the ExploreCo Units issued pursuant to the Management Financing may be issued as ExploreCo CDE Units. Each ExploreCo CDE Unit will consist of one ExploreCo Flow-Through Share and one ExploreCo CDE

Unit Warrant. Each ExploreCo CDE Unit Warrant will entitle the holder thereof to acquire one ExploreCo Flow-Through Share at an exercise price of \$0.27 until the fifth anniversary of the date of issuance of the ExploreCo CDE Unit Warrants.

***Description of Vermilion Financing***

Pursuant to and concurrent with the closing of the Arrangement, Vermilion has agreed to purchase approximately 53.3 million ExploreCo shares at a price of \$0.27 per ExploreCo share for total gross proceeds of approximately \$14.4 million pursuant to the Vermilion Financing.

**Appendix "B"**

**Audited Operating Statements Relating to the Sold Assets for the Years Ended December 31, 2021, December 31, 2020 and December 31, 2019**

See attached



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Leucrotta Exploration Inc.

### **Opinion**

We have audited the operating statements of certain petroleum and natural gas properties to be transferred from Leucrotta Exploration Inc. (the "Entity") to Coelacanth Energy Inc. ("ExploreCo") (the "ExploreCo Assets") for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 containing:

- revenue
- royalties
- operating expenses
- transportation expenses
- operating income (loss)
- and notes to the operating statements, including a summary of significant accounting policies

(Hereinafter referred to as the "operating statements").

In our opinion, the accompanying operating statements for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 of the ExploreCo Assets are prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards* for operating statements of an acquired oil and gas property.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Operating Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the operating statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Information***

Management of the Entity is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis.

Our opinion on the operating statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the operating statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the operating statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis as at the date of this auditors’ report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

***Responsibilities of Management and Those Charged with Governance for the Operating Statements***

Management of the Entity is responsible for the preparation of the operating statements in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards* for operating statements of an acquired oil and gas property, and for such internal controls as management determines is necessary to enable the preparation of and operating statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance of the Entity are responsible for overseeing the Entity’s financial reporting process of the operating statements of the ExploreCo Assets.

***Auditors’ Responsibilities for the Audit of the Operating Statements***

Our objectives are to obtain reasonable assurance about whether the operating statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the operating statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the operating statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

April 26, 2022

**ExploreCo Assets**  
**Operating statements**  
(amounts in \$000s Canadian)

	<b>Years Ended</b>		
	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Revenue	7,776	5,616	748
Royalties	(2,177)	(1,371)	(93)
Operating expenses	5,599	4,245	655
Transportation expenses	2,066	3,392	538
Operating income (loss)	1,060	1,195	1
	2,473	(342)	116

*See accompanying notes to the operating statements.*

**ExploreCo Assets**  
**Notes to the Operating Statements**  
**Years ended December 31, 2021, 2020, and 2019**

---

**1. BASIS OF PRESENTATION**

The operating statements (the "operating statements") have been prepared for inclusion in the Joint Information Circular dated April 26, 2022 relating to the plan of arrangement involving Leucrotta Exploration Inc. ("Leucrotta"), Vermilion Energy Inc. ("Vermilion"), Coelacanth Energy Inc. ("ExploreCo"), and the shareholders of Leucrotta which contemplates a business combination whereby certain petroleum and natural gas properties of Leucrotta located mainly in British Columbia ("ExploreCo Assets") will be transferred to ExploreCo and the shareholders of Leucrotta will receive \$1.73 cash, one common share of ExploreCo, and 0.1917 of a common share purchase warrant of ExploreCo for each common share of Leucrotta held.

The operating statements include only revenue, royalties, operating and transportation expenses applicable to the working interest of the ExploreCo Assets.

The operating statements have been prepared in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" for an operating statement of an acquired oil and gas property. The line items in the operating statements have been prepared in all material respects using the accounting policies that are permitted by International Financial Reporting Standards ("IFRS") as if those line items were presented as part of a complete set of financial statements.

The operating statements for the ExploreCo Assets do not include any provision for the depletion and depreciation, decommissioning obligations, future capital costs, impairment of unevaluated properties, general and administrative costs, finance costs and income taxes for the ExploreCo Assets as these amounts are derived from the consolidated operations of Leucrotta which the ExploreCo Assets form only a part thereof.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue**

Revenue is earned from production and sale of oil, natural gas and natural gas liquids.

Revenue from the sale of oil, natural gas and natural gas liquids is recognized based on the consideration specified in contracts with customers. Revenue is recognized when control of the product transfers to the customer and collection is reasonably assured. This is generally at the point in time when the customer obtains legal title to the product which is when it is physically transferred to the pipeline or other transportation method agreed upon.

**(b) Royalties**

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations or the terms of individual royalty agreements.

**(c) Operating and transportation expenses**

Operating and transportation expenses include amounts incurred to bring the oil, natural gas, and natural gas liquids to the surface, gather, process, treat, and store the product in the field and deliver to a sales point.

**Appendix "C"**

**Unaudited Operating Statements Relating to the Sold Assets for the Three-Month Periods Ended March 31,  
2022 and March 31, 2021**

See attached

**ExploreCo Assets**  
**Operating statements**  
(unaudited)  
(amounts in \$000s Canadian)

	<b>Three Months Ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Revenue	1,688	2,555
Royalties	(478)	(732)
Operating expenses	1,210	1,823
Transportation expenses	480	614
Operating income	104	359
	626	850

*See accompanying notes to the operating statements.*

**ExploreCo Assets**  
**Notes to the Operating Statements**  
**Three months ended March 31, 2022 and 2021**  
**(unaudited)**

---

**1. BASIS OF PRESENTATION**

The operating statements (the "operating statements") have been prepared in relation to the plan of arrangement involving Leucrotta Exploration Inc. ("Leucrotta"), Vermilion Energy Inc. ("Vermilion"), Coelacanth Energy Inc. ("ExploreCo"), and the shareholders of Leucrotta which contemplates a business combination whereby certain petroleum and natural gas properties of Leucrotta located mainly in British Columbia ("ExploreCo Assets") will be transferred to ExploreCo and the shareholders of Leucrotta will receive \$1.73 cash, one common share of ExploreCo, and 0.1917 of a common share purchase warrant of ExploreCo for each common share of Leucrotta held.

The operating statements include only revenue, royalties, operating and transportation expenses applicable to the working interest of the ExploreCo Assets.

The operating statements have been prepared in accordance with the financial reporting framework specified in subsection 3.17 of National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" for an operating statement of an acquired oil and gas property. The line items in the operating statements have been prepared in all material respects using the accounting policies that are permitted by International Financial Reporting Standards ("IFRS") as if those line items were presented as part of a complete set of financial statements.

The operating statements for the ExploreCo Assets do not include any provision for the depletion and depreciation, decommissioning obligations, future capital costs, impairment of unevaluated properties, general and administrative costs, finance costs and income taxes for the ExploreCo Assets as these amounts are derived from the consolidated operations of Leucrotta which the ExploreCo Assets form only a part thereof.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Revenue**

Revenue is earned from production and sale of oil, natural gas and natural gas liquids.

Revenue from the sale of oil, natural gas and natural gas liquids is recognized based on the consideration specified in contracts with customers. Revenue is recognized when control of the product transfers to the customer and collection is reasonably assured. This is generally at the point in time when the customer obtains legal title to the product which is when it is physically transferred to the pipeline or other transportation method agreed upon.

**(b) Royalties**

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations or the terms of individual royalty agreements.

**(c) Operating and transportation expenses**

Operating and transportation expenses include amounts incurred to bring the oil, natural gas, and natural gas liquids to the surface, gather, process, treat, and store the product in the field and deliver to a sales point.

**Appendix "D"**

**ExploreCo Audit Committee Charter**

See attached

**COELACANTH ENERGY INC.  
CHARTER OF THE AUDIT COMMITTEE**

**PURPOSE**

The overall purpose of the Audit Committee (the "**Committee**") of the board of directors (the "**Board**") is to assist the Board in fulfilling its oversight responsibilities and to carry out the functions associated with an audit committee of an issuer of the size and nature of Coelacanth Energy Inc. (the "**Corporation**"). The purpose of the Committee is to ensure that the Corporation's management has designed and implemented an effective system to review and report on the integrity of the financial statements of the Corporation. As part of this mandate, the Committee shall take all necessary steps so as to ensure compliance by the Corporation with all laws and regulatory policies, rules, regulations and instruments pertaining to audit and financial reporting that are applicable to the Corporation from time to time.

**COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of not less than three members of the Board, each of whom:
  - (a) must be "independent" ("independent" means that the Committee has no direct or indirect material relationship with the Corporation, being a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment (and certain individuals are deemed by Multilateral Instrument 52-110 to have a material relationship)); and
  - (b) must be "financially literate" ("financially literate" means a member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements);except as may be allowed under any applicable exemptions provided for under applicable laws or any exemption orders obtained from applicable regulatory authorities.
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the holders of shares of the Corporation, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a Chairman of the Committee, the members of the Committee shall elect a chair from amongst their number. If the Chairman of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.
4. The Secretary of the Corporation shall be the secretary of the Committee, unless otherwise determined by the Committee. Minutes of meetings of the Committee shall be recorded and maintained by the Secretary of the Committee. Copies of the minutes shall be provided to the Board.

5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Corporation and of the other consolidated subsidiaries of the Corporation, and to the Corporation's external auditors and to such information respecting the Corporation, as the Committee considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chairman, and the Corporation's external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the Corporation's external auditors shall receive notice of and have the right and shall be encouraged to attend all meetings of the Committee; and
  - (c) the Chief Executive Officer and the Chief Financial Officer of the Corporation shall be invited to attend all meetings of the Committee, except executive sessions and private sessions with the external auditors, and other management representatives of the Corporation shall be invited to attend as necessary.
8. The internal auditors of the Corporation (if any) and the external auditors of the Corporation shall have a direct line of communication to the Committee through the Chairman. The Corporation shall require the external auditors of the Corporation to report directly to the Committee.

## **DUTIES AND RESPONSIBILITIES**

1. The overall duties and responsibilities of the Committee shall be as follows:
  - (a) assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and approve the Corporation's annual and quarterly consolidated financial statements;
  - (b) assess the qualifications of the external auditors;
  - (c) establish and maintain a direct line of communication with the Corporation's internal (if any) and external auditors and assess their performance;
  - (d) identify principal business risks;
  - (e) ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of disclosure controls and internal controls for the Corporation by requiring that management report at least quarterly on the measures in place, the testing done to ensure effectiveness, any areas where improvement is needed and whether there are any issues relating to the signing of the certifications required under Multilateral Instrument 52-109;

- (f) report regularly to the Board on the fulfilment of the duties and responsibilities of the Committee;
  - (g) confirm that the Corporation's Disclosure and Confidentiality Policy is adequate to ensure the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements is appropriate, and periodically test the adequacy of the procedures mandated by such policy;
  - (h) assess the effectiveness of the Board's duties and actions under the Disclosure and Confidentiality Policy;
  - (i) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management and recommend changes to the Board;
  - (j) review compliance with the Code of Business Conduct and Ethics and periodically review this code and recommend to the Board changes which the Committee may deem appropriate; and
  - (k) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) recommend to the Board a firm of external auditors to be engaged by the Corporation;
  - (b) review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting;
  - (d) review the audit plan of the external auditors prior to the commencement of the audit;
  - (e) review with the external auditors, upon completion of their audit, the:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Corporation's financial and auditing personnel;
    - (iv) co-operation received from the Corporation's personnel during the audit;
    - (v) internal resources used;

- (vi) significant transactions outside of the normal business of the Corporation;
  - (vii) the major points contained in the auditor's management letter resulting from control evaluation and testing; and
  - (viii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
- (f) pre-approve all non-audit services to be provided to the Corporation by the external auditor in accordance with applicable laws;
  - (g) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented; and
  - (h) meet *in camera* (i.e. without the presence of management of the Corporation) with the external auditors at least once a year prior to the approval of the audited annual financial statements of the Corporation, and at such other times as determined necessary or appropriate by the Committee.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors (if any) shall be as follows:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's responses thereto.
4. The Committee is also charged with the responsibility to:
- (a) review and approve the Corporation's financial statements (annual and interim) and MD&A (annual and interim) as well as the financial sections of prospectuses and other public reports requiring approval by the Board before such documents are publicly disclosed by the Corporation;
  - (b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
  - (c) review the minutes of any audit committee meeting of associated companies, partnerships or trusts;
  - (d) review the Corporation's accounting policy and discuss the impact of proposed changes in accounting standards;
  - (e) review with management, the external auditors and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the

Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

- (f) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- (g) establish procedures for the confidential, anonymous submission by employees of the Corporation or any other consolidated subsidiary of the Corporation of concerns regarding questionable accounting or auditing matters;
- (h) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders; and
- (j) on an annual basis, review and assess the adequacy of this Charter and the performance of the Committee in connection therewith.

5. The Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (b) set and pay the compensation for any advisors employed by the Committee.

**Appendix "E"**  
**Reserves Report**

See attached

**LEUCROTTA EXPLORATION INC.**

**TWO RIVERS**

**Effective December 31, 2021**

Prepared by  
Miranda L. Stoffman, P. Geol.  
John Martinez, E.I.T., M.Sc.  
Kelly J. Zukowski, P. Eng.

**1213120**

*The analysis of this property as reported herein was conducted within the context of an evaluation of a distinct group of properties in aggregate. Extraction and use of this analysis outside this context may not be appropriate without supplementary due diligence.*

## TWO RIVERS

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Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Various**  
Development Class: **Classifications**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

## Summary of Reserves and Values

	Proved Producing	Proved Undeveloped	Total Proved	Proved Plus Probable Producing	Proved Plus Probable Undeveloped	Total Proved Plus Probable
<b>MARKETABLE RESERVES</b>						
<b><u>Tight Oil (Mbbbl)</u></b>						
Gross Lease	43	191	234	52	237	288
Total Company Interest	43	191	234	52	237	288
Net After Royalty	32	147	179	38	183	221
<b><u>Shale Gas (MMcf)</u></b>						
Gross Lease	1,163	2,708	3,871	1,410	3,387	4,797
Total Company Interest	1,163	2,708	3,871	1,410	3,387	4,797
Net After Royalty	803	2,157	2,960	973	2,684	3,658
<b><u>Natural Gas Liquids (Mbbbl)</u></b>						
Gross Lease	21	50	72	26	63	89
Total Company Interest	21	50	72	26	63	89
Net After Royalty	13	35	48	16	44	59
<b><u>Sulphur (Mlt)</u></b>						
Gross Lease	0.5	1.2	1.7	0.6	1.5	2.1
Total Company Interest	0.5	1.2	1.7	0.6	1.5	2.1
Net After Royalty	0.3	0.9	1.2	0.4	1.1	1.5
<b><u>Oil Equivalent (Mboe)</u></b>						
Gross Lease	259	692	951	313	864	1,177
Total Company Interest	259	692	951	313	864	1,177
Net After Royalty	178	542	720	216	674	890
<b>BEFORE TAX PRESENT VALUE (M\$)</b>						
0%	1,478	5,257	6,734	1,784	7,763	9,548
5%	1,524	4,422	5,946	1,820	6,406	8,226
8%	1,535	3,976	5,511	1,821	5,714	7,535
10%	1,538	3,701	5,239	1,817	5,299	7,116
12%	1,537	3,445	4,982	1,809	4,918	6,726
15%	1,532	3,092	4,624	1,792	4,403	6,195
20%	1,514	2,580	4,094	1,757	3,676	5,433
<b>FIRST 6 YEARS BEFORE TAX CASH FLOW (M\$)</b>						
2022	1,313	-2,692	-1,380	1,379	-2,607	-1,228
2023	472	3,260	3,732	579	3,515	4,094
2024	91	1,886	1,978	209	2,129	2,338
2025	0	1,254	1,254	20	1,576	1,596
2026	0	822	822	0	1,147	1,147
2027	0	517	517	0	835	835

BOE Factors: HVY OIL 1.0 RES GAS 6.0 PROPANE 1.0 ETHANE 1.0  
COND 1.0 SLN GAS 6.0 BUTANE 1.0 SULPHUR 0.0

Run Date: March 01, 2022 17:56:32

1213120 Class (PDP,PUD,TP,P+PDP,P+PUD,TPP), GLJ (2022-01), psum

May 04, 2022 16:10:47



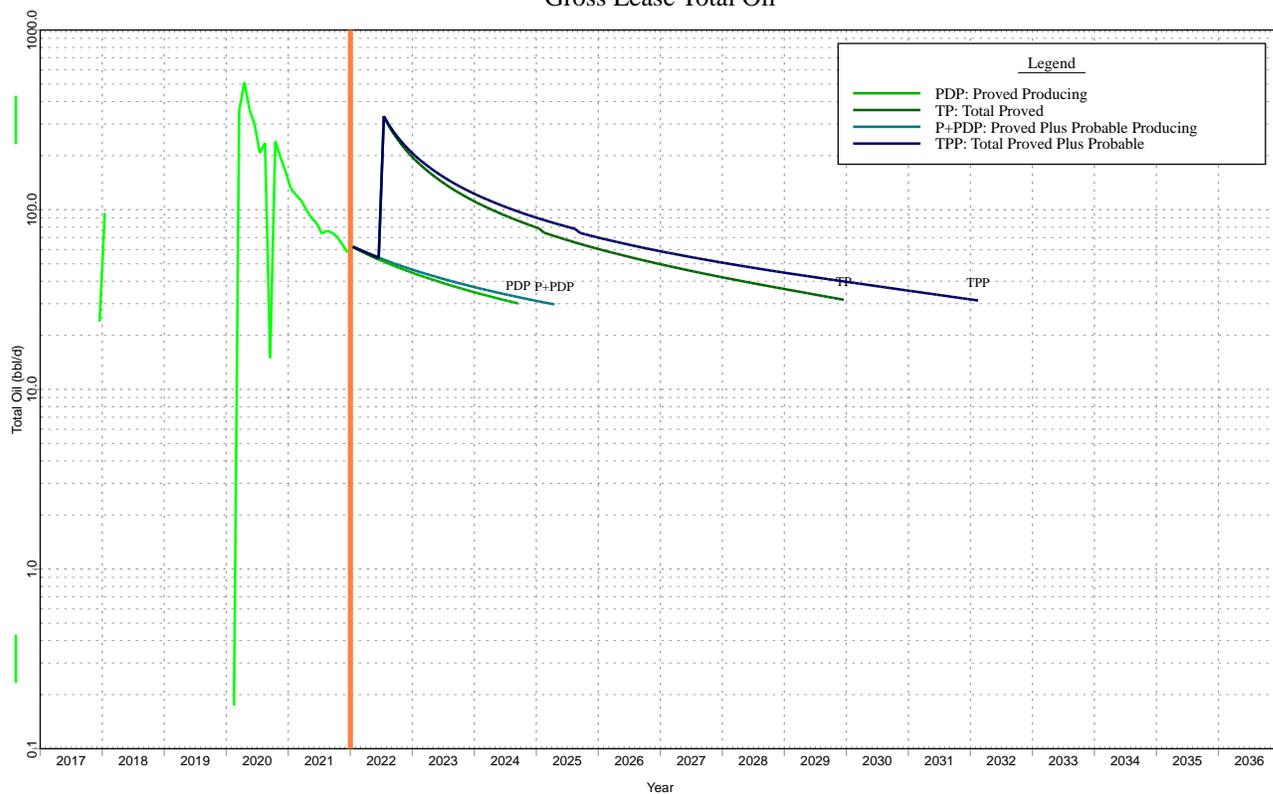
Company:  
Property:

**Historical and Forecast Production**  
**Leucrotta Exploration Inc.**  
**Two Rivers**

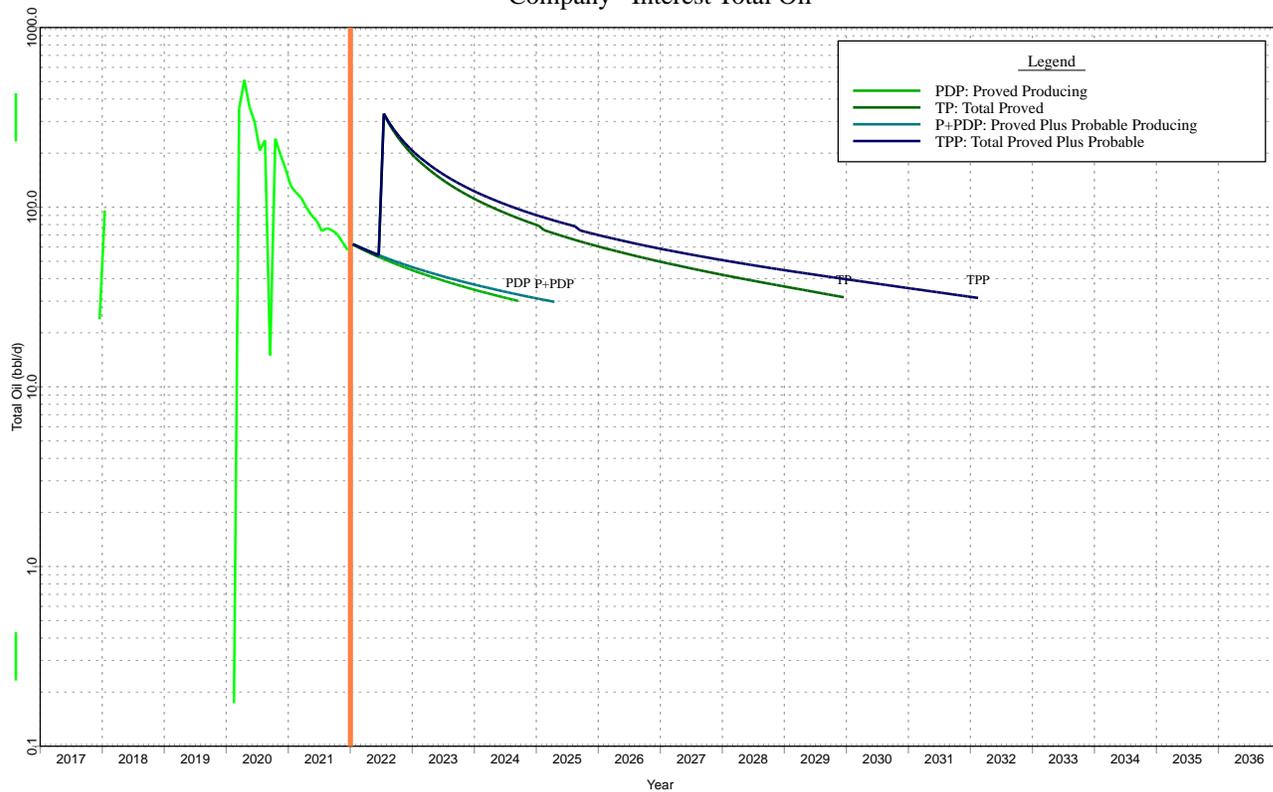
Pricing:  
Effective Date:

**GLJ (2022-01)**  
**December 31, 2021**

**Gross Lease Total Oil**



**Company\* Interest Total Oil**



\*Note: Historical company interest production is based on current interests in the evaluated reserves entities applied to reported actual gross lease production. Consequently, company actuals may differ from the history shown due to changes in ownership.

### Historical and Forecast Production

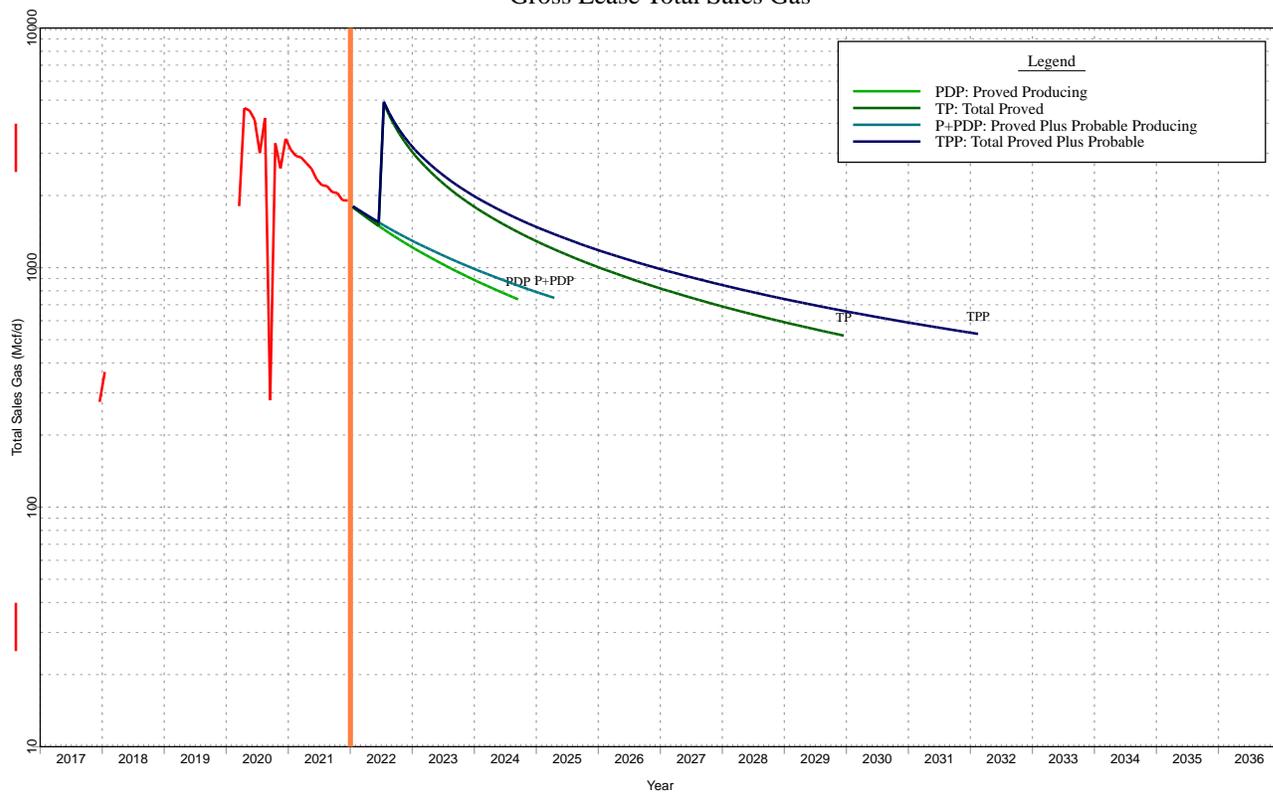
Company:  
Property:

Leucrotta Exploration Inc.  
Two Rivers

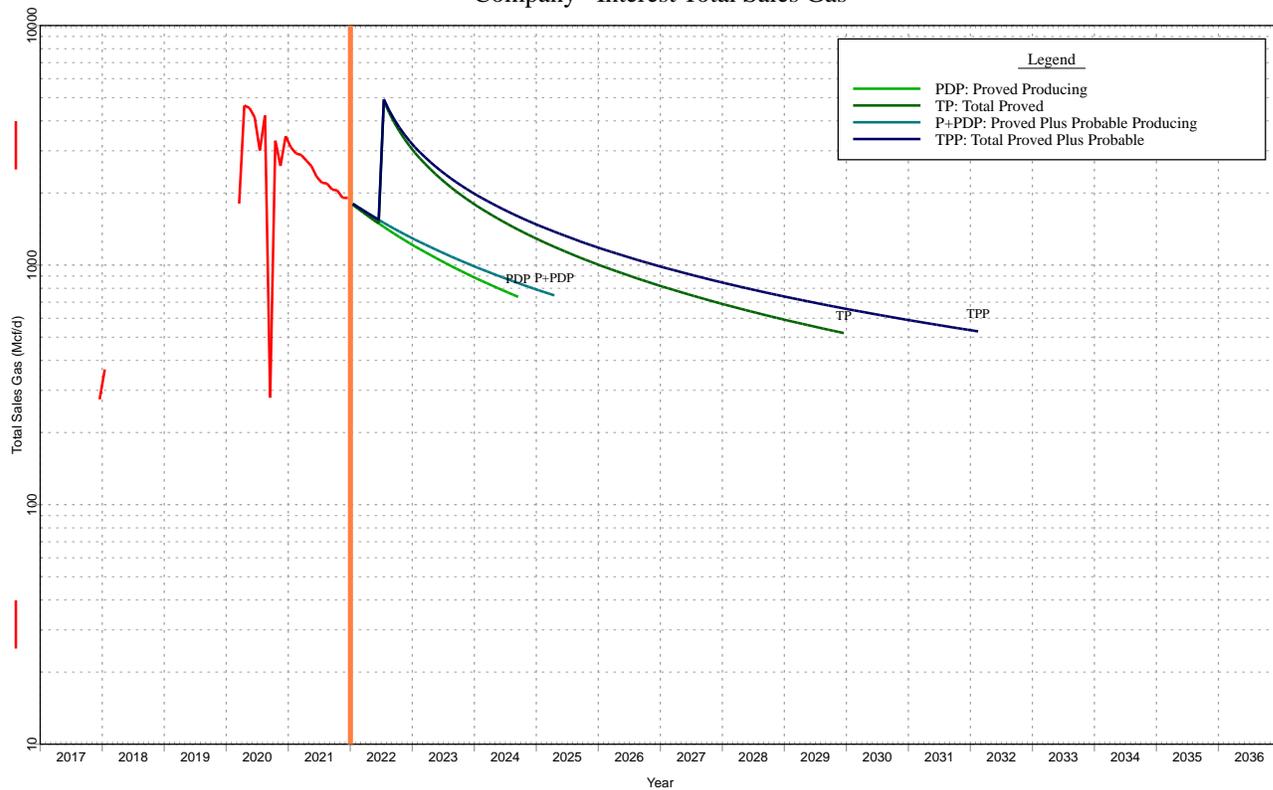
Pricing:  
Effective Date:

GLJ (2022-01)  
December 31, 2021

#### Gross Lease Total Sales Gas



#### Company\* Interest Total Sales Gas



\*Note: Historical company interest production is based on current interests in the evaluated reserves entities applied to reported actual gross lease production. Consequently, company actuals may differ from the history shown due to changes in ownership.

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Various**  
Development Class: **Classifications**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

### Daily Production, Reserves and Present Value Summary

Entity Description	Reserve Class	2022 Gross Lease Production				2022 Company Interest Production				Gross Lease Reserves					Company Interest Reserves					Before Tax 10% Dcf Present Value M\$
		Gas Mcf/d	Oil bbl/d	NGL bbl/d	Oil Eq. boe/d	Gas Mcf/d	Oil bbl/d	NGL bbl/d	Oil Eq. boe/d	Gas MMcf	Oil Mbbbl	NGL Mbbbl	Sulphur Mlt	Oil Eq. Mboe	Gas MMcf	Oil Mbbbl	NGL Mbbbl	Sulphur Mlt	Oil Eq. Mboe	
<b>Proved Producing</b>																				
Two Rivers																				
100/04-03-083-16W6/0	PDP	915	15	17	184	915	15	17	184	718	13	13	0	146	718	13	13	0	146	1,877
100/13-04-083-16W6/0	PDP	2	4	0	4	2	4	0	4	2	4	0	0	4	2	4	0	0	4	2
100/02-18-083-16W6/0	PDP	566	34	10	139	566	34	10	139	442	27	8	0	109	442	27	8	0	109	1,908
14-05 Battery	PDP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,250
Total: Two Rivers		1,483	53	27	327	1,483	53	27	327	1,163	43	21	1	259	1,163	43	21	1	259	1,538
<b>Total: Proved Producing</b>		<b>1,483</b>	<b>53</b>	<b>27</b>	<b>327</b>	<b>1,483</b>	<b>53</b>	<b>27</b>	<b>327</b>	<b>1,163</b>	<b>43</b>	<b>21</b>	<b>1</b>	<b>259</b>	<b>1,163</b>	<b>43</b>	<b>21</b>	<b>1</b>	<b>259</b>	<b>1,538</b>
<b>Total Proved</b>																				
Two Rivers																				
100/04-03-083-16W6/0	PDP	915	15	17	184	915	15	17	184	1,232	27	23	1	255	1,232	27	23	1	255	2,882
100/13-04-083-16W6/0	PDP	2	4	0	4	2	4	0	4	2	4	0	0	4	2	4	0	0	4	8
1XX/04-10-083-16W6/ PUD	TP	1,281	105	24	343	1,281	105	24	343	1,850	156	34	1	498	1,850	156	34	1	498	4,778
100/02-18-083-16W6/0	PDP	566	34	10	139	566	34	10	139	786	48	15	0	193	786	48	15	0	193	2,921
14-05 Battery	PDP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,350
Total: Two Rivers		2,765	158	51	670	2,765	158	51	670	3,871	234	72	2	951	3,871	234	72	2	951	5,239
<b>Total: Total Proved</b>		<b>2,765</b>	<b>158</b>	<b>51</b>	<b>670</b>	<b>2,765</b>	<b>158</b>	<b>51</b>	<b>670</b>	<b>3,871</b>	<b>234</b>	<b>72</b>	<b>2</b>	<b>951</b>	<b>3,871</b>	<b>234</b>	<b>72</b>	<b>2</b>	<b>951</b>	<b>5,239</b>
<b>Proved Plus Probable Producing</b>																				
Two Rivers																				
100/04-03-083-16W6/0	P+PDP	948	15	18	191	948	15	18	191	875	16	16	0	178	875	16	16	0	178	2,227
100/13-04-083-16W6/0	P+PDP	2	4	0	5	2	4	0	5	2	4	0	0	5	2	4	0	0	5	18
100/02-18-083-16W6/0	P+PDP	585	35	11	143	585	35	11	143	533	32	10	0	130	533	32	10	0	130	2,226
14-05 Battery	P+PDP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,654
Total: Two Rivers		1,535	54	28	338	1,535	54	28	338	1,410	52	26	1	313	1,410	52	26	1	313	1,817
<b>Total: Proved Plus Probable Producing</b>		<b>1,535</b>	<b>54</b>	<b>28</b>	<b>338</b>	<b>1,535</b>	<b>54</b>	<b>28</b>	<b>338</b>	<b>1,410</b>	<b>52</b>	<b>26</b>	<b>1</b>	<b>313</b>	<b>1,410</b>	<b>52</b>	<b>26</b>	<b>1</b>	<b>313</b>	<b>1,817</b>
<b>Total Proved Plus Probable</b>																				
Two Rivers																				
100/04-03-083-16W6/0	P+PDP	948	15	18	191	948	15	18	191	1,566	34	29	1	324	1,566	34	29	1	324	3,447
100/13-04-083-16W6/0	P+PDP	2	4	0	5	2	4	0	5	3	5	0	0	5	3	5	0	0	5	18
1XX/04-10-083-16W6/ PUD	TPP	1,308	108	24	350	1,308	108	24	350	2,245	191	42	1	607	2,245	191	42	1	607	6,544
100/02-18-083-16W6/0	P+PDP	585	35	11	143	585	35	11	143	983	59	18	0	241	983	59	18	0	241	3,416
14-05 Battery	P+PDP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-6,309
Total: Two Rivers		2,843	162	53	688	2,843	162	53	688	4,797	288	89	2	1,177	4,797	288	89	2	1,177	7,116
<b>Total: Total Proved Plus Probable</b>		<b>2,843</b>	<b>162</b>	<b>53</b>	<b>688</b>	<b>2,843</b>	<b>162</b>	<b>53</b>	<b>688</b>	<b>4,797</b>	<b>288</b>	<b>89</b>	<b>2</b>	<b>1,177</b>	<b>4,797</b>	<b>288</b>	<b>89</b>	<b>2</b>	<b>1,177</b>	<b>7,116</b>

BOE Factors: HVY OIL 1.0 RES GAS 6.0 PROPANE 1.0 ETHANE 1.0  
COND 1.0 SLN GAS 6.0 BUTANE 1.0 SULPHUR 0.0

## GENERAL

The Two Rivers property is located in Townships 082 to 084, Ranges 13 to 17 W6M near the British Columbia–Alberta border, approximately 30 kilometres southeast of Fort St. John. Leucrotta Exploration Inc. (Leucrotta) owns various interests in this property as detailed in the Land section and illustrated on the land map (Map 1) of this report.

As of the December 31, 2021 effective date of the report, there are two horizontal wells and one vertical well actively producing within the property. The two horizontal wells are producing from the Montney Formation and make up the bulk of production and reserves attributed to the property.

All wells are operated by Leucrotta. The property has established roads and year-round access.

Production from the property averages approximately 58 bopd and 2.1 MMcfpd as of the effective date. Cumulative production from the property at the effective date is approximately 430 Mbbbl of oil and 2.2 Bcf of gas. Total property production history and rate versus cumulative production plots are found on Plots 1 through 4. A well list and production summary is provided in Table 1.

As described in the Geology section, the Montney Formation on interest lands was divided into Upper and Lower units. These units were further subdivided into four members. Of the four members, the Upper Montney and the Lower Montney: lower target member (Lower Montney) are producing on interest lands.

The Montney was initially developed in the property in 2017 with the 100/02-18-083-16W6/0 horizontal well, which successfully tested the Upper Montney Formation. The Lower Montney Formation was successfully tested in 2020 when the 100/04-03-083-16W6/0 well began production.

One additional horizontal Montney location, 1XX/04-10-083-16W6/ PUD, targeting the Upper Montney interval is included to further develop the property. This development location is assigned proved undeveloped and proved plus probable undeveloped reserves.

Individual well production history and rate versus cumulative production plots are presented in the Appendix.

## GEOLOGY

The dolomitic sandstones and siltstones of the Triassic Montney Formation unconformably overlie the Permian Belloy Formation and are in turn unconformably overlain by the phosphatic shales of the Triassic Doig Formation.

Within Leucrotta's Two Rivers property, the Montney Formation attains a thickness of up to 326 metres and has been subdivided into an Upper and Lower unit marked by a prominent, regionally correlative gamma ray spike observed at 1,666 metres true vertical depth (TVD) in the 100/06-13-083-16W6/00 wellbore (Figure 1). Regionally, the Upper Montney is subdivided into two members to account for grain density differences attributed to variations in weight percent of Total Organic Carbon (TOC). This high TOC interval, located at the base of the Upper Montney in the west, pinches out to the east and is observed at 1650m in Figure 1. The Lower Montney unit was subdivided into the middle, lower target, and lower basal members based on petrophysical characteristics and core analysis data. In Figure 1, the Lower Montney middle member correlates to the top of the unit at 1,666 metres TVD, the lower target member was picked at 1,822 metres TVD, and the lower basal member was picked at 1,868 metres TVD.

Porosity was calculated using a normalized density log and individual pairs of grain and fluid density for each of the members of the Montney. Average grain density, as determined from core analysis of samples taken from each member, and adjusted fluid density were used to refine the calculated density porosity to tie the log and core porosity. Once these density values were supported with ties to available core data, the pair were applied to the regional petrophysical evaluation of wells without core data. The formula for the estimate of reservoir porosity is as follows:

$$\phi = \frac{\rho_{grain} - \rho_{bulk}}{\rho_{grain} - \rho_{fluid}}$$

Additional, minor adjustments to the grain density were made in some cases (for wells without core) to bring individual well net-to-gross ratios and average porosities to similar values seen in offset wells. In the case where large adjustments would be required, the data was deemed unacceptable and was not used in the mapping. Net pay was then estimated by applying a 1 percent porosity cutoff.

In general, the porosity of the TOC lean member of the Upper Montney was calculated using a 2,700/700 kg/m<sup>3</sup> grain/fluid pairing, while in the TOC rich member a 2,650/1000 kg/m<sup>3</sup> grain/fluid pairing was used. In the Lower Montney, the middle, lower target and lower basal members used grain/fluid pairings of 2,700/500, 2,710/700 and 2,700/500 kg/m<sup>3</sup>, respectively. It should be noted that accuracy of porosity interpretation from core analysis can introduce significant inherent variance in the accuracy and precision of porosity interpretation from open-hole logs. The 0.5 porosity unit (p.u.) error in core analysis is equivalent to  $\pm 17$  percent uncertainty in rock of 3 percent average porosity, and  $\pm 10$  percent uncertainty in 5 percent average porosity rock. The overall Montney average porosity across the property varies from 2.4 to 4.6 percent with minimum uncertainty in the range of  $\pm 11$  percent.

Water saturation for each Montney member was determined from core analyses using oil based drilled and cut cores. The analysis data for these cores was compiled and analyzed based on Montney member, sample type, analysis methodology, and length of cored interval versus number of samples evaluated. The results were then compared to log porosity and resistivity to determine water saturation values for each Montney member relative to log response and proximity to core data. As a result, average water saturations of 28, 40, 18, and 22 percent, were applied to the Upper Montney, the middle member, lower target member, and lower basal member of the Lower Montney, respectively across the property.

Mapping of the combined Upper Montney, and the middle, lower target, and lower basal members of the Lower Montney was accomplished using Surfer™ software. Separate grids for the gross thickness, net to gross ratios, and porosity were created and used to derive net pay and pore volume grids. Net pay and pore volume employ a 1 percent porosity cutoff.

Production results from Leucrotta's Upper Montney horizontal wells in the Doe-Mica property indicate that these wells are draining a portion of the middle member of the Lower Montney along with the Upper Montney. Map 2 illustrates the pore volume that is expected to be reached by current and future Leucrotta Upper Montney horizontal wells. This map is a combination of the Upper Montney pore volume with the upper portion of the middle member of the Lower Montney. This includes the pore volume from between the middle Montney top and the Leucrotta middle Montney top, as shown in Figure 1, at 1,664 metres TVD. Map 3 illustrates the remaining pore volume within the middle member of the Lower Montney that is not expected to contribute to these Upper Montney wells. Maps 4 and 5 represent the pore volume for the lower target member and lower basal member of the Lower Montney, respectively.

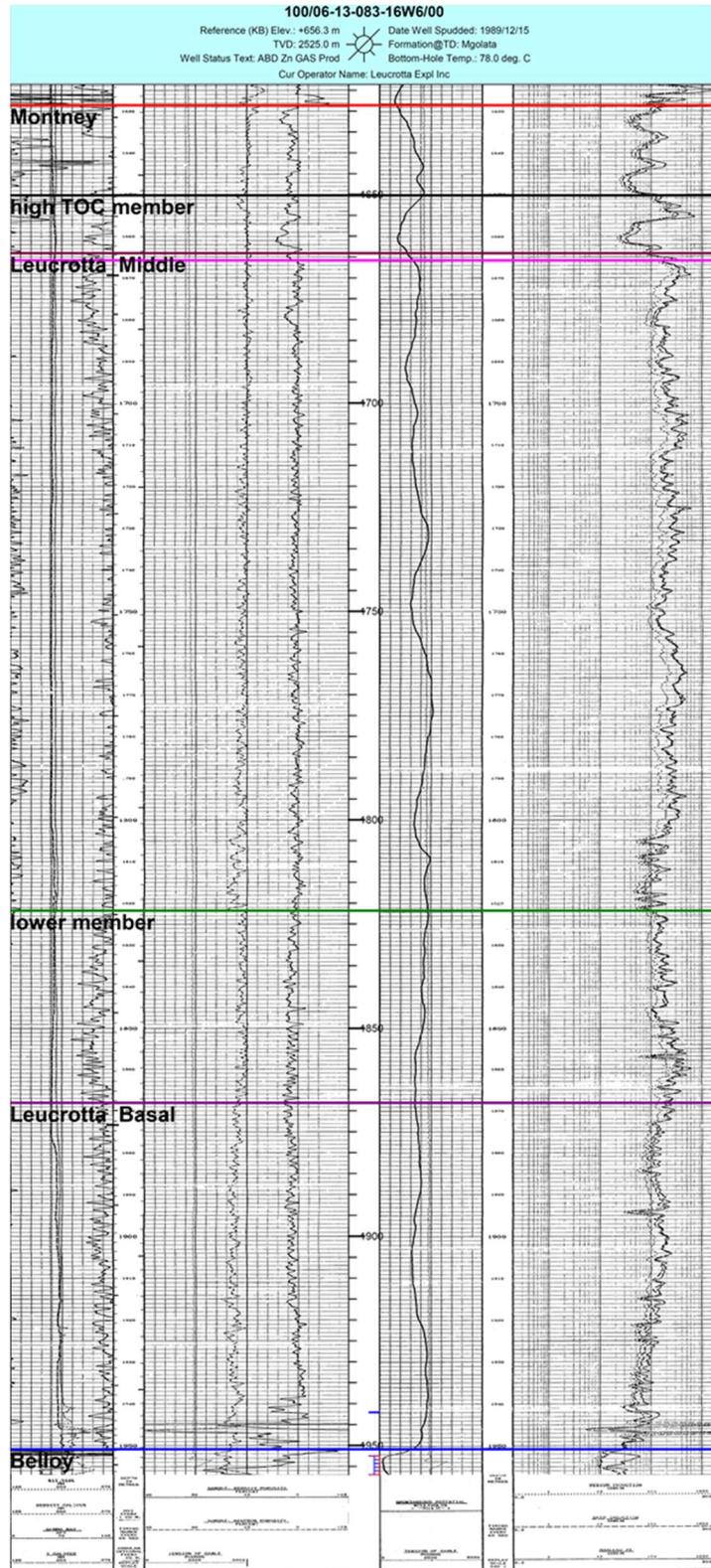


Figure 1: Montney Type Log

## RESERVES

Reserves for the Two Rivers property were assigned on an individual well basis. Reserves for the producing wells were assigned using decline curve analysis. The existing producing wells have sufficient decline history on which to extrapolate decline curves. For the Montney wells, analogy was also considered when estimating recoverable reserves. The Company's Doe-Mica wells, location in Townships 081-082, Range 14 W6M were considered the best analogs, as they are geographically close, and have targeted the same Montney intervals using similar completion techniques.

One additional horizontal Montney drilling location, 1XX/04-10-083-16W6/ PUD is included in the forecast. This location targets the Upper Montney interval and is assigned proved undeveloped and proved plus probable undeveloped reserves. The location is immediately offset of the producing Upper Montney well at 100/02-18-083-16W6/0. Proved reserves are included for this location, due to the proximity to commercial production at 100/02-18-083-16W6/0. In addition, geological mapping of the Upper Montney indicates that the reservoir is present at this location and similar in characteristic to the existing production at the offset well.

Leucrotta updated their development plan and well strategy in 2021, drilling four new wells in the Doe-Mica property with longer horizontal lateral lengths and completing them with higher fracturing intensity techniques than was previously done. The four new wells have been drilled from the 09-33-081-14W6 pad. Three are landed in the Lower Montney Formation (A9-33, B9-33, and C9-33), and the fourth in the Basal Montney Formation (D9-33). The average length of the four completed lateral wellbores is approximately 2,400 metres, with an average fracture intensity of 2.5 tons per metre.

With the advent of horizontal multi-stage fractured technology, companies have focused on optimizing their well designs to maximize produced fluids from the reservoirs and current net present value. Over the last number of years, the industry trend has been toward longer horizontal wells with increased amounts of completion stages and proppant per well. This has the effect of reducing overall drilling and completion costs, leading to increased recoverable volumes on a per well basis and improved net present value. Leucrotta's updated well design reflects the shift in industry to longer and more intensely completed horizontal Montney wells.

A summary of Leucrotta's change in well and completion design is presented in the following table.

Well and Completion Design	Total Horizontal Completed Well Length (m)	Total # of Fracture Stages	Tonnage per Metre of Completed HZ Length (T/m)	Fracture Spacing (m)
Previous Design	1,600	41	1.5	39
2021 New Design	2,400	133	2.5	18

To determine the increase in ultimate recoverable reserves and initial rates due to the change in design, scaling factors have been determined by comparing results of current producing wells using the previous design to the new design. Two separate comparisons were completed to best analyze the change in performance of the design, a Montney gas well comparison and a Montney oil well comparison.

A Montney gas well list was selected in the adjacent area ranging from a northeast corner of T81-R18 W6 to a southeast corner of T78-R14 W6. The well list was then filtered down to produce two well lists. The first well list reflects the previous well design, with an average horizontal completed lateral length of 1,600 metres and an average fracturing intensity of 1.5 tons per metre. The second well list reflects the new well design, with an average of 2,400 metres of horizontal completed lateral length and 2.5 tons per metre fracturing intensity. Production histories were then normalized to a common start date and then decline analysis was performed to determine initial rates and an ultimate recoverable reserve value.

The same analysis was done on Montney oil wells in the Pouce Coupe, Gordondale and Gold Creek areas which all contain Montney wells with varying completions intensities and horizontal lateral lengths in the same Montney interval. The results from this analysis can be seen in the table below.

Well and Completion Design	Montney Oil Wells		Montney Gas Wells	
	Initial Rate (bopd)	Best Estimate Recoverable Reserves (Mbbbl)	Initial Rates (Mcfpd)	Best Estimate Recoverable Reserves (MMcf)
Previous Design	250	150	3,000	3,700
2021 New Design	350	290	5,000	6,500
Scaling Factor	1.40	1.93	1.67	1.76

The scaling factors found from the analysis were then applied to predictions from the offset 100/02-18-083-16W6/0 Upper Montney well to estimate reserves at the 1XX/04-10-083-16W6/PUD location. The resulting estimates of reserves were then adjusted downwards to approximately 80 percent of estimated values to arrive at the ultimate reserves assignments assigned to the drilling location and included in this report. The downwards adjustment was applied because the new well design, although commercially demonstrated in the regional area, has not yet been tested in the Two Rivers property.

Reserves assignments were then compared against gas initially-in-place (GIIP) and oil initially-in-place (OIIP) as a check of reasonableness of the horizontal reserves assignments. Areal assignments were calculated using the horizontal well length plus 100 metres of end effects multiplied by 400 metre spacing. This inter-well spacing is a common distance used across the Montney, as seen in the Company's Doe-Mica property and other operators in the vicinity. Although volumetric calculations were not specifically utilized to estimate the reserves assignments, recovery factors were checked to ensure that the assigned reserves did not result in unusually high recovery factors. Reservoir parameters and the backed-out recovery factors are presented in Table 2.3.

Gross lease reserves are summarized in Table 2 on an individual well basis.

The wells used in the analysis of the previous and new well designs are included as the following lists.

Old Completion Gas Well List:

UWI	
02/01-03-081-16W6/0	03/08-11-080-17W6/0
03/15-16-080-15W6/0	00/13-16-077-17W6/0
00/15-11-078-17W6/0	02/09-15-078-18W6/0
00/02-04-081-17W6/0	00/16-18-080-15W6/0
00/14-33-080-17W6/0	00/12-33-080-15W6/0
04/09-03-079-17W6/0	02/05-20-080-15W6/0
06/15-04-080-17W6/0	00/12-11-081-15W6/0
00/12-05-080-14W6/0	00/13-08-081-16W6/0
00/13-34-080-17W6/0	03/16-18-080-15W6/0
00/11-13-081-17W6/0	00/04-06-081-15W6/0
00/04-11-080-15W6/0	03/05-30-080-15W6/0
00/08-19-080-13W6/0	03/13-12-080-16W6/0
02/13-20-080-15W6/0	02/13-17-080-15W6/0
02/01-08-082-14W6/0	03/07-15-078-18W6/0
00/09-08-081-14W6/0	03/04-05-081-15W6/0
00/13-02-077-17W6/0	02/12-17-080-15W6/0
00/01-23-081-14W6/0	02/05-17-080-15W6/0
02/09-11-080-17W6/0	02/04-20-080-15W6/0
00/01-06-081-13W6/0	00/12-08-080-15W6/0
02/05-05-081-15W6/0	02/04-29-080-15W6/0
02/16-16-080-15W6/0	
03/08-11-080-16W6/0	
00/16-16-080-15W6/0	
02/12-20-080-15W6/0	
00/12-05-077-17W6/2	
00/09-11-077-17W6/0	

New Completion Gas Well List:

UWI	
00/03-17-079-14W6/0	00/07-04-081-17W6/0
00/01-34-078-17W6/0	02/16-34-080-16W6/0
00/15-05-079-14W6/0	03/02-13-080-17W6/0
00/10-05-079-14W6/0	00/13-16-080-15W6/0
02/14-33-080-17W6/0	02/09-17-079-14W6/0
03/05-08-081-16W6/0	03/05-11-081-17W6/0
02/02-13-080-17W6/0	00/10-23-079-15W6/0
02/12-17-081-16W6/0	10/02-06-081-17W6/0
03/05-17-081-16W6/0	06/15-31-080-17W6/0
00/01-06-078-16W6/0	00/10-08-081-16W6/0
00/12-33-080-17W6/2	05/16-07-081-17W6/0
06/04-08-081-16W6/0	02/02-30-079-16W6/0
00/06-08-081-16W6/0	03/08-06-081-17W6/0
00/02-12-081-16W6/0	00/08-17-079-14W6/0
00/05-33-080-17W6/0	00/11-26-078-18W6/0
02/12-11-081-18W6/0	00/01-02-081-18W6/0
00/05-11-078-17W6/0	03/04-11-081-17W6/0
04/13-11-081-18W6/0	00/12-26-077-15W6/0
02/11-19-079-16W6/0	00/09-02-080-17W6/0
00/15-09-077-14W6/0	00/03-18-078-17W6/0
03/16-35-080-18W6/0	03/04-13-080-17W6/2
00/10-29-079-14W6/0	02/05-11-081-18W6/0
02/09-26-079-17W6/0	05/16-06-081-16W6/0
00/06-11-078-17W6/0	11/02-06-081-17W6/0
02/13-06-080-17W6/0	00/03-09-079-17W6/0
02/03-02-081-16W6/0	03/03-14-081-18W6/0
00/12-34-077-15W6/0	00/14-02-080-15W6/0
04/16-07-081-17W6/0	00/01-14-080-17W6/0
02/01-26-079-15W6/0	03/08-30-079-14W6/0
00/13-23-080-17W6/2	00/04-13-080-17W6/0
00/14-12-081-18W6/0	04/01-19-078-17W6/0
06/12-02-080-15W6/0	02/08-30-079-14W6/0
02/03-13-080-17W6/0	

## Old Completion Oil Well List:

UWI	
00/08-02-078-11W6/0	00/13-34-077-11W6/0
02/14-34-067-04W6/0	00/02-07-077-13W6/0
05/16-27-077-11W6/0	02/16-29-077-11W6/0
03/09-02-078-11W6/0	07/13-32-077-11W6/0
00/03-30-079-12W6/0	02/02-07-077-13W6/0
02/08-02-077-12W6/0	02/16-03-078-11W6/0
04/16-27-077-11W6/0	04/03-26-077-11W6/0
00/05-03-078-11W6/0	02/11-18-079-12W6/0
00/01-16-078-11W6/0	05/10-18-079-12W6/0
00/04-27-077-11W6/0	00/04-35-077-11W6/2
02/07-25-078-12W6/0	03/02-27-077-11W6/0
00/12-23-078-12W6/0	04/01-27-077-11W6/0
03/13-07-077-12W6/0	03/04-35-077-11W6/0
02/05-11-078-11W6/0	00/05-11-078-11W6/0
00/15-34-077-11W6/0	00/16-26-066-05W6/2
00/03-27-077-11W6/0	00/14-03-078-11W6/0
04/13-07-077-12W6/0	06/13-32-077-11W6/0
00/09-02-078-11W6/0	00/16-36-079-13W6/0
02/04-35-077-11W6/0	02/05-34-067-04W6/0
02/09-02-078-11W6/0	02/13-34-067-04W6/0
00/13-25-066-05W6/2	03/05-34-067-04W6/0
00/03-35-077-11W6/0	02/14-32-077-11W6/0

## New Completion Oil Well List:

UWI	
00/03-17-079-14W6/0	00/07-04-081-17W6/0
00/01-34-078-17W6/0	02/16-34-080-16W6/0
00/15-05-079-14W6/0	03/02-13-080-17W6/0
00/10-05-079-14W6/0	00/13-16-080-15W6/0
02/14-33-080-17W6/0	02/09-17-079-14W6/0
03/05-08-081-16W6/0	03/05-11-081-17W6/0
02/02-13-080-17W6/0	00/10-23-079-15W6/0
02/12-17-081-16W6/0	10/02-06-081-17W6/0
03/05-17-081-16W6/0	06/15-31-080-17W6/0
00/01-06-078-16W6/0	00/10-08-081-16W6/0
00/12-33-080-17W6/2	05/16-07-081-17W6/0
06/04-08-081-16W6/0	02/02-30-079-16W6/0
00/06-08-081-16W6/0	03/08-06-081-17W6/0
00/02-12-081-16W6/0	00/08-17-079-14W6/0
00/05-33-080-17W6/0	00/11-26-078-18W6/0
02/12-11-081-18W6/0	00/01-02-081-18W6/0
00/05-11-078-17W6/0	03/04-11-081-17W6/0
04/13-11-081-18W6/0	00/12-26-077-15W6/0
02/11-19-079-16W6/0	00/09-02-080-17W6/0
00/15-09-077-14W6/0	00/03-18-078-17W6/0
03/16-35-080-18W6/0	03/04-13-080-17W6/2
00/10-29-079-14W6/0	02/05-11-081-18W6/0
02/09-26-079-17W6/0	05/16-06-081-16W6/0
00/06-11-078-17W6/0	11/02-06-081-17W6/0
02/13-06-080-17W6/0	00/03-09-079-17W6/0
02/03-02-081-16W6/0	03/03-14-081-18W6/0
00/12-34-077-15W6/0	00/14-02-080-15W6/0
04/16-07-081-17W6/0	00/01-14-080-17W6/0
02/01-26-079-15W6/0	03/08-30-079-14W6/0
00/13-23-080-17W6/2	00/04-13-080-17W6/0
00/14-12-081-18W6/0	04/01-19-078-17W6/0
06/12-02-080-15W6/0	02/08-30-079-14W6/0
02/03-13-080-17W6/0	

## PRODUCTION AND DEVELOPMENT FORECAST

Production was forecast on an individual well basis. In the proved and proved plus probable producing reserves categories, production is forecast to decline along established historical decline trends until depletion of the assigned reserves occurs. Production forecasts are presented in Table 3 on a gross lease and company interest basis.

In general, the Montney production rates are characterized by a steep initial decline followed by a shallowing out period. For oil well production, this has been modeled by using super-harmonic decline exponents of 1.0 and 1.1 followed by terminal decline rates of approximately 15 and 12 percent for the proved and proved plus probable cases, respectively. These base decline exponents and terminal decline rates have been adjusted for producing wells to account for historical production trends where required.

The initial production timing of the development location was supplied by Leucrotta based on their internal capital budget. Future locations were only included where Leucrotta identified the location in their capital budget.

Oil and gas decline parameters are summarized in Tables 2.1 and 2.2 respectfully.

## ECONOMIC ANALYSIS

A summary of economic parameters used in this evaluation, including product pricing, natural gas liquid yields, surface losses, operating expenses and capital costs is provided in Table 4. Economic parameters were based on 2020 and 2021 lease operating and revenue statements provided by Leucrotta.

### ***Fixed Facility Operating Expenses***

Fixed facility costs for the Two Rivers 14-05 Battery were calculated rigorously. The supplied lease operating statements had facility cost centers split out from the fixed well costs to allow separate calculation of the yearly facility costs.

### ***Capital Costs***

Capital cost estimates for drilling, completions and tie-in of the drilling location were provided by Leucrotta based on their historical cost data and go-forward completion strategy. A per well capital summary is summarized in Table 4.

### ***Natural Gas Liquid Yields***

Natural gas liquid (NGL) reserves were assigned to the property based on analysis of the lease operating statements. NGL yields were calculated at the property total level and are applied to the forecast raw gas production as constant ratios as detailed in Table 4.

Economic forecasts for each of the reserves categories have been included in the Economic Forecasts section of this report.

### ***Other Economic Considerations***

This report does not address the following issues:

- Facility abandonment/salvage including possible environmental concerns.
- The current condition of field, gathering and processing facilities, i.e., an inspection was not carried out.

Company: **Leucrotta Exploration Inc.**  
 Property: **Two Rivers**

Reserve Class:  
 Development Class:  
 Pricing:  
 Effective Date:

**Proved Plus Probable  
 Total  
 GLJ (2022-01)  
 December 31, 2021**

**Summary of Well Interests and Burdens**

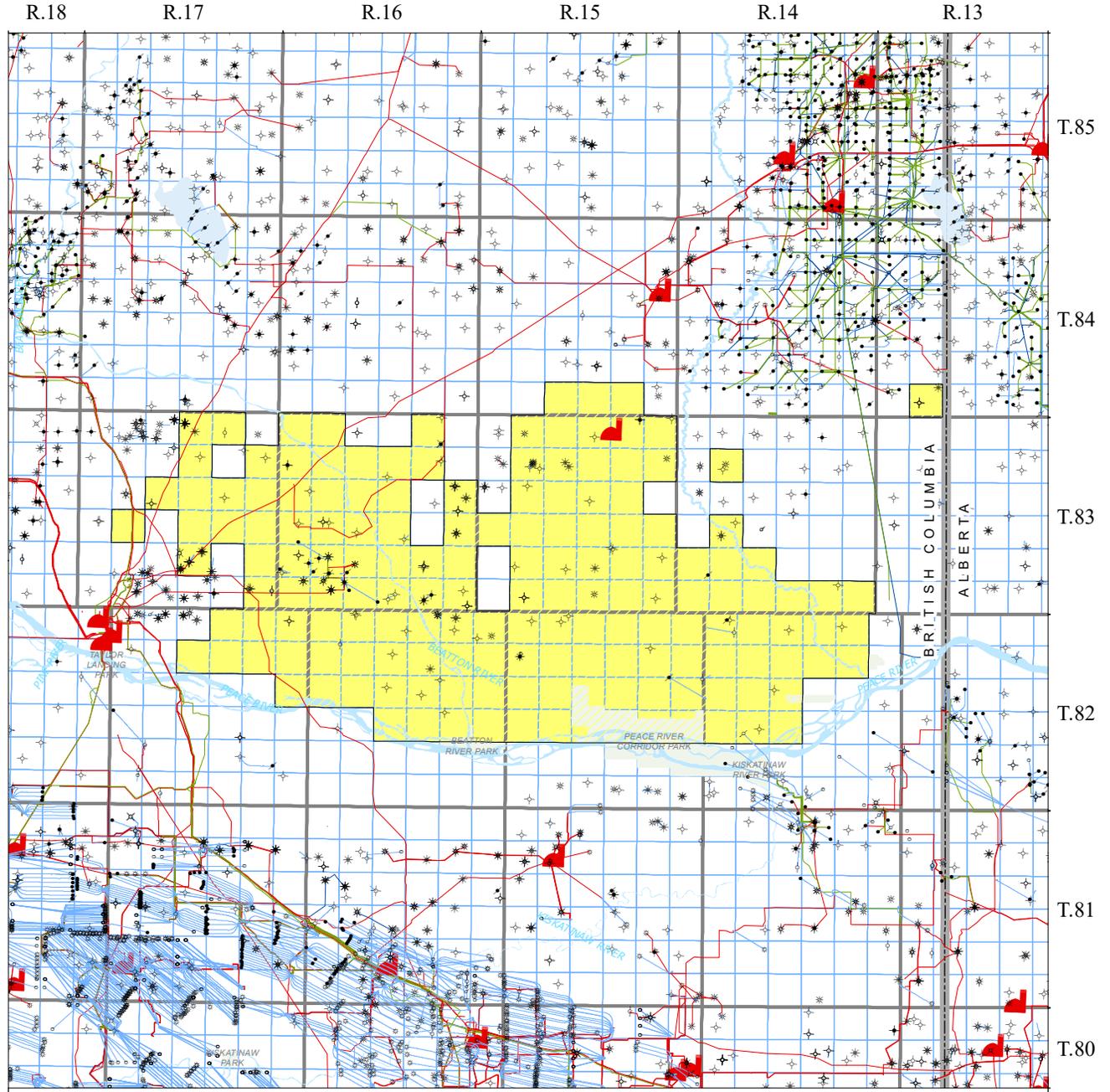
Entity Description	Working Interest			Type	Royalty Interest			Lessor Royalty	Other Royalty Burdens			
	BPO %	APO %	Rem PO (000's)		BPO %	APO %	Rem PO (000's)		Type	BPO %	APO %	Rem PO (000's)
<b>Two Rivers</b>												
Two Rivers												
100/04-03-083-16W6/0	100.000	-	-		-	-	-	BC CR NO BC CR Base9 G	GOR	20.000	-	-
100/13-04-083-16W6/0	100.000	-	-		-	-	-	BC CR Sln G BC CR NO BC CR Base9 G	GOR	10.000	-	-
1XX/04-10-083-16W6/ PUD	100.000	-	-		-	-	-	BC CR Sln G BC CR NO BC CR Base9 G	GOR	5.500	-	-
XX/04-10-083-16W6/ PUD												
100/02-18-083-16W6/0	100.000	-	-		-	-	-	BC CR Base9 G BC CR Sln G	GOR	20.000	-	-
14-05 Battery	100.000	-	-		-	-	-	BC CR NO BC CR Base9 G BC CR Sln G				

**Glossary**  
 APO=BPO interests unless otherwise specified  
 Base9 G: Base9 Residue Gas  
 BC: British Columbia  
 CR: Crown Royalty  
 GOR: Gross Overriding Royalty  
 NO: New Oil  
 Sln G: Solution Gas

# Map 1 Land Map

Company: Leucrotta Exploration Inc.  
Property: Two Rivers

Effective Date: December 31, 2021  
Project: s1213120/twom01



W6M



Legend

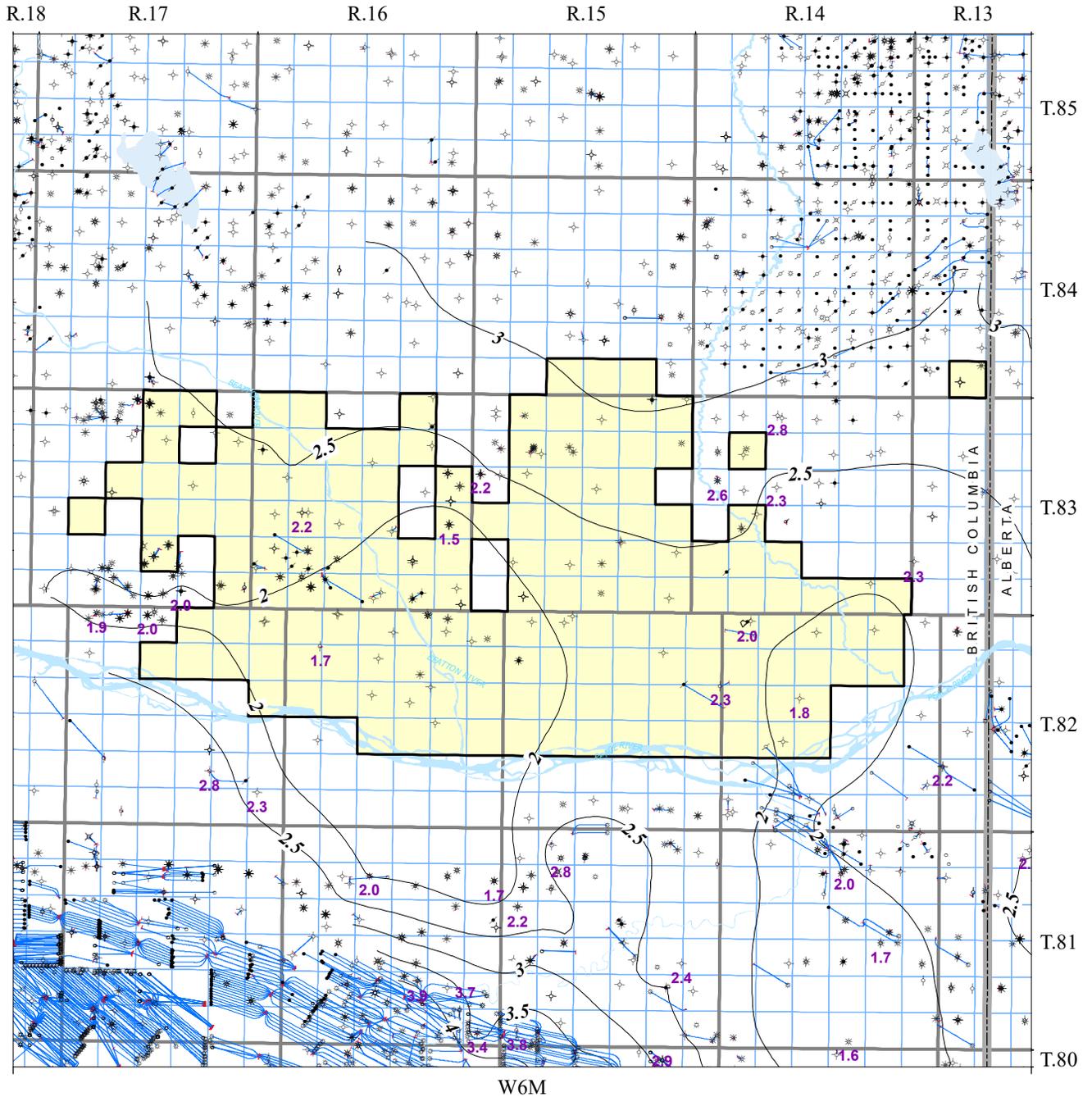
Interest land



# Map 2 Pore Volume Map Upper Montney Formation 1% Ø Cutoff

Company: Leucrotta Exploration Inc.  
Property: Two Rivers

Effective Date: December 31, 2021  
Project: s1213120/twom02



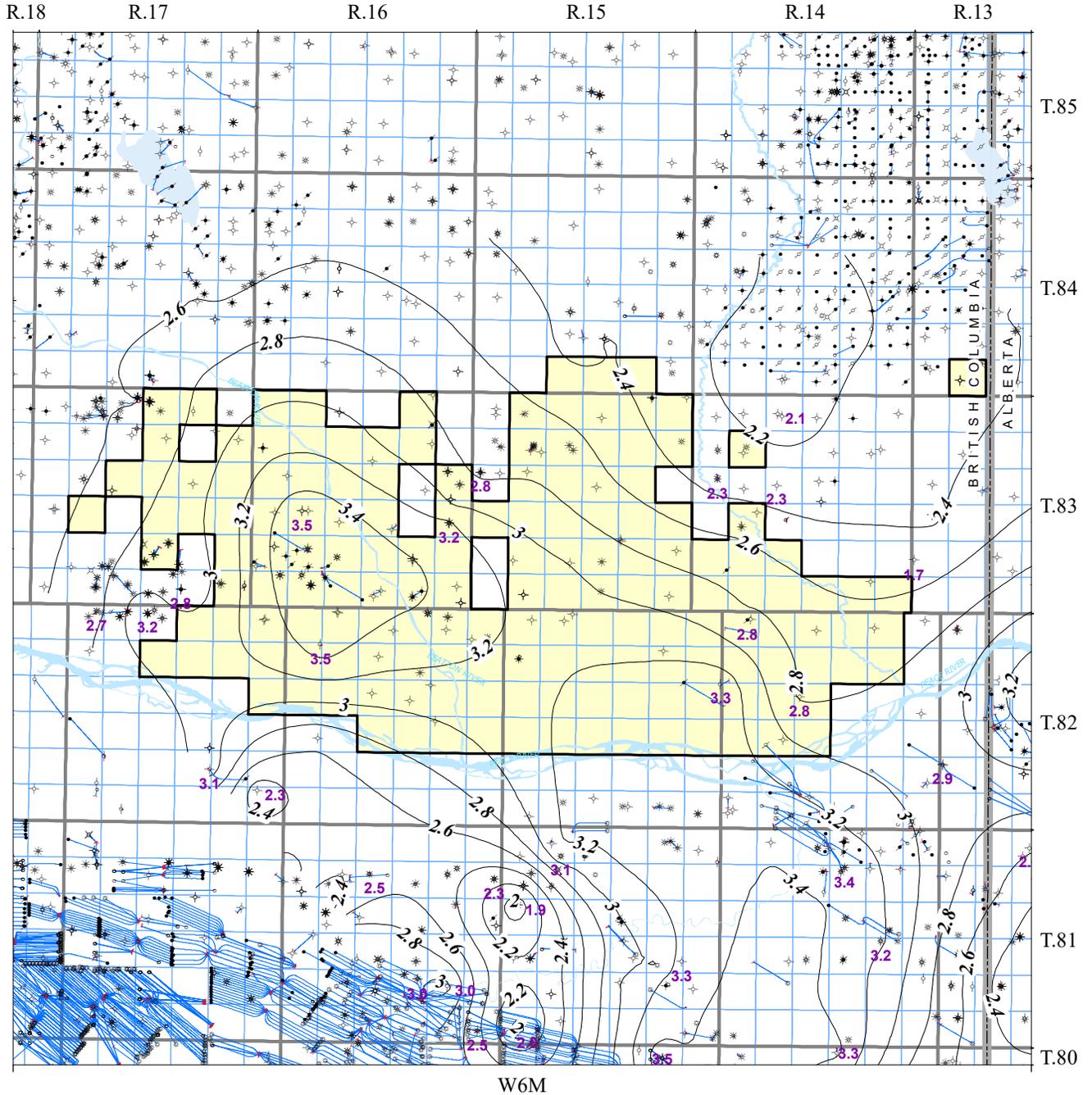
### Legend

- Interest Land
- $\Phi \times H$  (frac x m)
- Contour Interval = 0.5

Map 3  
Pore Volume Map  
Lower Montney Formation  
Middle Member  
1% Ø Cutoff

Company: Leucrotta Exploration Inc.  
Property: Two Rivers

Effective Date: December 31, 2021  
Project: s1213120/twom03



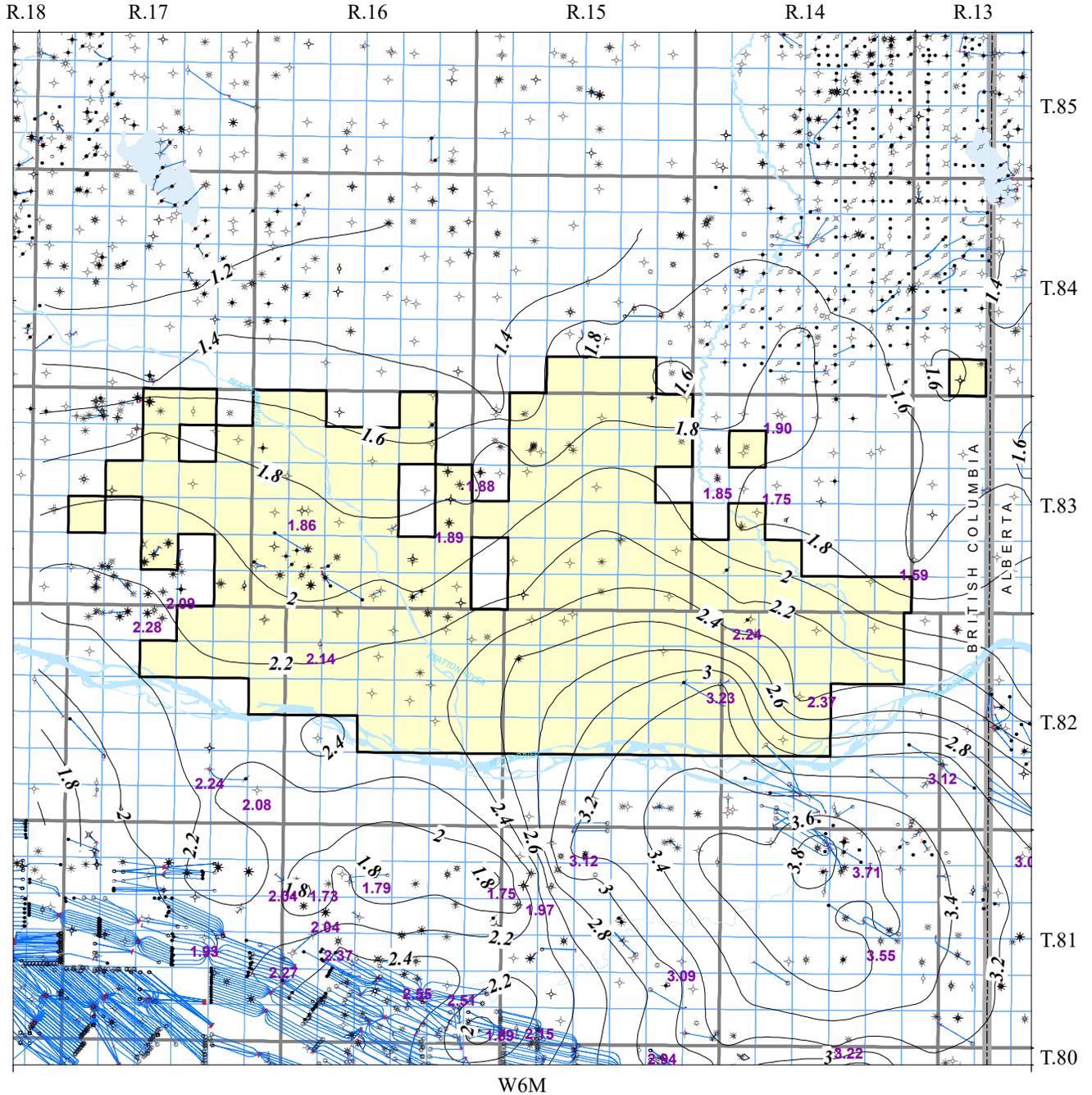
Legend

- Interest Land
- $\Phi \times H$  (frac $\times$ m)
- Contour Interval = 0.2

Map 4  
Pore Volume Map  
Lower Montney Formation  
Leucrotta Target Member  
1% Ø Cutoff

Company: Leucrotta Exploration Inc.  
Property: Two Rivers

Effective Date: December 31, 2021  
Project: s1213120/twom04



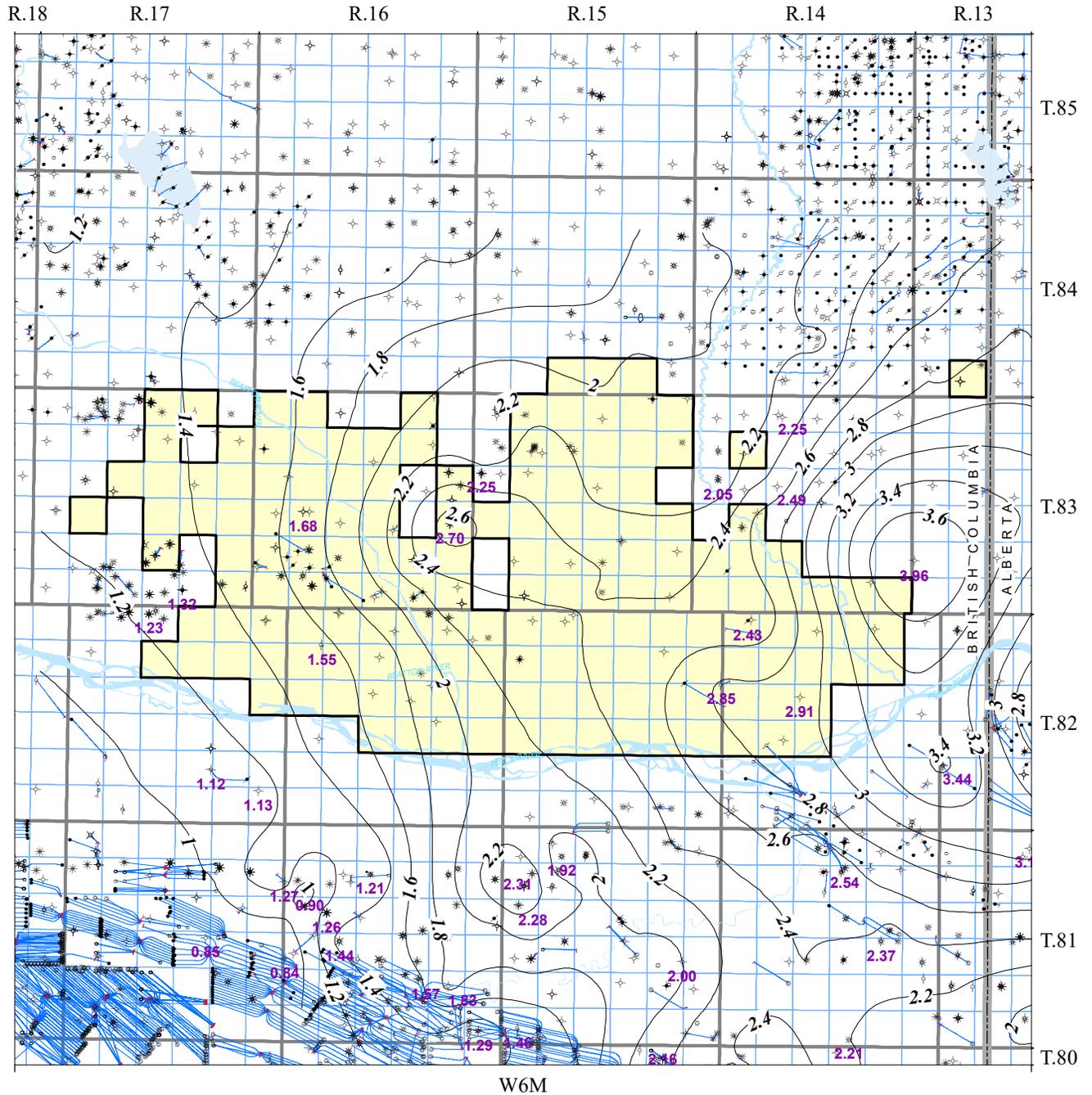
Legend

- Interest Land
- $\Phi \times H$  (frac $\times$ m)
- Contour Interval = 0.2

Map 5  
Pore Volume Map  
Lower Montney Formation  
Leucrotta Basal Member  
1% Ø Cutoff

Company: Leucrotta Exploration Inc.  
Property: Two Rivers

Effective Date: December 31, 2021  
Project: s1213120/twom05

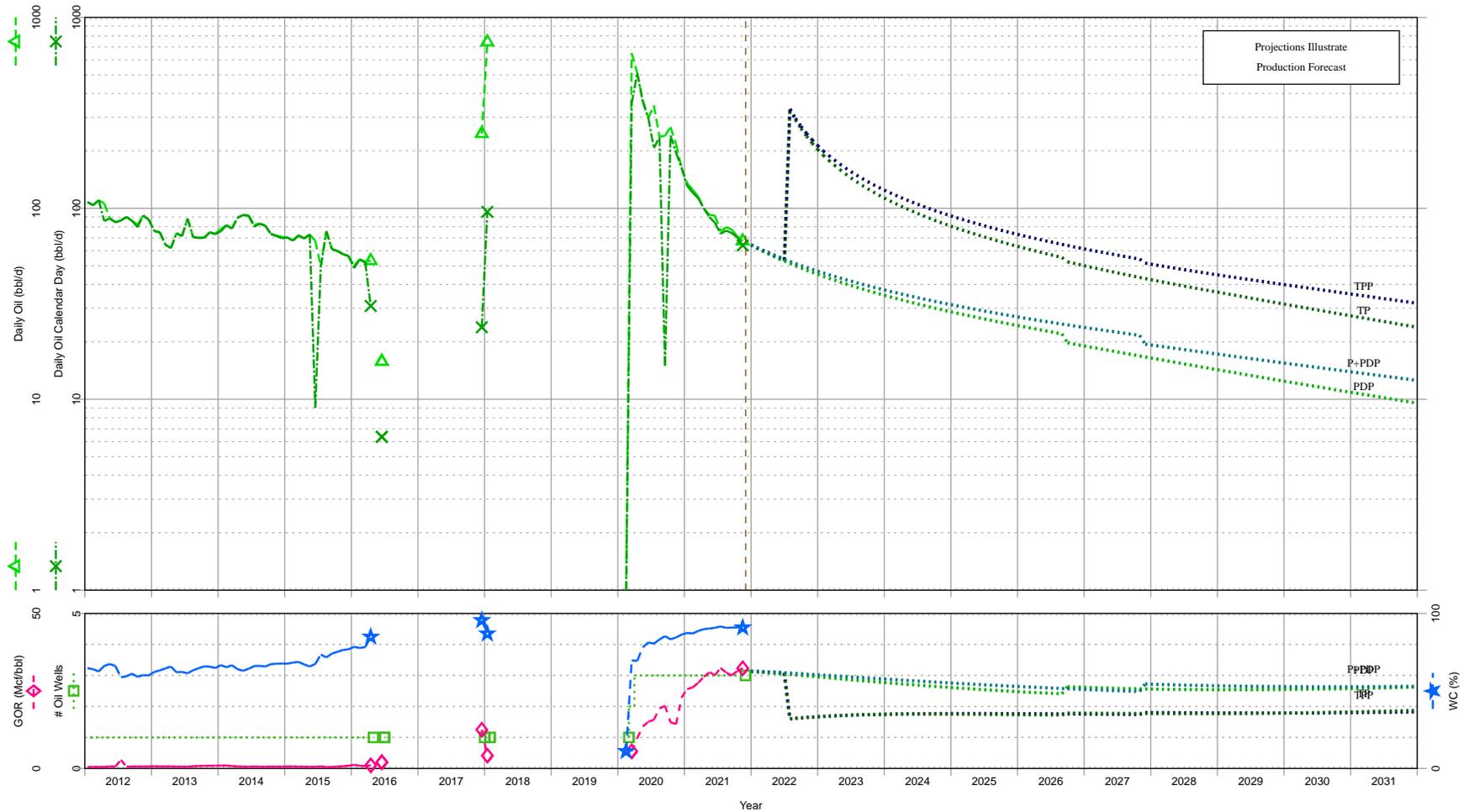


Legend

- Interest Land
- $\Phi \times H$  (frac $\times$ m)
- Contour Interval = 0.2

## Historical and Forecast Production Two Rivers - Total Property

Property : Two Rivers



Total Reserves Summary At 2021/12/01

Reserves Classification	Reserves ( Mbbbl )		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	536	430	106
Total Pv — TP(R)	736	430	306
P + P Prd — P+PDP(R)	562	430	132
Total P + P — TPP(R)	810	430	380

Average Production Rates (Last 12 months ending 2021/11/30)

Gas	2835.6Mcf/d	2742.0Mcf/cd	WGR	299.2 bbl/MMcf
Oil	99.5 bbl/d	96.7 bbl/cd	GOR	28361.9 scf/stb
Avg Wells	2.8		WC	89.5 %

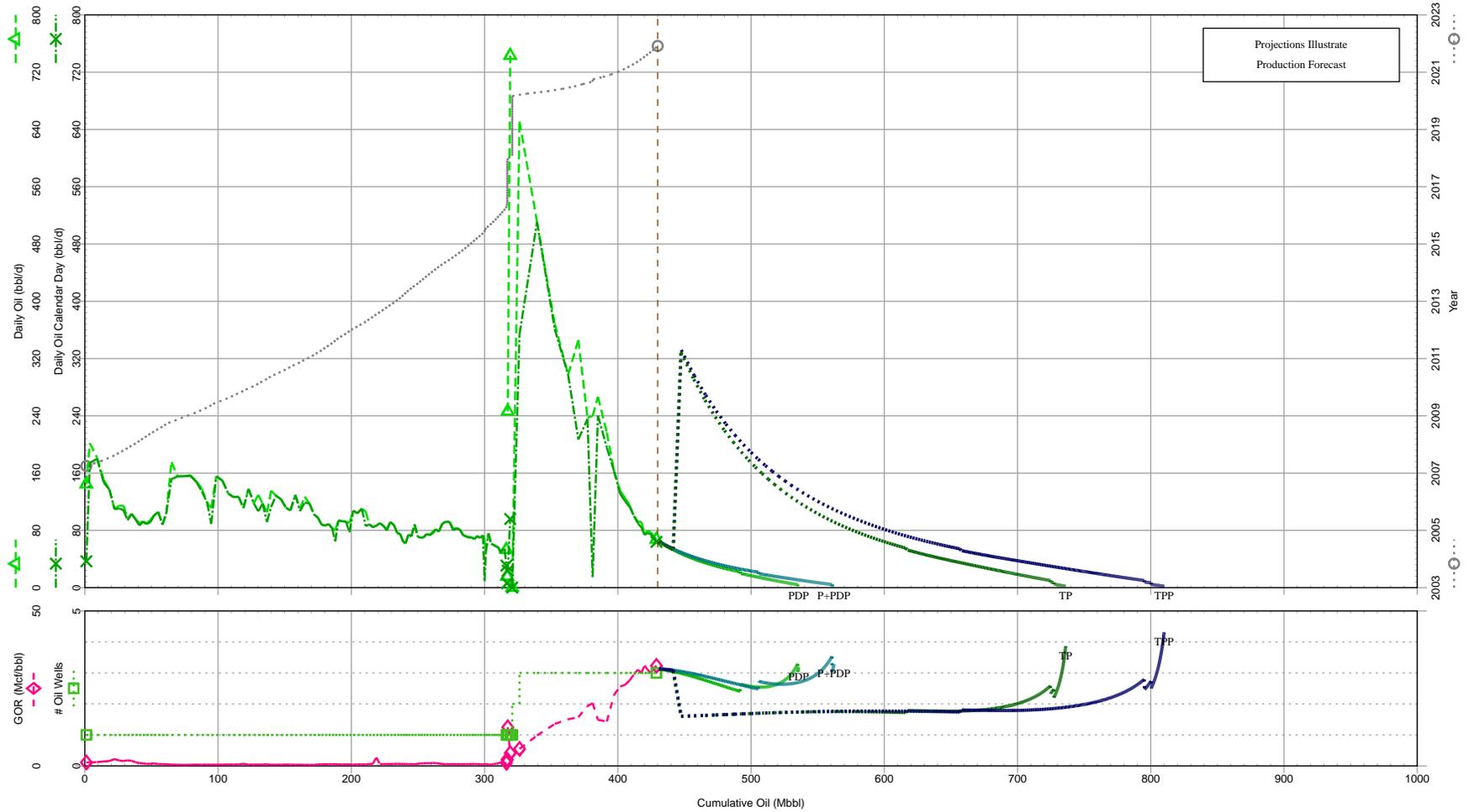
Cumulative Production

Oil	430.0 Mbbbl	Gas	2182.0 MMcf	Water	1013.7 Mbbbl
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Plot 1

# Historical and Forecast Production Two Rivers - Total Property

Property : Two Rivers



Total Reserves Summary At 2021/12/01

Reserves Classification	Reserves ( Mbb )		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	536	430	106
Total Pv — TP(R)	736	430	306
P + P Prd — P+PDP(R)	562	430	132
Total P + P — TPP(R)	810	430	380

Average Production Rates (Last 12 months ending 2021/11/30)

Gas	2835.6Mcf/d	2742.0Mcf/cd	WGR	299.2 bbl/MMcf
Oil	99.5 bbl/d	96.7 bbl/cd	GOR	28361.9 scf/stb
Avg Wells	2.8		WC	89.5 %

Cumulative Production

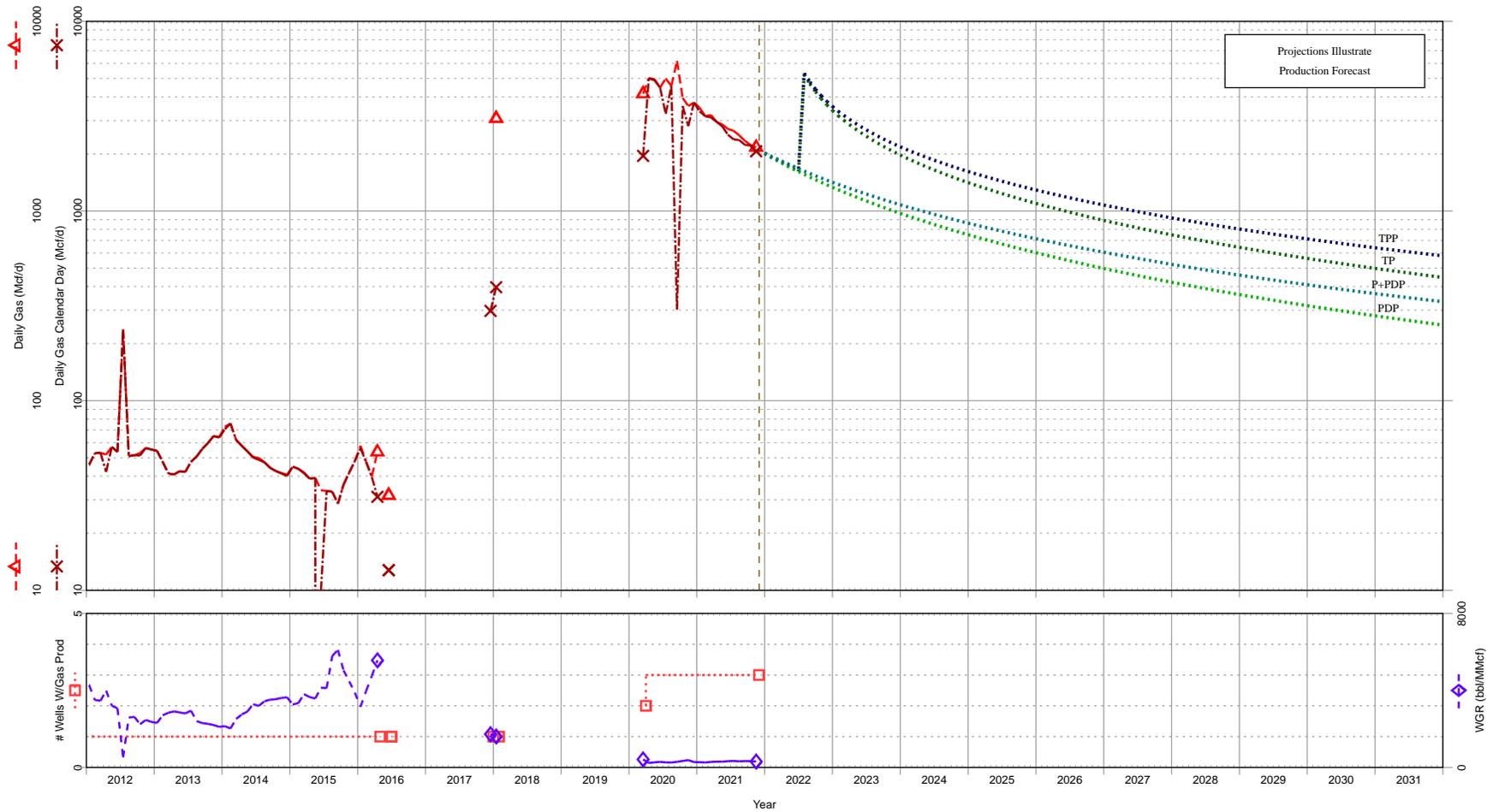
Oil	430.0 Mbb	Gas	2182.0 MMcf	Water	1013.7 Mbb
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Plot 2

## Historical and Forecast Production Two Rivers - Total Property

Note: Solution & Associated Gas

Property : Two Rivers



Total Reserves Summary At 2021/12/01

Reserves Classification	Raw Gas ( MMcf )		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	5100	2182	2918
Total Pv — TP(R)	7910	2182	5727
P + P Prd — P+PDP(R)	5935	2182	3753
Total P + P — TPP(R)	9439	2182	7257

Average Production Rates (Last 12 months ending 2021/11/30)

Gas	2835.6Mcf/d	2742.0Mcf/cd	WGR	299.2 bbl/MMcf
Oil	99.5 bbl/d	96.7 bbl/cd	GOR	28361.9 scf/stb
Avg Wells	2.8		WC	89.5 %

Cumulative Production

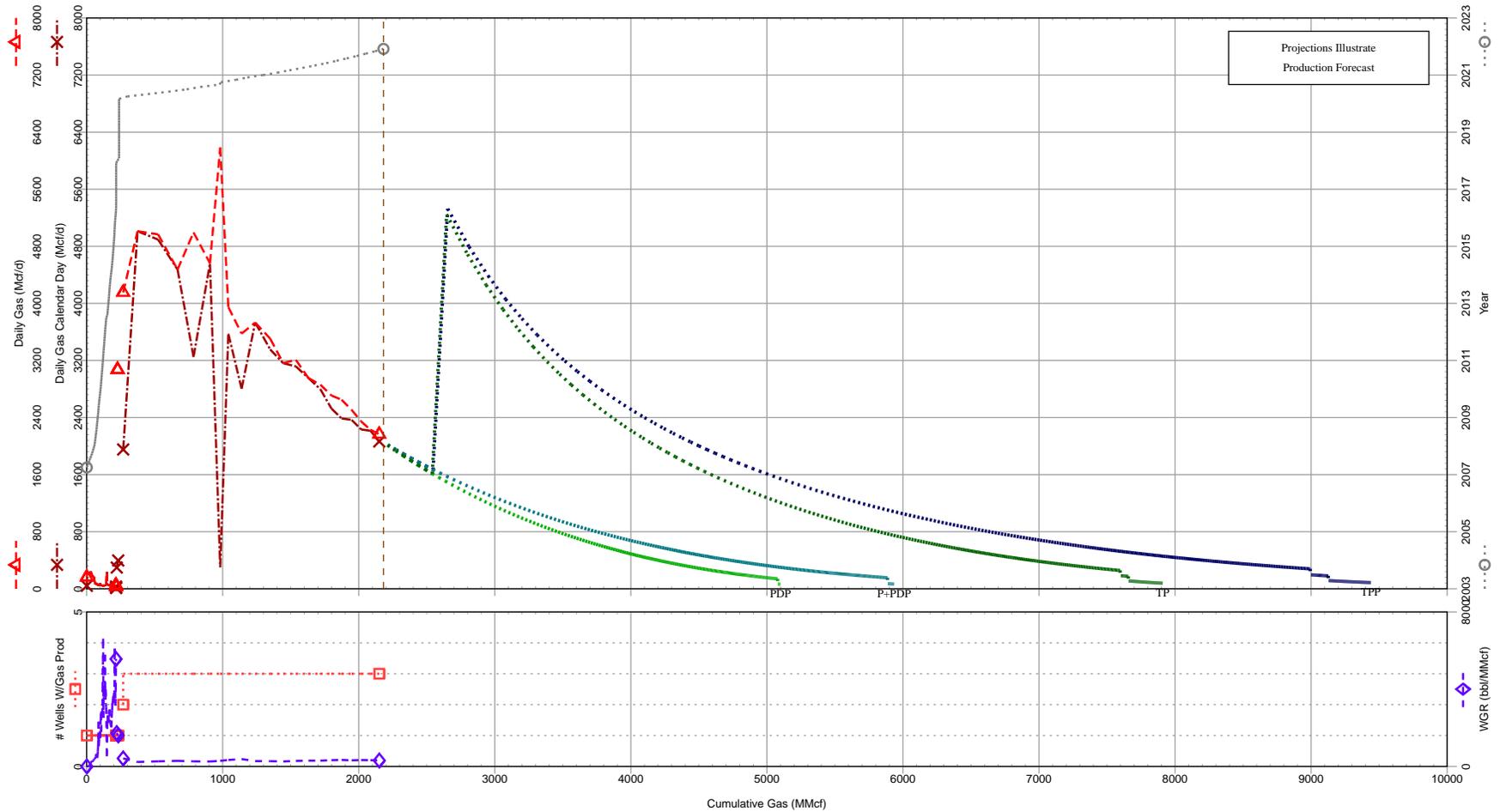
Oil	430.0 Mbbl	Gas	2182.0 MMcf	Water	1013.7 Mbbl
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Plot 3

# Historical and Forecast Production Two Rivers - Total Property

Note: Solution & Associated Gas

Property : Two Rivers



Total Reserves Summary At 2021/12/01

Reserves Classification	Raw Gas ( MMcf )		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	5100	2182	2918
Total Pv — TP(R)	7910	2182	5727
P + P Prd — P+PDP(R)	5935	2182	3753
Total P + P — TPP(R)	9439	2182	7257

Average Production Rates (Last 12 months ending 2021/11/30)

Gas	2835.6Mcf/d	2742.0Mcf/cd	WGR	299.2 bbl/MMcf
Oil	99.5 bbl/d	96.7 bbl/cd	GOR	28361.9 scf/stb
Avg Wells	2.8		WC	89.5 %

Cumulative Production

Oil	430.0 Mbbl	Gas	2182.0 MMcf	Water	1013.7 Mbbl
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Plot 4

**Well List and Production Summary**

#	Well Location	Regulatory Field Pool	Current Status	Production Dates				Last Quarter Production Statistics							Cumulative Production				
				RigRel yr-mm	First yr-mm	Last yr-mm	Inj yr-mm	Prod Days	Oil bbl/d	Cond. bbl/d	Gas Mcf/d	Water bbl/d	GOR scf/stb	WGR bbl/ MMcf	WC %	Oil Mbbbl	Cond. Mbbbl	Gas MMcf	Water Mbbl
<b>Two Rivers</b>																			
1	00/04-03-083-16W6/0	TWO RIVERS MONTNEY B	OIL	2020-02	2020-03	2021-11		87	17	0	1,324	8	79,023	6	33	25	0	1,076	22
2	00/13-04-083-16W6/0	TWO RIVERS SIPHON A	OIL	2004-02	2007-03	2021-11		76	4	0	3	175	722	9,999	98	328	0	220	503
3	00/02-18-083-16W6/0	TWO RIVERS MONTNEY B	OIL	2017-12	2017-12	2021-11		90	48	0	845	514	17,430	609	91	77	0	886	488
<b>Total: Two Rivers</b>								<b>90</b>	<b>70</b>	<b>0</b>	<b>2,172</b>	<b>698</b>	<b>31,178</b>	<b>321</b>	<b>91</b>	<b>430</b>	<b>0</b>	<b>2,182</b>	<b>1,014</b>

Table 2

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Various**  
Development Class: **Classifications**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

### Gross Lease Reserves Summary

Entity Description	Reserve Class	Methodology	Oil (Mbbbl)				Total Gas (MMcf)					Other Gross Lease Reserves		
			Technical Initial Recoverable	Cumulative Production	Technical Remaining	Reserves	Technical Initial Recoverable	Cumulative Production	Technical Remaining Raw	Economic Remaining Raw	Reserves	Cond Mbbbl	LPG Mbbbl	Sulphur Mlt
<b>Proved Producing</b>														
Two Rivers														
100/04-03-083-16W6/0	PDP	Dec	63	26	37	13 *	2,802	1,114	1,689	777	718 *	5	9	0
100/13-04-083-16W6/0	PDP	Dec	333	328	5	4 *	446	220	3	2	2 *	0	0	0
100/02-18-083-16W6/0	PDP	Dec	139	78	61	27 *	2,074	911	1,163	478	442 *	3	5	0
Total: Two Rivers			536	432	104	43 *	5,323	2,245	2,855	1,257	1,163 *	7	14	1
<b>Total: Proved Producing</b>			<b>536</b>	<b>432</b>	<b>104</b>	<b>43 *</b>	<b>5,323</b>	<b>2,245</b>	<b>2,855</b>	<b>1,257</b>	<b>1,163 *</b>	<b>7</b>	<b>14</b>	<b>1</b>
<b>Total Proved</b>														
Two Rivers														
100/04-03-083-16W6/0	PDP	Dec	63	26	37	27 *	2,802	1,114	1,689	1,332	1,232 *	8	15	1
100/13-04-083-16W6/0	PDP	Dec	333	328	5	4 *	446	220	3	2	2 *	0	0	0
1XX/04-10-083-16W6/ PUD	TP	Dec	200	0	200	156 *	2,810	0	2,810	2,000	1,850 *	12	22	1
100/02-18-083-16W6/0	PDP	Dec	139	78	61	48 *	2,074	911	1,163	850	786 *	5	10	0
Total: Two Rivers			736	432	304	234 *	8,133	2,245	5,665	4,185	3,871 *	25	47	2
<b>Total: Total Proved</b>			<b>736</b>	<b>432</b>	<b>304</b>	<b>234 *</b>	<b>8,133</b>	<b>2,245</b>	<b>5,665</b>	<b>4,185</b>	<b>3,871 *</b>	<b>25</b>	<b>47</b>	<b>2</b>
<b>Proved Plus Probable Producing</b>														
Two Rivers														
100/04-03-083-16W6/0	P+PDP	Dec	72	26	47	16 *	3,305	1,114	2,191	946	875 *	6	11	0
100/13-04-083-16W6/0	P+PDP	Dec	335	328	6	4 *	448	220	4	3	2 *	0	0	0
100/02-18-083-16W6/0	P+PDP	Dec	155	78	77	32 *	2,406	911	1,496	576	533 *	3	6	0
Total: Two Rivers			562	432	130	52 *	6,159	2,245	3,691	1,524	1,410 *	9	17	1
<b>Total: Proved Plus Probable Producing</b>			<b>562</b>	<b>432</b>	<b>130</b>	<b>52 *</b>	<b>6,159</b>	<b>2,245</b>	<b>3,691</b>	<b>1,524</b>	<b>1,410 *</b>	<b>9</b>	<b>17</b>	<b>1</b>
<b>Total Proved Plus Probable</b>														
Two Rivers														
100/04-03-083-16W6/0	P+PDP	Dec	72	26	47	34 *	3,305	1,114	2,191	1,693	1,566 *	10	19	1
100/13-04-083-16W6/0	P+PDP	Dec	335	328	6	5 *	448	220	4	3	3 *	0	0	0
1XX/04-10-083-16W6/ PUD	TPP	Dec	248	0	248	191 *	3,504	0	3,504	2,428	2,245 *	14	27	1
100/02-18-083-16W6/0	P+PDP	Dec	155	78	77	59 *	2,406	911	1,496	1,062	983 *	6	12	0
Total: Two Rivers			810	432	378	288 *	9,663	2,245	7,194	5,186	4,797 *	31	58	2
<b>Total: Total Proved Plus Probable</b>			<b>810</b>	<b>432</b>	<b>378</b>	<b>288 *</b>	<b>9,663</b>	<b>2,245</b>	<b>7,194</b>	<b>5,186</b>	<b>4,797 *</b>	<b>31</b>	<b>58</b>	<b>2</b>

#### Notes

1. [\*] Remaining reserves are less than the estimate due to economic limit.

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

**Table 2.1**

Effective Date: **December 31, 2021**

**Oil Decline Parameters**

Resource Entity	Zone	Method	Res. Class	Decline Type	Analysis Date	Analysis Data						Reserve Life yrs	Original Recoverable Reserve Mbbl	Cum Production @ Analysis Mbbl	Cum Production 2022-01-01 Mbbl	Remaining Reserves 2021-12-31 Mbbl
						Initial Effective Decline	Terminal Decline	Initial Rate bbl/d	Final Rate bbl/d	Decline Exponent						
<b>Proved Producing</b>																
Two Rivers																
100/04-03-083-16W6/0	MONTNEY B	Decline	PDP	OR	2021-12-01	20.43	11.352	17.0	2.0	1.10	16.8	62.9	25.1	25.6	37.3	
100/13-04-083-16W6/0	SIPHON A	Decline	PDP	OR	2021-12-01	16.33	-	4.5	2.0	0.10	4.7	333.4	328.1	328.2	5.1	
100/02-18-083-16W6/0	MONTNEY B	Decline	PDP	OR	2021-12-01	35.47	15.545	44.0	2.0	1.00	17.7	139.5	76.8	78.1	61.4	
Total: Two Rivers								65.5				535.7	430.0	431.9	103.8	
<b>Total: Proved Producing</b>								<b>65.5</b>				<b>535.7</b>	<b>430.0</b>	<b>431.9</b>	<b>103.8</b>	
<b>Total Proved</b>																
Two Rivers																
100/04-03-083-16W6/0	MONTNEY B	Decline	PDP	OR	2021-12-01	20.43	11.352	17.0	2.0	1.10	16.8	62.9	25.1	25.6	37.3	
100/13-04-083-16W6/0	SIPHON A	Decline	PDP	OR	2021-12-01	16.33	-	4.5	2.0	0.10	4.7	333.4	328.1	328.2	5.1	
1XX/04-10-083-16W6/ PUD		Decline	TP	OR	2022-07-01	65.97	13.825	300.0	2.0	1.00	24.7	200.4	-	-	200.4	
100/02-18-083-16W6/0	MONTNEY B	Decline	PDP	OR	2021-12-01	35.47	15.545	44.0	2.0	1.00	17.7	139.5	76.8	78.1	61.4	
Total: Two Rivers								365.5				736.2	430.0	431.9	304.2	
<b>Total: Total Proved</b>								<b>365.5</b>				<b>736.2</b>	<b>430.0</b>	<b>431.9</b>	<b>304.2</b>	
<b>Proved Plus Probable Producing</b>																
Two Rivers																
100/04-03-083-16W6/0	MONTNEY B	Decline	P+PDP	OR	2021-12-01	17.73	9.001	17.0	2.0	1.20	21.3	72.5	25.1	25.6	46.9	
100/13-04-083-16W6/0	SIPHON A	Decline	P+PDP	OR	2021-12-01	13.73	-	4.5	2.0	0.20	5.9	334.6	328.1	328.2	6.4	
100/02-18-083-16W6/0	MONTNEY B	Decline	P+PDP	OR	2021-12-01	32.85	11.544	44.0	2.0	1.10	23.2	155.2	76.8	78.1	77.0	
Total: Two Rivers								65.5				562.3	430.0	431.9	130.4	
<b>Total: Proved Plus Probable Producing</b>								<b>65.5</b>				<b>562.3</b>	<b>430.0</b>	<b>431.9</b>	<b>130.4</b>	
<b>Total Proved Plus Probable</b>																
Two Rivers																
100/04-03-083-16W6/0	MONTNEY B	Decline	P+PDP	OR	2021-12-01	17.73	9.001	17.0	2.0	1.20	21.3	72.5	25.1	25.6	46.9	
100/13-04-083-16W6/0	SIPHON A	Decline	P+PDP	OR	2021-12-01	13.73	-	4.5	2.0	0.20	5.9	334.6	328.1	328.2	6.4	
1XX/04-10-083-16W6/ PUD		Decline	TPP	OR	2022-07-01	62.93	11.238	300.0	2.0	1.10	31.3	247.7	-	-	247.7	
100/02-18-083-16W6/0	MONTNEY B	Decline	P+PDP	OR	2021-12-01	32.85	11.544	44.0	2.0	1.10	23.2	155.2	76.8	78.1	77.0	
Total: Two Rivers								365.5				810.0	430.0	431.9	378.1	
<b>Total: Total Proved Plus Probable</b>								<b>365.5</b>				<b>810.0</b>	<b>430.0</b>	<b>431.9</b>	<b>378.1</b>	

The reserves calculated above may not match the economic forecasts due to economic limit considerations.

**Glossary**

P+PDP: Proved Plus Probable Producing  
PDP: Proved Producing  
TP: Total Proved  
TPP: Total Proved Plus Probable

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

**Table 2.2**

Effective Date: **December 31, 2021**

**Gas Decline Parameters**

Resource Entity	Zone	Method	Res. Class	Analysis Data							Reserve Life yrs	Original Recoverable Raw Gas MMcf	Cum Production @ Analysis MMcf	Cum Production 2022-01-01 MMcf	Remaining Raw Gas 2021-12-31 MMcf	Surface Loss %	Remaining Sales Gas MMcf
				Analysis Date	Initial Effective Decline	Initial Rate Mcf/d	Final Rate Mcf/d	Decline Exponent									
<b>Proved Producing</b>																	
Two Rivers																	
100/04-03-083-16W6/0	MONTNEY B	Decline	PDP	2021-12-01	32.84	1,250	72	0.60	16.8	2,802	1,076	1,114	1,689	7.5	1,562		
100/02-18-083-16W6/0	MONTNEY B	Decline	PDP	2021-12-01	36.02	800	64	0.90	17.7	2,074	886	911	1,163	7.5	1,076		
Total: Two Rivers						2,050				4,876	1,962	2,024	2,852	7.5	2,638		
<b>Total: Proved Producing</b>						<b>2,050</b>				<b>4,876</b>	<b>1,962</b>	<b>2,024</b>	<b>2,852</b>	<b>7.5</b>	<b>2,638</b>		
<b>Total Proved</b>																	
Two Rivers																	
100/04-03-083-16W6/0	MONTNEY B	Decline	PDP	2021-12-01	32.84	1,250	72	0.60	16.8	2,802	1,076	1,114	1,689	7.5	1,562		
1XX/04-10-083-16W6/ PUD		Decline	TP	2022-07-01	67.20	4,000	78	1.00	24.7	2,810	-	-	2,810	7.5	2,599		
100/02-18-083-16W6/0	MONTNEY B	Decline	PDP	2021-12-01	36.02	800	64	0.90	17.7	2,074	886	911	1,163	7.5	1,076		
Total: Two Rivers						6,050				7,686	1,962	2,024	5,662	7.5	5,237		
<b>Total: Total Proved</b>						<b>6,050</b>				<b>7,686</b>	<b>1,962</b>	<b>2,024</b>	<b>5,662</b>	<b>7.5</b>	<b>5,237</b>		
<b>Proved Plus Probable Producing</b>																	
Two Rivers																	
100/04-03-083-16W6/0	MONTNEY B	Decline	P+PDP	2021-12-01	28.59	1,250	83	0.70	21.3	3,305	1,076	1,114	2,191	7.5	2,027		
100/02-18-083-16W6/0	MONTNEY B	Decline	P+PDP	2021-12-01	32.42	800	66	1.00	23.2	2,406	886	911	1,496	7.5	1,384		
Total: Two Rivers						2,050				5,711	1,962	2,025	3,687	7.5	3,410		
<b>Total: Proved Plus Probable Producing</b>						<b>2,050</b>				<b>5,711</b>	<b>1,962</b>	<b>2,025</b>	<b>3,687</b>	<b>7.5</b>	<b>3,410</b>		
<b>Total Proved Plus Probable</b>																	
Two Rivers																	
100/04-03-083-16W6/0	MONTNEY B	Decline	P+PDP	2021-12-01	28.59	1,250	83	0.70	21.3	3,305	1,076	1,114	2,191	7.5	2,027		
1XX/04-10-083-16W6/ PUD		Decline	TPP	2022-07-01	64.70	4,000	86	1.10	31.3	3,504	-	-	3,504	7.5	3,241		
100/02-18-083-16W6/0	MONTNEY B	Decline	P+PDP	2021-12-01	32.42	800	66	1.00	23.2	2,406	886	911	1,496	7.5	1,384		
Total: Two Rivers						6,050				9,215	1,962	2,025	7,190	7.5	6,651		
<b>Total: Total Proved Plus Probable</b>						<b>6,050</b>				<b>9,215</b>	<b>1,962</b>	<b>2,025</b>	<b>7,190</b>	<b>7.5</b>	<b>6,651</b>		

The reserves calculated above may not match the economic forecasts due to economic limit considerations.

**Glossary**

P+PDP: Proved Plus Probable Producing  
PDP: Proved Producing  
TP: Total Proved  
TPP: Total Proved Plus Probable

Table 2.3  
**Reservoir Parameters**

Company: Leucrotta Exploration Inc.  
 Property: Two Rivers  
 Effective Date: 31-Dec-21

UWI	Interval	HZ		Pore Volume Ø(frac) <sup>2</sup> h (frac) - ft	Water Sat'n %	Reservoir Pressure psia	Reservoir Temp. oR	Z	Oil Fm Vol. Factor bbl/STB	Sol'n Gas Oil Ratio scf/STB	Oil Initially in Place Mbbbl	Sol'n Gas Initially in Place MMcf	TP	TPP	TP	TPP	Oil TP Rec. Fac. %	Oil TPP Rec. Fac. %	Gas TP Rec. Fac. %	Gas TPP Rec. Fac. %
		Recoverable Oil Mbbbl	Recoverable Oil Mbbbl										Recoverable Raw Gas MMcf	Recoverable Raw Gas MMcf						
100/04-03-083-16W6/0	Lower Montney	1953	203	6.5	18	3250	612	0.84	1.34	730	6280	4585	63	72	2802	3305	1.0	1.1	61	72
1XX/04-10-083-16W6/ PUD	Upper Montney	2400	247	6.6	33	3200	610	0.84	1.34	730	6319	4613	200	248	2810	3504	3.2	3.9	61	76
100/02-18-083-16W6/0	Upper Montney	1611	169	7.3	33	3200	610	0.84	1.34	730	4791	3498	139	155	2074	2406	2.9	3.2	59	69

Glossary  
 TP: Total Proved  
 TPP: Total Proved Plus Probable

Note:  
 Area is calculated by adding 100 metres total of end effects to the well horizontal length and multiplying by 400 m well spacing.

Table 3

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class:  
Development Class:  
Pricing:  
Effective Date:

**Various  
Classifications  
GLJ (2022-01)  
December 31, 2021**

## Daily Production

Entity Description	Reserve Class	Year											Totals			
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Subtotal	Remainder	Total
<b>Gross Lease Daily Oil Production (bbl/d)</b>																
Proved Producing	PDP	53	39	27	0	0	0	0	0	0	0	0	0	43	0	43
Total Proved	TP	158	145	94	68	55	46	39	34	3	0	0	0	234	0	234
Proved Plus Probable Producing	P+PDP	54	41	34	12	0	0	0	0	0	0	0	0	52	0	52
Total Proved Plus Probable	TPP	162	156	105	80	64	55	48	42	38	34	8	0	288	0	288
<b>Company Daily Oil Production (bbl/d)</b>																
Proved Producing	PDP	53	39	27	0	0	0	0	0	0	0	0	0	43	0	43
Total Proved	TP	158	145	94	68	55	46	39	34	3	0	0	0	234	0	234
Proved Plus Probable Producing	P+PDP	54	41	34	12	0	0	0	0	0	0	0	0	52	0	52
Total Proved Plus Probable	TPP	162	156	105	80	64	55	48	42	38	34	8	0	288	0	288
<b>Gross Lease Daily Sales Gas Production (Mcf/d)</b>																
Proved Producing	PDP	1,483	1,037	663	0	0	0	0	0	0	0	0	0	1,163	0	1,163
Total Proved	TP	2,765	2,296	1,514	1,135	905	750	638	553	44	0	0	0	3,871	0	3,871
Proved Plus Probable Producing	P+PDP	1,535	1,128	883	314	0	0	0	0	0	0	0	0	1,410	0	1,410
Total Proved Plus Probable	TPP	2,843	2,478	1,705	1,319	1,078	912	790	696	622	561	131	0	4,797	0	4,797
<b>Company Daily Sales Gas Production (Mcf/d)</b>																
Proved Producing	PDP	1,483	1,037	663	0	0	0	0	0	0	0	0	0	1,163	0	1,163
Total Proved	TP	2,765	2,296	1,514	1,135	905	750	638	553	44	0	0	0	3,871	0	3,871
Proved Plus Probable Producing	P+PDP	1,535	1,128	883	314	0	0	0	0	0	0	0	0	1,410	0	1,410
Total Proved Plus Probable	TPP	2,843	2,478	1,705	1,319	1,078	912	790	696	622	561	131	0	4,797	0	4,797

Company: **Leucrotta Exploration Inc.**  
 Property: **Two Rivers**

Table 4

Effective Date: **December 31, 2021****Economic Parameters****A) Price Forecasts and By-Product Data (2022 Dollars)**

Scenario	GLJ (2022-01)	
Oil Reference	Edmonton Light 40 API	
Gas Reference	BC Westcoast Station 2	
Gas Heat Content	1,165 Btu/scf	
Surface Loss	7.5 %	
Price Adjustment		
Oil	-4.60 \$/bbl	
Propane	-3.90 \$/bbl	
Butane	-10.50 \$/bbl	
Condensate	-4.30 \$/bbl	
Transport Costs		
Oil	3.50 \$/bbl	
Gas	0.40 \$/Mcf	
Condensate	0.14 \$/bbl	
Yields (raw)		
Propane	4.8 bbl/MMcf	
Butane	6.4 bbl/MMcf	
Condensate	5.9 bbl/MMcf	
Sulphur	0.4 lt/MMcf	
	<b>Zone</b>	<b>Gas/Oil Ratio scf/bbl</b>
Two Rivers 100/13-04-083-16W6/0	SIPHON A	600

**B) Operating Costs (2022 Dollars)**

Costs	
Variable	1.37 \$/bbl
Major Stream Costs	
Fixed	4,850 \$/well/month

**Notes**

1. All variable costs are \$/product (sales).

	<b>Major Stream Costs</b>
	<b>Fixed M\$/yr</b>
Two Rivers 14-05 Battery	895

**Notes**

1. All variable costs are \$/product (sales).

**C) Gas Cost Allowance (2022 Dollars)**

BC Cost of Service	0.45 \$/Mcf
Operating Costs included in GCA Allowance	
Variable Plant	0.85 \$/Mcf

**D) Abandonment Costs (2022 Dollars)**

<b>Abandonment / Reclamation</b>	
Well Costs	115.0 M\$/well

**Table 4  
Economic Parameters**

**E) Capital Costs - Sorted by Date (2022 Dollars)**

Year	On Stream	Well/Area	RC	Development Description	Gross Lease Capital Expenditures (M\$)				Company Total M\$	Capital Interest %
					Development	Tangible	Plant & Gath.	Total		
<i>Total Proved</i>										
2022	Jul	1XX/04-10-083-16W6/ PUD	TP	Completion (CDE) Drilling (CDE)Gathering Systems (GCA)	5,600	0	700	6,300	6,300	100.00
<b>Total: Total Proved</b>					<b>5,600</b>	<b>0</b>	<b>700</b>	<b>6,300</b>	<b>6,300</b>	<b>100.00</b>
<i>Total Proved Plus Probable</i>										
2022	Jul	1XX/04-10-083-16W6/ PUD	TPP	Completion (CDE) Drilling (CDE)Gathering Systems (GCA)	5,600	0	700	6,300	6,300	100.00
<b>Total: Total Proved Plus Probable</b>					<b>5,600</b>	<b>0</b>	<b>700</b>	<b>6,300</b>	<b>6,300</b>	<b>100.00</b>

**F) Capital Costs - Sorted Geographically (2022 Dollars)**

Year	On Stream	Well/Area	RC	Development Description	Gross Lease Capital Expenditures (M\$)				Company Capital Expenditures	Capital Interest %
					Development	Tangible	Plant & Gath.	Total		
2022	Jul	1XX/04-10-083-16W6/ PUD	TP	Completion (CDE) Drilling (CD...	5,600	0	700	6,300	6,300	100.00
	Jul	1XX/04-10-083-16W6/ PUD	TPP	Completion (CDE) Drilling (CD...	5,600	0	700	6,300	6,300	100.00

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Proved**  
Development Class: **Producing**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

### Economic Forecast

#### PRODUCTION FORECAST

Year	Tight Oil Production							Shale Gas Production					Condensate Production				
	Gross Wells		Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	Oil	Gas	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	Mcf/d	Mcf/d	MMcf	MMcf	\$/Mcf	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	3	3	53	53	19	14	79.87	1,483	1,483	541	372	3.51	9	9	3	2	88.60
2023	3	3	39	39	14	11	73.68	1,037	1,037	378	262	3.21	7	7	2	1	81.59
2024	3	3	27	27	10	7	70.91	663	663	243	168	3.26	4	4	2	1	79.22
2025	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2026	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>					<b>43</b>	<b>32</b>	<b>75.81</b>			<b>1,163</b>	<b>803</b>	<b>3.36</b>			<b>7</b>	<b>4</b>	<b>84.36</b>

Year	Butane Production					Propane Production					Natural Gas Liquids Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	10	10	4	2	51.15	8	8	3	2	44.49	27	27	10	6	62.20
2023	7	7	3	2	38.50	5	5	2	1	28.80	19	19	7	4	50.64
2024	5	5	2	1	36.70	3	3	1	1	27.68	12	12	4	3	48.84
2025	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2026	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>8</b>	<b>5</b>	<b>44.01</b>			<b>6</b>	<b>4</b>	<b>35.87</b>			<b>21</b>	<b>13</b>	<b>55.65</b>

Year	Oil + Liquids Production					Sulphur Production					Oil Equivalent Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	lt/d	lt/d	Mlt	Mlt	\$/t	boe/d	boe/d	Mboe	Mboe	\$/boe
2022	80	80	29	20	73.82	1	1	0	0	36.14	327	327	119	82	34.04
2023	58	58	21	15	66.12	0	0	0	0	40.13	231	231	84	58	31.18
2024	39	39	14	10	63.95	0	0	0	0	48.99	149	149	55	38	31.19
2025	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2026	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>65</b>	<b>45</b>	<b>69.12</b>			<b>1</b>	<b>0</b>	<b>40.12</b>			<b>259</b>	<b>178</b>	<b>32.51</b>

#### REVENUE AND EXPENSE FORECAST

Year	Revenue Before Burdens														
	Working Interest				Royalty Interest	Company Interest	Royalty Burdens Pre-Processing		Gas Processing Allowance		Total Royalty After Process.	Net Revenue After Royalty	Operating Expenses		
	Oil	Gas	NGL+Sul	Total	Total	Total	Crown	Other	Crown	Other	Process.	Royalty	Fixed	Variable	Total
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
2022	1,536	1,901	631	4,067	0	4,067	434	801	36	0	1,199	2,869	1,070	487	1,556
2023	1,055	1,215	361	2,631	0	2,631	238	517	25	0	730	1,902	1,084	346	1,430
2024	690	791	224	1,705	0	1,705	143	335	16	0	461	1,244	925	228	1,153
2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Tot.</b>	<b>3,281</b>	<b>3,907</b>	<b>1,216</b>	<b>8,404</b>	<b>0</b>	<b>8,404</b>	<b>815</b>	<b>1,653</b>	<b>78</b>	<b>0</b>	<b>2,390</b>	<b>6,014</b>	<b>3,079</b>	<b>1,060</b>	<b>4,139</b>
Disc	2,923	3,489	1,091	7,503	0	7,503	732	1,476	30	0	2,178	5,325	2,688	943	3,632

Year	Mineral Tax M\$	Capital Tax M\$	NPI Burden M\$	Net Prod'n Revenue M\$	Other Income M\$	Aband. & Recl.		Net Capital Investment				Before Tax Cash Flow			
						Costs M\$	Oper. Income M\$	Dev. M\$	Plant M\$	Tang. M\$	Total M\$	Annual M\$	Cum. M\$	10.0% Dcf M\$	
2022	0	0	0	1,313	0	0	0	1,313	0	0	0	0	1,313	1,313	1,252
2023	0	0	0	472	0	0	0	472	0	0	0	0	472	1,785	1,661
2024	0	0	0	91	0	0	0	91	0	0	0	0	91	1,876	1,733
2025	0	0	0	0	0	0	0	0	0	0	0	0	0	1,876	1,733
2026	0	0	0	0	0	0	0	0	0	0	0	0	0	1,876	1,733
2027	0	0	0	0	0	0	0	0	0	0	0	0	0	1,876	1,733
2028	0	0	0	0	0	0	0	0	0	0	0	0	0	1,876	1,733
2029	0	0	0	0	0	398	-398	0	0	0	0	0	-398	1,478	1,538
<b>Tot.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,876</b>	<b>0</b>	<b>398</b>	<b>1,478</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,478</b>	<b>1,478</b>	<b>1,538</b>
Disc	0	0	0	1,733	0	195	1,538	0	0	0	0	0	1,538	1,538	1,538

### SUMMARY OF RESERVES

Product	Units	Remaining Reserves at Jan 01, 2022					Oil Equivalents			Reserve Life Indic. (yr)		
		Gross	Working Interest	Roy/NPI Interest	Total Company	Net	Oil Eq. Factor	Company Mboe	% of Total	Reserve Life	Life Index	Half Life
Tight Oil	Mbbl	43	43	0	43	32	1,000	43	17	3.0	2.3	1.2
Shale Gas	MMcf	1,163	1,163	0	1,163	803	6,000	194	75	3.0	2.1	1.1
Condensate	Mbbl	7	7	0	7	4	1,000	7	3	3.0	2.1	1.1
Butane	Mbbl	8	8	0	8	5	1,000	8	3	3.0	2.1	1.1
Propane	Mbbl	6	6	0	6	4	1,000	6	2	3.0	2.1	1.1
Total: NGL	Mbbl	21	21	0	21	13	1,000	21	8	3.0	2.1	1.1
Total: Oil+NGL	Mbbl	65	65	0	65	45	1,000	65	25	3.0	2.2	1.1
Sulphur	Mlt	1	1	0	1	0	0,000	0	0	3.0	2.1	1.1
Total: Oil Eq.	Mboe	259	259	0	259	178	1,000	259	100	3.0	2.2	1.1

### PRODUCT REVENUE AND EXPENSES

Product	Units	Average First Year Unit Values					Net Revenue After Royalties				
		Wellhead Price	Net Burdens	Operating Expenses	Other Expenses	Prod'n Revenue	Undisc M\$	% of Total	10% Disc M\$	% of Total	
Tight Oil	\$/bbl	79.87	14.88	7.52	0.00	57.48	2,396	40	2,130	40	
Shale Gas	\$/Mcf	3.51	1.40	0.95	0.00	1.16	2,810	47	2,509	47	
Condensate	\$/bbl	88.60	24.33	0.00	0.00	64.27	375	6	336	6	
Butane	\$/bbl	51.15	16.84	0.00	0.00	34.30	212	4	191	4	
Propane	\$/bbl	44.49	15.51	0.00	0.00	28.98	130	2	117	2	
Total: NGL	\$/bbl	62.20	19.05	0.00	0.00	43.15	718	12	644	12	
Total: Oil+NGL	\$/bbl	73.82	16.31	35.55	0.00	21.96	3,114	52	2,774	52	
Sulphur	\$/lt	36.14	6.02	0.00	0.00	30.12	13	0	11	0	
Total: Oil Eq.	\$/boe	34.04	10.34	13.03	0.00	10.68	5,937	100	5,295	100	

### INTEREST AND NET PRESENT VALUE SUMMARY

Revenue Interests and Burdens (%)	Net Present Value Before Income Tax							
	Revenue Interests and Burdens (%)			Cash Flow				
	Initial	Average	Disc. Rate %	Prod'n Revenue M\$	Operating Income M\$	Capital Invest. M\$	M\$	\$/boe
Working Interest	100.0000	100.0000	0	1,876	1,478	0.0	1,478	5.72
Capital Interest	100.0000	100.0000	5	1,801	1,524	0.0	1,524	5.90
Crown Royalty	10.6653	9.6928	8	1,759	1,535	0.0	1,535	5.94
Non-crown Royalty	19.6996	19.6653	10	1,733	1,538	0.0	1,538	5.95
			12	1,707	1,537	0.0	1,537	5.95
			15	1,671	1,532	0.0	1,532	5.92
			20	1,615	1,514	0.0	1,514	5.86

Evaluator: Zukowski, Kelly J.  
Run Date: March 01, 2022 17:55:49

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Proved**  
Development Class: **Total**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

### Economic Forecast

#### PRODUCTION FORECAST

Year	Tight Oil Production							Shale Gas Production					Condensate Production				
	Gross Wells		Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	Oil	Gas	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	Mcf/d	Mcf/d	MMcf	MMcf	\$/Mcf	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	4	4	158	158	58	42	79.87	2,765	2,765	1,009	763	3.51	18	18	6	4	88.60
2023	4	4	145	145	53	39	73.69	2,296	2,296	838	650	3.21	15	15	5	4	81.59
2024	4	4	94	94	34	26	70.90	1,514	1,514	554	425	3.26	10	10	4	2	79.21
2025	4	4	68	68	25	19	72.33	1,135	1,135	414	317	3.32	7	7	3	2	80.79
2026	3	3	55	55	20	16	73.77	905	905	330	252	3.39	6	6	2	1	82.42
2027	3	3	46	46	17	14	75.24	750	750	274	209	3.45	5	5	2	1	84.05
2028	3	3	39	39	14	12	76.75	638	638	233	178	3.53	4	4	1	1	85.74
2029	3	3	34	34	12	10	78.28	553	553	202	154	3.60	4	4	1	1	87.45
2030	3	3	3	3	1	1	79.93	44	44	16	12	3.68	0	0	0	0	89.24
2031	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2032	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2033	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>					<b>234</b>	<b>179</b>	<b>75.23</b>			<b>3,871</b>	<b>2,960</b>	<b>3.38</b>			<b>25</b>	<b>17</b>	<b>83.82</b>

Year	Butane Production					Propane Production					Natural Gas Liquids Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	19	19	7	5	51.15	14	14	5	3	44.49	51	51	19	12	62.20
2023	16	16	6	4	38.50	12	12	4	3	28.81	42	42	15	11	50.65
2024	10	10	4	3	36.68	8	8	3	2	27.68	28	28	10	7	48.83
2025	8	8	3	2	37.42	6	6	2	1	28.23	21	21	8	5	49.80
2026	6	6	2	2	38.16	5	5	2	1	28.79	17	17	6	4	50.80
2027	5	5	2	1	38.93	4	4	1	1	29.37	14	14	5	3	51.81
2028	4	4	2	1	39.71	3	3	1	1	29.96	12	12	4	3	52.85
2029	4	4	1	1	40.50	3	3	1	1	30.56	10	10	4	2	53.91
2030	0	0	0	0	41.41	0	0	0	0	31.21	1	1	0	0	55.05
2031	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2032	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2033	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>27</b>	<b>18</b>	<b>41.61</b>			<b>20</b>	<b>13</b>	<b>32.88</b>			<b>72</b>	<b>48</b>	<b>53.72</b>

Year	Oil + Liquids Production					Sulphur Production					Oil Equivalent Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	lt/d	lt/d	Mlt	Mlt	\$/t	boe/d	boe/d	Mboe	Mboe	\$/boe
2022	209	209	76	54	75.56	1	1	0	0	36.14	670	670	245	181	38.15
2023	187	187	68	50	68.47	1	1	0	0	40.13	570	570	208	158	35.52
2024	122	122	45	33	65.82	1	1	0	0	48.99	374	374	137	104	34.68
2025	89	89	33	25	67.03	0	0	0	0	81.90	278	278	102	77	35.18
2026	71	71	26	20	68.39	0	0	0	0	84.94	222	222	81	62	35.95
2027	60	60	22	17	69.79	0	0	0	0	88.04	185	185	67	52	36.71
2028	51	51	19	15	71.20	0	0	0	0	91.20	157	157	57	44	37.50
2029	44	44	16	13	72.61	0	0	0	0	94.42	136	136	50	38	38.23
2030	3	3	1	1	74.11	0	0	0	0	97.71	11	11	4	3	38.97
2031	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2032	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2033	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>306</b>	<b>227</b>	<b>70.20</b>			<b>2</b>	<b>1</b>	<b>58.19</b>			<b>951</b>	<b>720</b>	<b>36.44</b>

## REVENUE AND EXPENSE FORECAST

Year	Revenue Before Burdens				Royalty Interest Total M\$	Company Interest Total M\$	Royalty Burdens Pre-Processing		Gas Processing Allowance		Total Royalty After Process. M\$	Net Revenue After Royalty M\$	Operating Expenses		
	Working Interest						Crown M\$	Other M\$	Crown M\$	Other M\$			Fixed M\$	Variable M\$	Total M\$
	Oil M\$	Gas M\$	NGL+Sul M\$	Total M\$											
2022	4,612	3,542	1,176	9,330	0	9,330	1,351	1,091	68	0	2,374	6,956	1,099	937	2,036
2023	3,899	2,691	799	7,390	0	7,390	996	779	55	0	1,720	5,669	1,143	795	1,938
2024	2,429	1,806	512	4,747	0	4,747	551	545	37	0	1,059	3,688	1,172	538	1,710
2025	1,802	1,376	396	3,574	0	3,574	374	427	28	0	773	2,802	1,139	409	1,548
2026	1,474	1,121	322	2,917	0	2,917	273	356	23	0	606	2,311	1,157	333	1,490
2027	1,255	945	273	2,473	0	2,473	209	305	19	0	495	1,978	1,180	282	1,462
2028	1,096	823	237	2,156	0	2,156	168	267	17	0	419	1,737	1,203	245	1,449
2029	963	727	209	1,899	0	1,899	139	236	15	0	360	1,539	1,227	216	1,444
2030	77	59	17	153	0	153	11	19	1	0	29	124	103	17	121
2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Tot.</b>	<b>17,606</b>	<b>13,091</b>	<b>3,942</b>	<b>34,638</b>	<b>0</b>	<b>34,638</b>	<b>4,073</b>	<b>4,024</b>	<b>262</b>	<b>0</b>	<b>7,835</b>	<b>26,803</b>	<b>9,424</b>	<b>3,772</b>	<b>13,196</b>
Disc	13,779	10,234	3,110	27,123	0	27,123	3,319	3,130	94	0	6,356	20,767	6,524	2,928	9,452

Year	Mineral Tax M\$	Capital Tax M\$	NPI Burden M\$	Net Prod'n Revenue M\$	Other Income M\$	Aband. & Recl. Costs M\$	Oper. Income M\$	Net Capital Investment				Before Tax Cash Flow			
								Dev. M\$	Plant M\$	Tang. M\$	Total M\$	Annual M\$	Cum. M\$	10.0% Dcf M\$	
2022	0	0	0	4,920	0	0	4,920	5,600	0	0	700	6,300	-1,380	-1,380	-1,315
2023	0	0	0	3,732	0	0	3,732	0	0	0	0	0	3,732	2,352	1,919
2024	0	0	0	1,978	0	0	1,978	0	0	0	0	0	1,978	4,330	3,478
2025	0	0	0	1,254	0	0	1,254	0	0	0	0	0	1,254	5,583	4,376
2026	0	0	0	822	0	0	822	0	0	0	0	0	822	6,405	4,911
2027	0	0	0	517	0	0	517	0	0	0	0	0	517	6,922	5,217
2028	0	0	0	289	0	0	289	0	0	0	0	0	289	7,211	5,372
2029	0	0	0	95	0	0	95	0	0	0	0	0	95	7,306	5,419
2030	0	0	0	3	0	133	-130	0	0	0	0	0	-130	7,176	5,361
2031	0	0	0	0	0	0	0	0	0	0	0	0	0	7,176	5,361
2032	0	0	0	0	0	0	0	0	0	0	0	0	0	7,176	5,361
2033	0	0	0	0	0	0	0	0	0	0	0	0	0	7,176	5,361
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	7,176	5,361
2035	0	0	0	0	0	442	-442	0	0	0	0	0	-442	6,734	5,239
<b>Tot.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,610</b>	<b>0</b>	<b>575</b>	<b>13,034</b>	<b>5,600</b>	<b>0</b>	<b>700</b>	<b>6,300</b>	<b>6,734</b>	<b>6,734</b>	<b>5,239</b>	<b>5,239</b>
Disc	0	0	0	11,427	0	181	11,246	5,339	0	667	6,007	5,239	5,239	5,239	5,239

## SUMMARY OF RESERVES

Product	Units	Remaining Reserves at Jan 01, 2022				Oil Equivalents			Reserve Life Indic. (yr)			
		Gross	Working Interest	Roy/NPI Interest	Total Company	Net	Oil Eq. Factor	Company Mboe	% of Total	Reserve Life	Life Index	Half Life
Tight Oil	Mbbl	234	234	0	234	179	1.000	234	25	9.0	4.1	2.2
Shale Gas	MMcf	3,871	3,871	0	3,871	2,960	6.000	645	68	9.0	3.8	2.2
Condensate	Mbbl	25	25	0	25	17	1.000	25	3	9.0	3.8	2.2
Butane	Mbbl	27	27	0	27	18	1.000	27	3	9.0	3.8	2.2
Propane	Mbbl	20	20	0	20	13	1.000	20	2	9.0	3.8	2.2
Total: NGL	Mbbl	72	72	0	72	48	1.000	72	8	9.0	3.8	2.2
Total: Oil+NGL	Mbbl	306	306	0	306	227	1.000	306	32	9.0	4.0	2.2
Sulphur	Mlt	2	2	0	2	1	0.000	0	0	9.0	3.8	2.2
Total: Oil Eq.	Mboe	951	951	0	951	720	1.000	951	100	9.0	3.9	2.2

## PRODUCT REVENUE AND EXPENSES

Product	Units	Average First Year Unit Values				Net Revenue After Royalties					
		Wellhead Price	Net Burdens	Operating Expenses	Other Expenses	Prod'n Revenue	Undisc M\$	% of Total	10% Disc M\$	% of Total	
Tight Oil	\$/bbl	79.87	18.29	5.06	0.00	56.53	13,439	51	10,418	50	
Shale Gas	\$/Mcf	3.51	1.06	0.84	0.00	1.61	10,462	39	8,171	40	
Condensate	\$/bbl	88.60	22.34	0.00	0.00	66.26	1,385	5	1,087	5	
Butane	\$/bbl	51.15	14.85	0.00	0.00	36.30	746	3	593	3	
Propane	\$/bbl	44.49	13.52	0.00	0.00	30.97	442	2	355	2	
Total: NGL	\$/bbl	62.20	17.06	0.00	0.00	45.14	2,573	10	2,035	10	
Total: Oil+NGL	\$/bbl	75.56	17.99	15.54	0.00	42.03	16,011	60	12,453	60	
Sulphur	\$/lt	36.14	6.02	0.00	0.00	30.12	68	0	50	0	
Total: Oil Eq.	\$/boe	38.15	9.98	8.32	0.00	19.84	26,541	100	20,674	100	

## INTEREST AND NET PRESENT VALUE SUMMARY

	Revenue Interests and Burdens (%)		Net Present Value Before Income Tax					
						Cash Flow		
	Initial	Average	Disc. Rate %	Prod'n Revenue M\$	Operating Income M\$	Capital Invest. M\$	M\$	\$/boe
Working Interest	100.0000	100.0000	0	13,610	13,034	6,300	6,734	7.08
Capital Interest	100.0000	100.0000	5	12,411	12,095	6,148	5,946	6.25
Crown Royalty	14.4831	11.7591	8	11,799	11,573	6,062	5,511	5.80
Non-crown Royalty	11.6906	11.6179	10	11,427	11,246	6,007	5,239	5.51
			12	11,082	10,935	5,953	4,982	5.24
			15	10,606	10,498	5,875	4,624	4.86
			20	9,911	9,845	5,751	4,094	4.31

Evaluator: Zukowski, Kelly J.  
Run Date: March 01, 2022 17:56:10

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Proved Plus Probable**  
Development Class: **Producing**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

## Economic Forecast

### PRODUCTION FORECAST

Year	Tight Oil Production							Shale Gas Production					Condensate Production				
	Gross Wells		Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	Oil	Gas	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	Mcf/d	Mcf/d	MMcf	MMcf	\$/Mcf	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	3	3	54	54	20	14	79.87	1,535	1,535	560	385	3.51	10	10	4	2	88.60
2023	3	3	41	41	15	11	73.68	1,128	1,128	412	285	3.21	7	7	3	2	81.59
2024	3	3	34	34	12	9	70.90	883	883	323	224	3.26	6	6	2	1	79.21
2025	3	3	12	12	5	3	72.37	314	314	115	79	3.33	2	2	1	0	80.81
2026	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2030	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>					<b>52</b>	<b>38</b>	<b>75.25</b>			<b>1,410</b>	<b>973</b>	<b>3.35</b>			<b>9</b>	<b>5</b>	<b>83.77</b>

Year	Butane Production					Propane Production					Natural Gas Liquids Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	11	11	4	2	51.15	8	8	3	2	44.49	28	28	10	6	62.20
2023	8	8	3	2	38.49	6	6	2	1	28.80	21	21	8	5	50.64
2024	6	6	2	1	36.68	5	5	2	1	27.67	16	16	6	4	48.83
2025	2	2	1	0	37.48	2	2	1	0	28.25	6	6	2	1	49.84
2026	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2030	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>10</b>	<b>6</b>	<b>43.02</b>			<b>7</b>	<b>4</b>	<b>34.73</b>			<b>26</b>	<b>16</b>	<b>54.75</b>

Year	Oil + Liquids Production					Sulphur Production					Oil Equivalent Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	lt/d	lt/d	Mlt	Mlt	\$/lt	boe/d	boe/d	Mboe	Mboe	\$/boe
2022	82	82	30	20	73.78	1	1	0	0	36.14	338	338	123	84	33.96
2023	62	62	23	16	65.96	0	0	0	0	40.13	250	250	91	63	30.95
2024	50	50	18	13	63.73	0	0	0	0	48.99	197	197	72	50	30.89
2025	18	18	7	5	65.21	0	0	0	0	81.90	71	71	26	18	31.81
2026	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2027	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2028	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2029	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2030	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>78</b>	<b>54</b>	<b>68.38</b>			<b>1</b>	<b>0</b>	<b>43.97</b>			<b>313</b>	<b>216</b>	<b>32.19</b>

### REVENUE AND EXPENSE FORECAST

Year	Revenue Before Burdens														
	Working Interest				Royalty Interest	Company Interest	Royalty Burdens Pre-Processing		Gas Processing Allowance		Total Royalty After Process.	Net Revenue After Royalty	Operating Expenses		
	Oil M\$	Gas M\$	NGL+Sul M\$	Total M\$	Total M\$	Total M\$	Crown M\$	Other M\$	Crown M\$	Other M\$	M\$	M\$	Fixed M\$	Variable M\$	Total M\$
2022	1,570	1,967	653	4,190	0	4,190	450	825	38	0	1,238	2,952	1,070	503	1,573
2023	1,112	1,323	393	2,828	0	2,828	261	556	27	0	789	2,039	1,084	376	1,460
2024	880	1,053	298	2,231	0	2,231	191	438	22	0	607	1,624	1,112	303	1,415
2025	329	381	110	820	0	820	68	161	8	0	221	599	470	109	579
2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Tot.</b>	<b>3,891</b>	<b>4,723</b>	<b>1,454</b>	<b>10,068</b>	<b>0</b>	<b>10,068</b>	<b>970</b>	<b>1,980</b>	<b>94</b>	<b>0</b>	<b>2,855</b>	<b>7,213</b>	<b>3,735</b>	<b>1,291</b>	<b>5,026</b>
Disc	3,390	4,124	1,277	8,791	0	8,791	854	1,729	35	0	2,548	6,243	3,172	1,122	4,295

Year	Mineral Tax M\$	Capital Tax M\$	NPI Burden M\$	Net Prod'n Revenue M\$	Other Income M\$	Aband. & Recl. Costs M\$	Oper. Income M\$	Net Capital Investment				Before Tax Cash Flow		
								Dev. M\$	Plant M\$	Tang. M\$	Total M\$	Annual M\$	Cum. M\$	10.0% Dcf M\$
2022	0	0	0	1,379	0	0	1,379	0	0	0	0	1,379	1,379	1,315
2023	0	0	0	579	0	0	579	0	0	0	0	579	1,958	1,817
2024	0	0	0	209	0	0	209	0	0	0	0	209	2,167	1,981
2025	0	0	0	20	0	0	20	0	0	0	0	20	2,187	1,996
2026	0	0	0	0	0	0	0	0	0	0	0	0	2,187	1,996
2027	0	0	0	0	0	0	0	0	0	0	0	0	2,187	1,996
2028	0	0	0	0	0	0	0	0	0	0	0	0	2,187	1,996
2029	0	0	0	0	0	0	0	0	0	0	0	0	2,187	1,996
2030	0	0	0	0	0	403	-403	0	0	0	0	-403	1,784	1,817
<b>Tot.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,187</b>	<b>0</b>	<b>403</b>	<b>1,784</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,784</b>	<b>1,784</b>	<b>1,817</b>
Disc	0	0	0	1,996	0	179	1,817	0	0	0	0	1,817	1,817	1,817

### SUMMARY OF RESERVES

Product	Units	Remaining Reserves at Jan 01, 2022					Oil Equivalents			Reserve Life Indic. (yr)		
		Gross	Working Interest	Roy/NPI Interest	Total Company	Net	Oil Eq. Factor	Company Mboe	% of Total	Reserve Life	Life Index	Half Life
Tight Oil	Mbbl	52	52	0	52	38	1,000	52	17	4.0	2.6	1.4
Shale Gas	MMcf	1,410	1,410	0	1,410	973	6,000	235	75	4.0	2.5	1.4
Condensate	Mbbl	9	9	0	9	5	1,000	9	3	4.0	2.5	1.4
Butane	Mbbl	10	10	0	10	6	1,000	10	3	4.0	2.5	1.4
Propane	Mbbl	7	7	0	7	4	1,000	7	2	4.0	2.5	1.4
Total: NGL	Mbbl	26	26	0	26	16	1,000	26	8	4.0	2.5	1.4
Total: Oil+NGL	Mbbl	78	78	0	78	54	1,000	78	25	4.0	2.6	1.4
Sulphur	Mlt	1	1	0	1	0	0.000	0	0	4.0	2.5	1.4
Total: Oil Eq.	Mboe	313	313	0	313	216	1,000	313	100	4.0	2.5	1.4

### PRODUCT REVENUE AND EXPENSES

Product	Units	Average First Year Unit Values				Net Revenue After Royalties					
		Wellhead Price	Net Burdens	Operating Expenses	Other Expenses	Prod'n Revenue	Undisc M\$	% of Total	10% Disc M\$	% of Total	
Tight Oil	\$/bbl	79.87	15.02	7.43	0.00	57.42	2,846	40	2,473	40	
Shale Gas	\$/Mcf	3.51	1.40	0.95	0.00	1.17	3,400	48	2,967	48	
Condensate	\$/bbl	88.60	24.32	0.00	0.00	64.28	452	6	395	6	
Butane	\$/bbl	51.15	16.83	0.00	0.00	34.32	252	4	222	4	
Propane	\$/bbl	44.49	15.49	0.00	0.00	28.99	153	2	135	2	
Total: NGL	\$/bbl	62.20	19.04	0.00	0.00	43.16	856	12	753	12	
Total: Oil+NGL	\$/bbl	73.78	16.41	34.69	0.00	22.68	3,702	52	3,226	52	
Sulphur	\$/lt	36.14	6.02	0.00	0.00	30.12	17	0	14	0	
Total: Oil Eq.	\$/boe	33.96	10.34	12.75	0.00	10.87	7,119	100	6,208	100	

### INTEREST AND NET PRESENT VALUE SUMMARY

	Net Present Value Before Income Tax									
	Revenue Interests and Burdens (%)				Cash Flow					
	Initial	Average	Disc. Rate %	Prod'n Revenue M\$	Operating Income M\$	Capital Invest. M\$	M\$	\$/boe		
Working Interest	100.0000	100.0000	0	2,187	1,784	0.0	1,784	5.71		
Capital Interest	100.0000	100.0000	5	2,086	1,820	0.0	1,820	5.82		
Crown Royalty	10.7439	9.6316	8	2,031	1,821	0.0	1,821	5.82		
Non-crown Royalty	19.7033	19.6641	10	1,996	1,817	0.0	1,817	5.81		
			12	1,963	1,809	0.0	1,809	5.78		
			15	1,915	1,792	0.0	1,792	5.73		
			20	1,843	1,757	0.0	1,757	5.62		

Evaluator: Zukowski, Kelly J.  
Run Date: March 01, 2022 17:55:58

Company: **Leucrotta Exploration Inc.**  
Property: **Two Rivers**

Reserve Class: **Proved Plus Probable**  
Development Class: **Total**  
Pricing: **GLJ (2022-01)**  
Effective Date: **December 31, 2021**

### Economic Forecast

#### PRODUCTION FORECAST

Year	Tight Oil Production							Shale Gas Production					Condensate Production				
	Gross Wells		Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	Oil	Gas	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	Mcf/d	Mcf/d	MMcf	MMcf	\$/Mcf	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	4	4	162	162	59	43	79.87	2,843	2,843	1,038	784	3.51	18	18	7	4	88.60
2023	4	4	156	156	57	42	73.69	2,478	2,478	904	701	3.21	16	16	6	4	81.59
2024	4	4	105	105	38	29	70.90	1,705	1,705	624	478	3.26	11	11	4	3	79.21
2025	4	4	80	80	29	23	72.33	1,319	1,319	481	367	3.32	8	8	3	2	80.79
2026	3	3	64	64	23	18	73.77	1,078	1,078	394	299	3.39	7	7	3	2	82.41
2027	3	3	55	55	20	16	75.24	912	912	333	253	3.45	6	6	2	1	84.05
2028	3	3	48	48	17	14	76.75	790	790	289	219	3.53	5	5	2	1	85.74
2029	3	3	42	42	15	13	78.28	696	696	254	193	3.60	4	4	2	1	87.45
2030	3	3	38	38	14	11	79.84	622	622	227	172	3.67	4	4	1	1	89.20
2031	3	3	34	34	12	10	81.44	561	561	205	155	3.74	4	4	1	1	90.99
2032	3	3	8	8	3	2	83.14	131	131	48	36	3.82	1	1	0	0	92.85
2033	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2036	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2037	0	0	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>					<b>288</b>	<b>221</b>	<b>75.71</b>			<b>4,797</b>	<b>3,658</b>	<b>3.42</b>			<b>31</b>	<b>20</b>	<b>84.39</b>

Year	Butane Production					Propane Production					Natural Gas Liquids Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl
2022	20	20	7	5	51.15	15	15	5	4	44.49	53	53	19	13	62.20
2023	17	17	6	4	38.50	13	13	5	3	28.81	46	46	17	11	50.65
2024	12	12	4	3	36.68	9	9	3	2	27.67	32	32	12	8	48.83
2025	9	9	3	2	37.42	7	7	2	2	28.23	24	24	9	6	49.80
2026	7	7	3	2	38.16	6	6	2	1	28.79	20	20	7	5	50.80
2027	6	6	2	2	38.93	5	5	2	1	29.37	17	17	6	4	51.81
2028	5	5	2	1	39.71	4	4	2	1	29.96	15	15	5	4	52.85
2029	5	5	2	1	40.50	4	4	1	1	30.56	13	13	5	3	53.91
2030	4	4	2	1	41.30	3	3	1	1	31.16	11	11	4	3	54.98
2031	4	4	1	1	42.13	3	3	1	1	31.79	10	10	4	3	56.09
2032	1	1	0	0	43.07	1	1	0	0	32.46	2	2	1	1	57.27
2033	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2036	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2037	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>33</b>	<b>22</b>	<b>41.40</b>			<b>25</b>	<b>17</b>	<b>32.47</b>			<b>89</b>	<b>59</b>	<b>53.73</b>

Year	Oil + Liquids Production					Sulphur Production					Oil Equivalent Production				
	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price	Gross Daily	Company Daily	Company Yearly	Net Yearly	Price
	bbl/d	bbl/d	Mbbl	Mbbl	\$/bbl	lt/d	lt/d	Mlt	Mlt	\$/t	boe/d	boe/d	Mboe	Mboe	\$/boe
2022	215	215	78	55	75.55	1	1	0	0	36.14	688	688	251	186	38.12
2023	202	202	74	53	68.46	1	1	0	0	40.13	615	615	224	170	35.49
2024	136	136	50	37	65.79	1	1	0	0	48.99	420	420	154	116	34.61
2025	104	104	38	28	67.05	1	1	0	0	81.90	324	324	118	90	35.23
2026	84	84	31	23	68.31	0	0	0	0	84.94	264	264	96	73	35.77
2027	71	71	26	20	69.71	0	0	0	0	88.04	223	223	82	62	36.53
2028	62	62	23	18	71.13	0	0	0	0	91.20	194	194	71	54	37.35
2029	55	55	20	16	72.57	0	0	0	0	94.42	171	171	62	48	38.15
2030	49	49	18	14	74.01	0	0	0	0	97.71	153	153	56	43	38.90
2031	44	44	16	13	75.45	0	0	0	0	101.06	137	137	50	39	39.57
2032	10	10	4	3	76.98	0	0	0	0	103.08	32	32	12	9	40.29
2033	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2034	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2035	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2036	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
2037	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00
<b>Tot.</b>			<b>377</b>	<b>280</b>	<b>70.54</b>			<b>2</b>	<b>1</b>	<b>63.52</b>			<b>1,177</b>	<b>890</b>	<b>36.64</b>

## REVENUE AND EXPENSE FORECAST

Year	Revenue Before Burdens						Royalty Burdens		Gas Processing		Total Royalty After Process.	Net Revenue After Royalty	Operating Expenses		
	Working Interest				Royalty Interest Total M\$	Company Interest Total M\$	Pre-Processing		Allowance				Fixed M\$	Variable M\$	Total M\$
	Oil M\$	Gas M\$	NGL+Sul M\$	Total M\$			Crown M\$	Other M\$	Crown M\$	Other M\$					
2022	4,727	3,642	1,209	9,578	0	9,578	1,392	1,122	70	0	2,444	7,134	1,099	963	2,062
2023	4,197	2,905	862	7,965	0	7,965	1,092	838	59	0	1,871	6,094	1,143	857	2,001
2024	2,714	2,034	577	5,324	0	5,324	642	608	41	0	1,209	4,116	1,172	606	1,778
2025	2,106	1,600	460	4,167	0	4,167	459	494	33	0	920	3,247	1,175	476	1,651
2026	1,722	1,335	384	3,442	0	3,442	351	418	27	0	742	2,700	1,157	396	1,553
2027	1,498	1,150	332	2,979	0	2,979	280	366	24	0	623	2,356	1,180	342	1,522
2028	1,336	1,020	294	2,649	0	2,649	232	328	21	0	539	2,110	1,203	303	1,507
2029	1,202	915	264	2,380	0	2,380	196	296	19	0	473	1,907	1,227	272	1,499
2030	1,093	833	240	2,167	0	2,167	170	270	17	0	423	1,744	1,252	248	1,500
2031	996	767	221	1,985	0	1,985	149	248	16	0	381	1,604	1,277	228	1,505
2032	236	184	53	473	0	473	35	59	4	0	90	383	323	54	377
2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Tot.</b>	<b>21,829</b>	<b>16,385</b>	<b>4,896</b>	<b>43,110</b>	<b>0</b>	<b>43,110</b>	<b>4,997</b>	<b>5,048</b>	<b>330</b>	<b>0</b>	<b>9,715</b>	<b>33,395</b>	<b>12,209</b>	<b>4,745</b>	<b>16,954</b>
Disc	16,084	12,034	3,634	31,752	0	31,752	3,872	3,682	110	0	7,444	24,308	7,696	3,459	11,155

Year	Mineral Tax M\$	Capital Tax M\$	NPI Burden M\$	Net Prod'n Revenue M\$	Other Income M\$	Aband. & Recl. Costs M\$		Oper. Income M\$	Net Capital Investment M\$				Before Tax Cash Flow M\$		
						Recl. Costs M\$	Oper. Income M\$		Dev. M\$	Plant M\$	Tang. M\$	Total M\$	Annual M\$	Cum. M\$	10.0% Dcf M\$
2022	0	0	0	5,072	0	0	0	5,072	5,600	0	700	6,300	-1,228	-1,228	-1,170
2023	0	0	0	4,094	0	0	0	4,094	0	0	0	0	4,094	2,866	2,378
2024	0	0	0	2,338	0	0	0	2,338	0	0	0	0	2,338	5,204	4,220
2025	0	0	0	1,596	0	0	0	1,596	0	0	0	0	1,596	6,800	5,364
2026	0	0	0	1,147	0	0	0	1,147	0	0	0	0	1,147	7,948	6,111
2027	0	0	0	835	0	0	0	835	0	0	0	0	835	8,782	6,605
2028	0	0	0	604	0	0	0	604	0	0	0	0	604	9,386	6,930
2029	0	0	0	408	0	0	0	408	0	0	0	0	408	9,795	7,130
2030	0	0	0	245	0	135	110	110	0	0	0	0	110	9,904	7,179
2031	0	0	0	99	0	0	99	99	0	0	0	0	99	10,003	7,219
2032	0	0	0	6	0	0	6	6	0	0	0	0	6	10,009	7,221
2033	0	0	0	0	0	0	0	0	0	0	0	0	0	10,009	7,221
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	10,009	7,221
2035	0	0	0	0	0	0	0	0	0	0	0	0	0	10,009	7,221
2036	0	0	0	0	0	0	0	0	0	0	0	0	0	10,009	7,221
2037	0	0	0	0	0	461	-461	0	0	0	0	0	-461	9,548	7,116
<b>Tot.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,444</b>	<b>0</b>	<b>596</b>	<b>15,848</b>	<b>5,600</b>	<b>700</b>	<b>6,300</b>	<b>9,548</b>	<b>9,548</b>	<b>9,548</b>	<b>9,548</b>	<b>7,116</b>
Disc	0	0	0	13,288	0	165	13,122	5,339	0	667	6,007	7,116	7,116	7,116	7,116

## SUMMARY OF RESERVES

Product	Units	Remaining Reserves at Jan 01, 2022					Oil Equivalents			Reserve Life Indic. (yr)		
		Gross	Working Interest	Roy/NPI Interest	Total Company	Net	Oil Eq. Factor	Company Mboe	% of Total	Reserve Life	Life Index	Half Life
Tight Oil	Mbbl	288	288	0	288	221	1.000	288	25	11.0	4.9	2.7
Shale Gas	MMcf	4,797	4,797	0	4,797	3,658	6.000	800	68	11.0	4.6	2.7
Condensate	Mbbl	31	31	0	31	20	1.000	31	3	11.0	4.6	2.7
Butane	Mbbl	33	33	0	33	22	1.000	33	3	11.0	4.6	2.7
Propane	Mbbl	25	25	0	25	17	1.000	25	2	11.0	4.6	2.7
Total: NGL	Mbbl	89	89	0	89	59	1.000	89	8	11.0	4.6	2.7
Total: Oil+NGL	Mbbl	377	377	0	377	280	1.000	377	32	11.0	4.8	2.7
Sulphur	Mlt	2	2	0	2	1	0.000	0	0	11.0	4.6	2.7
Total: Oil Eq.	Mboe	1,177	1,177	0	1,177	890	1.000	1,177	100	11.0	4.7	2.7

**PRODUCT REVENUE AND EXPENSES**

Product	Units	Average First Year Unit Values				Net Revenue After Royalties				
		Wellhead Price	Net Burdens	Operating Expenses	Other Expenses	Prod'n Revenue	Undisc M\$	% of Total	10% Disc M\$	% of Total
Tight Oil	\$/bbl	79.87	18.37	5.02	0.00	56.48	16,728	51	12,176	50
Shale Gas	\$/Mcf	3.51	1.06	0.84	0.00	1.62	13,063	40	9,590	40
Condensate	\$/bbl	88.60	22.35	0.00	0.00	66.25	1,724	5	1,273	5
Butane	\$/bbl	51.15	14.86	0.00	0.00	36.29	918	3	688	3
Propane	\$/bbl	44.49	13.53	0.00	0.00	30.96	540	2	409	2
Total: NGL	\$/bbl	62.20	17.07	0.00	0.00	45.13	3,182	10	2,371	10
Total: Oil+NGL	\$/bbl	75.55	18.05	15.21	0.00	42.28	19,909	60	14,546	60
Sulphur	\$/lt	36.14	6.02	0.00	0.00	30.12	92	0	62	0
Total: Oil Eq.	\$/boe	38.12	10.00	8.20	0.00	19.91	33,064	100	24,199	100

**INTEREST AND NET PRESENT VALUE SUMMARY**

Revenue Interests and Burdens (%)	Net Present Value Before Income Tax							Cash Flow	
	Initial	Average	Disc. Rate %	Prod'n Revenue M\$	Operating Income M\$	Capital Invest. M\$	M\$	\$/boe	
	Working Interest	100.0000	100.0000	0	16,444	15,848	6,300	9,548	8.12
Capital Interest	100.0000	100.0000	5	14,680	14,374	6,148	8,226	6.99	
Crown Royalty	14.5342	11.5923	8	13,807	13,597	6,062	7,535	6.40	
Non-crown Royalty	11.7128	11.7099	10	13,288	13,122	6,007	7,116	6.05	
			12	12,810	12,679	5,953	6,726	5.72	
			15	12,164	12,070	5,875	6,195	5.27	
			20	11,240	11,184	5,751	5,433	4.62	

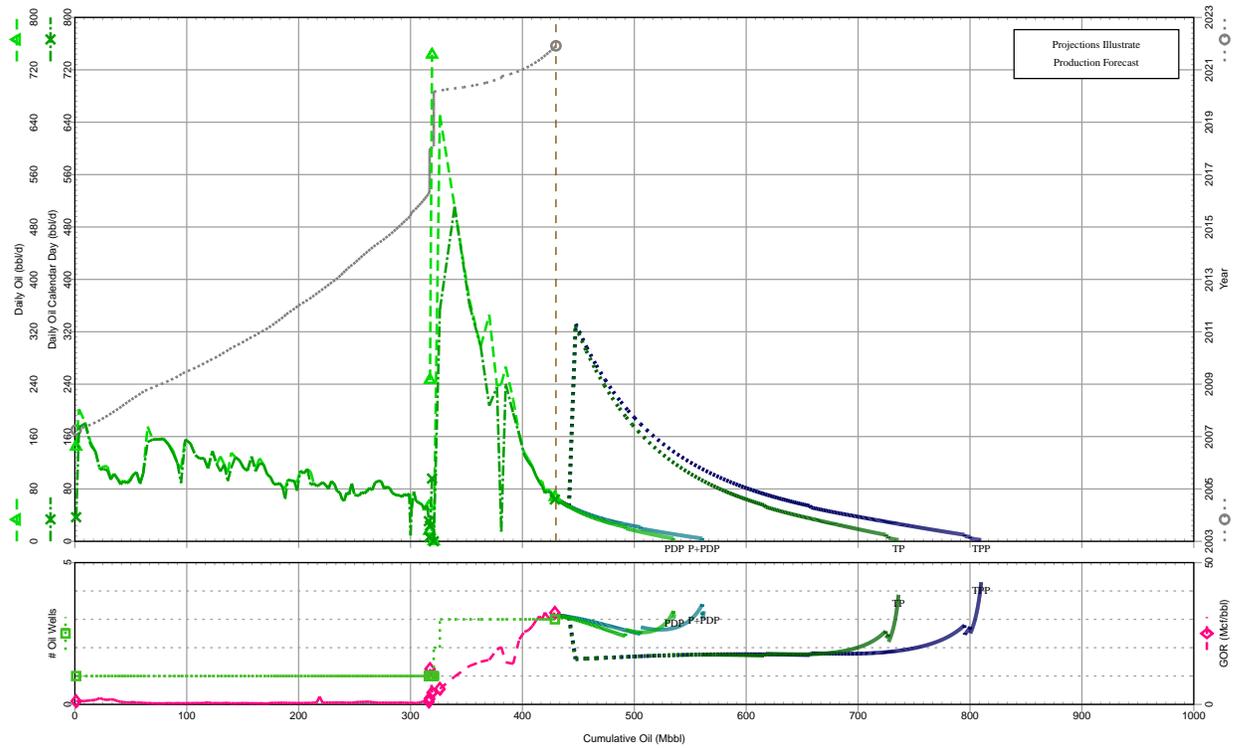
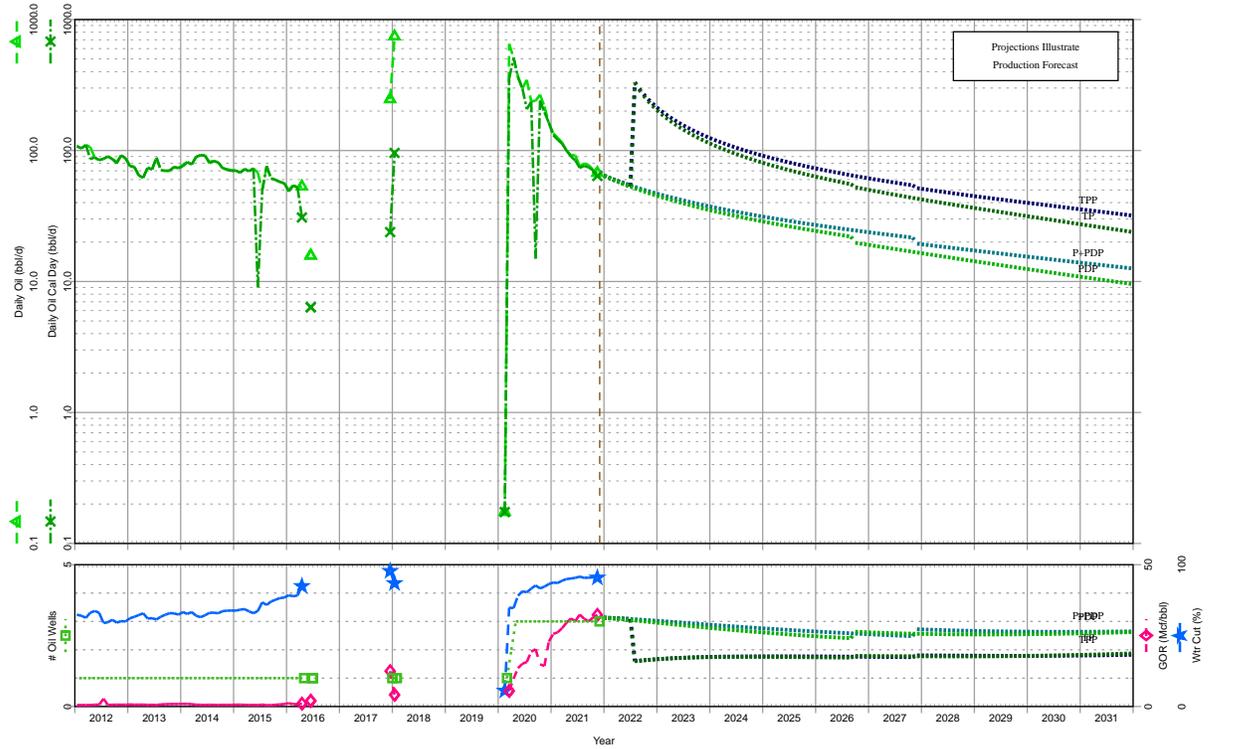
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**APPENDIX****RESERVES ESTIMATION - SUPPORTING INFORMATION**

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Two Rivers - Oil Time Semilog/Oil Cum Coord Plot	<b>47</b>
100/04-03-083-16W6/0 - Oil Time Semilog/Oil Cum Coord Plot	<b>48</b>
100/13-04-083-16W6/0 - Oil Time Semilog/Oil Cum Coord Plot	<b>49</b>
1XX/04-10-083-16W6/ PUD - Oil Time Semilog/Oil Cum Coord Plot	<b>50</b>
100/02-18-083-16W6/0 - Oil Time Semilog/Oil Cum Coord Plot	<b>51</b>
<b>GAS</b>	
Two Rivers - Gas Time Semilog/Gas Cum Coord Plot	<b>52</b>
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1XX/04-10-083-16W6/ PUD - Gas Time Semilog/Gas Cum Coord Plot	<b>54</b>
100/02-18-083-16W6/0 - Gas Time Semilog/Gas Cum Coord Plot	<b>55</b>

## Historical and Forecast Production Two Rivers

Property : Two Rivers



### Total Reserves Summary At 2021/12/01

Reserves Classification	Reserves (Mbbbl)		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	536	430	106
Total Pv — TP(R)	736	430	306
P + P Prd — P+PDP(R)	562	430	132
Total P + P — TPP(R)	810	430	380

### Average Production Rates (Last 12 months ending 2021/11/30)

Gas	2835.6 Mcf/d	2742.0 Mcf/cd	WGR	299.2 bbl/MMcf	
Oil	99.5 bbl/d	96.7 bbl/cd	GOR	28361.9 scf/stb	
Avg Wells	2.8		WC	89.5 %	
<b>Cumulative Production</b>					
Oil	430.0 Mbbbl	Gas	2182.0 MMcf	Water	1013.7 Mbbbl

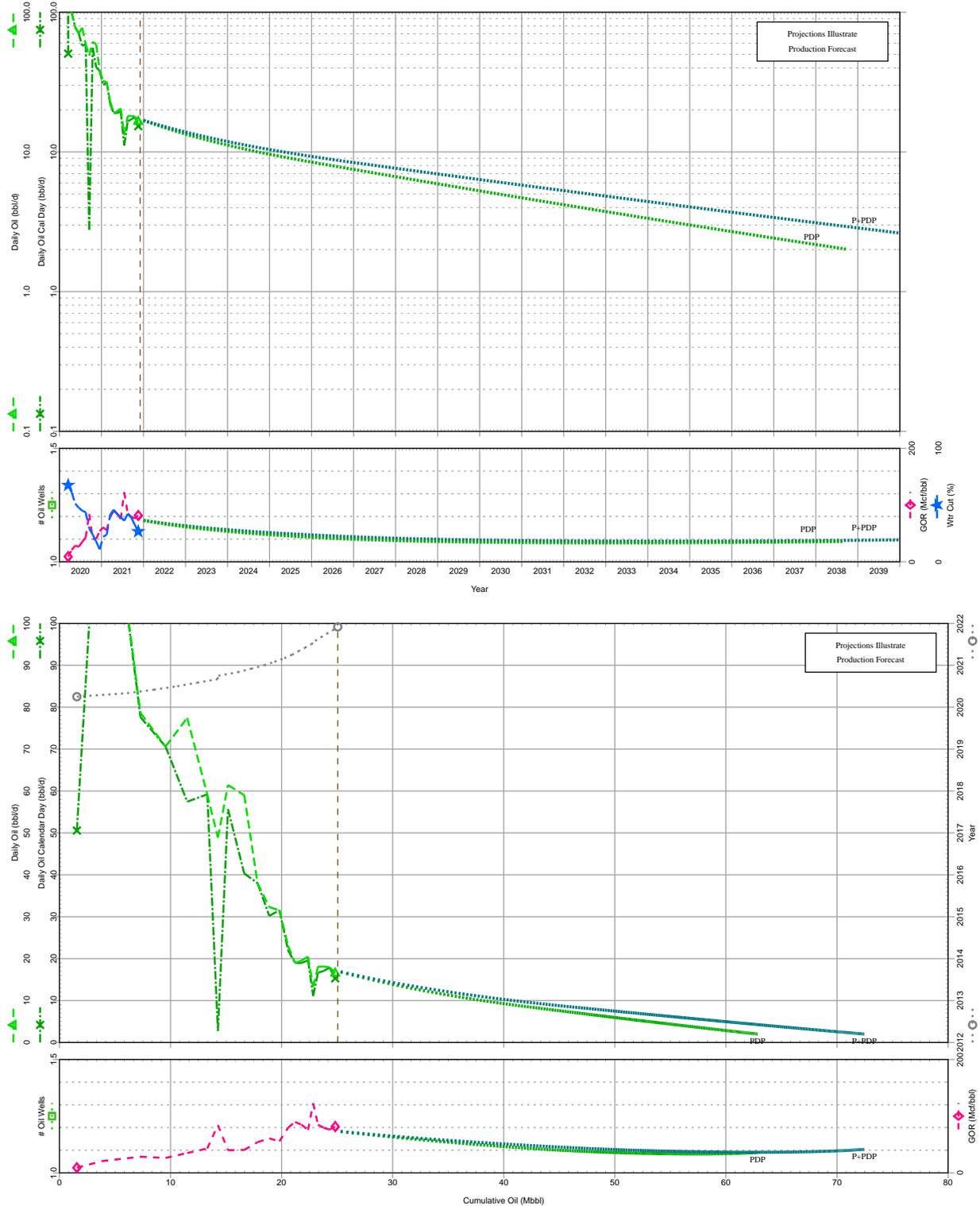
Two Rivers  
1213120 / May 18, 2022

# Historical and Forecast Production

## 100/04-03-083-16W6/0

Property : Two Rivers  
 Well Name : Leucrotta Hz Two Rivers B16-05-083-16  
 API # : B0384510

Regulatory Field : Two Rivers  
 Regulatory Pool : Montney B  
 Operator : Leucrotta Exploration Inc.



### Reserves Summary At 2021/12/01

Reserves Classification	Reserves ( Mbbbl )			Reserves Method(s)
	Ultimate	Cum Prd	Remain	
Pv Prd - PDP	63	25	38	Decline
P + P Prd - P+PDP	72	25	47	Decline

100/04-03-083-16W6/0  
1213120 / May 04, 2022

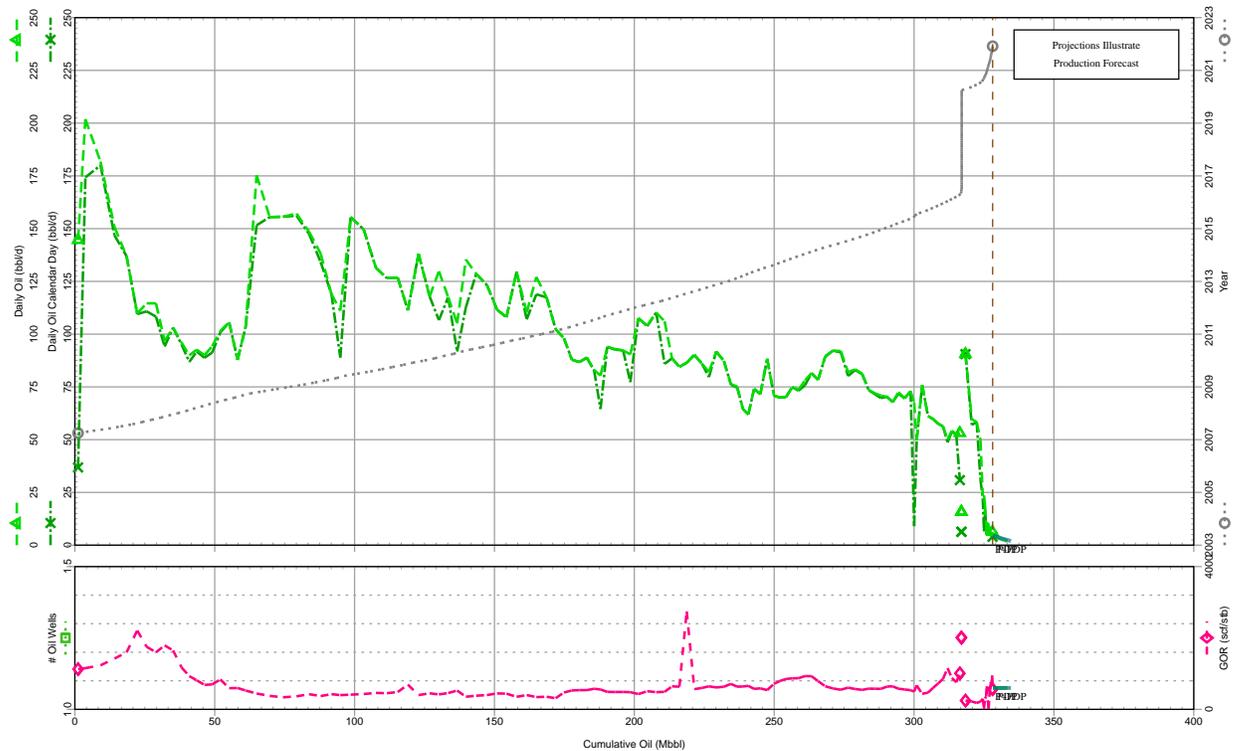
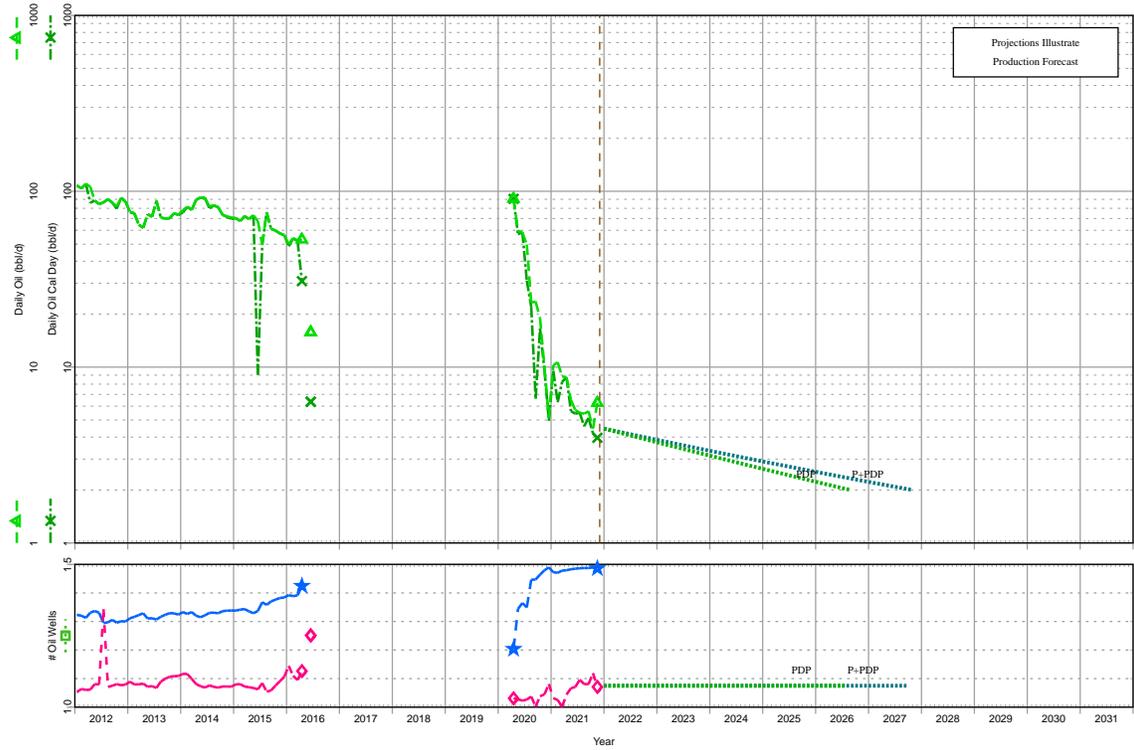
### Average Production Rates (Last 12 months ending 2021/11/30)

Gas	1654.1 Mcf/d	1579.1 Mcf/cd	WGR	6.6 bbl/MMcf	
Oil	22.3 bbl/d	21.4 bbl/cd	GOR	73810.4 scf/stb	
On Prod	347.8 days		WC	32.8%	
<b>Cumulative Production</b>					
Oil	25.1 Mbbbl	Gas	1075.7 MMcf	Water	22.4 Mbbbl

## Historical and Forecast Production 100/13-04-083-16W6/0

Property : Two Rivers  
Well Name : Leucrotta Two Rivers 16-05-083-16  
API # : B0174970

Regulatory Field : Two Rivers  
Regulatory Pool : Siphon A  
Operator : Leucrotta Exploration Inc.



### Decline Analysis Summary At 2021/12/01

Reserves Classification	Reserves ( Mbbl )			Rates ( bbl/d )		Decline	
	Ultimate	Cum Prd	Remain	Initial	Final	Initial	Expont
Pv Prd — PDP	333	328	5	5	2	16.3	0.10
P + P Prd — P+PDP	335	328	7	5	2	13.7	0.20

### Average Production Rates (Last 12 months ending 2021/11/30)

Gas	3.1 Mcf/d	2.8 Mcf/cd	WGR	>9999.9 bbl/MMcf	
Oil	6.9 bbl/d	6.0 bbl/cd	GOR	457.0 scf/stb	
On Prod	322.4 days		WC	96.7 %	
<b>Cumulative Production</b>					
Oil	328.1 Mbbl	Gas	220.0 MMcf	Water	503.0 Mbbl

100/13-04-083-16W6/0  
1213120 / May 04, 2022



# Historical and Forecast Production

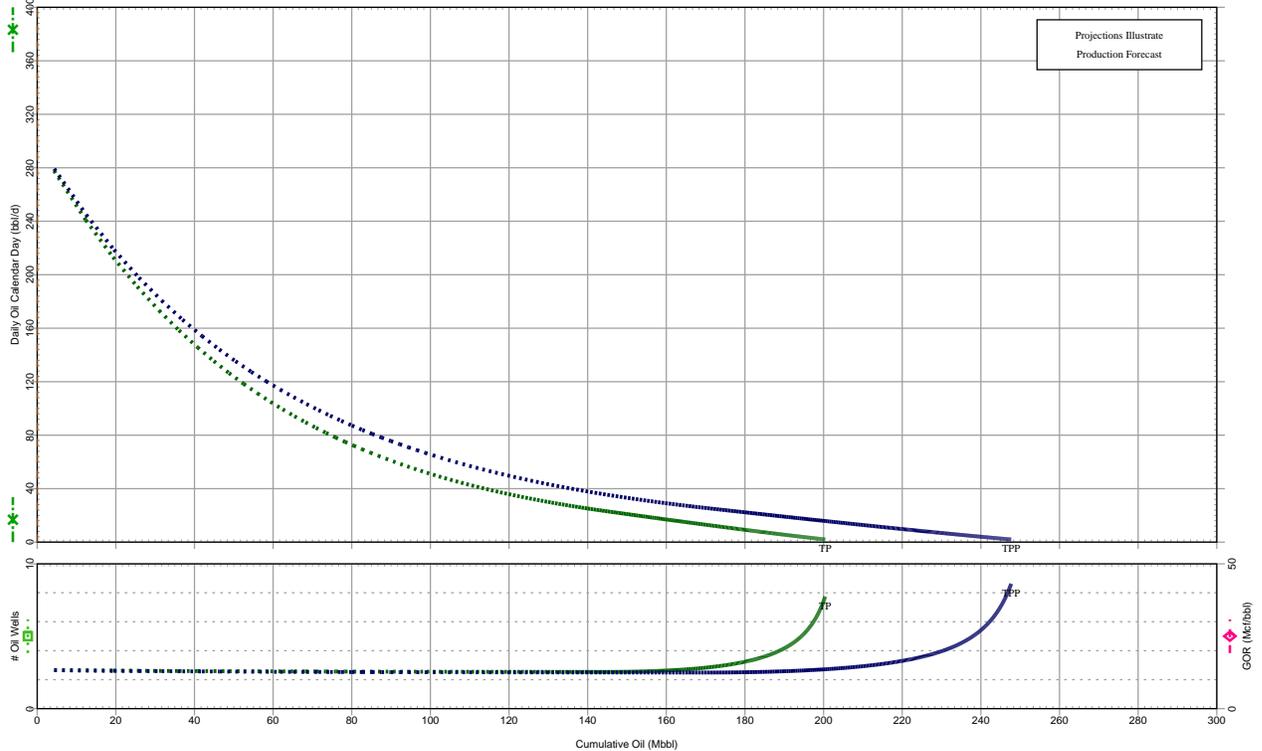
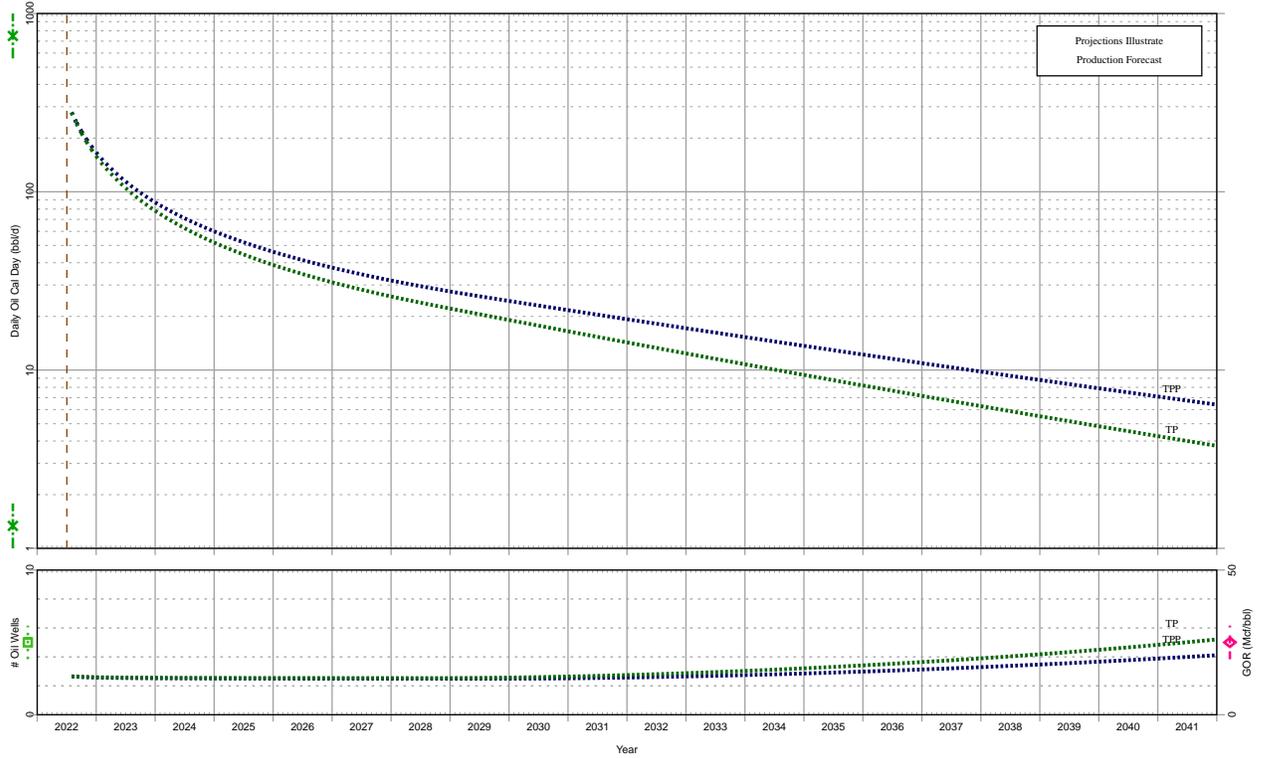
## 1XX/04-10-083-16W6/ PUD

Property : Two Rivers

Regulatory Field : Two Rivers

Regulatory Pool : Montney B

Operator : Leucrotta Exploration Inc.



### Reserves Summary At 2022/07/01

Reserves Classification	Reserves ( Mbbbl )			Reserves Method(s)
	Ultimate	Cum Prd	Remain	
Total P <sub>v</sub> - TP	200	0	200	Decline
Total P + P <sub>v</sub> - TPP	248	0	248	Decline

### Average Production Rates

Gas	0.0Mcf/d	0.0Mcf/cd	WGR	0.0bbl/MMcf
Oil	0.0bbl/d	0.0bbl/cd	GOR	0.0scf/stb
On Prod	0.0days		WC	0.0%

### Cumulative Production

Oil	0.0Mbbbl	Gas	0.0MMcf	Water	0.0Mbbbl
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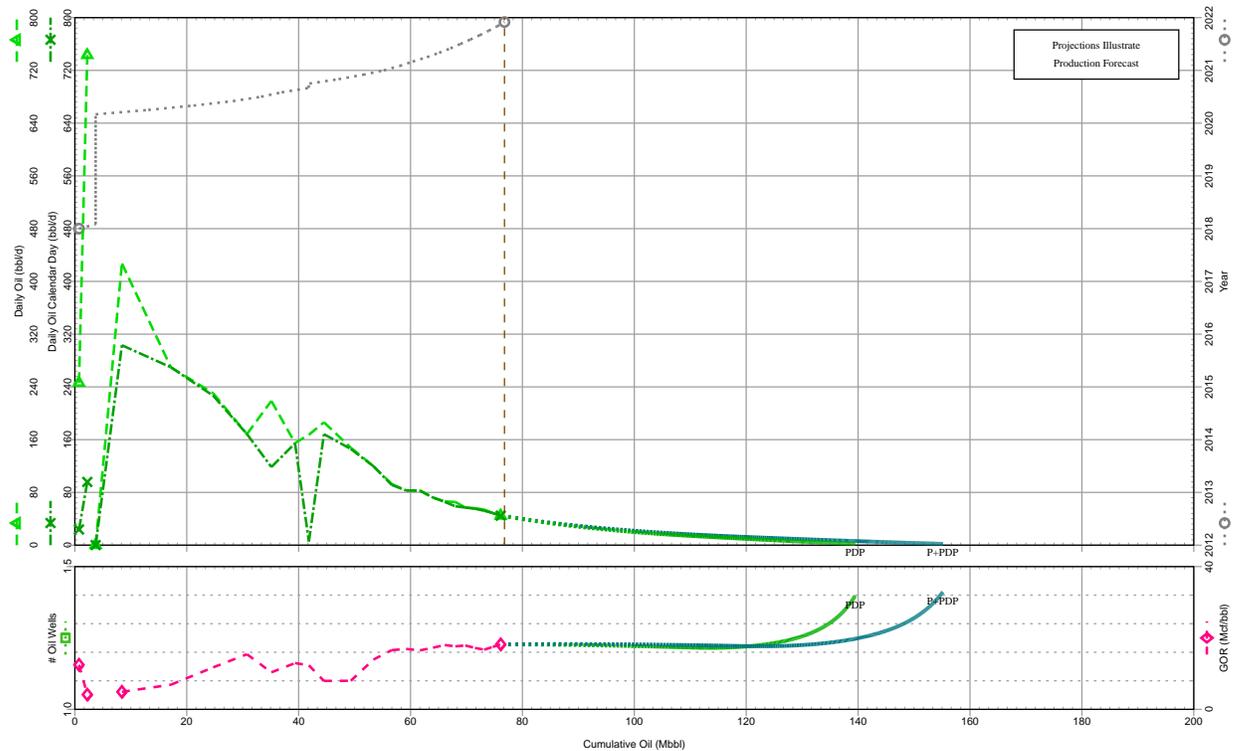
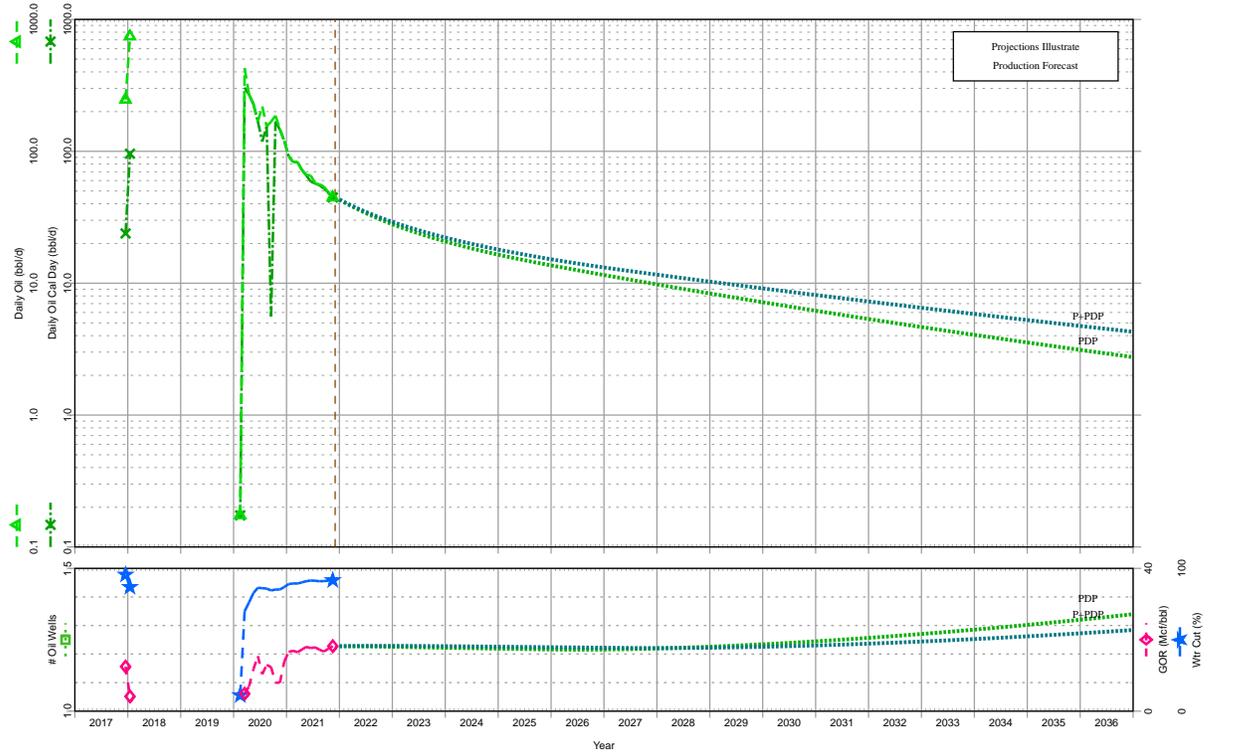
1XX/04-10-083-16W6/ PUD  
1213120 / May 04, 2022

# Historical and Forecast Production

## 100/02-18-083-16W6/0

Property : Two Rivers  
 Well Name : Leucrotta Hz Two Rivers A10-08-083-16  
 API # : B0348560

Regulatory Field : Two Rivers  
 Regulatory Pool : Montney B  
 Operator : Leucrotta Exploration Inc.



### Reserves Summary At 2021/12/01

Reserves Classification	Reserves ( Mbbl )			Reserves Method(s)
	Ultimate	Cum Prd	Remain	
Pv Prd — PDP	139	77	63	Decline
P + P Prd — P+PDP	155	77	78	Decline

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### Average Production Rates (Last 12 months ending 2021/11/30)

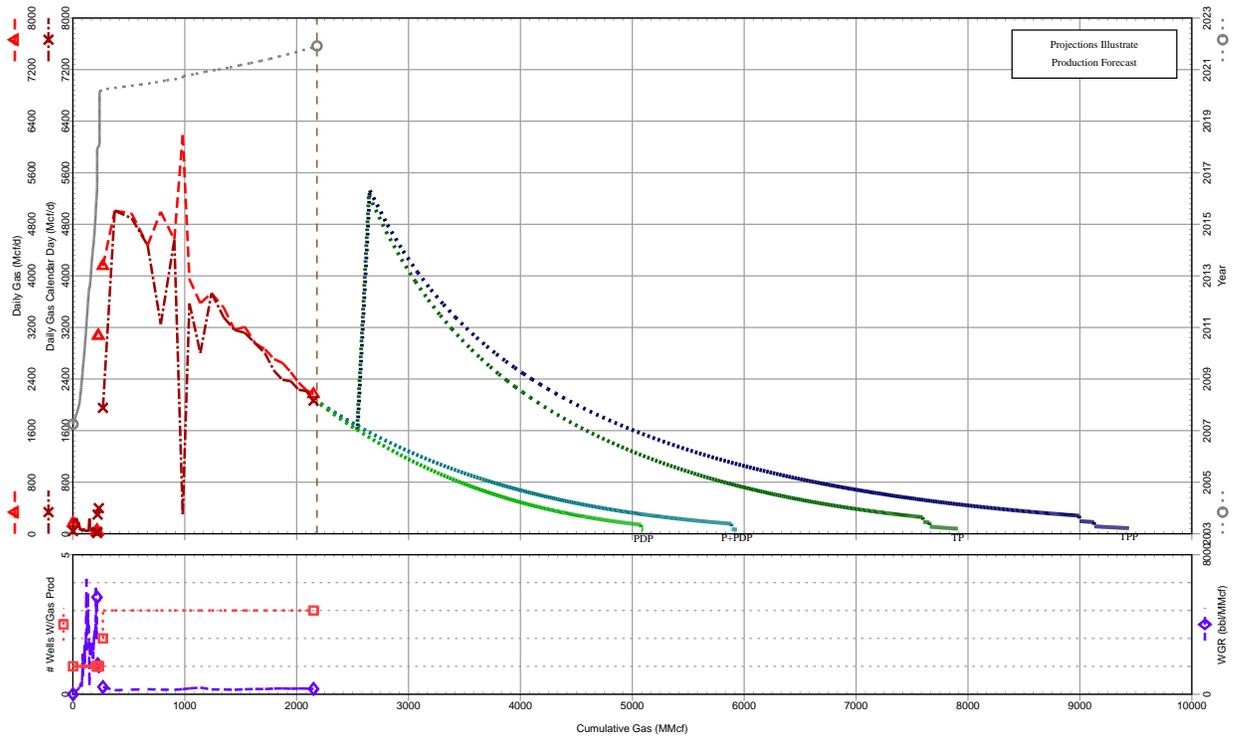
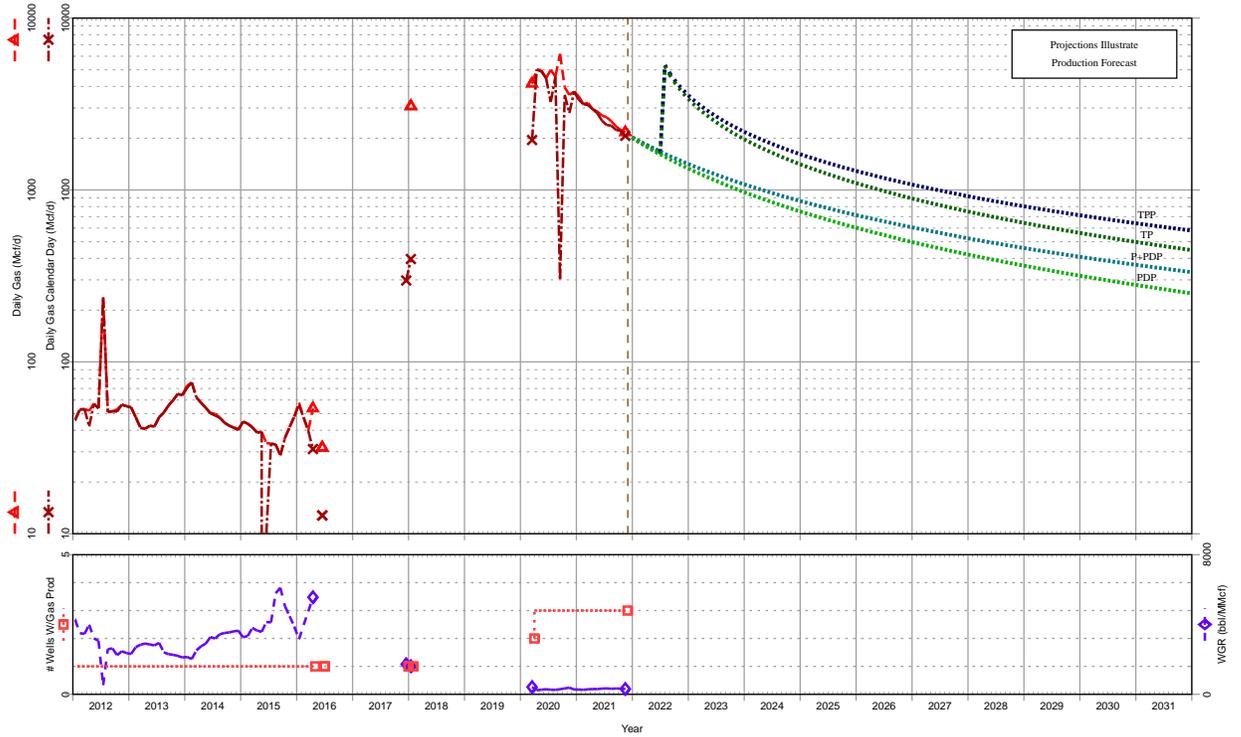
Gas	1178.3 Mcf/d	1160.1 Mcf/cd	WGR	546.0 bbl/MMcf	
Oil	70.3 bbl/d	69.3 bbl/cd	GOR	16749.9 scf/stb	
On Prod	359.2 days		WC	90.1 %	
<b>Cumulative Production</b>					
Oil	76.8 Mbbl	Gas	886.3 MMcf	Water	488.3 Mbbl



# Historical and Forecast Production Two Rivers

Note: Solution & Associated Gas

Property : Two Rivers



**Total Reserves Summary At 2021/12/01**

Reserves Classification	Raw Gas (MMcf)		
	Ultimate	Cum Production	Remaining
Pv Prd — PDP(R)	5100	2182	2918
Total Pv — TP(R)	7910	2182	5727
P + P Prd — P+PDP(R)	5935	2182	3753
Total P + P — TPP(R)	9439	2182	7257

**Avg Prod Rates (12 months ending 2021/11/30)**

Gas	2742.0 Mcf/cd	WGR	299.2 bbl/MMcf
Oil	96.7 bbl/cd	GOR	28361.9 scf/stb
Avg Wells	2.8	WC	89.5 %
<b>Cumulative Production</b>		Oil	430.0 Mbbbl
		Gas	2182.0 MMcf

Two Rivers  
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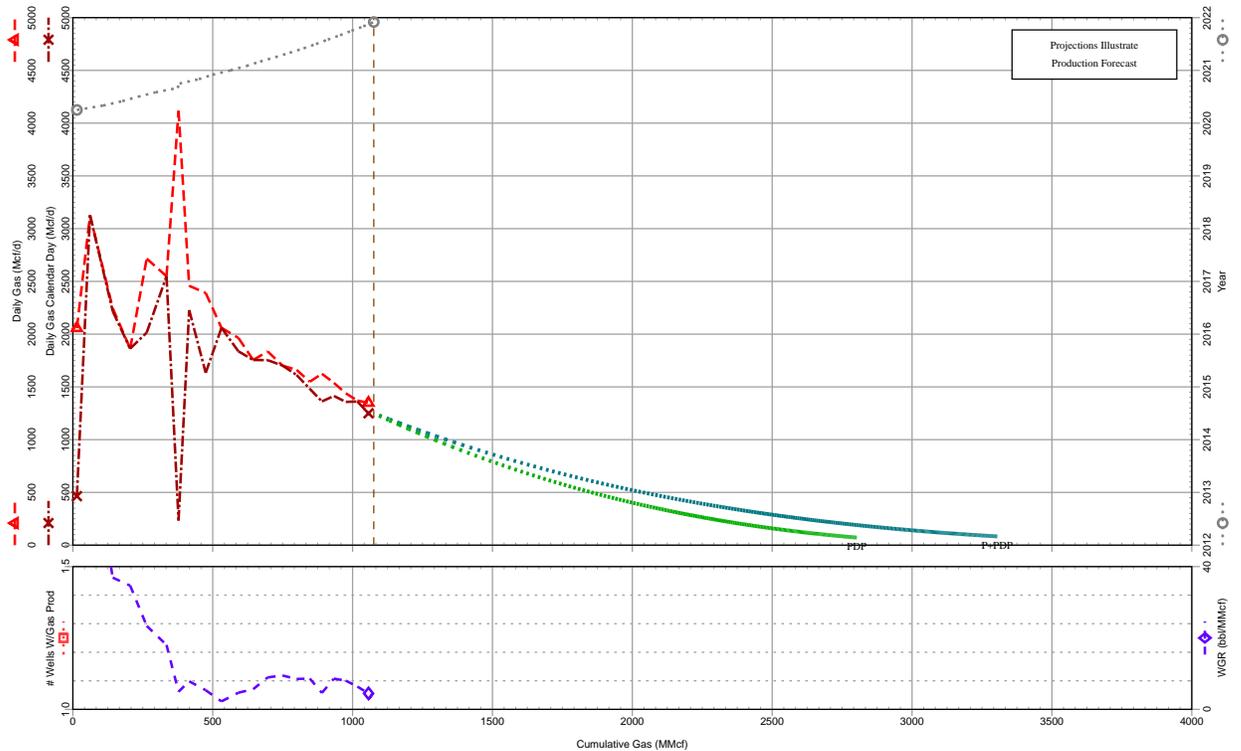
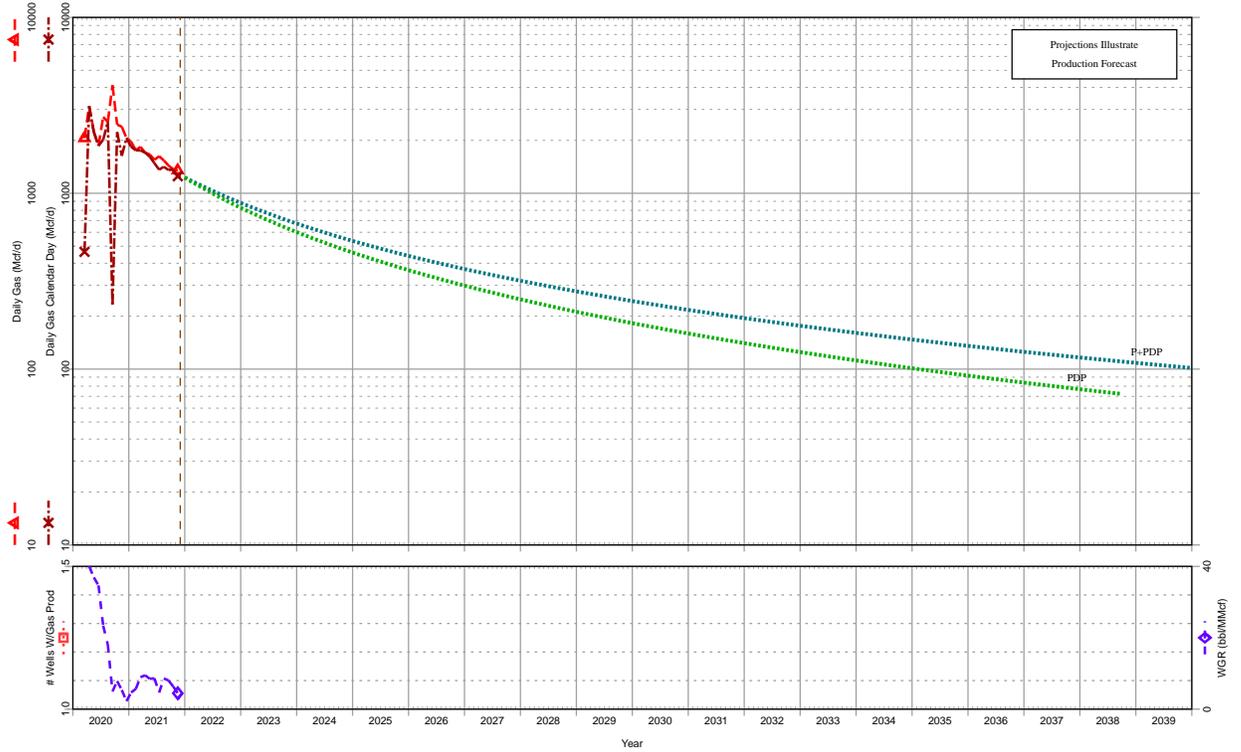


# Historical and Forecast Production

## 100/04-03-083-16W6/0

Property : Two Rivers  
 Well Name : Leucrotta Hz Two Rivers B16-05-083-16  
 API # : B0384510

Regulatory Field : Two Rivers  
 Regulatory Pool : Montney B  
 Operator : Leucrotta Exploration Inc.



### Decline Analysis Summary At 2021/12/01

Reserves Classification	Raw Gas ( MMcf )			Rates ( Mcf/d )		Decline	
	Ultimate	Cum Prd	Remain	Initial	Final	Initial	Expont
Pv Prd — PDP	2802	1076	1727	1250	72	32.8	0.60
P + P Prd — P+PDP	3305	1076	2229	1250	83	28.6	0.70

### Average Production Rates (Last 12 months ending 2021/11/30)

Gas	1654.1 Mcf/d	1579.1 Mcf/cd	WGR	6.6 bbl/MMcf	
Oil	22.3 bbl/d	21.4 bbl/cd	GOR	73810.4 scf/stb	
On Prod	347.8 days		WC	32.8 %	
<b>Cumulative Production</b>					
Oil	25.1 Mbbl	Gas	1075.7 MMcf	Water	22.4 Mbbl

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# Historical and Forecast Production

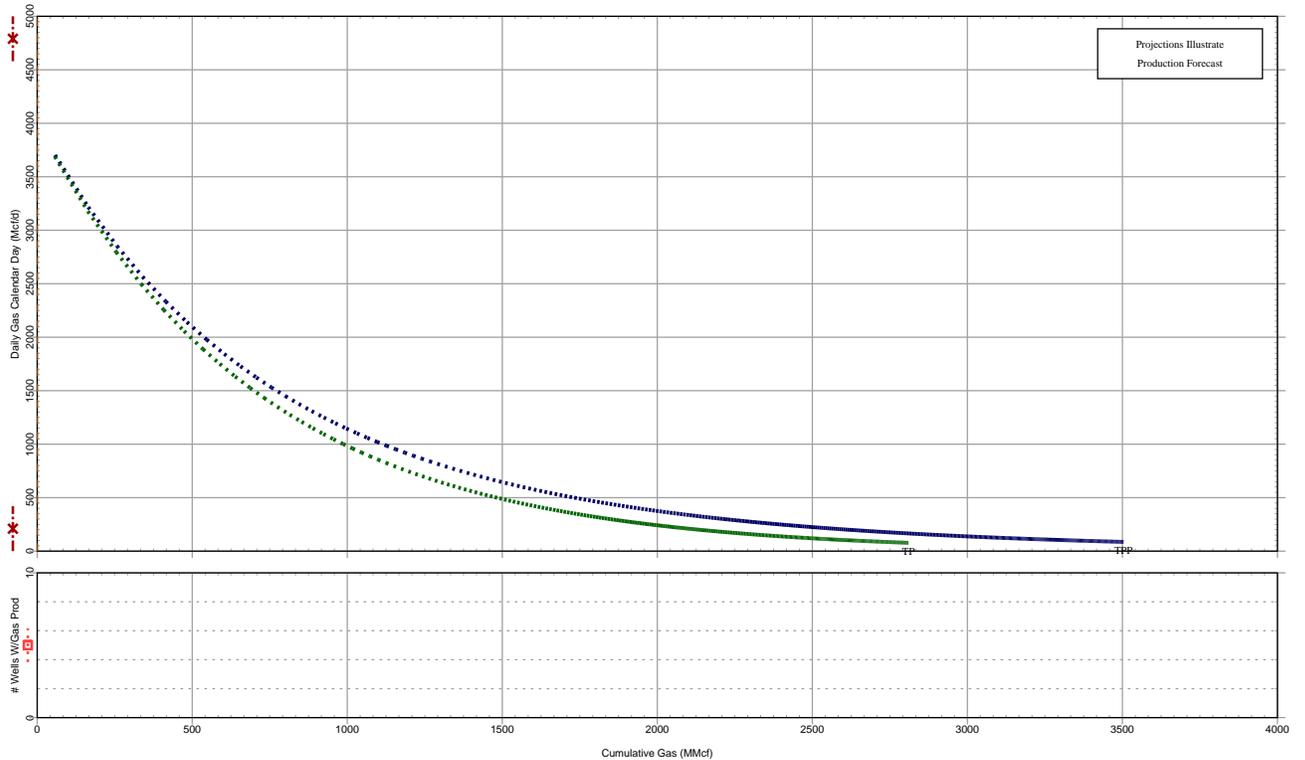
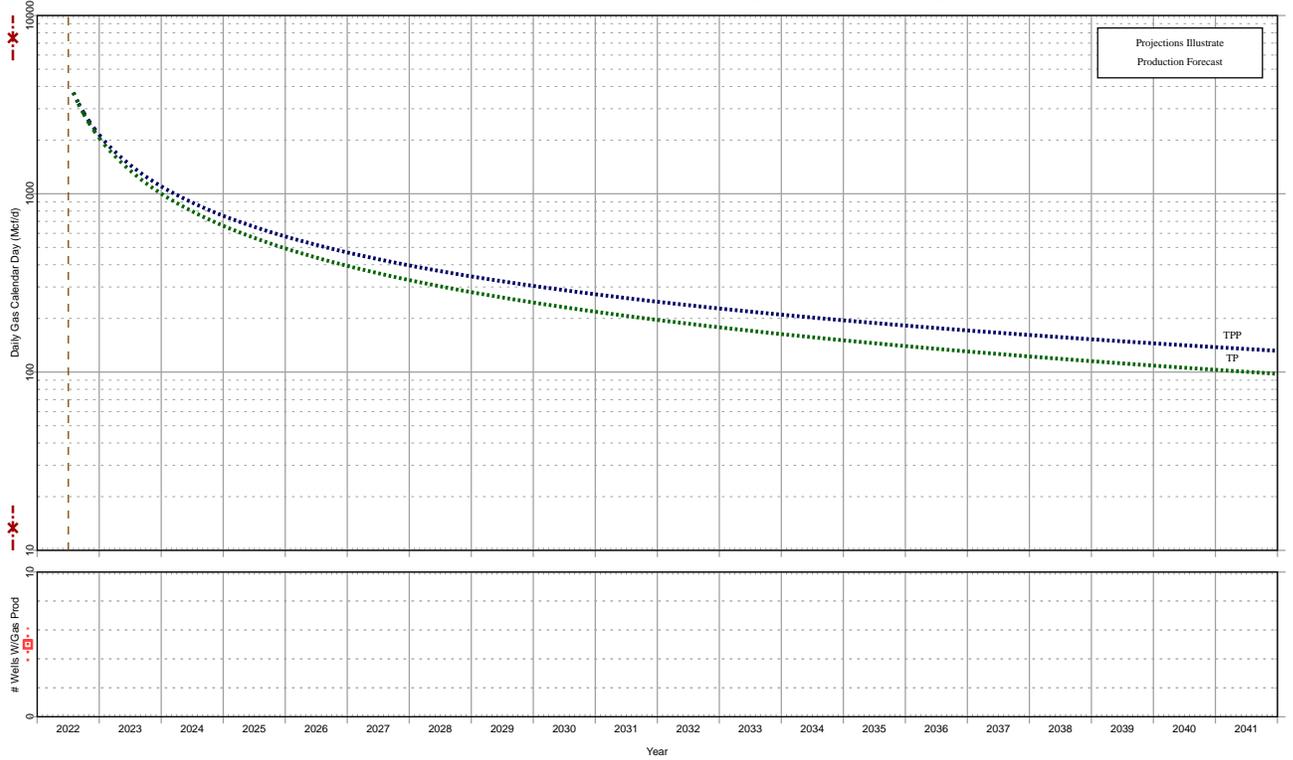
## 1XX/04-10-083-16W6/ PUD

Property : Two Rivers

Regulatory Field : Two Rivers

Regulatory Pool : Montney B

Operator : Leucrotta Exploration Inc.



Decline Analysis Summary At 2022/07/01

Reserves Classification	Raw Gas ( MMcf )		Rates ( Mcf/d )		Decline		
	Ultimate	Cum Prd	Remain	Initial	Final	Initial	Expont
Total P <sub>v</sub> - TP	2810	0	2810	4000	78	67.2	1.00
Total P + P - TPP	3504	0	3504	4000	86	64.7	1.10

Average Production Rates

Gas	0.0 Mcf/d	0.0 Mcf/cd	WGR	0.0 bbl/MMcf
Oil	0.0 bbl/d	0.0 bbl/cd	GOR	0.0 scf/stb
On Prod	0.0 days		WC	0.0 %

Cumulative Production

Oil	0.0 Mbbl	Gas	0.0 MMcf	Water	0.0 Mbbl
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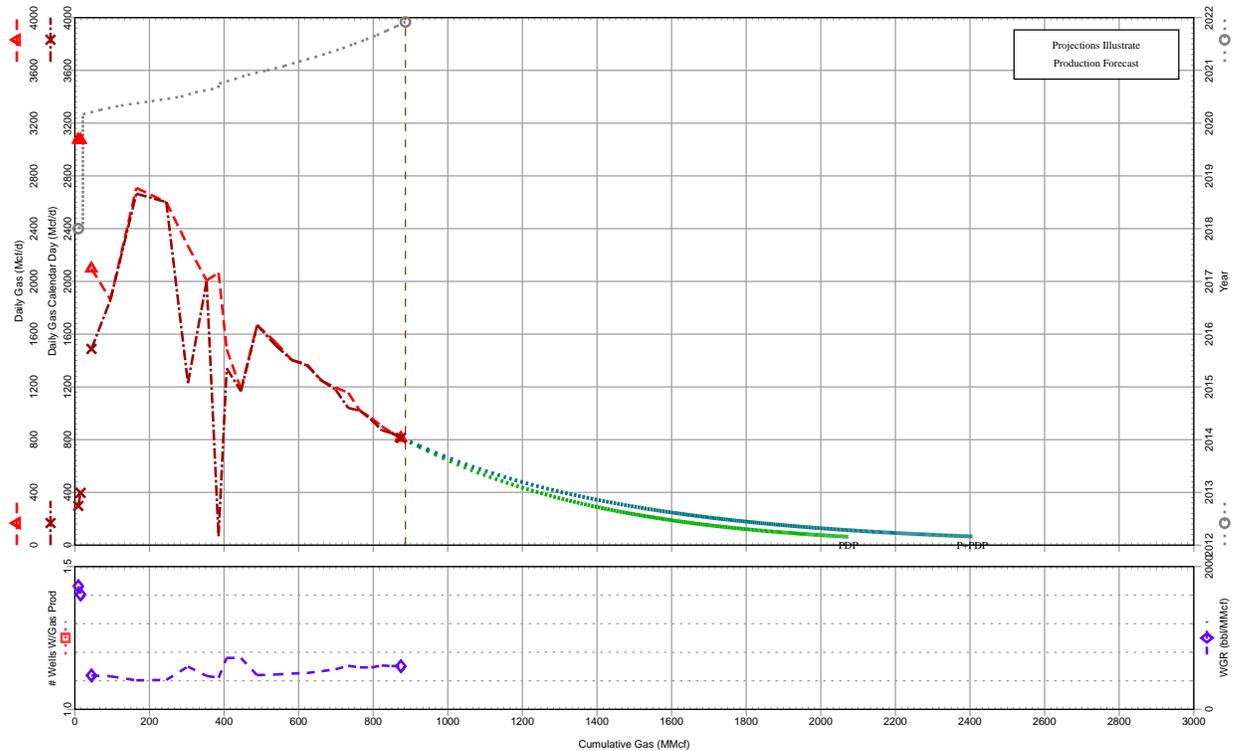
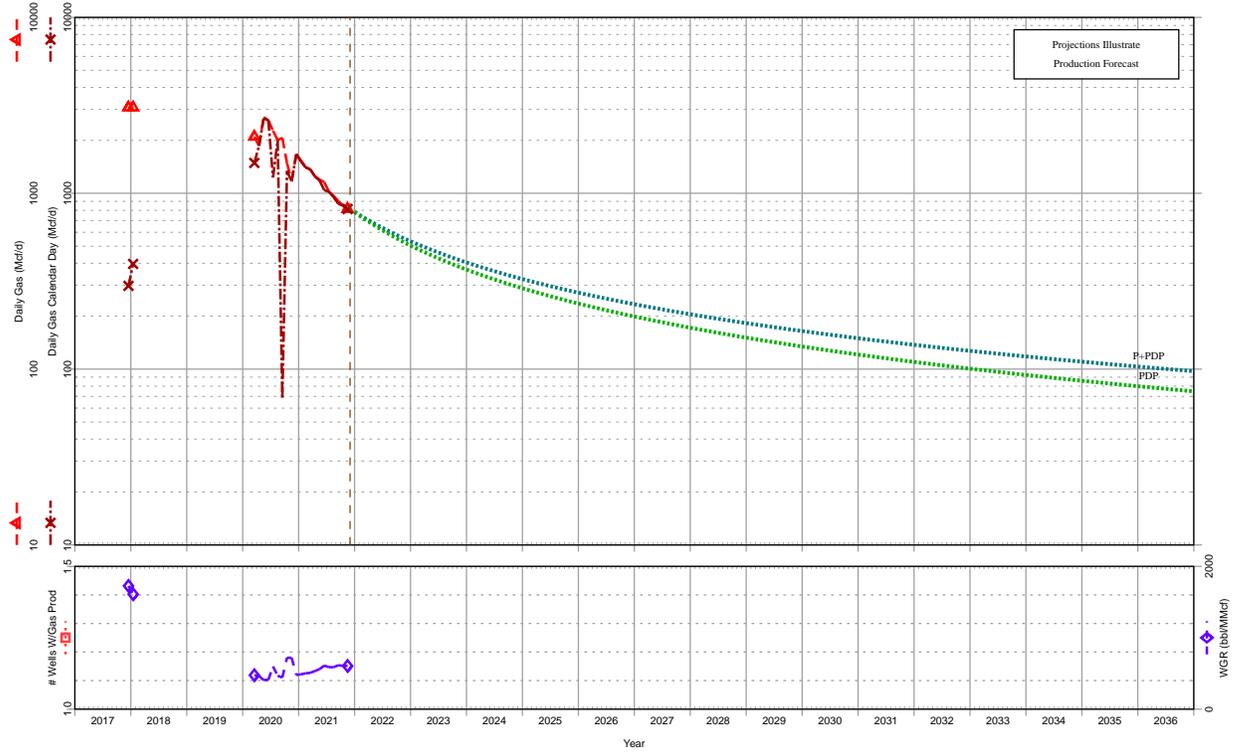
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## Historical and Forecast Production 100/02-18-083-16W6/0

Property : Two Rivers  
Well Name : Leucrotta Hz Two Rivers A10-08-083-16  
API # : B0348560

Regulatory Field : Two Rivers  
Regulatory Pool : Montney B  
Operator : Leucrotta Exploration Inc.



### Decline Analysis Summary At 2021/12/01

Reserves Classification	Raw Gas (MMcf)			Rates (Mcf/d)		Decline	
	Ultimate	Cum Prd	Remain	Initial	Final	Initial	Expont
Pv Prd — PDP	2074	886	1188	800	64	36.0	0.90
P + P Prd — P+PDP	2406	886	1520	800	66	32.4	1.00

### Average Production Rates (Last 12 months ending 2021/11/30)

Gas	1178.3 Mcf/d	1160.1 Mcf/cd	WGR	546.0 bbl/MMcf	
Oil	70.3 bbl/d	69.3 bbl/cd	GOR	16749.9 scf/stb	
On Prod	359.2 days		WC	90.1 %	
<b>Cumulative Production</b>					
Oil	76.8 Mbbl	Gas	886.3 MMcf	Water	488.3 Mbbl

100/02-18-083-16W6/0  
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