

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any U.S. state securities laws. Accordingly, except as permitted by the Underwriting Agreement (as defined herein) and pursuant to exemptions from the registration requirements of the 1933 Act and applicable state securities laws, these securities may not be offered, sold or delivered to, or for the account or benefit of, persons within the United States (as defined in Regulation S under the 1933 Act) or U.S. persons (as defined in Regulation S under the 1933 Act) ("U.S. Persons"). This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President and Chief Executive Officer of the Corporation by sending a written request to Suite 2110, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 (telephone number: (403) 705-4525) and are also available electronically at www.sedarplus.ca.

SHORT FORM PROSPECTUS

New Issue

November 3, 2023



\$80,000,000
100,000,000 Units

\$0.80 per Unit

This short form prospectus qualifies the distribution (the "**Offering**") of 100,000,000 units (each, an "**Offered Unit**") of Coelacanth Energy Inc. (the "**Corporation**") at a price of \$0.80 per Offered Unit (the "**Offering Price**") for gross proceeds of \$80,000,000. Each Offered Unit is comprised of one common share in the capital of the Corporation (each, a "**Unit Share**") and one third (1/3) of one common share purchase warrant of the Corporation (each whole common share purchase warrant a "**Warrant**"). Each whole Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances in accordance with the terms of the Warrant Indenture (as defined herein), one common share in the capital of the Corporation (each, a "**Warrant Share**") at an exercise price of \$1.05 for a period of 12 months following the Closing Date (as defined herein). See "Plan of Distribution". The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on or prior to the Closing Date between the Corporation and Computershare Trust Company of Canada (in such capacity, the "**Warrant Agent**"), as warrant agent. See "Description of Securities Being Distributed".

The outstanding common shares in the capital of the Corporation (the "**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "CEI". On October 23, 2023, the last full day on which the Common Shares traded prior to the public announcement of the Offering, the closing price of the Common Shares on the TSX-V was \$0.87. On November 2, 2023, the last day on which the Common Shares traded prior to the date of this short form prospectus, the closing price of the Common Shares on the TSX-V was \$0.88. The Corporation has received conditional approval from the TSX-V to list the Unit Shares and the Warrant Shares issuable pursuant to the Offering on the TSX-V. Listing of the Unit Shares and the Warrant Shares will be subject to the Corporation fulfilling all the applicable listing requirements of the TSX-V.

The terms of the Offering were determined by negotiation between the Corporation and Haywood Securities Inc. (the "**Lead Underwriter**") on its own behalf and on behalf of Eight Capital, Cormark Securities Inc., ATB Capital Markets Inc. and

Acumen Capital Finance Partners Limited (collectively, together with the Lead Underwriter, the "**Underwriters**"). See "Plan of Distribution".

	<u>Offering Price</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾</u>
Per Offered Unit	\$0.80	\$0.036	\$0.764
Total	\$80,000,000	\$3,600,000	\$76,400,000

Notes:

- (1) Upon closing of the Offering, the Corporation will pay the Underwriters a cash commission equal to 4.5% of the gross proceeds of the Offering (the "**Underwriters' Fee**"). See "Plan of Distribution".
- (2) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering estimated to be \$500,000.

In the opinion of Gowling WLG (Canada) LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters, at the time of closing on the Closing Date, provided that the Common Shares are listed on a designated stock exchange as defined in the *Income Tax Act* (Canada) and regulations thereunder (together, the "**Tax Act**") (which includes the TSX-V) at such time, or the Corporation qualifies as a "public corporation" (as defined in the Tax Act), and subject to the more detailed discussion under the heading "Eligibility for Investment", the Unit Shares, Warrants and Warrant Shares will be qualified investments under the Tax Act and the regulations thereto (in force on the date hereof) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans, first home savings plans and tax-free savings accounts. See "Certain Canadian Federal Income Tax Consideration – Eligibility for Investment".

Pursuant and subject to the terms and conditions of the Underwriting Agreement referred to under "Plan of Distribution", the Corporation has agreed to issue and sell, and the Underwriters have agreed to purchase from the Corporation, 100,000,000 Offered Units at a price of \$0.80 per Offered Unit in accordance with the terms and conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Gowling WLG (Canada) LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP. The Offered Units shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this short form prospectus.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Underwriters propose to offer the Offered Units initially at the Offering Price specified above. After a reasonable effort has been made to sell all the Offered Units at the price specified, the Underwriters may subsequently reduce the selling price of the Offered Units to investors from time to time in order to sell any of the Offered Units remaining unsold. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".

The Corporation has not applied and does not intend to apply to list the Warrants on any securities exchange. There is currently no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation.

Subscriptions for Offered Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about November 15, 2023 or such other date as the Corporation and the Lead Underwriter (on its own behalf and on behalf of the other Underwriters) may agree, but in any event no later than the date that is 42 days after the receipt for this short form prospectus (the "**Closing Date**").

Except in certain limited circumstances, the Unit Shares and the Warrants will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee pursuant to the book-entry only system. Accordingly, a subscriber will receive only a customer confirmation from the Underwriters or other registered dealers that are CDS participants and from or through whom a beneficial interest in Offered Units is acquired. However, purchasers of Offered Units in the United States under Rule 506(b) of Regulation D will receive physical certificates representing Unit Shares and Warrants. See "Plan of Distribution".

An investment in the Offered Units is speculative and involves a number of risks. The risk factors identified under "Forward-Looking Statements" and "Risk Factors" in this short form prospectus (including the documents incorporated herein by reference) should be carefully reviewed and evaluated by prospective subscribers before purchasing any Offered Units. There is no guarantee that an investment in the Corporation will earn a specified rate of (or any) return in the short or long term. Investors should read this entire short form prospectus (including the documents incorporated herein by reference) and consult their own professional advisors to assess the tax and legal implications, risk factors and other aspects of their investment.

The Offered Units may be sold only in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Units in any jurisdiction where it is unlawful. Investors should rely only on the information contained in this short form prospectus and the documents incorporated herein by reference. The Corporation has not authorized anyone to provide investors with different information. The Corporation is not offering the Offered Units in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus. Subject to the Corporation's obligations under applicable Canadian securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Offered Units.

The Corporation's head office is located at Suite 2110, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 and the Corporation's registered office is located at Suite 1600, 421 – 7th Avenue SW, Calgary, Alberta T2P 4K9.

William Lancaster and Raymond Hyer, directors of the Corporation, reside outside of Canada. Mr. Lancaster has appointed Bennett Jones LLP, 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta T2P 4K7, as his agent for service of process in Canada and Mr. Hyer has appointed Gowling WLG (Canada) LLP, Suite 1600, 421 – 7th Avenue SW, Calgary, Alberta T2P 4K9, as his agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process in Canada.

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NOTE TO READER

A purchaser should read this entire short form prospectus and the documents incorporated by reference herein and consult the purchaser's own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the securities offered under this short form prospectus. An investor should rely only on the information contained in this short form prospectus and the documents incorporated herein by reference and is not entitled to rely on parts of the information contained in this short form prospectus or the documents incorporated herein by reference to the exclusion of other parts. The Corporation has not, and the Underwriters have not, authorized anyone to provide investors with additional or different information. If anyone provides an investor with additional, different or inconsistent information, including statements in the media about the Corporation, the purchaser should not rely on it.

The Corporation is not, and the Underwriters are not, offering to sell the securities offered under this short form prospectus in any jurisdictions where the offer or sale is not permitted. The information contained in this short form prospectus and the documents incorporated herein by reference is accurate only as of the date of this short form prospectus or the particular document incorporated herein by reference, regardless of the time of delivery of this short form prospectus or any sale of such securities.

Neither the Corporation nor any of the Underwriters have done anything that would permit the Offering, or possession or distribution of this short form prospectus, in any jurisdiction where action for that purpose is required, other than in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick. Investors are required to inform themselves about, and to observe, any restrictions relating to the Offering and the distribution of this short form prospectus.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated herein by reference contain forward-looking statements and forward-looking information (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or the Corporation's future performance. All forward-looking statements contained herein that are not clearly historical in nature constitute forward-looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential" and "continue", and the negatives of these terms and other comparable terminology are generally intended to identify forward-looking statements. Such statements represent the Corporation's internal projections, estimates or beliefs concerning, among other things, the amounts and timing of capital expenditures, anticipated future debt levels and revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. In addition, this short form prospectus and the documents incorporated herein by reference may contain forward-looking statements attributed to third-party industry sources. The Corporation believes that the expectations reflected in these forward-looking statements are reasonable, however, undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

Forward-looking statements in this short form prospectus and the documents incorporated herein by reference include, but are not limited to, statements with respect to:

- the anticipated Closing Date;
- the pro forma financial, operating and reserves information, production estimates and 2023 capital expenditures of the Corporation;
- the use of proceeds of the Offering, including expectations with respect to developments on the Two Rivers East project, future infrastructure projects including the Two Rivers East Facility (as defined herein) and the possibility of drilling future wells and/or acquiring undeveloped lands in the area;
- the anticipated timing of the completion of the Two Rivers East Facility and related pipelines and the sizing and capacity thereof;
- business plans and strategies;
- the identity of the Warrant Agent;
- the terms of the Warrant Indenture;
- plans for and results of exploration and development activities;
- the source of funding for the Corporation's activities, including development costs;
- the quantity of oil, natural gas liquids ("NGLs") and natural gas reserves of the Corporation;
- estimated quantities of oil, NGLs and natural gas reserves within the Corporation's properties and recovery rates;
- estimated net present value of future net revenues from identified reserves;

- expenses associated with the Offering;
- expectations with respect to the Corporation's future cash flows from operating activities;
- the Corporation's anticipated drilling and spending plans in the Two Rivers East project;
- the performance characteristics of the Corporation's oil, NGLs and natural gas properties;
- oil, NGLs and natural gas production levels and timing for and production rates of wells;
- capital expenditure programs;
- the Corporation's capital spending in 2023 in light of the recent volatility of commodity prices;
- future development and exploration activities and the timing thereof;
- future land expiries;
- schedules and timing of certain of the Corporation's projects and strategies for growth;
- the listing of the Unit Shares and Warrant Shares issued pursuant to the Offering;
- future liquidity and financial capacity;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- the effects of the Coronavirus disease caused by SARS CoV-2 ("**COVID-19**");
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- future adjusted funds flow;
- future depletion, depreciation and accretion rates;
- expectations relating to the award of exploration permits by governmental authorities; and
- treatment under government regulatory and taxation regimes.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this short form prospectus and in certain documents incorporated herein by reference include, but are not limited to:

- completion of the Offering on the timing planned or at all;
- the receipt, in a timely manner, of regulatory, stock exchange and other required approvals in connection with the Offering;
- general economic and business conditions in Canada and globally;
- political or economic developments;
- public health crises, including the outbreak of epidemics or pandemics (such as COVID-19);
- the ability of management to execute its business plan;
- fluctuations in the price of oil and natural gas, interest rates and exchange rates;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- ability to obtain regulatory approvals;
- the results of litigation or regulatory proceedings that may be brought against the Corporation;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- the ability to enter into or renew leases;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- availability of sufficient financial resources to fund the Corporation's capital expenditures;
- uncertainty of finding reserves and developing and marketing those reserves;
- unanticipated operating events which could reduce production or cause production to be shut-in or delayed;
- incorrect assessments of the value of acquisitions;
- the ability to locate satisfactory properties for acquisition or participation;
- shut-ins of connected wells resulting from extreme weather conditions;
- insufficient storage or transportation capacity;
- hazards that could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
- the Corporation's history of negative cash flow;
- unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- the ability to add production and reserves through development and exploration activities;

- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- changes in royalty regimes;
- uncertainties inherent in estimating quantities of oil, NGLs and natural gas reserves and cash flows to be derived therefrom;
- failure to obtain industry partner and other third-party consents and approvals, as and when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel; and
- the other factors considered under "Risk Factors" in this short form prospectus, in the AIF (as defined herein), which is incorporated herein by reference, and in other filings by the Corporation with Canadian securities regulatory authorities.

In addition, this short form prospectus contains forward-looking statements concerning the anticipated Closing Date and the anticipated use of the proceeds of the Offering. The closing of the Offering could be delayed if the Corporation is not able to obtain the necessary stock exchange approval or any other approvals required for completion of the Offering on the timeline it has planned. The Offering will not be completed at all if such approvals are not obtained or, unless waived, some other condition to the closing of the Offering is not satisfied. Accordingly, there is a risk that the Offering will not be completed within the anticipated time or at all. The Corporation intends to use the net proceeds from the issuance of the Offered Units to fund its capital budget and for general corporate purposes. See "Use of Proceeds". There may be circumstances that are not known to the Corporation at this time where reallocations of the net proceeds of the Offering may be advisable for business reasons that management believes are in the Corporation's best interest. Forward-looking statements contained in certain documents incorporated by reference in this short form prospectus are based on the key assumptions described in such documents. Readers are cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the forward-looking statements provided in this short form prospectus and in the documents incorporated herein by reference as a result of numerous known and unknown risks and uncertainties and other factors which are discussed in the documents incorporated herein by reference.

With respect to forward-looking statements contained or incorporated by reference in this short form prospectus, the Corporation has made assumptions regarding: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost-efficient manner; drilling results; the ability of the operator of the projects in which the Corporation has an interest to operate the field in a safe, efficient and effective manner; the ability of the Corporation to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, exploration and development; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to secure adequate product transportation; future oil and natural gas prices; currency exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully market its oil and natural gas products. Management of the Corporation has included the above summary of assumptions and risks related to forward-looking statements contained in this short form prospectus and the documents incorporated herein by reference in order to provide potential purchasers of Offered Units with a more complete perspective on the Corporation's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this short form prospectus and the documents incorporated herein by reference are expressly qualified by this cautionary statement. In addition, please note that information relating to reserves is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves and resources described can be economically produced in the future.

Risks and uncertainties are discussed more extensively under the heading "Risk Factors" herein and in the AIF, which is incorporated by reference in this short form prospectus.

Forward-looking statements are made as of the date of this short form prospectus or, in the case of documents incorporated herein by reference, as of the dates of such documents, and the Corporation disclaims any intent or obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.

BARRELS OF OIL EQUIVALENT AND THOUSANDS OF CUBIC FEET OF NATURAL GAS EQUIVALENT

This short form prospectus and the documents incorporated herein by reference contain various references to the abbreviations boe, Mboe, boe/d and mcfe, which mean barrels of oil equivalent, thousand barrels of oil equivalent, barrels of oil equivalent per day, and thousand cubic feet of natural gas equivalent, respectively. Such abbreviations may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel of oil (1 bbl) and a mcfe conversion ratio of one barrel of oil (1 bbl) to six thousand cubic feet (6 mcf) of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion factor is an industry accepted norm and is not based on either energy content or current prices. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

CURRENCY

Unless otherwise specified, in this short form prospectus (including the documents incorporated herein by reference) all dollar amounts are stated in Canadian dollars, and all references to "dollars" or "\$" are to Canadian dollars.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the President and Chief Executive Officer of the Corporation by sending a written request to Suite 2110, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 (telephone number: (403) 705-4525) and are also available electronically under the Corporation's profile on the System for Electronic Document Analysis and Retrieval+ ("**SEDAR+**") website at www.sedarplus.ca.

The following documents of the Corporation, filed with Canadian securities regulatory authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick (collectively, the "**Filing Provinces**") are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. the annual information form of the Corporation dated April 18, 2023 for the year ended December 31, 2022 (the "**AIF**");
2. the unaudited interim financial statements of the Corporation as at and for the six month periods ended June 30, 2023 and 2022, together with the notes thereto;
3. management's discussion and analysis of the financial condition and results of operations of the Corporation for the six month periods ended June 30, 2023 and 2022 (the "**Interim MD&A**");
4. the management information circular of the Corporation dated April 24, 2023 relating to the annual and special meeting of shareholders of the Corporation held on May 31, 2023;
5. the audited financial statements of the Corporation as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditors' report thereon;
6. management's discussion and analysis of the financial condition and results of operations of the Corporation for the years ended December 31, 2022 and 2021 (the "**Annual MD&A**");
7. the news release of the Corporation dated October 23, 2023 titled "*Coelacanth Energy Inc. Announces Operations Update*" and filed on SEDAR+ on October 23, 2023;
8. the "template version" (as such term is defined in National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet for the Offering dated October 23, 2023 and filed on SEDAR+ on October 27, 2023; and
9. the material change report dated October 27, 2023 in respect of a news release announcing the Offering.

Any documents of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (except confidential material change reports), comparative interim financial statements, management's discussion and analysis for annual and interim financial periods,

comparative financial statements for the most recently completed financial year (together with the accompanying report of the auditors), business acquisition reports and information circulars filed by the Corporation in the Filing Provinces subsequent to the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated herein by reference, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under NI 41-101) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR+ before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this short form prospectus. The marketing materials can be viewed under the Corporation's SEDAR+ profile on www.sedarplus.ca.

COELACANTH ENERGY INC.

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on March 24, 2022 as "2418573 Alberta Ltd." as a wholly-owned subsidiary of Leucrotta Exploration Inc. ("**Leucrotta**"). On April 12, 2022, the Corporation amended its articles to change its name to "Coelacanth Energy Inc.". Pursuant to a plan of arrangement involving Leucrotta, Vermilion Energy Inc. ("**Vermilion**") and the holders of securities of Leucrotta (the "**Arrangement**"), the Corporation acquired certain oil and gas assets in the Two Rivers area of Northeast British Columbia (the "**Two Rivers Assets**") and Leucrotta transferred to the Corporation approximately \$45.1 million in cash, net of transaction costs of the Arrangement. Under the Arrangement, Vermilion acquired all of the issued and outstanding common shares in the capital of Leucrotta ("**Leucrotta Shares**") and the shareholders of Leucrotta (other than Vermilion) ultimately received \$1.73 in cash and one Common Share for each Leucrotta Share held. Pursuant to the Arrangement, holders of Common Shares were also entitled to receive 0.1917 of one Common Share purchase warrant (each whole warrant being an "**Arrangement Warrant**") for each Common Share held. On May 31, 2022, the Corporation issued approximately 55.6 million Arrangement Warrants pursuant to the Arrangement, of which any unexercised Arrangement Warrants have all since expired. As at the date hereof, the Corporation does not have any subsidiaries.

In connection with the Arrangement, Leucrotta and the Corporation entered into a conveyance agreement dated May 31, 2022 (the "**Conveyance Agreement**"), pursuant to which Leucrotta transferred approximately \$45.1 million in cash, net of transaction costs, and the Two Rivers Assets to the Corporation. The consideration for the Two Rivers Assets was an amount of approximately \$78.8 million that was satisfied by the Corporation through the assumption by the Corporation of certain liabilities and obligations of Leucrotta and through the issuance of a Class C Preferred share in the capital of the Corporation and Common Shares. Pursuant to the Conveyance Agreement, the Corporation assumed and agreed to indemnify and save harmless Leucrotta in respect of all environmental liabilities related to the Two Rivers Assets.

The Corporation and Leucrotta also entered into: (i) an area of exclusion, non-competition and non-solicitation agreement (the "**Area of Exclusion Agreement**") with Vermilion and Robert Zakresky; (ii) an investor rights agreement (the "**Investor Rights Agreement**") with Vermilion; and (iii) a registration rights agreement (the "**Registration Rights Agreement**") with Vermilion. For more information on the Area of Exclusion Agreement, the Investor Rights Agreement, the Registration Rights Agreement and the Arrangement, please see the heading "Relevant Three Year History" in the AIF.

The Corporation is a "reporting issuer" or the equivalent thereof in the Filing Provinces and in the Province of Québec.

The Corporation's head office is located at Suite 2110, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 and the Corporation's registered office is located at Suite 1600, 421 – 7th Avenue SW, Calgary, Alberta T2P 4K9.

SUMMARY DESCRIPTION OF THE BUSINESS

The Corporation is a growth-oriented, exploration-focused oil and natural gas company. The Corporation's primary areas of focus are presently in the Two Rivers area of Northeast British Columbia. As at December 31, 2022, the Corporation's oil and gas assets produced approximately 315 boe/d of oil, natural gas and NGLs and the Corporation owned approximately 160,000 gross (142,000 net) acres of land. See "Business of the Corporation" and "Statement of Reserves Data and Other Oil and Gas Information" in the AIF.

The Corporation's business plan is to focus on sustainable and profitable per share growth in both cash flow from operations and net asset value. To accomplish this, the Corporation will focus on enhancing its asset base through land acquisitions, corporate acquisitions, property acquisitions, exploratory drilling and development drilling.

The Corporation will internally generate exploration and development opportunities possessing medium risk and multiple prospective productive zone potential with a prudent exposure to higher risk/reward prospects. The Corporation will maintain a balance between exploration, development and exploitation drilling, combined with acquisition opportunities that meet the Corporation's business parameters. To achieve sustainable and profitable growth, the Corporation will control the timing and costs of its projects wherever possible. Accordingly, the Corporation will seek to become the operator of its properties to the greatest extent possible. Further, to minimize competition within its geographic areas of interest, the Corporation will, after giving consideration to its risk profile, strive to maximize its working interest ownership in its properties. While the Corporation intends to have the skills and resources necessary to achieve its objectives, participation in exploration and development in the oil and natural gas industry has a number of inherent risks. See "Risk Factors" herein and in the AIF.

For the year ended December 31, 2022, approximately 62.1% of the revenue from the Corporation's properties before royalties was derived from shale gas and approximately 37.9% was derived from tight oil and NGLs. Production is sold to marketers at delivery points in or close to the producing field. The products produced and sold by the Corporation are tight oil, shale gas, and NGLs. Most of these products are sold on a short-term basis at prices that are a function of current market prices. None of the Corporation's products are sold to non-arm's length parties. The following table sets forth the aggregate sales of the products produced by the Corporation during the years ended December 31, 2022 and 2021:

Product Type	2022 Revenue	2021 Revenue
	(\$000s)	(\$000s)
Shale Gas	4,866	4,652
Tight Oil	2,235	2,307
NGLs	732	813
Total	7,833	7,772

Information on the Corporation's approach to potential drilling or acquisition opportunities and price risk management is provided under the headings "Strategy" and "Price Risk Management", respectively, in the AIF.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Units

Each Offered Unit will be comprised of one Unit Share (being a Common Share forming a part of each Offered Unit) and one-third of one Warrant. Each whole Warrant will entitle the holder to purchase, subject to adjustment in certain circumstances in accordance with the terms of the Warrant Indenture, one Warrant Share at a price of \$1.05 for a period of 12 months following the Closing Date. The Offered Units will separate into Unit Shares and Warrants immediately upon issue.

Unit Shares (Common Shares)

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date of this short form prospectus, 426,670,182 Common Shares are issued and outstanding. The holders of Common Shares are entitled to: (a) one vote per Common Share at all meetings of shareholders of the Corporation; (b) receive dividends if, as and when declared by the Board of Directors of the Corporation (the "**Board**"), as a class equally with the holders of the non-voting common shares in the capital of the Corporation, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes ranking in priority to the Common Shares in respect of dividends; and (c) in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of its assets for the purpose of

winding up its affairs, subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, share rateably, together with the holders of non-voting common shares in the capital of the Corporation and of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution. Holders of not less than 4% of the issued and outstanding Common Shares may requisition the Board to call a meeting of the holders of Common Shares for the purposes stated in the requisition.

Warrants

Each whole Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$1.05 on or before 5:00 p.m. (Calgary time) on the date that is 12 months following the Closing Date, after which time the Warrants will be void and of no value.

The Warrants will be issued under, and governed by, the terms of the Warrant Indenture. The Corporation will designate the Warrant Agent, in its Calgary office, as agent for the Warrants. Prior to the closing of the Offering, the Corporation may name any other agent with respect to the Warrants.

The following is a summary of the principal attributes of the Warrants to be issued pursuant to the Offering and certain anticipated provisions of the Warrant Indenture. The summary does not purport to be complete and is qualified in its entirety by the detailed provisions of the Warrant Indenture. Upon execution, a copy of the Warrant Indenture may be obtained on request from the Corporation's Corporate Secretary and will be available electronically on SEDAR+ at www.sedarplus.ca and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

The Warrant Indenture is expected to provide for adjustment in the number or kind of securities issuable upon the exercise of the Warrants and/or the exercise price of the Warrants upon the occurrence of certain events, including but not limited to: (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options); (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares; (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares; (iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price (as such term will be defined in the Warrant Indenture) of the Common Shares on such record date; and/or (v) subject to certain exceptions, the distribution to all or substantially all of the holders of Common Shares of securities of any class (whether of the Corporation or any other corporation) other than Common Shares, rights, options or warrants, evidences of indebtedness, or cash, securities or other property or assets.

The Warrant Indenture is also expected to provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or the exercise price per security in the event of the following additional events: (i) the reclassification of the Common Shares; (ii) the capital reorganization of the Corporation, other than as described above; (iii) the amalgamation, plan of arrangement or merger of the Corporation with or into another entity (other than an amalgamation, plan of arrangement or merger which does not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (iv) the sale or conveyance of the Corporation's property or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100) of a Common Share, as the case may be.

The Corporation also expects to covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Corporation will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Any fraction of a Warrant Share to which a purchaser of Offered Units under the Offering is entitled will be rounded down to the nearest full Warrant Share, and any holder of Warrants shall not be entitled to any compensation in respect of any such fractional Warrant Share. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Corporation and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants, cumulatively, and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of not less than 66⅔% of the aggregate number of all then outstanding Warrants.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act, and the Warrants may not be exercised in the United States or by, or for the account or benefit of, any U.S. Person or person in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

CONSOLIDATED CAPITALIZATION

The following table outlines the consolidated capitalization of the Corporation: (i) as at December 31, 2022 before giving effect to the Offering and the anticipated use of the net proceeds thereof; and (ii) as at December 31, 2022 after giving effect to the Offering and the anticipated use of the net proceeds thereof; (iii) as at June 30, 2023 before giving effect to the Offering and the anticipated use of the net proceeds thereof; and (iv) as at June 30, 2023 after giving effect to the Offering and the anticipated use of the net proceeds thereof. This table should be read in conjunction with the audited financial statements of the Corporation for the years ended December 31, 2022 and 2021 and the unaudited interim financial statements of the Corporation for the six month periods ended June 30, 2023 and 2022, together with the notes thereto, prepared in accordance with GAAP, and the Annual MD&A and the Interim MD&A, each of which has been incorporated herein by reference.

	Outstanding as at December 31, 2022 before giving effect to the Offering	Outstanding as at December 31, 2022 after giving effect to the Offering⁽¹⁾	Outstanding as at June 30, 2023 before giving effect to the Offering	Outstanding as at June 30, 2023 after giving effect to the Offering⁽¹⁾
	(audited)	(unaudited)	(unaudited)	(unaudited)
Bank Debt	\$nil	\$nil	\$nil	\$nil
Shareholders' Equity⁽²⁾	\$97,077,000	\$172,977,000	\$95,336,000	\$171,236,000
	(425,106,355 Common Shares)	(525,106,355 Common Shares)	(426,388,995 Common Shares)	(526,388,995 Common Shares)

Notes:

- (1) After giving effect to the issuance of the Offered Units and receipt of the net proceeds of the Offering of \$75,900,000, but before the tax effect of share issue costs and assumes the values ascribed to the Warrants has been included in "Shareholders' Equity". See "Use of Proceeds".
- (2) See "Description of Securities Being Distributed". As at the date hereof, there are: (a) 426,670,182 Common Shares outstanding; (b) stock options outstanding to acquire 11,202,080 Common Shares under the Corporation's stock option plan; (c) restricted share units outstanding to acquire 4,406,773 Common Shares under the Corporation's performance and restricted share unit plan; (d) performance share units outstanding to acquire nil Common Shares under the Corporation's performance and restricted share unit plan; and (e) warrants to acquire 27,502,342 Common Shares issued on June 10, 2022 in conjunction with a non-brokered private placement of Common Shares.

TRADING PRICE AND VOLUME

The Common Shares have been listed and posted for trading on the TSX-V under the trading symbol "CEI" since June 20, 2022. The following sets forth the market price ranges and trading volumes for the Common Shares on the TSX-V for the periods indicated as reported by the TSX-V. For the market price ranges and trading volumes for the Common Shares on the TSX-V from June 2022 to April 18, 2023, please see, "Trading Price and Volume" under "Market For Securities" in the AIF, which has been incorporated by reference to this short form prospectus:

	High (\$/Common Share)	Low (\$/Common Share)	Volume Traded (# of Common Shares)
November 1, 2023 – November 2, 2023	\$0.88	\$0.82	281,932
October 2023	\$0.93	\$0.78	1,526,914
September 2023	\$0.94	\$0.80	1,941,491
August 2023	\$0.86	\$0.79	1,638,979
July 2023	\$0.90	\$0.77	3,237,417
June 2023	\$0.80	\$0.66	2,815,312
May 2023	\$0.72	\$0.65	743,746
April 2023	\$0.75	\$0.65	970,968
March 2023	\$0.79	\$0.65	1,733,080
February 2023	\$0.85	\$0.73	6,326,865
January 2023	\$0.88	\$0.74	3,131,673
December 2022	\$0.90	\$0.71	2,876,128
November 2022	\$1.05	\$0.80	5,004,051
October 2022	\$0.98	\$0.56	3,480,757

USE OF PROCEEDS

The estimated net proceeds to the Corporation from the sale of the Offered Units will be \$75,900,000, after deducting the Underwriters' Fee of \$3,600,000 and deducting the expenses of the Offering estimated to be \$500,000. See "Plan of Distribution".

The Corporation intends to use the net proceeds from the issuance of the Offered Units to fund its capital budget, to provide funding for potential acquisition opportunities that are in the marketplace currently and for general corporate purposes.

As announced in the news release of the Corporation dated October 23, 2023 titled "*Coelacanth Energy Inc. Announces Operations Update*" and filed on SEDAR+ on October 23, 2023, which news release is incorporated by reference herein, the Corporation has finished the drilling of its 5-well pad at Two Rivers East that is comprised of 3 Lower Montney Wells, 1 Upper Montney Well and 1 Basal Montney Well. Completion and testing is scheduled for mid-November. The Corporation is also in the process of obtaining final regulatory approval to construct an oil battery and compression station (the "**Two Rivers East Facility**") as well as sales lines and gathering lines to handle production from the Corporation's 5-19 pad, which was drilled and tested in 2018, and any subsequent pads. It is anticipated that the Two Rivers East Facility and related pipelines will be completed for an on-stream date in early 2025 and will be sized to handle over 20,000 boe/d by adding compression as needed.

The Corporation plans to use the majority of the proceeds of the Offering on the Two Rivers East project described above, including, but not limited to, the completion of wells on the current 5-19 pad and partially funding future infrastructure that includes the Two Rivers East Facility and pipelines for both gathering and sales. The Corporation also may use some of the proceeds of the Offering to drill additional wells in the future at Two Rivers East and/or West and to acquire undeveloped lands in the area and for general corporate purposes. It is estimated that less than 10% of the proceeds of the Offering will be used for land acquisitions and general corporate purposes unrelated to the Two Rivers Assets.

Offered Unit Proceeds

Fund ongoing capital budget	\$75,900,000
Underwriters' Fee	\$3,600,000
Estimated expenses of the Offering	\$500,000
Total	\$80,000,000

The use of the net proceeds from the sale of Offered Units by the Corporation is consistent with the Corporation's stated business objectives. There is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. Due to the nature of the oil and natural gas industry, budgets are regularly reviewed in light of the success of expenditures and other opportunities which may become available to the Corporation. Potential investors are cautioned that, notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances which are not known at this time where, for sound business reasons, a reallocation of the net proceeds may be necessary, depending on future operations on the Corporation's properties or unforeseen events. See "Risk Factors".

The Corporation has a history of negative cash flow from operating activities and, specifically, had negative cash flow from operating activities for the financial year ended December 31, 2022 and for the six month period ended June 30, 2023. To the extent that the Corporation has negative cash flow from operating activities in future periods, certain of the proceeds of the Offering may be used to fund such negative cash flow from operating activities and it may also be necessary for the Corporation to raise additional equity or debt. There is no assurance that additional equity or debt will be available to the Corporation or on terms acceptable or favourable to the Corporation. See "Risk Factors – Negative Cash Flow from Operations".

PRIOR SALES

The Corporation has not issued any Common Shares or securities convertible into Common Shares in the 12 months prior to the date hereof, other than as set forth below:

<u>Date</u>	<u>Price⁽¹⁾</u>	<u>Number⁽²⁾</u>	<u>Details</u>
September 11, 2023	N/A	150,000 ⁽³⁾	Grant of restricted share units
September 11, 2023	\$0.83	300,000 ⁽⁴⁾	Grant of stock options
September 8, 2023	N/A	91,667	Exercise of restricted share units
August 31, 2023	N/A	189,520	Exercise of restricted share units
July 18, 2023	N/A	62,500 ⁽³⁾	Grant of restricted share units
July 18, 2023	\$0.80	125,000 ⁽⁴⁾	Grant of stock options
June 30, 2023	N/A	1,004,840	Exercise of restricted share units
March 29, 2023	\$0.27	277,800	Exercise of warrants
January 16, 2023	N/A ⁽³⁾	2,455,700 ⁽³⁾	Grant of restricted share units
January 16, 2023	\$0.76	4,947,400 ⁽⁴⁾	Grant of stock options

Notes:

- (1) Represents the per share exercise price of Common Shares issuable upon the exercise of stock options or warrants.
- (2) Each option and warrant is exercisable into one Common Share, and each restricted share unit is one Common Share equivalent.
- (3) One third of the restricted share units granted to each recipient vest successively on the dates that are 1 year, 2 years and 3 years from the date of issuance.
- (4) One third of stock options granted to each recipient vest successively on the dates that are 1 year, 2 years and 3 years from the date of issuance.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated effective October 23, 2023 (the "**Underwriting Agreement**") between the Corporation and the Underwriters, the Corporation has agreed to issue and sell, and the Underwriters have agreed to purchase from the Corporation, 100,000,000 Offered Units at a price of \$0.80 per Offered Unit in accordance with the terms and conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters relating to the Offering on behalf of the Corporation by Gowling WLG (Canada) LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP. The Corporation has agreed to pay the Underwriters a fee equal to 4.5% of the gross proceeds of the Offering (equal to \$0.036 per Offered Unit). Each Offered Unit is comprised of one Unit Share and one third (1/3) of one Warrant. Each whole Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$1.05 for a period of 12 months following the Closing Date. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the occurrence of certain events. See "Description of Securities Being Distributed".

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, nor joint and several, and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to, if, prior to the closing of the Offering: (a) an order is made or threatened to cease or suspend trading in the Common Shares or any other securities of the Corporation, or to otherwise prohibit or restrict in any manner the distribution or trading of the Common Shares or any other securities of the Corporation, or proceedings are announced, commenced or threatened for the

making of any such order by any securities commission or similar regulatory authority or judicial authority or the TSX-V, which order has not been rescinded, revoked or withdrawn; (b) there shall occur any material change in the business, affairs (including for greater certainty, any change to the Board or executive management of the Corporation, including the departure of the Corporation's Chief Executive Officer or Chief Financial Officer (or persons in equivalent positions)) financial condition, prospects, capital or control of the Corporation or any change in any material fact or a new material fact, or there should be discovered any previously undisclosed fact which, in each case, in the reasonable opinion of the Underwriters (or any of them) could be expected to have a material adverse effect on the market price or value or marketability of the Offered Units and/or the Common Shares; (c) there is an inquiry, action, investigation or other proceeding (whether formal or informal) commenced, announced or threatened or an order made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including without limitation, the TSX-V or any securities regulatory authority, in relation to the Corporation or any one of its officers or directors (except for any inquiry, action, suit, proceeding, investigation or order based upon activities of the Underwriters and not upon activities of the Corporation), which in the opinion of such Underwriter, acting reasonably, operates to prevent or materially restrict the distribution or trading of the Offered Units or, which in the reasonable opinion of such Underwriter, materially and adversely affects or would be reasonably expected to materially and adversely affect the market price or value of the Common Shares or the distribution or trading of the Offered Units; (d) there should develop, occur or come into effect or existence any event, action, state, condition, or occurrence of national or international consequence (including any natural catastrophe, pandemic (including any material escalation in the severity of the COVID-19 pandemic), any outbreak or escalation of war, hostilities or terrorism (including but not limited to any material escalation of the ongoing Israeli-Hamas conflict and/or of the Russian Federation's invasion of Ukraine after the date hereof), or national emergency or similar event, or any action of a Governmental Entity, change of applicable law or regulation (or in the judicial interpretation thereof), inquiry or other occurrence of any nature, which, in the reasonable opinion of the Underwriters, seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Corporation or marketability of the Offered Units or the Common Shares; or (e) any condition of the Corporation under the Underwriting Agreement has not been satisfied or waived at any time after the time which is it required to be completed, the Corporation is in breach of a term, condition or covenant of the Underwriting Agreement, or any representation or warranty given by the Corporation in the Underwriting Agreement becomes or is false in any material respect.

Subscriptions for Offered Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about November 15, 2023, or such other date as the Corporation and the Lead Underwriter, on its own behalf and on behalf of the other Underwriters, may agree, but in any event no later than the date that is 42 days after the receipt for this short form prospectus.

The Offered Units shall be taken up by the Underwriters, if at all, on or before a date not later than 42 days after the date of the receipt for this short form prospectus.

Except in certain limited circumstances or as described below, the Unit Shares and Warrants will be issued as "book-entry only" securities and will be directly deposited with CDS or its nominee and must be transferred through a participant (a "**Participant**") in the depository service of CDS. Registration of interests in and transfers of Unit Shares and Warrants will be made only through the depository services of CDS. Except in certain limited circumstances or as described below, a purchaser acquiring a beneficial interest in Unit Shares and Warrants (a "**Beneficial Owner**") will not be entitled to a certificate or other instrument from the transfer agent of the Corporation (the "**Transfer Agent**") or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Underwriters or other registered dealer from whom Offered Units are purchased. Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants with respect to the transfer, sale and other dealings with Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants. As indirect holders of Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants, investors should be aware that they (subject to the situations described below): (a) may not have the Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants registered in their names; (b) may not have physical certificates representing their interests in the Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants; (c) may not be able to sell the Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants as security. The Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants will be issued to Beneficial Owners in fully registered and certificated form only if: (a) CDS or the Corporation has notified the Transfer Agent that CDS is

unwilling or unable to continue as the depository or CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Corporation is unable or does not wish to locate a qualified successor depository; (b) the Corporation has determined, in its sole discretion, to terminate the book-entry only system in respect of the Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants and has communicated such determination to the Transfer Agent in writing; (c) the book-entry only system administered by CDS ceases to exist; or (d) CDS or the Corporation is required by law to provide registered and certificated Unit Shares, Warrants and Warrant Shares issuable upon exercise of Warrants. Notwithstanding the foregoing purchasers of Offered Units in the United States under Rule 506(b) of Regulation D will receive physical certificates.

The Corporation has agreed with the Underwriters that it will not, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld or delayed, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of (or agree to or announce any intention to do any of the foregoing) any additional Common Shares or any securities convertible or exchangeable into Common Shares other than: (a) under existing director or employee stock options, bonus or purchase plans or similar share or equity-linked compensation arrangements as detailed in the Corporation's most recently-filed management discussion and analysis; (b) under director or employee stock options or bonuses granted in accordance with regulatory approval and in a manner consistent with the Corporation's past practice; (c) upon the exercise of convertible securities, warrants or options outstanding prior to the date of the Underwriting Agreement; or (d) pursuant to payments and/or other corporate acquisitions announced prior to the date of the Underwriting Agreement.

The Corporation has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Offered Units initially at the Offering Price specified herein. After a reasonable effort has been made to sell all of the Offered Units at the price specified, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Offered Units remaining unsold. In the event the offering price of the Offered Units is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the purchasers for the Offered Units is less than the gross proceeds paid by the Underwriters to the Corporation for the Offered Units. Any such reduction will not affect the proceeds received by the Corporation.

The Corporation has agreed to indemnify the Underwriters and their associates and affiliates and their respective officers, directors, employees, shareholders, partners, advisors and agents, and the successors and assigns of the foregoing persons against certain liabilities, damages, costs and expenses as further described in the Underwriting Agreement.

The Corporation has received conditional approval from the TSX-V to list the Unit Shares and the Warrant Shares issuable pursuant to the Offering on the TSX-V. Such listing is subject to the Corporation fulfilling all the listing requirements of the TSX-V.

The Unit Shares, the Warrants comprising the Offered Units, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the 1933 Act, or any U.S. state securities laws. Accordingly, the Offered Units may not be offered, sold or delivered to, or for the account of benefit of, persons within the United States or U.S. Persons except in transactions exempt from the registration requirements of the 1933 Act and applicable U.S. state securities laws and except as permitted in the Underwriting Agreement. The Underwriting Agreement permits the Underwriters to offer and sell the Offered Units that they have acquired pursuant to the Underwriting Agreement through their U.S. broker-dealer affiliates to, or for the account or benefit of, persons in the United States or U.S. Persons: (a) acting as principals, reselling Offered Units to "qualified institutional buyers" (as defined in Rule 144A under the 1933 Act) ("**Rule 144A**"), provided such offers and sales are made in transactions in accordance with Rule 144A, and in compliance with exemptions under applicable U.S. state securities laws; or (b) acting as agents of the Corporation, to "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act) (who shall purchase Offered Units directly from the Corporation as "substituted purchasers"), provided such offers and sales are made in transactions in accordance with section 4(a)(2) of the 1933 Act and Rule 506(b) thereunder, and, in each case, are exempt from registration under applicable U.S. state securities laws. Additionally, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Units outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirement of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirement of the 1933 Act.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Gowling WLG (Canada) LLP, counsel to the Corporation, and Burnet, Duckworth & Palmer LLP, counsel to the Underwriters (collectively, "**Counsel**"), the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a purchaser who acquires, as beneficial owner, Offered Units pursuant to the Offering and who, at all relevant times and for the purposes of the Tax Act: (i) deals at arm's length with the Corporation, the Underwriters and any subsequent purchaser of such securities, (ii) is not affiliated with the Corporation, the Underwriters or any subsequent purchaser of such securities, and (iii) holds the Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants, as capital property (each such purchaser, a "**Holder**"). Generally, the Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants will be considered to be capital property to a Holder provided the Holder does not acquire or hold the Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "specified financial institution"; (ii) an interest in which is a "tax shelter investment"; (iii) that is a "financial institution" for purposes of certain rules referred to as the "mark-to-market" rules; (iv) that is a partnership or trust; (v) that makes or has made an election to report its "Canadian tax results" in a currency other than Canadian currency pursuant to section 261 of the Tax Act; (vi) that enters into, with respect to any of their Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants, a "derivative forward agreement" or a "synthetic equity arrangement"; (vii) which would receive dividends on the Unit Shares or Warrant Shares issuable upon exercise of the Warrants under or as part of a "dividend rental arrangement"; or (viii) that is a corporation resident in Canada that is, or does not deal at arm's length with a corporation that is, at any time controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm's length, in each case for purposes of the "foreign affiliate dumping" rules in the Tax Act. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Offered Units pursuant to the Offering or to acquire Warrant Shares on the exercise of Warrants.

This summary is based upon the provisions of the Tax Act in force as at the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and Counsels' understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary assumes that all Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, administrative or judicial decision or action, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. The income tax consequences of acquiring and disposing of Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants will vary depending on a number of factors, including the legal status of the Holder as an individual, corporation, trust or partnership, the province or provinces in which the Holder resides or carries on business or has a permanent establishment. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants.

Allocation of Cost

A Holder who acquires Offered Units pursuant to this Offering will be required to allocate the purchase price paid for each Offered Unit on a reasonable basis between the Unit Share and the Warrant comprising each Offered Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Corporation has advised Counsel that it intends to allocate \$0.78 of the Offering Price of each Offered Unit as consideration for the issue of each Unit Share and \$0.02 of the Offering Price of each Offered Unit for the one-third Warrant comprising part of the Offered Unit. Although the Corporation believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder's adjusted cost base of the Unit Share comprising a part of each Offered Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of such Warrant for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Taxation of Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a "**Resident Holder**"). Certain holders who are resident in Canada for the purposes of the Tax Act and whose Common Shares might not otherwise constitute capital property may be eligible to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" as defined in the Tax Act, held by such holder, in the taxation year of the election and each subsequent taxation year, to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Taxation of Capital Gains and Capital Losses".

Dividends

Dividends received or deemed to be received on Common Shares (which includes Unit Shares and Warrant Shares) held by a Resident Holder will be included in computing the Resident Holder's income.

In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of "taxable dividends" received from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as "eligible dividends". There may be restrictions on a corporation's ability to designate any dividends as "eligible dividends".

Dividends received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but should generally be deductible in computing its taxable income, subject to certain restrictions and special rules under the Tax Act.

A Resident Holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing taxable income.

In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released on August 9, 2022) at any time in a taxation year may be liable to pay an additional tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of dividends or deemed dividends that are not deductible in computing taxable income for the year. Such additional tax may be refundable in certain circumstances.

Disposition of Unit Shares, Warrants and Warrant Shares

Upon a disposition or deemed disposition of a Common Share (except to the Corporation unless purchased by the Corporation in the open market in the manner in which shares are normally purchased by any member of the public in the open market) or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder.

The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Resident Holder in a taxation year will be included in computing the Resident Holder's income in such year. One-half of any capital loss realized by a Resident Holder in a taxation year normally must be deducted as an allowable capital loss by the Resident Holder against taxable capital gains realized by the Resident Holder in the year. Any allowable capital loss not deductible in the year it is realized generally may be carried back and deducted against taxable capital gains in any of the three preceding years or carried forward and deducted against taxable capital gains in any subsequent year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may be reduced by the amount of dividends received by the Resident Holder on the Common Share to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or that is or is deemed to be a "substantive CCPC" (as proposed to be defined in the Tax Act pursuant to the Tax Proposals released on August 9, 2022) at any time in a taxation year may be liable to pay an additional tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains realized in respect of the Common Shares. Such additional tax may be refundable in certain circumstances.

Alternative Minimum Tax

Taxable dividends received or deemed to be received by a Resident Holder, and capital gains realized or deemed to be realized by a Resident Holder, who is an individual may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. The 2023 Federal Budget proposes amendments to the alternative minimum tax including to increase the tax rate, raise the exemption, raise the inclusion rate for capital gains, and broaden the base for taxation years that begin after 2023. Draft Tax Proposals to implement the proposed amendments were released on August 4, 2023. Resident Holders who are individuals (including certain trusts) should consult their own tax advisors in this regard.

Eligibility for Investment

In the opinion of Counsel, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be, on such date, qualified investments under the Tax Act a registered retirement savings plan (an "RRSP"), a registered education savings plan ("RESP"), a registered retirement income fund (an "RRIF"), a deferred profit sharing plan ("DPSP"), a registered disability savings plan ("RDSP"), a tax-free savings account (a "TFSA") and a first time home savings account ("FHSA", and together with an RRSP, RRIF, RESP, DPSP, RDSP, and TFSA, a "Plan") provided that (a) in the case of the Unit Shares and Warrant Shares, such Unit Shares or Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX-V), and (b) in the case of the Warrants, (i) the Warrant Shares are listed on a "designated stock exchange" as defined in the Tax Act, and (ii) the Corporation is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of the Plan.

Notwithstanding that the Unit Shares, Warrants and Warrant Shares may be a qualified investment for Plans, if the Unit Share, Warrant or Warrant Share is a "prohibited investment" (as defined in the Tax Act) for a TFSA, FHSA, RDSP, RRSP, RRIF, or RESP, then a holder of the TFSA, FHSA or RDSP, an annuitant under the RRSP or RRIF or a subscriber of the RESP will be subject to a penalty tax if the Unit Share, Warrant or Warrant Share, as applicable, is held by a Plan. The Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants will generally be a "prohibited investment" for a TFSA, FHSA, RDSP, RESP, RRSP, or RRIF if the holder, subscriber, or annuitant, as applicable,: (i) does not deal at "arm's length" with the Corporation for purposes of the Tax Act; or (ii) has a "significant interest", within the meaning of the Tax Act, in the Corporation. In addition, a Unit Share, Warrant and Warrant Share issuable upon exercise of Warrants will generally not be a "prohibited investment" if the Unit Share, Warrant or Warrant Share issuable upon exercise of Warrants is "excluded property" for purposes of the provisions of the Tax Act relating to prohibited investments.

Prospective purchasers who intend to hold Unit Shares, Warrants and Warrant Shares issuable upon exercise of the Warrants in a Plan should consult their own tax advisors with respect to their individual circumstances.

Taxation of Non-Resident Holders

The following section of this summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, (i) is not, and is not be deemed to be, resident in Canada, and (ii) does not use or hold the Unit Shares, the Warrants or the Warrant Shares in carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that carries on or is deemed to carry on an insurance business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder by the Corporation are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable income tax treaty or convention. For example, under the Canada-United States Tax Convention (1980), as amended (the "**Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder that is the beneficial owner of the dividend and who is resident in the U.S. for purposes of the Treaty and entitled to full benefits thereunder, is generally limited to 15% of the gross amount of the dividend. Non-Resident Holders should consult their own tax advisors in this regard.

Expiry of Warrants and Disposition of Unit Shares, Warrants and Warrant Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of Unit Share, a Warrant or a Warrant Share unless the Unit Share, Warrant or Warrant Share, as applicable, constitutes "taxable Canadian property" to the Non-Resident Holder thereof for purposes of the Tax Act at the time of disposition, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty. In addition, capital losses arising on a disposition or deemed disposition of a Common Share or Warrant will not be recognized under the Tax Act, unless the Common Share or Warrant constitute "taxable Canadian property" (as defined in the Tax Act) at the time of disposition.

Provided the Common Shares are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX-V) at the time of disposition, the Unit Shares, Warrants and Warrant Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, (a) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or such non-arm's length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Corporation; and (b) more than 50% of the fair market value of the shares of the Corporation was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists.

Notwithstanding the foregoing, a Unit Share, Warrant or Warrant Share may also be deemed to be taxable Canadian property to a Non-Resident Holder in certain cases under other provisions of the Tax Act. In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Unit Share, Warrant or Warrant Share that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable tax treaty, the consequences described above under the headings "Taxation of Holders Resident in Canada – Disposition of Unit Shares, Warrants and Warrant Shares" and "Taxation of Holders Resident in Canada – Taxation of Capital Gains and Capital Losses" will generally be applicable to such disposition.

Non-Resident Holders who may hold Unit Shares, Warrants or Warrant Shares as taxable Canadian property should consult their own tax advisors with respect to the tax consequences applicable in their particular circumstances.

RISK FACTORS

An investment in the Offered Units should be considered highly speculative due to various factors, including the nature of the Corporation's involvement in the exploration for, and the acquisition, development and production of, oil and natural gas reserves and resources. The Corporation's business is subject to the risks normally encountered in the oil and natural gas industry, such as the marketability of oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas and the regulation of the oil and natural gas industry by various levels of government. The oil and natural gas reserves, recovery and production information incorporated by reference in this short form prospectus are estimates only and the actual production and ultimate reserves recovered from the Corporation's properties and acquisitions may be greater or less than the estimates contained in this short form prospectus. The success of acquisitions and further exploration or development projects cannot be assured. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Risk factors relating to the Corporation are discussed in the AIF and Annual MD&A, each of which is incorporated by reference in this short form prospectus. These risk factors, together with all of the other information included herein or incorporated by reference in this short form prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. Such risks may not be the only risks the Corporation is facing. Additional risks not currently known may also negatively impact the Corporation's business operations and results of operation. Readers are cautioned that the risk factors contained in and incorporated by reference in this short form prospectus are not exhaustive.

Use of Proceeds

The Corporation intends to use the net proceeds from the sale of the Offered Units to fund its capital program and general corporate expenses. See "Use of Proceeds".

Although this allocation is based on the current expectations of management of the Corporation, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of the Corporation and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated. The failure to apply these funds effectively could adversely affect the success of the Corporation's business.

Commodity Prices

The Corporation's operational and financial results are dependent on the prices received for oil and natural gas production. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on, among other things, the Corporation's revenues and financial condition. Commodity prices have continued to fluctuate since the date of the Corporation's last audited financial statements and the Corporation will continue to review its capital expenditure plans going forward in light of the then current and anticipated commodity price environment accordingly.

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, Organization of the Petroleum Exporting Countries ("OPEC") actions, political uncertainties, sanctions imposed on certain oil producing nations by other countries and conflicts in the Middle East and Eastern Europe, including but not limited to the recent attacks on Israel by the Hamas-led Palestinian Authority in the Gaza Strip, which could unforeseeably escalate, and the invasion of Ukraine by Russia (see "Risk Factors – Russia-Ukraine War" below). Prices for oil and natural gas are also subject to the availability of foreign markets and the Corporation's ability to access such markets. A material decline in prices could result in a reduction of the Corporation'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 the Corporation's reserves. The Corporation 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 the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "Information Concerning the Oil and Natural Gas Industry – Transportation Constraints and Marketing" in the AIF.

The Corporation'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 the Corporation'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 the Corporation, 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 the Corporation.

Fluctuations in the price of commodities and associated price differentials affect the value of the Corporation's assets and the Corporation's ability to pursue its business objectives. Prolonged periods of commodity price depression and volatility may also affect the Corporation'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 the Corporation's reserves, borrowing capacity, revenues, profitability and funds flow and may have a material adverse effect on the Corporation'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.

If crude oil and natural gas prices decline significantly and remain at low levels for an extended period of time, the carrying amount of the Corporation's assets may be subject to impairment. Oil and natural gas prices are expected to remain volatile for the near future because of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions, sanctions imposed on certain oil producing nations by other countries and ongoing credit and liquidity concerns. Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

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 the Corporation's ability to obtain equity or debt financing on acceptable terms.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, lack of liquidity, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "Forward-Looking Statements". In addition, the market price for securities in the stock markets, including the TSX-V, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other participants in the exploration for, and the acquisition, development and production of, oil and natural gas reserves and resources. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

Negative Cash Flow from Operations

The Corporation had negative cash flow from operating activities for the financial year ended December 31, 2022 and for the six month period ended June 30, 2023 and expects to have negative cash flow from operating activities for near-term future periods. While the Corporation anticipates that it will achieve positive cash flow from operating activities in future periods as it continues to expand its business and grow sales, the Corporation cannot guarantee it will have a cash flow positive status in the future. To the extent that the Corporation has negative cash flow in any future period, certain of the proceeds from the sale of securities by the Corporation may be used to fund such negative cash flow from operating activities, see "Use of Proceeds".

Future Financings

The Corporation may undertake future financings involving the issuance of equity or debt to fund its future exploration, development, acquisitions and operations. There can be no assurance that additional financing will be available to the Corporation when needed or on terms acceptable to the Corporation. The Corporation's inability to raise funding to support

ongoing operations and to fund capital expenditures or acquisitions may limit the Corporation's growth or may have a material adverse effect upon the Corporation. The Corporation cannot predict the size of future issuances of equity or the issuance of debt or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares.

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 that may be amended from time to time. The Corporation's operations may require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Expiration of Licenses and Leases

The Corporation's properties may be held in the form of licences and leases and working interests in licences and leases. If the Corporation 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 any of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's results of operations and business.

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 the Corporation 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 the Corporation'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 the Corporation 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. The Corporation is not aware that any claims have been made in respect of the Corporation's assets. However, if a claim arose and was successful, it could have an adverse effect on the Corporation 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 the Corporation'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. As noted in "Information Concerning the Oil and Natural Gas Industry – Indigenous Rights" in the AIF, the *Yahey v British Columbia*, (2021 BCSC 1287) (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 the Corporation'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 the Corporation remain uncertain.

In addition, as noted in "Information Concerning the Oil and Natural Gas Industry – Indigenous Rights" in the AIF, to implement the *United Nations Declaration on the Rights of Indigenous Peoples Act* (Canada) ("**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 Blueberry River First Nations (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 the Corporation's land will be situated. Had the injunction application been successful, it would likely have had a material adverse impact on the Corporation, 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. On January 18, 2023, the Government of British Columbia and the BRFN signed the BRFN Agreement. The BRFN Agreement aims to address cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. Specifically, the BRFN Agreement includes, among other measures, the establishment of a \$200 million restoration fund by June 2025, an ecosystem-based management approach for future land-use planning in culturally important areas, limits on new crude oil and natural gas development, and a new planning regime for future crude oil and natural gas activities. The BRFN will receive \$87.5 million over three years, with an opportunity for increased benefits based on crude oil and natural gas revenue sharing and provincial royalty revenue-sharing in the next two fiscal years. The BRFN Agreement now serves as a blueprint for other agreements between the Government of British Columbia and First Nations in Treaty 8 territory. The Blueberry Decision, the BRFN Agreement and the subsequent negotiations between BRFN and the Government of British Columbia as a result of the Blueberry Decision and the BRFN Agreement could have a material adverse effect on the Two Rivers Assets and have a material adverse impact on the Corporation. See "Information Concerning the Oil and Natural Gas Industry – Indigenous Rights" in the AIF.

Israel-Hamas Conflict

In October 2023, Hamas and Israel engaged in a series of violent exchanges, primarily in the Gaza Strip and southern Israel. This has resulted in a significant increase in tension in the region and may have far reaching effects on both the global economy and the oil and natural gas industry in particular. The outcome of the conflict is uncertain, and the conflict may escalate and may result in escalated tensions within and without the region. This could result in significant disruption of supplies of oil and natural gas from the region and could cause a significant worldwide supply shortage of oil and natural gas and have a significant impact on worldwide prices of oil and natural gas. A lack of supply of energy and high prices of oil and natural gas could have a significant adverse impact on the world economy.

Russia-Ukraine War

In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("NATO") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide-ranging consequences on the peace and stability of the region and the world economy.

In addition, certain countries including Canada have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. In addition, in September 2022 the 1,200 kilometre twin Nord Stream natural gas pipelines that were built to carry natural gas from Russia to Germany exploded underwater, likely as a result of sabotage. Russia is a major exporter of oil and natural gas. Disruption of supplies of oil and natural gas from Russia could cause a significant worldwide supply shortage of oil and natural gas and have a significant impact on worldwide prices of oil and natural gas. A lack of supply of energy and high prices of oil and natural gas could have a significant adverse impact on the world economy.

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 the Corporation 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 the Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation'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 the Corporation will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Corporation 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 the Corporation.

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, the Corporation 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 the Corporation.

In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation 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 the Corporation 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 the Corporation's business, financial condition, results of operations and prospects.

Operations

The Corporation's business is subject to risks in the operation of its facilities. Operating risks include:

- the breakdown or failure of equipment, information systems or processes;
- the performance of equipment at levels below those originally intended (whether due to misuse, unexpected degradation or design, construction or manufacturing defects);
- failure to maintain adequate supplies of spare parts;
- operator error; and
- labour disputes, fires, explosions, fractures, acts of terrorists and saboteurs and other similar events, many of which are beyond the Corporation's control.

The occurrence or continuance of any of these events could reduce earnings and cash flows.

Reliance on Key Personnel

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

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. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. 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. There can be no assurance that these seasonal factors will not adversely affect the timing and scope of the Corporation's exploration and development activities, which could in turn have a material adverse impact on the Corporation's business, operations and prospects.

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, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach 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 the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it is 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 adversely affect the Corporation's financial condition, results of operations or prospects.

Risk Management

From time to time, the Corporation 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, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases. The Corporation may also enter into interest rate swaps to fix the interest payable for a given period of time on a certain amount of its debt in order to offset the risk of incremental interest costs if rates increase, however, if interest rates decrease, the Corporation would not benefit from reduced interest costs. Similarly, from time to time, the Corporation 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, the Corporation will not benefit from the fluctuating exchange rate.

Joint Ownership

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

Third Party Credit Risk

The Corporation is, or may be, exposed to third party credit risk through its contractual arrangements with its current or 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 the Corporation, such failures could have a material adverse effect on the Corporation and its cash flow from operations. In addition, poor credit conditions in the industry and of joint venture partners may impact a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner.

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 the Corporation's claim which could result in a reduction of the revenue received by the Corporation.

Market for the Offered Units

The Corporation has received conditional approval from the TSX-V to list the Unit Shares and Warrant Shares issuable pursuant to the Offering on the TSX-V. There can be no assurance that an active public market for trading in the Unit Shares and Warrant Shares will persist after completion of the Offering or, if developed, that such a market will be sustained at the purchase price.

Issuance of Debt

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. Neither the Corporation's articles nor its by-laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Inflation and Cost Management

The Corporation's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices and additional government intervention through stimulus spending or additional regulations. The Corporation's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on the Corporation's financial performance and funds from operations. The cost or availability of oil and gas field equipment may adversely affect the Corporation's ability to undertake exploration, development and construction projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on its financial performance and funds from operations.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment 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 the Corporation and may delay exploration and development activities. To the extent the Corporation is not the operator of its oil and gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Dividends are Discretionary

The Corporation is not obligated to pay dividends on the Common Shares. The payment of dividends is at the sole discretion of the Corporation's Board and, as at the date hereof, the Corporation has not paid dividends. Any reduction or elimination of dividends could cause the market price of the Common Shares to decline and could further cause the Common Shares to become less liquid, which may result in losses to shareholders.

Information Technology Systems and Cyber Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage its land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners. Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to its business activities or competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim to a cyber-phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data and information or could result in a loss of control of the Corporation's technological infrastructure or financial

resources. The Corporation's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware. The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Corporation's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Forward-Looking Statements may Prove Inaccurate

Investors are cautioned not to place undue reliance on 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.

Additional information on the risks, assumptions and uncertainties associated with an investment in the Offered Units is found in this short form prospectus under the heading "Forward-Looking Statements".

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Professional Accountants, of Calgary, Alberta.

The registrar and Transfer Agent for the Common Shares is Computershare Trust Company of Canada, of Calgary, Alberta and Toronto, Ontario.

The Warrant Agent in respect of the Warrants will be Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

INTERESTS OF EXPERTS

Certain legal matters in connection with the qualification for distribution of the Offered Units will be passed upon on behalf of the Corporation by Gowling WLG (Canada) LLP and on behalf of the Underwriters by Burnet, Duckworth & Palmer LLP. As at the date hereof, the partners and associates of Gowling WLG (Canada) LLP, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares. As at the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

Reserves estimates incorporated by reference into this short form prospectus are based upon reports prepared by GLJ Ltd. ("**GLJ**"), the Corporation's independent reserves evaluator. As of the date hereof, none of the "designated professionals" (as defined in Form 51-102F2 under National Instrument 51-102 *Continuous Disclosure Obligations*) of GLJ has any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation, other than Mr. Gregory Peterson, Partner with Gowling WLG (Canada) LLP, who act as the Corporate Secretary of the Corporation.

KPMG LLP are the auditors of the Corporation and have confirmed with respect to the Corporation that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

In an offering of convertible, exchangeable, or exercisable securities, such as the Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained herein is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right or action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

Dated: November 3, 2023

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick.

(signed) "*Robert Zakresky*"
President, Chief Executive Officer and Director

(signed) "*Nolan Chicoine*"
Vice President, Finance and Chief Financial Officer

On behalf of the Board of Directors

(signed) "*John Brussa*"
Director

(signed) "*Tom Medvedic*"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: November 3, 2023

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick.

HAYWOOD SECURITIES INC.

(signed) "*Clark Andrews*"
Head of Energy Investment Banking

EIGHT CAPITAL

(signed) "*Tony P. Loria*"
Principal, Vice Chairman

CORMARK SECURITIES INC.

(signed) "*Erik Pederson*"
Managing Director, Investment Banking

ATB CAPITAL MARKETS INC.

(signed) "*Patrick Stables*"
Managing Director, Investment Banking

**ACUMEN CAPITAL FINANCE PARTNERS
LIMITED**

(signed) "*Kelly Hughes*"
Head of Investment Banking