

Clerk's Stamp

COURT FILE NO. B301-163430
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC
1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF CLEO ENERGY CORP.

APPLICANT CLEO ENERGY CORP.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR **Gowling WLG (Canada) LLP**
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AFFIDAVIT OF CHRIS LEWIS
Sworn May 26, 2025

I, **CHRIS LEWIS**, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the sole Director, Executive Chairman, and Chief Executive Officer of Cleo Energy Corp. (“**Cleo**”). As such I have personal knowledge of the matters herein deposed to, except where stated to be based upon information and belief, in which case I verily believe same to be true.
2. I am authorized to swear this Affidavit as corporate representative of Cleo.
3. In preparing this Affidavit, I consulted with Cleo’s management and its legal, financial and other advisors. I also reviewed Cleo’s business records relevant to these proceedings and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit.
4. All references to dollar amounts contained herein are to Canadian dollars unless otherwise stated.

Relief Requested

5. This Affidavit is sworn in support of an Application by Cleo in its proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**” and such proceedings, the “**Proposal Proceedings**”) seeking the following Orders:

(a) an Order (the “**Sealing Order**”):

- (i) sealing the confidential supplement (the “**Confidential Supplement**”) to the sixth report of Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as proposal trustee of Cleo (in such capacity, the “**Proposal Trustee**”, and such report, the “**Sixth Report**”);
- (ii) amending the Order of the Honourable Justice M.H. Bourque pronounced March 25, 2025 (the “**March 25 Sealing Order**”) sealing a confidential supplement to the fourth report of the Proposal Trustee which provided confidential information relating to the economic terms of the transactions contemplated the Surge APA, IHH APA and Nuova I APA and Bids received in the (as such terms are defined the Sale and Solicitation Process (the “**SSP**”) approved by the Order of the Honourable Justice J.T. Nielson pronounced January 22, 2025) to allow A&M in its capacity as Receiver of Cleo to file the Proposal Trustee’s SSP Termination Certificate as provided for under the March 25 Sealing Order; and
- (iii) amending the Order of the Honourable Justice Armstrong pronounced April 30, 2025 (the “**April 30 Sealing Order**” with the March 25 Sealing Order, the “**Prior Sealing Orders**”) sealing a confidential supplement to the fifth report of the Proposal Trustee which provided confidential information relating to the Bids received in the SSP (as such terms are defined below) to allow A&M in its capacity as Receiver of Cleo to file the Proposal Trustee’s SSP Termination Certificate as provided for under the April 30 Sealing Order;

(b) an Order:

- (i) approving the asset purchase agreement dated as of May 26, 2025 (the “**Fire Creek APA**”) between Cleo and Rise Energy SPV Ltd. (“**Rise**”) which appoints Fire Creek Resources Ltd. (“**Fire Creek**”) as Rise’s nominee to take title to the assets subject to the Fire Creek APA, and declaring that the Fire Creek APA is the

Successful Bid (as such term is defined in the Sale and Solicitation Process (the “SSP”) approved by the Order of the Honourable Justice J.T. Nielson);

- (ii) approving the asset purchase agreement dated as of May 21, 2025 (the “**Prospera APA**”) between Cleo and Prospera Energy Inc. (“**Prospera**”) and declaring that the Prospera APA is a Back-up Bidder (as defined in the SSP) to the Fire Creek APA;
- (iii) declaring that upon A&M, in its capacity as receiver of the undertaking, property and assets of Cleo (in such capacity, the “**Receiver**”), filing with this Court:
 - (A) a certificate in the form attached to the Fire Creek APA stating that all the conditions precedent to completing the purchase and sale transaction contemplated by the Fire Creek APA (the “**Fire Creek Transaction**”) have been satisfied or waived, the Fire Creek Transaction and Fire Creek SAVO (as defined below) shall become effective (the “**Fire Creek Closing Certificate**”); or
 - (B) a certificate stating that the Fire Creek Transaction and Fire Creek APA have been terminated (the “**Fire Creek Termination Certificate**”), the Prospera APA shall be deemed to be Successful Bid;
- (c) an Order (the “**Fire Creek SAVO**”) vesting all of the right, title and interest of Cleo in and to the Fire Creek Assets, free and clear of any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “**Encumbrances**”), effective upon the Receiver filing with this Court the Fire Creek Closing Certificate, provided that if the Fire Creek Termination Certificate is filed with this Court, the Fire Creek SAVO shall be of no further force or effect;
- (d) an Order (the “**Prospera SAVO**”) vesting all of the right, title and interest of Cleo in and to the Prospera Assets, free and clear of any and all Encumbrances, which shall only become effective upon the Receiver filing with this Court the Fire Creek Termination

Certificate and a certificate stating that all of the conditions precedent to the completion of the purchase and sale transaction contemplated by the Prospera APA (the “**Prospera Transaction**”) have been satisfied or waived, provided that if the Fire Creek Closing Certificate is filed with this Court, the Prospera SAVO shall be of no further force or effect;

- (e) an Order (the “**Nuova II SAVO**”) approving the sale of certain assets (the “**Nuova II Assets**”) pursuant to an asset purchase agreement dated as of April 16, 2025 (the “**Nuova II APA**”) between Cleo and Nuova Strada Ventures Ltd. (“**Nuova**”) and vesting all of the right, title and interest of Cleo in and to the Nuova II Assets, free and clear of any and all Encumbrances, effective upon the Receiver filing with the Court a certificate stating that all the conditions precedent to completing the purchase and sale transaction contemplated by the Nuova II APA (the “**Nuova II Transaction**”) have been satisfied or waived; and
- (f) such other relief as this Honourable Court deems appropriate.

Proposal Proceedings

- 6. Cleo is a privately owned Alberta corporation that was incorporated in 2016. Cleo carries on business as a producer of oil and natural gas and holds operated and non-operated working interests, wells, facilities and pipelines in the, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe and Silver Heights areas of Alberta. Cleo’s head office is located at 200 – 117 8th Avenue SW, Calgary, Alberta T2P 1B4 and its field office is located in Shorncliffe, Alberta.
- 7. Throughout 2024, Cleo’s production of oil and natural gas suffered severe reductions because of shut-ins arising from a variety of causes, including deferred repair and maintenance of its main producing wells, verbal directives of the Alberta Energy Regulator (the “**AER**”) responding to complaints about flaring from gas wells, thefts and vandalism of equipment at its largest oil and gas field, and low natural gas prices.
- 8. As a result of these production issues, Cleo experienced a severe decline in revenue and working capital and was unable to make regular payments to its trade creditors and secured lenders. The directors and management of Cleo determined that in order to address its financial difficulties, Cleo required protection from its creditors under Division I of Part III of the *BIA*. On December 8, 2024, Cleo filed a notice of intention to make a proposal and A&M was named as Proposal Trustee.
- 9. The initial 30-day time period within which a proposal was required to be filed under section 50.4(8) of the *BIA* ended on January 7, 2025. Pursuant to an Order of the Honourable Justice Lema

pronounced on January 6, 2025 (the “**January 6 Order**”), the time within which Cleo was required to file a proposal was extended to February 21, 2025. Pursuant to a second Order of the Honourable Justice Lema pronounced on February 19, 2025 (the “**February 19 Order**”), that time period was extended to April 4, 2025.

10. Under the January 6 Order, the Court also:
 - (a) created an administration charge against the undertaking, property and assets of Cleo (the “**Properties**”) in favour of the Proposal Trustee and its counsel and Cleo’s counsel to secure the payment of their respective professional fees and disbursements in an amount not to exceed \$700,000 (the “**Administration Charge**”);
 - (b) created a charge against the Properties to secure Cleo’s obligation to indemnify its director and officer for obligations and liabilities incurred after the commencement of the Proposal Proceedings in an amount not to exceed \$250,000 (the “**D&O Charge**”);
 - (c) approved an interim financing facility (the “**Interim Facility**”) provided by uCapital – uLoan Solutions Inc. (“**uCapital**”) pursuant to a commitment letter dated January 5, 2025 and created a charge against the Properties to secure Cleo’s obligations to pay such facility in the maximum amount of \$900,000 (the “**Interim Lender Charge**”); and
 - (d) declared that the Administration Charge, the D&O Charge and the Interim Lender Charge rank in priority to any other Encumbrance, and as between each other, the Administration Charge ranks first in priority, the Interim Lender Charge ranks second in priority and the D&O Charge ranks third in priority.
11. The February 19 Order amended the January 6 Order to approve the increase in the principal amount of the Interim Facility to \$1,000,000 and increase the maximum principal amount secured by of the Interim Lender Charge to \$1,000,000, together with any interest accrued thereon or costs and expenses incurred thereunder.

Marketing of the Properties under the SSP

12. Cleo in consultation with the Proposal Trustee and their respective professional advisors concluded that the most value maximizing strategy for Cleo and its stakeholders during the Proposal Proceedings was to carry out a sale and investment solicitation process in order to sell its business and Properties, either as a going concern or in parcels, or to recapitalize and restore the solvency

of Cleo. Cleo and the Proposal Trustee therefore prepared the SSP that provided for the marketing of the business and Properties of Cleo and the manner in which bids to purchase Properties or invest in Cleo are to be made and assessed.

13. Pursuant to an Order of the Honourable Justice J.T. Nielson pronounced January 22, 2025 (the “**Sale Process Order**”), the Court approved the SSP and Cleo’s engagement of Sayer Energy Advisors as a financial advisor and sale agent (the “**Sale Agent**”). A copy of the SSP is attached as **Exhibit “A”**.
14. The SSP contemplated a two phase process consisting of the following:
 - (a) Phase One, during which:
 - (i) the Sale Agent sent to various strategic and financial parties that Cleo, the Proposal Trustee and the Sale Agent believed may be interested in submitting bids to acquire some or all of the Properties or invest in Cleo, and published on its website, a notice attaching the SSP, describing Cleo’s business and Properties, and describing the bid process (the “**Teaser**”), the emailed copy of which is attached as **Exhibit “B1”** and the mailed copy of which is attached as **Exhibit “B2”**;
 - (ii) each party who wished to participate in the SSP (a “**Potential Bidder**”) executed a non-disclosure agreement (an “**NDA**”), and thereby gained access to a physical and virtual data room (the “**Data Room**”) which contained copies of confidential business and operational information with respect to Cleo and the Properties;
 - (iii) the Potential Bidders could carry out due diligence by accessing the Data Room and questioning the Sale Agent and Cleo;
 - (iv) each Potential Bidder was required to deliver to the Proposal Trustee a non-binding letter of intent expressing its interest (a “**Non-Binding LOI**”, and such Potential Bidder, a “**Bidder**”) by no later than February 27, 2025, which was the deadline for submitting Non-Binding LOIs (the “**Non-Binding Bid Submission Date**”);
 - (v) the Proposal Trustee, in consultation with Cleo and the Sale Agent, were to assess each Non-Binding LOI to determine whether the Bidder thereunder had complied with the requirements of paragraph 23 of the SSP, had a *bona fide* interest in

concluding a transaction and had the financial wherewithal to conclude a transaction (whereupon the Bidder became a “**Qualified Bidder**”); and

- (vi) the Proposal Trustee was required to advise Bidders as to whether or not they were Qualified Bidders and could advance to Phase 2;
 - (b) Phase Two, where:
 - (i) Qualified Bidders had the option of carrying out additional due diligence;
 - (ii) each Qualified Bidder was required to submit a binding bid (a “**Bid**”) by no later than 5:00 pm on March 13, 2025 (as extended from time to time, the “**Binding Bid Submission Date**”). The Proposal Trustee, in consultation with Cleo and the Sale Agent, reviews each Bid to determine if it complies with the requirements of paragraph 28 of the SSP, whereupon it is considered to be a “**Qualified Bid**”. These requirements include: (i) the Bid must be based on the template asset purchase agreement in the Data Room, (ii) the Bid must be irrevocable until the Successful Bids (as defined below) are approved by this Honourable Court, (iii) the Bid must clearly set forth a purchase price, (iv) the Bid must be accompanied by a 15% deposit, and (v) the Bid cannot be conditional on due diligence or obtaining financing or internal approvals; and
 - (iii) the Proposal Trustee, in consultation with Cleo and the Sale Agent, is required to assess each Qualified Bid, applying the criteria set out in paragraph 29 of the SSP, to identify successful bids (each, a “**Successful Bid**”, and the bidder thereunder, the “**Successful Bidder**”) and if appropriate, back-up bids; and
 - (c) Once a Successful Bid is identified, under paragraph 35 of the SSP, an application is required to be made to this Honourable Court seeking an Order approving the Successful Bid and vesting the right, title and interest of Cleo in the Properties subject thereto in and to the Successful Bidder.
15. According to a confidential report of the Sale Agent dated March 3, 2025 (the “**Confidential Sale Agent Report**”), a copy of which is attached to the Confidential Supplement, the following steps were carried out by the Sale Agent under the SSP:

- (a) the SSP was launched immediately following the issue of the Sale Process Order on January 22, 2025;
 - (b) the Sale Agent distributed the Teaser to approximately 2,250 parties by email and 400 parties by mail;
 - (c) the Sale Agent placed advertisements in:
 - (i) the *BOE Report* on January 23, 2025, a copy of which is attached as **Exhibit “C”**, which advertisement was viewed a total of 3,238 times;
 - (ii) the *Daily Oil Bulletin* (“DOB”) on January 23 and 24, 2025, a copy of which is attached as **Exhibit “D”**, which was viewed a total of 203 times;
 - (iii) on the websites of A&D Watch and Energy Advisors Group, in order to reach parties not currently on the Sale Agent’s our mail and email distribution lists in Canada and the United States; and
 - (iv) on the Sale Agent’s *Canadian Oil Industry Asset Sale Listing* during the entire marketing period;
 - (d) the Data Room was open between January 30, 2025 and February 27, 2025, the Phase I Bid Deadline;
 - (e) throughout the marketing period, the principals of the Sale Agent followed up initial marketing by contacting a number of Potential Bidders that they believed might be interested in the Properties;
 - (f) 60 Potential Bidders executed NDAs and accessed the Data Room;
 - (g) 8 Potential Bidders asked questions and sought additional information to aid in their evaluation of the Properties; and
 - (h) 22 Bidders submitted 26 Phase I LOIs by the Phase I Bid Deadline.
16. On Friday March 7, 2025, the Proposal Trustee sent the following emails to Bidders:
- (a) emails to ten (10) Bidders notifying them that they were Qualified Bidders and could participate in Phase 2 of the SSP; and

- (b) emails to twelve (12) Bidders notifying them that they were not Qualified Bidders and could not participate in Phase 2.
17. Subsequently, in March of 2025, Cleo entered into separate asset purchase agreements each dated as of March 14, 2025 (respectively, the “**Surge APA**”, the “**IHH APA**” and “**Nuova I APA**”) with Surge Energy Inc. (“**Surge**”), IHH Energy Corp. (“**IHH**”) and Nuova. The sale transactions contemplated thereby were approved by sale approval and vesting orders of the Honourable Justice M.H. Bourque pronounced on March 25, 2025, and were completed on March 31, 2025, in the case of the Surge APA, April 1, 2025 in the case of the IHH APA, and April 4, 2025 in the case of the Nuova I APA. The Proposal Trustee filed certificates with this Honourable Court for each of these transactions certifying the payment of the purchase price, the satisfaction or waiver of the conditions precedent and the completion of such transactions.
18. At the March 25, 2025 hearing, the Honourable Justice M.H. Bourque also made an order sealing a confidential supplement to the fourth report of the Proposal Trustee which provided confidential information relating to the economic terms of the transactions contemplated the Surge APA, IHH APA and Nuova I APA (the “**March 25 Sealing Order**”).
19. During the SSP, the Sale Agent, Cleo and the Proposal Trustee continued negotiations with Qualified Bidders, including Rise SPV, Nuova, Prospera, and other parties that expressed an interest in acquiring either assets or shares of Cleo in order to maximize the amounts realized for and on behalf of the creditors of Cleo and to minimize the number of assets remaining unsold which might have to be surrendered to the Orphan Well Association.
20. On or around April 16, 2025, Nuova, Cleo, the Sale Agent and the Proposal Trustee finalized the terms under which Nuova would acquire Cleo’s Properties in the Sedgewick field, which were set out in the Nuova II APA. Subsequently, on May 23, 2025 Prospera, Cleo, the Sale Agent and the Proposal Trustee finalized the terms under which Prospera would acquire Cleo’s Properties in the Silver Heights field, which terms are set out in the Prospera APA.
21. Attached to this Affidavit:
- (i) as **Exhibit “E”** is a redacted copy of the Nuova II APA; and
 - (ii) as **Exhibit “F”** is a redacted copy of the Prospera APA.

22. On or about March 12, 2025, Fire Creek executed an NDA in favour of Cleo, permitting Fire Creek to review information in the Data Room, and Fire Creek and representatives of Rise, the Sale Agent, Cleo and the Proposal Trustee commenced negotiations on the terms under which Fire Creek and Rise would purchase Cleo's Properties in the Silver Heights and Neutral Hill – North fields. On May 26, 2025, Fire Creek and Cleo executed the Fire Creek APA. Attached as **Exhibit "G"** is a redacted copy of the Fire Creek APA

Terms of the Fire Creek APA

23. Under the Fire Creek APA, Rise has agreed to purchase Cleo's right, title and interest in the Fire Creek Assets consisting of the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests located in the Silver Heights and Neutral Hill – North fields in Alberta and described on Schedules "A-1", "A-2" and "B" to the Fire Creek APA (together with all other assets of Cleo falling within the White Map Area (set out on Schedule "A-1", and provided for in section 2.12). Fire Creek will be Rise's nominee which will hold legal title to the Fire Creek Assets. The key terms of the Fire Creek APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the Fire Creek APA):
- (a) Under section 2.1 of the Fire Creek APA, Cleo agrees to sell and Rise agrees to purchase the Fire Creek Assets on an "as is, where is" basis, effective May 31, 2025 (section 1.1(o)).
 - (b) Rise has paid a Deposit to the Proposal Trustee equal to 15% of the cash component of the Purchase Price (section 2.9). If the Closing does not occur as a result of a breach by Rise, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be refunded to Rise (section 2.9). If the Transaction does not close, Cleo's damages are limited to the Deposit (section 2.10).
 - (c) The unpaid Purchase Price is payable to the Proposal Trustee on Closing (section 2.2) by certified cheque, bank draft or wire transfer (section 2.8). The Purchase Price is subject to standard adjustments pursuant to section 7.1.
 - (d) The Closing Date for the Transaction is June 6, 2025 unless otherwise agreed to by Cleo and Rise (section 1.1(i)) and the Outside Date by which the Transaction must close is June 8, 2025 or such later date as agreed to by Cleo and Rise (section 1.1(bb)).

- (e) On Closing, Rise assumes all existing and future Abandonment and Reclamation Obligations in respect of the Fire Creek Assets, and Cleo is released by Rise for any responsibility or liability therefor (section 2.4).
- (f) Except to the extent that elections are available, Rise is responsible for all Sales Tax exigible in connection with the Transaction (section 2.11).
- (g) Under section 3.1, Fire Creek is solely responsible, at its expense, to obtain any consents required to transfer the Fire Creek Assets, including by Applicable Governmental Authorities. Rise is also required to pay any security deposits required by a Governmental Authority as a condition to approving any Licence Transfer (sections 3.1 and 8.5(c)).
- (h) The completion of the Transaction is subject to the satisfaction of the following conditions precedent:
 - (i) the mutual conditions that the Fire Creek SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction (section 3.2);
 - (ii) the condition precedent in favour of Rise that (A) all representations and warranties of Cleo in the Fire Creek APA are true in all material respects on the Closing Date, (B) all obligations of Cleo in the Fire Creek APA to be performed prior to Closing have been timely performed in all material respects, and (C) Rise shall have received from Cleo the closing documents required to be delivered pursuant to section 2.5(a) (section 3.3);
 - (iii) the condition precedent in favour of Cleo that: (A) all representations and warranties of Rise in the Fire Creek APA are true in all material respects on the Closing Date, (B) all obligations of Rise in the Fire Creek APA to be performed prior to Closing have been timely performed in all material respects, (C) all amounts to be paid by Rise at Closing including the Purchase Price shall have been paid, and (D) the Proposal Trustee shall have received from Rise the closing documents required to be delivered pursuant to section 2.5(b) (section 3.4).
- (i) Section 3.5 requires both Cleo and Rise to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance

with the conditions precedent in sections 3.2 to 3.4, and section 3.6 requires Cleo and Rise to comply with the SSP.

- (j) Under section 4.1, Cleo represents and warrants to Rise that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the Fire Creek SAVO, Cleo has the right to enter into the Fire Creek APA and complete the Transaction.
- (k) Under section 4.2, Rise provides the customary corporate existence, authority, authorization and no conflict representations and warranties, and in addition represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the general eligibility to acquire and hold licenses or approvals for wells and facilities, (ii) it has adequate funds available to pay all amounts payable under the Fire Creek APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.
- (l) In Section 4.3, any other representations or warranties of Cleo are expressly negated and Rise confirms that the Transaction is strictly on an "as is, where is" basis.
- (m) In Article 5, Cleo and Rise provide standard indemnities with respect to their representations and warranties, which survive Closing for six (6) months.
- (n) In section 6.1, Rise indemnifies Cleo for any Losses, actions, proceedings and demands attributable to the Fire Creek Assets arising or accruing after the Closing Date, and in section 6.2, Rise acknowledges that it is acquiring the Fire Creek Assets on an "as is, where is" basis insofar as the environmental conditions thereof are concerned, and agrees to indemnify and save harmless Cleo in respect thereof. Rise also acknowledges that it is solely responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations as between Cleo and Rise, whether occurring or accruing prior to, on or after the Closing Date.
- (o) Under section 8.5, Cleo is required to prepare and file all necessary applications to applicable Governmental Authorities for License Transfers within two (2) Business Days following Closing and Rise is required where applicable to electronically ratify and sign

such application. To the extent that a Governmental Authority requires some form of additional security as a condition to approving such License Transfers, Rise is responsible for providing such security.

- (p) Under section 9.1, if any of the Fire Creek Assets are subject to a Right of First Refusal, Rise is required to provide Cleo with its allocation of value for such asset, whereupon Cleo is to send notices to the Person holding such right in accordance with the applicable Title Documents. Rise is required to indemnify Cleo for any Losses sustained as a result of utilization such valuation. If such Person exercises such right, the affected Fire Creek Asset is excluded from the Transaction and the Purchase Price is adjusted accordingly. Schedule "C" to the Fire Creek APA indicates that there are no applicable Rights of First Refusal in respect of the Fire Creek Assets.
- (q) The Fire Creek APA may only be terminated (i) by mutual agreement of the Parties (with the consent of the Proposal Trustee, or (ii) by Cleo (with the consent of the Proposal Trustee) or Rise if (A) Closing has not occurred on or prior to the Outside Date, or (B) the Fire Creek SAVO has not been obtained on or before the Outside Date (subject to availability of the Court), whereupon all further obligations of Cleo and Rise thereunder terminate (section 11.1).

Terms of the Nuova II APA

24. Under the Nuova II APA, Nuova has agreed to purchase Cleo's right, title and interest in the Nuova II Assets consisting of the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests located in the Sedgewick field in Alberta and described on Schedules "A-1", "A-2" and "B" to the Nuova II APA (together with all other assets of Cleo falling within the White Map Area (set out on Schedule "A-1", and provided for in section 2.12). The key terms of the Nuova II APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the Nuova II APA):

- (a) Under section 2.1 of the Nuova II APA, Cleo agrees to sell and Nuova agrees to purchase the Nuova II Assets on an "as is, where is" basis, effective March 1, 2025 (section 1.1(o)).
- (b) Nuova has paid a Deposit to the Proposal Trustee equal to 15% of the Purchase Price (section 2.9). If the Closing does not occur as a result of a breach by Nuova, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be

refunded to Nuova (section 2.9). If the Transaction does not close, Cleo's damages are limited to the Deposit (section 2.10).

- (c) The unpaid Purchase Price is payable to the Proposal Trustee on Closing (section 2.2) by certified cheque, bank draft or wire transfer (section 2.8). The Purchase Price is subject to standard adjustments pursuant to section 7.1.
- (d) The Closing Date for the Transaction is June 6, 2025 unless otherwise agreed to by Cleo and Nuova (section 1.1(i)) and the Outside Date by which the Transaction must close is June 8, 2025 or such later date as agreed to by Cleo and Nuova (section 1.1(bb)).
- (e) On Closing, Nuova assumes all existing and future Abandonment and Reclamation Obligations in respect of the Nuova II Assets, and Cleo is released by Nuova for any responsibility or liability therefor (section 2.4).
- (f) Except to the extent that elections are available, Nuova is responsible for all Sales Tax exigible in connection with the Transaction (section 2.11).
- (g) Under section 3.1, Nuova is solely responsible, at its expense, to obtain any consents required to transfer the Nuova II Assets, including by Applicable Governmental Authorities. Nuova is also required to pay any security deposits required by a Governmental Authority as a condition to approving any Licence Transfer (sections 3.1 and 8.5(c)).
- (h) The completion of the Transaction is subject to the satisfaction of the following conditions precedent:
 - (i) the mutual conditions that the Nuova II SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction (section 3.2);
 - (ii) the condition precedent in favour of Nuova that (A) all representations and warranties of Cleo in the Nuova II APA are true in all material respects on the Closing Date, (B) all obligations of Cleo in the Nuova II APA to be performed prior to Closing have been timely performed in all material respects, and (C)

Nuova shall have received from Cleo the closing documents required to be delivered pursuant to section 2.5(a) (section 3.3);

- (iii) the condition precedent in favour of Cleo that: (A) all representations and warranties of Nuova in the Nuova II APA are true in all material respects on the Closing Date, (B) all obligations of Nuova in the Nuova II APA to be performed prior to Closing have been timely performed in all material respects, (C) all amounts to be paid by Nuova at Closing including the Purchase Price shall have been paid, and (D) the Proposal Trustee shall have received from Nuova the closing documents required to be delivered pursuant to section 2.5(b) (section 3.4).
- (i) Section 3.5 requires both Cleo and Nuova to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent in sections 3.2 to 3.4, and section 3.6 requires Cleo and Nuova to comply with the SSP.
- (j) Under section 4.1, Cleo represents and warrants to Nuova that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the Nuova II SAVO, Cleo has the right to enter into the Nuova II APA and complete the Transaction.
- (k) Under section 4.2, Nuova provides the customary corporate existence, authority, authorization and no conflict representations and warranties, and in addition represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the general eligibility to acquire and hold licenses or approvals for wells and facilities, (ii) it has adequate funds available to pay all amounts payable under the Nuova II APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.
- (l) In Section 4.3, any other representations or warranties of Cleo are expressly negated and Nuova confirms that the Transaction is strictly on an "as is, where is" basis.
- (m) In Article 5, Cleo and Nuova provide standard indemnities with respect to their representations and warranties, which survive Closing for six (6) months.

- (n) In section 6.1, Nuova indemnifies Cleo for any Losses, actions, proceedings and demands attributable to the Nuova II Assets arising or accruing after the Closing Date, and in section 6.2, Nuova acknowledges that it is acquiring the Nuova II Assets on an “as is, where is” basis insofar as the environmental conditions thereof are concerned, and agrees to indemnify and save harmless Cleo in respect thereof. Nuova also acknowledges that it is solely responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations as between Cleo and Nuova, whether occurring or accruing prior to, on or after the Closing Date.
- (o) Under section 8.5, Cleo is required to prepare and file all necessary applications to applicable Governmental Authorities for License Transfers within two (2) Business Days following Closing and Nuova is required where applicable to electronically ratify and sign such application. To the extent that a Governmental Authority requires some form of additional security as a condition to approving such License Transfers, Nuova is responsible for providing such security.
- (p) Under section 9.1, if any of the Nuova II Assets are subject to a Right of First Refusal, Nuova is required to provide Cleo with its allocation of value for such asset, whereupon Cleo is to send notices to the Person holding such right in accordance with the applicable Title Documents. Nuova is required to indemnify Cleo for any Losses sustained as a result of utilization such valuation. If such Person exercises such right, the affected Nuova II Asset is excluded from the Transaction and the Purchase Price is adjusted accordingly. Schedule “C” to the Nuova II APA indicates that there are no applicable Rights of First Refusal in respect of the Nuova II Assets.
- (q) The Nuova II APA may only be terminated (i) by mutual agreement of the Parties (with the consent of the Proposal Trustee, or (ii) by Cleo (with the consent of the Proposal Trustee) or Nuova if (A) Closing has not occurred on or prior to the Outside Date, or (B) the Nuova II SAVO has not been obtained on or before the Outside Date (subject to availability of the Court), whereupon all further obligations of Cleo and Nuova thereunder terminate (section 11.1).

Terms of the Prospera APA

- 25. Under the Prospera APA, Prospera has agreed to purchase Cleo’s right, title and interest in the Prospera Assets consisting of the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous

Interests located in the Silver Heights field in Alberta and described on Schedules “A-1”, “A-2” and “B” to the Nuova II APA (together with all other assets of Cleo falling within the White Map Area pursuant to section 2.12). The key terms of the. The key terms of the Prospera APA are as follows (except where otherwise defined in this Affidavit, capitalized terms in this paragraph have the meanings given to them in the Prospera APA):

- (a) Under section 2.1 of the Prospera APA, Cleo agrees to sell and Prospera agrees to purchase the Prospera Assets on an “as is, where is” basis, effective April 1, 2025 (section 1.1(o)).
- (b) Prospera has paid a Deposit to the Proposal Trustee equal to 15% of the Purchase Price (section 2.9). If the Closing does not occur as a result of a breach by Prospera, the Deposit will be forfeit, but if Closing does not occur for any other reason, the Deposit will be refunded to Prospera (section 2.9). If the Transaction does not close, Cleo’s damages are limited to the Deposit (section 2.10).
- (c) The unpaid Purchase Price is payable to the Proposal Trustee on Closing (section 2.2) by certified cheque, bank draft or wire transfer (section 2.8). The Purchase Price is subject to standard adjustments pursuant to section 7.1.
- (d) The Closing Date for the Transaction is June 6, 2025 unless otherwise agreed to by Cleo and Prospera (section 1.1(i)) and the Outside Date by which the Transaction must close is June 8, 2025 or such later date as agreed to by Cleo and Prospera (section 1.1(bb)).
- (e) On Closing, Prospera assumes all existing and future Abandonment and Reclamation Obligations in respect of the Prospera Assets, and Cleo is released by Prospera for any responsibility or liability therefor (section 2.4).
- (f) Except to the extent that elections are available, Prospera is responsible for all Sales Tax exigible in connection with the Transaction (section 2.11).
- (g) Under section 3.1, Prospera is solely responsible, at its expense, to obtain any consents required to transfer the Prospera Assets, including by Applicable Governmental Authorities. Prospera is also required to pay any security deposits required by a Governmental Authority as a condition to approving any Licence Transfer (sections 3.1 and 8.5(c)).

- (h) The completion of the Transaction is subject to the satisfaction of the following conditions precedent:
- (i) the mutual conditions that the Prospera SAVO is obtained by Cleo and that there be no proceedings to before any court or by any Governmental Authority to restrain, enjoin or otherwise prohibit the consummation of the Transaction (section 3.2);
 - (ii) the condition precedent in favour of Prospera that (A) all representations and warranties of Cleo in the Prospera APA are true in all material respects on the Closing Date, (B) all obligations of Cleo in the Prospera APA to be performed prior to Closing have been timely performed in all material respects, and (C) Prospera shall have received from Cleo the closing documents required to be delivered pursuant to section 2.5(a) (section 3.3);
 - (iii) the condition precedent in favour of Cleo that: (A) all representations and warranties of Prospera in the Prospera APA are true in all material respects on the Closing Date, (B) all obligations of Prospera in the Prospera APA to be performed prior to Closing have been timely performed in all material respects, (C) all amounts to be paid by Prospera at Closing including the Purchase Price shall have been paid, and (D) the Proposal Trustee shall have received from Prospera the closing documents required to be delivered pursuant to section 2.5(b) (section 3.4).
- (i) Section 3.5 requires both Cleo and Prospera to proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent in sections 3.2 to 3.4, and section 3.6 requires Cleo and Prospera to comply with the SSP.
- (j) Under section 4.1, Cleo represents and warrants to Prospera that (i) the SSP has been validly approved by the Court, and (ii) subject to obtaining the Prospera SAVO, Cleo has the right to enter into the Prospera APA and complete the Transaction.
- (k) Under section 4.2, Prospera provides the customary corporate existence, authority, authorization and no conflict representations and warranties, and in addition represents and warrants that (i) it has a subsisting business associate (BA) code issued through Petrinex, and has the general eligibility to acquire and hold licenses or approvals for wells and

facilities, (ii) it has adequate funds available to pay all amounts payable under the Nuova APA and which will be incurred by it in connection therewith and with the Transaction, (iii) it has not incurred obligations or liabilities in respect of brokers' or finders fees in respect of the Transaction, and (iv) it is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and is not a non-Canadian person for the purposes of the *Investment Canada Act*.

- (l) In Section 4.3, any other representations or warranties of Cleo are expressly negated and Prospera confirms that the Transaction is strictly on an "as is, where is" basis.
- (m) In Article 5, Cleo and Prospera provide standard indemnities with respect to their representations and warranties, which survive Closing for six (6) months.
- (n) In section 6.1, Prospera indemnifies Cleo for any Losses, actions, proceedings and demands attributable to the Nuova II Assets arising or accruing after the Closing Date, and in section 6.2, Prospera acknowledges that it is acquiring the Prospera Assets on an "as is, where is" basis insofar as the environmental conditions thereof are concerned, and agrees to indemnify and save harmless Cleo in respect thereof. Prospera also acknowledges that it is solely responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations as between Cleo and Prospera, whether occurring or accruing prior to, on or after the Closing Date.
- (o) Under section 8.5, Cleo is required to prepare and file all necessary applications to applicable Governmental Authorities for License Transfers within two (2) Business Days following Closing and Prospera is required where applicable to electronically ratify and sign such application. To the extent that a Governmental Authority requires some form of additional security as a condition to approving such License Transfers, Prospera is responsible for providing such security.
- (p) Under section 9.1, if any of the Prospera Assets are subject to a Right of First Refusal, Prospera is required to provide Cleo with its allocation of value for such asset, whereupon Cleo is to send notices to the Person holding such right in accordance with the applicable Title Documents. Prospera is required to indemnify Cleo for any Losses sustained as a result of utilization such valuation. If such Person exercises such right, the affected Prospera Asset is excluded from the Transaction and the Purchase Price is adjusted

accordingly. Schedule “C” to the Prospera APA indicates that there are no applicable Rights of First Refusal in respect of the Prospera Assets.

- (q) The Prospera APA may only be terminated (i) by mutual agreement of the Parties (with the consent of the Proposal Trustee, or (ii) by Cleo (with the consent of the Proposal Trustee) or Prospera if (A) Closing has not occurred on or prior to the Outside Date, or (B) the Prospera SAVO has not been obtained on or before the Outside Date (subject to availability of the Court), whereupon all further obligations of Cleo and Prospera thereunder terminate (section 11.1).

General

- 26. The Properties subject to the Fire Creek APA are also subject to the Prospera APA and therefore, it was necessary to determine whether the Fire Creek APA or the Prospera APA are more beneficial to the estate and creditors of Cleo and the other stakeholders. The Proposal Trustee designated the Fire Creek APA as a Successful Bid pursuant to paragraph 33 of the SSP on the basis that the consideration payable to the estate was greater than the consideration payable under the Prospera APA, and therefore the Fire Creek APA constituted the highest and best bid. However, the Proposal Trustee also designated the Prospera APA as a Back-up Bid under paragraph 33 of the SSP in the event that the sale pursuant to the Fire Creek APA does not close.
- 27. In the Sixth Report, the Proposal Trustee confirms the following:
 - (a) the Proposal Trustee has reviewed the Fire Creek APA, the Prospera APA, and the Nuova II APA (collectively, the “**APAs**”, and the transactions contemplated thereby, the “**Transactions**”) has recommended their approval to this Honourable Court;
 - (b) the Proposal Trustee has recommended that the Fire Creek APA be declared to be a Successful Bid, and that the Prospera APA be declared to be a Back-Up Bid to the Fire Creek APA;
 - (c) has opined that the Transactions contemplated by the Fire Creek APA (or in the alternative Prospera APA), and the Nuova II APA will be more beneficial to the creditors of Cleo than a sale under a bankruptcy; and
 - (d) the Purchase Price for each of the Transactions represents the best price available for the Properties being sold thereunder.

28. The net proceeds of sale under the APAs will be held in an interest bearing account by A&M and be used to pay necessary amounts owing for professional fees secured by the Administration Charge and to repay amounts owing under the Interim Facility. Any remaining amounts will continue to be held in trust by A&M as the Receiver of Cleo (as discussed in more detail below), will be subject to any security vested out by the Fire Creek SAVO (or the Prospera SAVO), and the Nuova II SAVO, but will not be distributed to secured or unsecured creditors of Cleo until all Abandonment and Reclamation Obligations of Cleo in respect of any unsold licensed Properties where Cleo is the operator and licensee (“**Licensed Properties**”) are dealt with to the satisfaction of the Alberta Energy Regulator (the “**AER**”).
29. Upon the completion of the Transactions, Cleo will have sold the following assets and continue to retain the following Properties:

Assets Proposed to be Sold	Current Production (BBL)	Monthly Revenue
Neutral Hills North	38	\$90,820
Sedgewick	35	\$83,650
Silver Heights	95	\$227,050
Total to be Sold	168	\$ 401,520.00
Assets Retained	Current Production (BBL)	Monthly Revenue
Shorncliffe	85	\$185,000
Fabyan North & CFB Base	1600 (mcf/d)	\$37,500
Fabyan South	0	0
Atlee	0	0
Kessler	0	0
Neutral Hills South	0	0
Enchant	0	0
Taber	0	0
Hayter	0	0
Greater Wainwright	0	0
Total Production from Assets I	85	\$ 222,500.00

30. Cleo does not participate in any pension plan and as far as I am aware, all employees and former employees of Cleo have been paid all compensation owing to them to date.
31. As far as I am aware, neither Rise, Fire Creek, Nuova, or Prospera have any direct or indirect ownership interest of in Cleo or its parent, and no director or officer of Cleo or its parent is a director, officer or shareholder of Fire Creek, Nuova, or Prospera.

32. The period within which Cleo must file a proposal under the Proposal Proceedings expires on June 8, 2025, whereupon thereafter I understand that Cleo will be deemed under the *BIA* to have made an assignment in bankruptcy.
33. uCapital has informed Cleo and the Proposal Trustee that uCapital it intends to apply to this Honourable Court for an order appointing A&M as Receiver in order to accomplish the following:
 - (a) ensuring the repayment in full of the amount outstanding under the Interim Facility outside of a bankruptcy of Cleo;
 - (b) taking the steps necessary to complete the Transactions outside of a bankruptcy of Cleo;
 - (c) selling or transferring any remaining Properties not sold pursuant to the SSP to parties interested in acquiring them;
 - (d) working with the Orphan Well Association (the “OWA”) to surrender any Licensed Properties that cannot be sold or otherwise transferred to other parties; and
 - (e) to the extent that the Abandonment and Reclamation Obligations associated with the remaining Licensed Properties have been provided for to the satisfaction of the AER, arranging for the distribution of any remaining funds in Cleo’s estate to creditors in accordance with their respective priorities under the law.
34. Cleo does not oppose the appointment of A&M as Receiver and believes that it is in the best interests of its creditors and stakeholders that the Proposal Proceedings be replaced with the receivership proceedings described above. Cleo understands that OWA is supportive of the appointment of A&M as Receiver.
35. Cleo is not able to make a proposal to its creditors by June 8, 2025, which is when the period within which Cleo must file a proposal expires.
36. It is anticipated that Cleo will receive approximately \$640,000 in production revenues for April, 2025 and \$650,000 for its May, 2025 production which the Receiver would receive, should this Honourable Court appoint it.

Sealing Order

37. The Sealing Order requires that the Confidential Supplement be sealed on the Court file and not form part of the public record until completion of all of the sales of Properties pursuant to the SSP and the Proposal Trustee files with the Court a certificate stating that all such sales have been completed.
38. In the Confidential Supplement, the Proposal Trustee:
- (a) reviews the economic terms of the Transactions, assesses the reasonableness and fairness of the Purchase Price for each of the Transactions under the APAs, taking into account the market value of the Properties subject thereto; and
 - (b) attaches un-redacted copies of the APAs.
39. I believe that the disclosure of the Confidential Supplement before all of the Properties are sold under the SSP would be highly prejudicial to the SSP and to Cleo's ability to maximize value for its Properties. The reasons for this are:
- (a) the economic terms of the Transactions are confidential and extremely sensitive because their disclosure would hamper the ability of the Sale Agent, Cleo and the Receiver to re-market the Properties subject to the APAs if the Transactions do not close;
 - (b) I believe that A&M, if it is appointed as Receiver, will attempt to sell or convey the remaining unsold Properties and the disclosure of the economic terms of the Transactions would hamper their ability to do so;
 - (c) the economic terms of the Transactions were provided on a confidential basis and if disclosed, would undermine the integrity of the SSP and any subsequent sale process carried out by the Receiver, and would constitute a "chill" on the willingness of parties to submit bids;
 - (d) the period during which the proposed Sealing Order would be limited to the period during which the Receiver continues to attempt to sell the unsold Properties; and
 - (e) I know of no alternative measures that would mitigate the risks discussed in paragraphs (a) and (b) above.

40. For the reasons discussed above, Cleo is also applying for an Order amending the Prior Sealing Orders, which was to expire upon the Proposal Trustee filing a certificate confirming that all sales of Properties pursuant to the SSP have been completed, or until further order of the Court. Since the Receiver intends to continue attempting to sell unsold Properties, the risk posed by disclosure of the confidential information subject to the Prior Sealing Orders remains. The amendment to the Prior Sealing Orders that Cleo is seeking is that the confidential materials will remain sealed until the Receiver files a certificate with the court confirming that it has completed its attempt to sell unsold Properties.
41. The Proposal Trustee also supports the application for the Sealing Order.

Conclusion

42. I swear this Affidavit in support of an Application for the relief set out in paragraph 5 of this Affidavit and for no other or improper purpose.

SWORN BEFORE ME at Calgary, Alberta,
this 26th day of May, 2025.

A Commission in and for the Province of
Alberta

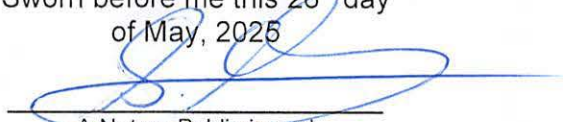


CHRIS LEWIS

SAM GABOR

Barrister, Solicitor & Notary Public
in and for the Province of Alberta

Exhibit "A" to the Affidavit of
Chris Lewis
Sworn before me this 26th day
of May, 2025

A handwritten signature in blue ink, appearing to be 'S. Gabor', is written over a horizontal line.

A Notary Public in and
for the Province of Alberta

Sam Gabor
Barrister, Solicitor & Notary Public

SALE AND SOLICITATION PROCESS

Introduction

1. On December 8, 2024, CLEO Energy Corp. (the “**Company**”) filed a notice of intention to make a proposal (a “**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy (the “**OSB**”). Alvarez & Marsal Canada Inc. was appointed as proposal trustee of the Company (in such capacity, the “**Proposal Trustee**”).
2. The Company and the Proposal Trustee intend to commence this sale and solicitation process (the “**SSP**”) in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets (the “**Property**”), and within a reasonable period following the launch of the SSP seek an Order of the Court of King’s Bench of Alberta (the “**Court**”) approving and ratifying the SSP. The Company has engaged Sayer Energy Advisors (“**Sayer**”) to act as the sale advisor to the Company and Proposal Trustee in the SSP.
3. The SSP as described herein shall, together with any order issued by the Court pertaining to the SSP, exclusively govern the process for soliciting and selecting bids in connection with the SSP.
4. Mr. Chris Lewis, the president and sole director of the Company, has informed the Proposal Trustee that he does not currently intend to directly or indirectly participate in any purchase from or investment in the Company pursuant to the SSP, and has undertaken to notify the Proposal Trustee if that should change at any time during the proceedings under the BIA. In such an event, the Proposal Trustee will conduct the SSP, with the advice of Sayer, but without consulting the Company and the Proposal Trustee will establish the appropriate ethical walls with Mr. Lewis and the Company to protect confidential information with respect to any offers received in the SSP.
5. The offer submission and evaluation stage of the SSP will, as more fully described herein, be comprised of a two-phase process:
 - (a) Phase 1 – the submission and evaluation of non-binding letters of intent (a “**Non-Binding LOI**”) from Qualified Bidders; and
 - (b) Phase 2 – the submission and evaluation of binding offers from bidders that have submitted a Non-Binding LOI and that have been invited to submit a Bid.
6. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency.
7. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

8. All capitalized terms used herein and not otherwise defined shall have the meaning given to them in **Schedule “A”** hereto.

Sale and Solicitation Process

9. The SSP describes, among other things:
- (a) the manner in which prospective bidders may gain access to due diligence materials concerning the business, operations, or Property of the Company;
 - (b) the guidelines for the ultimate selection of the Successful Bid and Back-Up Bid, as applicable; and,
 - (c) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of the Successful Bid and the Back-up Bid, as applicable.

Conduct of SSP

10. The Company shall conduct the SSP in consultation with and with the assistance of the Proposal Trustee and Sayer. In the event there is a disagreement regarding or clarification required as to the interpretation or application of the SSP or the responsibilities of any Person hereunder, upon application of the Company, the Proposal Trustee or any other interested Person, the Court will have jurisdiction to hear such matters and provide advice and directions.
11. Notwithstanding that the SSP contemplates that a transaction will be concluded by way of an asset purchase, participants may propose alternative transaction or investment structures in connection with the SSP, including but not limited to transactions to refinance, reorganize, or recapitalize the Company or a reverse vesting order transaction.
12. Participants in the SSP shall be responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, including in respect of all due diligence activities or other actions undertaken by such participant, whether or not they lead to the consummation of a transaction.
13. The SSP does not and will not be interpreted to create any contractual or other legal relationship between the Company, the Proposal Trustee or any Potential Bidder, Bidder, Qualified Bidder, Successful Bidder, Back-up Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Company.

"As Is, Where Is"

14. Any transaction involving the Company and the Property will be on an "as is, where is" basis without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, the Proposal Trustee, Sayer or any of their respective agents, estates, advisors, professionals or otherwise, other than as specifically set forth in a definitive agreement that may be entered into with the Company.

Free of Any and All Claims and Interests

15. All of the right, title and interest of the Company in and to any Property sold or transferred in connection with the SSP will, at the time of such sale or transfer, be sold or transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges,

options and interests pursuant to an approval and vesting order made by the Court under Section 65.13(7) of the BIA.

Timeline

16. The following table sets out key milestones and anticipated deadlines for the SSP:

MILESTONE	DATE
Commencement Date	Estimated to be no later than January 22, 2025
SSP Approval Application	As soon as reasonably possible
Non-Binding LOI Submission Date	February 27, 2025, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Binding Bid Submission Date	March 13, 2025, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Bid Approval Application	Week of March 24, 2025, or as soon thereafter as Court time can be confirmed, or such later date as determined by the Proposal Trustee in consultation with the Company and Sayer
Target Closing Date	March 31, 2025, or 3 days after Court approval is obtained
Outside Date	April 25, 2025

Solicitation of Interest

17. The SSP will be commenced by the Company and Sayer, in consultation with the Proposal Trustee, compiling a list of potential bidders (the “**Known Potential Bidders**”). Such list can include both strategic and financial parties who, in the reasonable business judgment of the Company, Sayer and the Proposal Trustee, may be interested in and have the financial capacity to make a Qualified Bid.
18. For the purposes of the SSP, the following Persons shall be considered potential bidders (each, a “**Potential Bidder**”): (i) the Known Potential Bidders, and (ii) any other Person that executes and delivers the documents listed in paragraph 23 and is permitted by the Company or the Proposal Trustee, in consultation with Sayer, to participate in the SSP.
19. The Company, with the assistance of Sayer and the Proposal Trustee, shall:
- (a) prepare a teaser letter describing the SSP and inviting interested participants to express their interest in the SSP (the “**Teaser**”);
 - (b) prepare a non-disclosure agreement (“**NDA**”), a template Non-Binding LOI and a Template APA; and
 - (c) gather all required due diligence materials, including information relating to the business, operations, or Property of the Company, and establish a virtual data room (the “**VDR**”) containing same.

Further, (i) Sayer and the Company shall contact Known Potential Bidders to determine their interest in the SSP by forwarding them a Teaser and, if interested, providing such party with a copy of the SSP and the NDA; and (ii) Sayer shall publish a notice regarding

the SSP in the *Daily Oil Bulletin*, *Insolvency Insider* and any other publications or newswires as determined by the Proposal Trustee.

20. The Company, Sayer and the Proposal Trustee will grant access to the VDR to any Potential Bidder that executes and delivers the NDA to the Company and Sayer. Access to the VDR will be granted as soon as reasonably practicable following the delivery of the NDA.
21. Neither the Company, the Proposal Trustee, Sayer, nor any of their respective advisors make any representation or warranty as to the information contained in the VDR, or other information to be provided through the due diligence process or otherwise, except to the extent contemplated under any definitive document negotiated with a Successful Bidder or Back-Up Bidder which is executed and delivered by the Company and approved by the Court.

Phase 1

22. A Potential Bidder who wishes to participate in this SSP must deliver a Non-Binding LOI to the Proposal Trustee, with a copy to the Company and Sayer, at the e-mail addresses specified in **Schedule "B"** hereto, by the Non-Binding LOI Submission Date.
23. A Non-Binding LOI will be considered a qualified LOI (a "**Qualified LOI**") only if the Non-Binding LOI:
 - (a) is submitted to the Proposal Trustee on or before the Non-Binding LOI Submission Date;
 - (b) specifies:
 - (i) the total proposed consideration payable in the transaction;
 - (ii) the identity, the type, and the jurisdiction of organization of the Potential Bidder;
 - (iii) the contact information for such Potential Bidder;
 - (iv) full disclosure of the direct and indirect owners and principals of the Potential Bidder;
 - (v) confirmation that the Potential Bidder has a subsisting business associate code issued through Petrinex and has general eligibility to acquire and hold licenses or approvals for wells, facilities and pipelines through the Alberta Energy Regulator; and
 - (vi) such financial disclosure and credit quality support or enhancement that allows the Proposal Trustee to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a transaction; and
 - (c) includes an executed letter acknowledging receipt of the SSP and agreeing to accept and be bound by the provisions contained therein.

24. The Proposal Trustee, in consultation with the Company and Sayer, will assess all Non-Binding LOI's submitted on or before the Non-Binding LOI Submission Date. If it is determined by the Proposal Trustee that:
- (a) a Potential Bidder: (i) has complied with each of the requirements described in paragraph 23, (ii) has a *bona fide* interest in concluding a transaction, and (iii) has the financial wherewithal to conclude a transaction, then such Potential Bidder may be deemed a "**Qualified Bidder**" and advanced to Phase 2; or
 - (b) no Qualified LOI's have been submitted or, alternatively, that no Qualified LOI is likely to result in a Successful Bid (as defined below), the Proposal Trustee, in consultation with the Company and Sayer, may immediately terminate the SSP.
25. The Proposal Trustee shall notify all Potential Bidders that deliver a Non-Binding LOI to the Proposal Trustee whether or not they have been designated as a Qualified Bidder.

Phase 2

26. Qualified Bidders shall be entitled to conduct further due diligence prior to submitting a binding bid (a "**Bid**"). Such further due diligence shall, at the discretion of the Proposal Trustee, include on-site inspections or meetings with the senior management of the Company.
27. A Qualified Bidder that wishes to make a Bid must deliver their Bid to the Proposal Trustee, with a copy to Sayer and the Company (provided that the Company or Mr. Lewis is not considered a Qualified Bidder), at the e-mail addresses specified in **Schedule "B"** hereto, by no later than the Binding Bid Submission Date.
28. Bids submitted to the Proposal Trustee for consideration must comply with all of the following requirements, and any such complying Bid shall be a "**Qualified Bid**":
- (a) Template: Each Bid must be submitted in the form of a template agreement of purchase and sale (the "**Template APA**"), a copy of which shall be provided in the VDR;
 - (b) Purchase Price: Each Bid must clearly set forth the purchase price in Canadian dollars, stated on a total enterprise value basis (including the cash and non-cash components thereof);
 - (c) Binding Bid Submission Date: Each Bid must be received on or before 12:00 pm (Calgary time) on the Binding Bid Submission Date;
 - (d) Irrevocable Offer: Each Bid must include a letter stating that the Bid is irrevocable until approval of the Successful Bid or Back-up Bid by the Court, as applicable, provided that if such Bidder is selected as the Successful Bidder or Back-up Bidder, the Bid shall remain irrevocable until the closing of a transaction;
 - (e) Executed Documents: Each Bid must be accompanied by a duly authorized and executed form of transaction document, an electronic Word copy of such agreement, a marked-up version showing all edits to the transaction document as compared to the Template APA, as well as duly authorized and executed

documents necessary to effectuate the transactions contemplated thereby, which specifies, at a minimum:

- (i) Identity: Each Bid must fully disclose the identity of each entity that will be sponsoring or participating in the Bid and the complete terms of such participation;
- (ii) Contact Information: Each Bid must contain contact information for any business, financial or legal advisors retained or to be retained in connection with the proposed transaction;
- (iii) Deposit: Each Bid must be accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer to a non-interest bearing account specified by the Proposal Trustee, payable to the order of the Proposal Trustee, on behalf of the Company, in trust, in an amount equal to fifteen (15%) percent of the cash consideration contemplated by the Bid or as otherwise contemplated in any fully executed transaction document, to be held and dealt with in accordance with the terms of the SSP;
- (iv) Financial Wherewithal: Each Bid must include:
 - A. written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction, fund the business, and implement post-Closing measures and transactions; and
 - B. the identification of any Person or entity who may provide debt or equity financing for the Bid and any material conditions to be satisfied in connection with such financing;
- (v) Authorization: Each Bid must include evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of authorization and approval from the Qualified Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and Closing of the transaction contemplated by the Bid;
- (vi) No Other Authorization, Diligence, Financing Conditions: A Bid may not be conditional upon the following:
 - A. any internal approval(s);
 - B. the outcome of unperformed due diligence by the Qualified Bidder; or
 - C. obtaining financing;
- (vii) Regulatory Approvals: Each Bid must be in compliance with Alberta Energy Regulator requirements and outline any anticipated regulatory

and other approvals required to close the transaction, and the anticipated time frame and any anticipated impediments for obtaining such approvals and confirms that the Qualified Bidder will make and submit all necessary and applicable regulatory filings and pay all fees associated therewith;

- (viii) Disclaimer of Fees: Each Bid must disclaim any right to receive a fee analogous to a break-up fee, expense reimbursement, termination fee, or any other similar form of compensation;
- (ix) Timeline: Each Bid must provide a timeline to Closing with critical milestones and shall confirm that the Qualified Bidder will use commercially reasonable efforts to Close by the Target Closing Date;
- (x) Confirmation of no collusion: Each Bid should include confirmation by the Qualified Bidder that it has not engaged in any discussions or any other collusive behaviour with any other Qualified Bidder regarding the SSP or any Bids submitted or contemplated to be submitted in the SSP; and
- (xi) Other Information: Each Bid must contain such other information as may be reasonably required to evaluate the Bid or as may be requested by the Proposal Trustee from time to time.

29. Notwithstanding anything herein to the contrary, the Proposal Trustee, the Company and Sayer will review each Bid to assess whether they are Qualified Bids, with the final decision resting with the Proposal Trustee, following consultation with the Company and Sayer. In performing such review and assessment, the Bids will be evaluated based on the following non-exhaustive list of considerations:

- (a) the purchase price and net value (including assumed liabilities and other obligations to be assumed or otherwise performed by the Qualified Bidder);
- (b) the firm, irrevocable commitment for financing of the transaction;
- (c) the claims likely to be created by such Bid in relation to other Bids;
- (d) the counterparties to the transaction;
- (e) the terms of transaction documents;
- (f) the Closing conditions and other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction);
- (g) planned treatment of stakeholders;
- (h) the assets or liabilities included or excluded from the Bid, including whether the Property subject to such Bid is on a “white map” basis and includes all Property within one or more bid areas delineated by Sayer;
- (i) compliance with Alberta Energy Regulator requirements;

- (j) any restructuring costs that would arise from the Bid;
 - (k) the likelihood and timing of consummating the transaction,
 - (l) the financing or cash *pro forma* available post-Closing to fund the Company's business; and
 - (m) the capital sufficient to implement post-Closing measures and transactions.
30. The Proposal Trustee, in consultation with the Company and Sayer, may reject any Bid that is (a) inadequate or insufficient; (b) not in conformity with the requirements pursuant to the SSP; (c) contrary to the best interest of the Company; or (d) not a Qualified Bid; provided that the Proposal Trustee may waive strict compliance with any one or more of the requirements specified in the SSP and deem a non-compliant Bid to be a Qualified Bid.

Selection of Successful Bid

31. The Proposal Trustee, in consultation with the Company and Sayer, may clarify or negotiate amended terms with respect to any Qualified Bid, and such Qualified Bid may be amended, modified, or varied as a result of such clarification or negotiation. For greater certainty, the Proposal Trustee, in consultation with the Company and Sayer, shall be entitled to request that any Qualified Bidder submit a revised bid.
32. In the event that no Qualified Bid is: (a) acceptable to the Proposal Trustee, acting reasonably, or (b) likely to result in a Successful Bid (as defined below), the Proposal Trustee, in consultation with the Company and Sayer, may immediately terminate the SSP.
33. The Proposal Trustee, in consultation with the Company and Sayer, may, but is not obligated to, select the highest or best Qualified Bid received during the SSP (the "**Successful Bid**" and the party submitting such Successful Bid, the "**Successful Bidder**") and has the discretion to identify and record the next highest or best Qualified Bid (the "**Back-Up Bid**" and the party submitting such Back-Up Bid, the "**Back-Up Bidder**"). For greater certainty, the Proposal Trustee shall have no obligation to select a Successful Bid or Back-Up Bid and expressly reserves the right to reject any or all Qualified Bids.
34. If a Successful Bid, and Back-Up Bid, as applicable, is selected, the Proposal Trustee shall advise: (a) the Successful Bidder and the Back-Up Bidder of such determination, and (b) all other Qualified Bidders that they are not a Successful Bidder or Back-Up Bidder.

Bid Approval Application

35. The Company shall take all necessary steps to implement the transaction contemplated by the Successful Bid and either the Company or the Proposal Trustee shall apply to the Court (the "**Bid Approval Application**") for an Order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to implement and give effect to the Successful Bid.

36. The hearing of the Bid Approval Application will be held as soon as practical after the selection of the Successful Bid. The Bid Approval Application may be adjourned or rescheduled by the Company or the Proposal Trustee, as applicable.
37. All Qualified Bids (other than the Successful Bid and the Back-Up Bid) will be deemed rejected on the date the Successful Bid is approved by the Court.

Closing the Successful Bid

38. The Company and the Successful Bidder shall take all reasonable steps to complete the transaction contemplated by the Successful Bid by the Target Closing Date, and in any event no later than the Outside Date, unless otherwise agreed by the parties.
39. If the transaction contemplated by the Successful Bid does not close for any reason, the Proposal Trustee, in consultation with the Company and Sayer, may elect to seek to complete the transaction contemplated by the Back-Up Bid and will promptly seek to Close the transaction contemplated by the Back-Up Bid. The Back-Up Bid will be deemed to be the Successful Bid and the Company will be deemed to have accepted the Back-Up Bid only when the Proposal Trustee has made such election and provided written notice of such determination to the Successful Bidder and the Back-Up Bidder.

Deposits

40. All Deposits shall be retained by the Proposal Trustee in a trust account with a chartered bank in Canada. The Deposit (without interest thereon) paid by the Successful Bidder and Back-Up Bidder, as applicable, whose Qualified Bid(s) is/are approved at the Bid Approval Application will be applied to the purchase price to be paid by the Successful Bidder and/or Back-Up Bidder, as applicable, upon Closing of the approved transaction, and will be non-refundable other than as set out in the Successful Bid or the Back-Up Bid, as applicable.
41. The Deposits of Qualified Bidders not selected as the Successful Bidder or Back-Up Bidder will be returned to such Qualified Bidders within five (5) Business Days of the date the Successful Bid or the Back-Up Bid is approved by the Court. The Deposit of the Back-Up Bidder, if any, shall be returned to such Back-Up Bidder no later than five (5) Business Days after Closing of a transaction with the Successful Bidder.
42. If the Successful Bidder or Back-up Bidder, as applicable, breaches its obligations under the terms of the SSP, its Deposit shall be considered non-refundable and forfeited as liquidated damages and not as a penalty.
43. If the Company is unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder), then the Deposit shall be returned to the Successful Bidder.

Notice

44. The addresses used for delivering documents as prescribed by the terms and conditions of the SSP are set out in **Schedule "B"** hereto. All documents required to be delivered to the Company and Sayer or the Proposal Trustee pursuant to the SSP shall be delivered to the Company and Sayer and the Proposal Trustee by e-mail, personal delivery, or by

courier. Persons requesting information about the SSP should contact the Proposal Trustee at the contact information contained in **Schedule “B”**.

Amendment

45. The Proposal Trustee, in consultation with the Company and Sayer, shall have the right to modify the SSP, including any deadlines set out herein, if, in its reasonable business judgment such modification will enhance the process or better achieve the objectives of the SSP.

Credit Bid

46. Any secured creditor of the Company, including an interim financing lender, shall be entitled to participate in this SSP as a credit bidder (the “**Credit Bidder**”). Any credit bid submitted by a Credit Bidder shall be based on the form of the Template APA, with such changes as are appropriate for credit bids (the “**Credit Bid**”).
47. For the purposes of any Credit Bid submitted by a Credit Bidder, such Credit Bidder shall be entitled to credit all or any portion of its secured indebtedness but must either:
- (a) irrevocably pay, in cash and in full, all of the obligations in priority (the “**Priority Obligations**”) to the Credit Bidder’s secured indebtedness, including for reference any amounts that are priority charges (the “**Priority Charges**”) created in the Proposal Proceedings (namely, the Administration Charge, the D&O Charge or any DIP Charge (as defined in the Court’s January 6, 2025 Order or any subsequent Order)); or
 - (b) assume or otherwise satisfy any of the Priority Obligations on terms and conditions acceptable to the beneficiary of the security for such Priority Obligations (except for the Administration Charge, the D&O Charge or the DIP Charge (if applicable), which must be paid in cash and in full if there are amounts owing on them at the conclusion of the Proposal Proceedings).
48. Any Credit Bid shall be accompanied by a Deposit sent by wire transfer to the Proposal Trustee. Any such Deposit is to be held by the Proposal Trustee and dealt with in accordance with the SSP.

Further Orders

49. The Proposal Trustee may at any time apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder, including to terminate the SSP if deemed to be necessary by the Proposal Trustee, acting reasonably.

Schedule "A"

Defined Terms

"Back-Up Bid" has the meaning given to it in paragraph 33.

"Back-Up Bidder" has the meaning given to it in paragraph 33.

"BIA" has the meaning given to it in paragraph 1.

"Bid" has the meaning given to it in paragraph 26.

"Bid Approval Application" has the meaning given to it in paragraph 35.

"Binding Bid Submission Date" has the meaning given to it in paragraph 16.

"Business Day" means a day (other than Saturday or Sunday) on which banks are generally open for business in Calgary, Alberta.

"Closing" means the completion of the transaction contemplated by the Successful Bid.

"Company" has the meaning given to it in paragraph 1.

"Court" has the meaning given to it in paragraph 2.

"Credit Bid" has the meaning given to it in paragraph 46.

"Credit Bidder" has the meaning given to it in paragraph 46.

"Deposit" has the meaning given to it in paragraph 28(e)(iii).

"Known Potential Bidders" has the meaning given to it in paragraph 17.

"NDA" has the meaning given to it in paragraph 19(b).

"NOI" has the meaning given to it in paragraph 1.

"Non-Binding LOI" has the meaning given to it in paragraph 5(a).

"Non-Binding LOI Submission Date" has the meaning given to it in paragraph 16.

"OSB" has the meaning given to it in paragraph 1.

"Outside Date" has the meaning given to it in paragraph 16.

"Person" will be broadly interpreted and includes, without limitation: (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a Company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an

unincorporated organization or any other association, organization or entity of any kind; and (iii) a governmental authority.

“Potential Bidder” has the meaning given to it in paragraph 18.

“Priority Charges” has the meaning given to it in paragraph 47(a).

“Priority Obligations” has the meaning given to it in paragraph 47(a).

“Property” means all of the Company’s current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.

“Proposal Proceedings” means collectively the proceedings commenced by the Company upon the filing of a notice of intention to make a proposal on December 8, 2024, as applicable, in Court and Estate No.: B301-163430.

“Proposal Trustee” has the meaning given to it in paragraph 1.

“Qualified Bid” has the meaning given to it in paragraph 28.

“Qualified Bidder” has the meaning given to it in paragraph 24(a).

“Qualified LOI” has the meaning given to it in paragraph 23.

“Sayer” has the meaning given to it in paragraph 2.

“SSP” has the meaning given to it in paragraph 2.

“Successful Bid” has the meaning given to it in paragraph 33.

“Successful Bidder” has the meaning given to it in paragraph 33.

“Target Closing Date” has the meaning given to it in paragraph 16.

“Teaser” has the meaning given to it in paragraph 19(a).

“Template APA” has the meaning given to it in paragraph 28(a).

“VDR” has the meaning given to it in paragraph 19(c).

Schedule "B"

Notice

- (a) If to the Company:

CLEO Energy Corp.
117 8 Ave SW #200
Calgary, AB T2P 1B4
Attention: Chris Lewis
E-mail: clewis@cleoenergy.com

with a copy to:

Gowling WLG
Suite 1600, 421 7 Ave SW
Calgary, AB T2P 4K9
Attention: Sam Gabor / Tom Cumming
E-mail: sam.gabor@gowlingwlq.com / tom.cumming@gowlingwlq.com

- (b) If to the Proposal Trustee

Alvarez & Marsal Canada Inc.
Bow Valley Square IV
Suite 1110, 250 – 6th Avenue SW
Calgary, AB T2P EH7
Attention: Orest Konowalchuk / David Williams
E-mail: okonowalchuk@alvarezandmarsal.com / david.williams@alvarezandmarsal.com

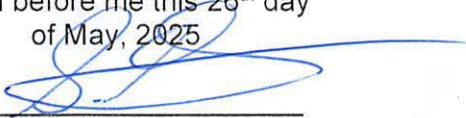
with a copy to:

Miller Thomson LLP
525-8th Avenue SW, 43RD Floor
Eighth Avenue Place East
Calgary, AB T2P 1G1
Attention: James Reid
Email: jwreid@millerthomson.com

- (c) If to Sayer

Sayer Energy Advisors
1620, 540 5th Avenue SW
Calgary, AB T2P 0M2
Attention: Tom Pavic, CFA, President
Email: TPavic@sayeradvisors.com

Exhibit "B1" to the Affidavit of
Chris Lewis
Sworn before me this 26th day
of May, 2025



A Notary Public in and
for the Province of Alberta

Sam Gabor
Barrister, Solicitor & Notary Public



Overview

CLEO Energy Corp. ("CLEO" or the "Company") has filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the "BIA") and **Alvarez and Marsal Canada Inc.** ("A&M") has been retained by CLEO as the Proposal Trustee for the NOI process. A sale and solicitation process (the "SSP") is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include, but are not limited to, a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture. A copy of the SSP is found on Sayer's website at www.sayeradvisors.com.

CLEO's oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the "Properties").

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 284 boe/d, consisting of 219 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes there is capability of approximately 500 boe/d of production. The Company's full reactivation inventory is expected to add approximately 680 boe/d with estimated capital expense of approximately \$4.1 million.

CLEO's main natural gas property at *Fabyan* was shut-in in October 2024 due to low natural gas prices. This field can be brought back on production, restoring approximately 2,000 Mcf/d.

Operating income net to CLEO from the Properties for the first half of 2024 was approximately \$154,200 per month, or \$1.9 million annualized.

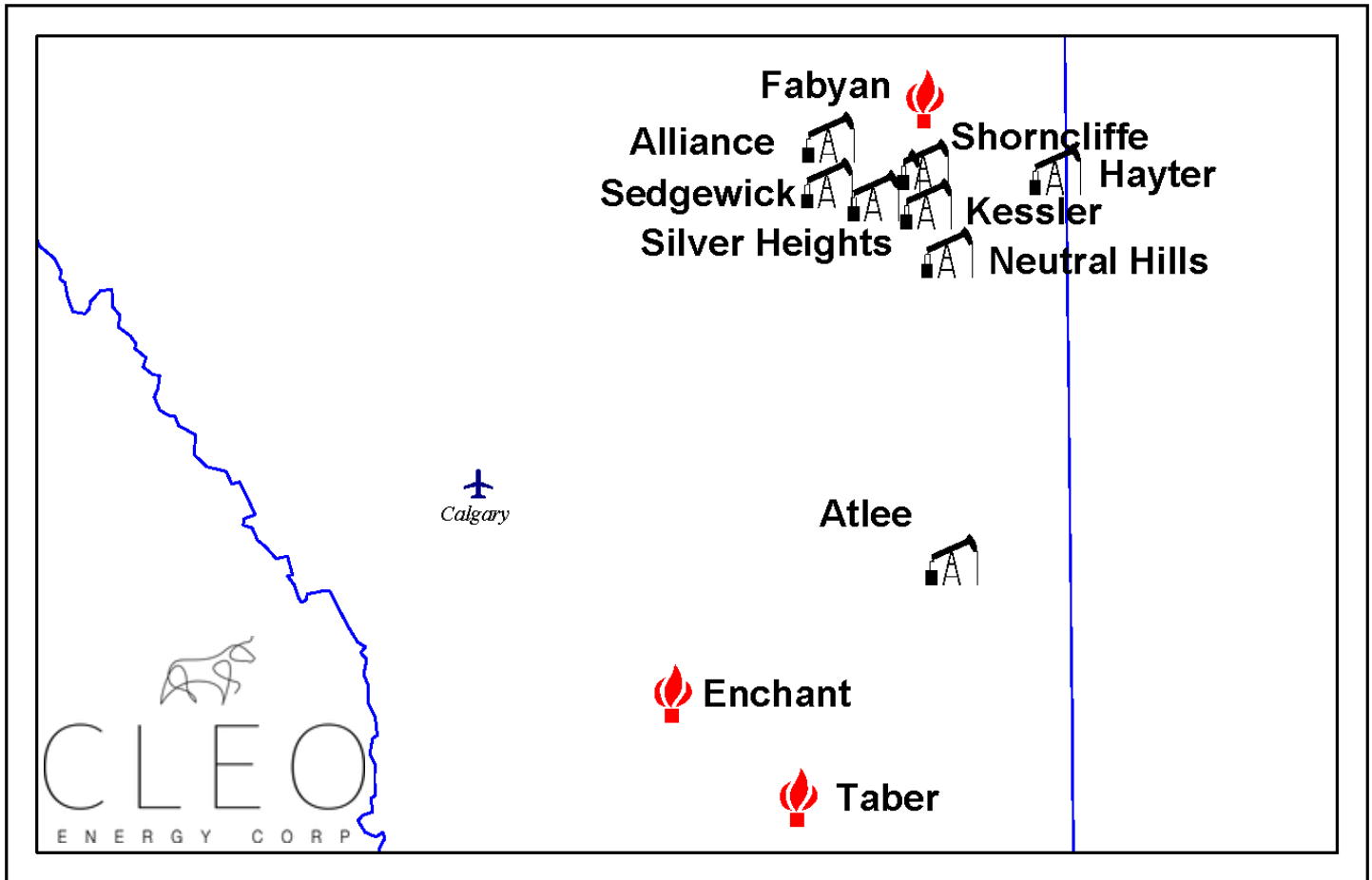
CLEO controls the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress, which is of great benefit for the future development of the Upper Mannville. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the Alberta Energy Regulator ("AER") of approximately \$720,000.





Overview Map Showing the Location of the Divestiture Properties





Corporate Overview

CLEO is a private junior oil and gas company with operated and non-operated working interests located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta.

As at December 14, 2024, CLEO had total secured debt of approximately \$6.7 million. The Company has a creditor obligation of approximately \$24.1 million. As of January 5, 2025, CLEO has an interim debtor-in-possession financing of \$750,000 available. As at December 31, 2022, CLEO had total unused Canadian income tax pools of approximately \$8.1 million, including \$6.6 million of non-capital losses.

Additional corporate information relating to CLEO will be provided to parties upon execution of a confidentiality agreement.

Officers & Directors	President & Director	Chris Lewis
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Capital Structure	Common Shares	200,000,000
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Tax Pools

As at December 31, 2022

Non-Capital Losses	\$6,750,182
Cumulative Canadian Oil and Gas Property Expenses	\$39,874
Cumulative Canadian Exploration Expenses	\$15,457
Cumulative Canadian Development Expenses	\$3,877
Capital Cost Allowance	\$1,331,763

Total	\$8,141,153
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Bankers	Royal Bank of Canada
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Solicitors	Gowling WLG (Canada) LLP
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Street Address	Suite 200 - 117 8th Avenue SW Calgary, Alberta T2P 1B4
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Production Overview

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 284 boe/d, consisting of 219 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

Operating income net to CLEO from the Properties for the first half of 2024 was approximately \$154,200 per month, or \$1.9 million annualized.

PROPERTY	Q1-Q2 2024 NET PRODUCTION (Average Daily)				NOI Q1-Q2 2024 Monthly
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d	
Fabyan	10	5	1,978	345	(\$184,600)
Silver Heights	223	-	149	248	\$197,600
Shorncliffe	135	-	-	135	\$18,100
Sedgewick	53	-	48	61	\$308,800
Taber	0	-	335	56	(\$15,000)
Neutral Hills	51	-	16	54	(\$80,100)
Atlee**	29	-	124	50	(\$19,000)
Enchant	-	-	121	20	(\$6,200)
Alliance	15	-	-	15	\$24,900
Hayter	5	-	3	6	(\$28,300)
Kessler**	1	-	4	2	(\$62,000)
TOTAL*	522	5	2,778	990	\$154,200

*CLEO's current production is approximately 284 boe/d, consisting of 219 bbl/d of oil and 390 Mcf/d of natural gas awaiting several ongoing reactivations. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil.

**The *Atlee* and *Kessler* properties are currently in the process of being reclaimed.

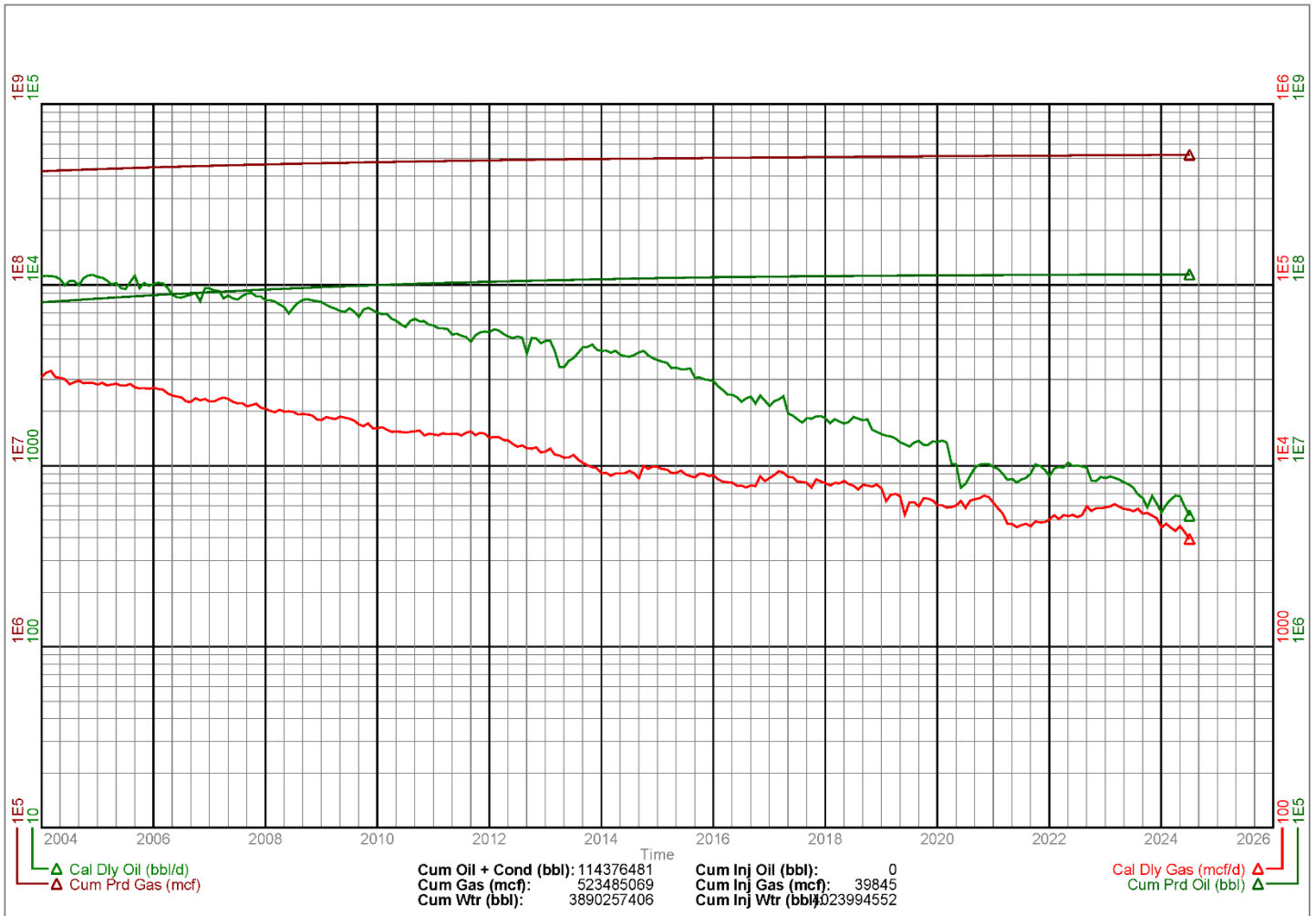
Shorncliffe had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

Neutral Hills had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month.





Gross Production Group Plot of CLEO's Oil & Natural Gas Wells





LMR Summary

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the AER of approximately \$720,000.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$36,123,506	\$50,201,206	(\$14,077,700)	0.72

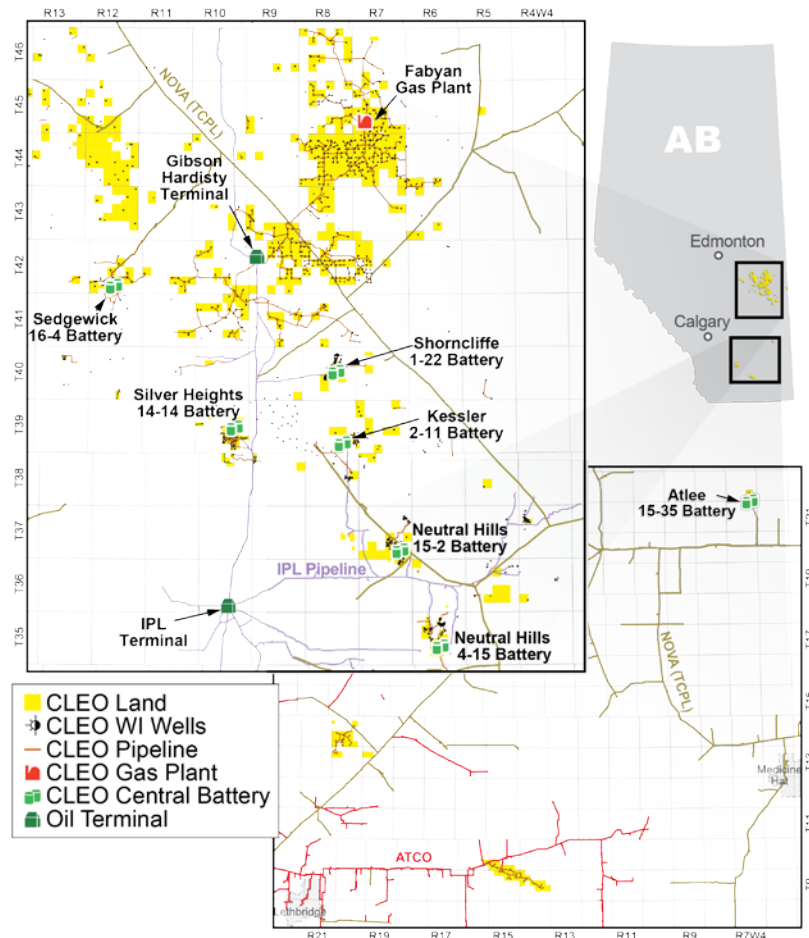
Note that the *Fabyan*, *Taber*, and part of the *Silver Heights* properties are currently shut-in. Reactivating these properties would drastically increase the deemed asset amount.





Infrastructure Overview

CLEO controls most of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.



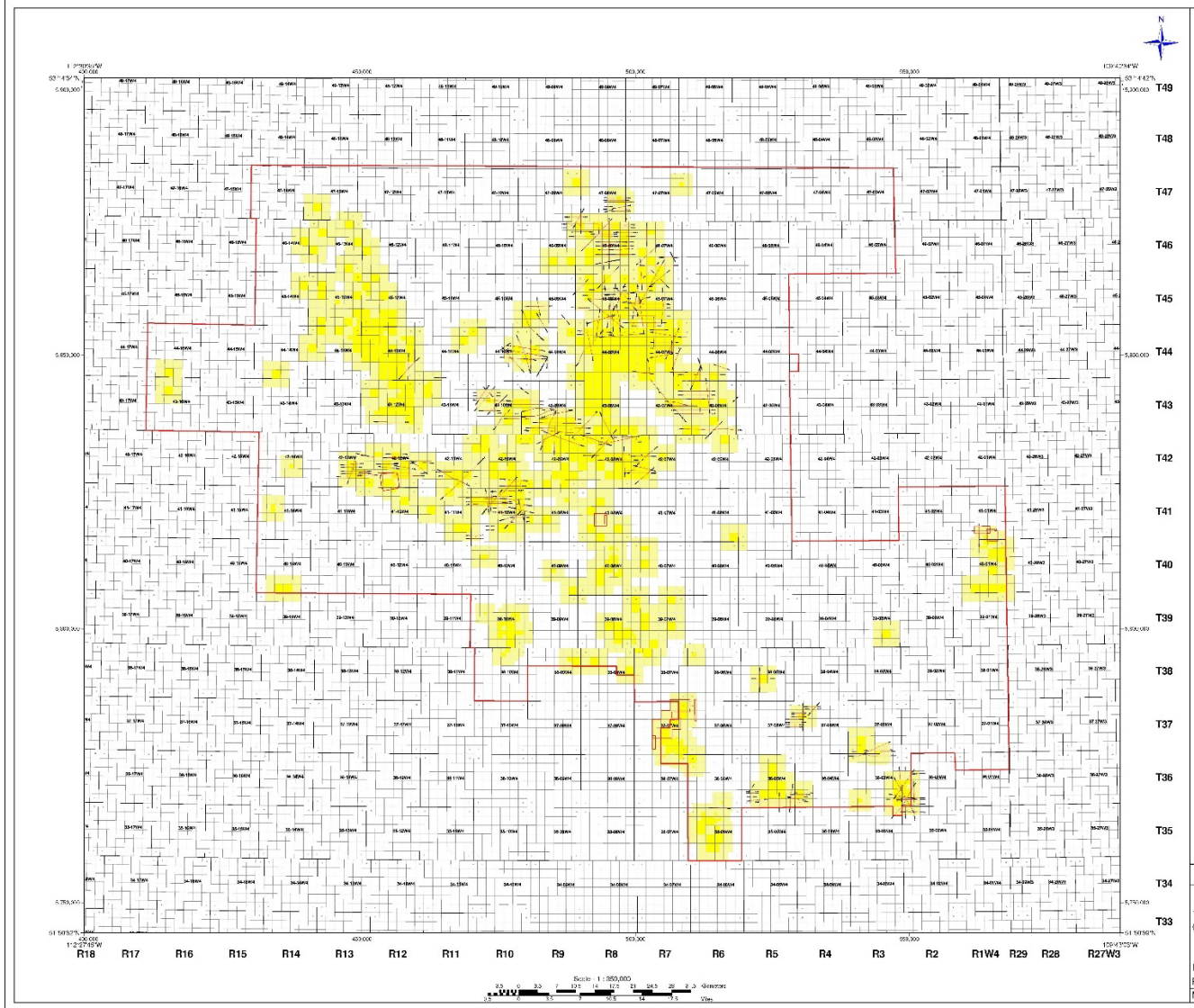
Notable Operated Facilities	Capacity	Ownership	Egress
Sedgewick (Oil)	250 bbl/d	100%	Clean oil trucked out
Shorncliffe (Oil)	630 bbl/d	100%	Pipeline connected to IPL BRN
Silver Heights (Oil)	1,260 bbl/d	97.8%	Clean oil trucked out
Neutral Hills North (Oil)	1250 bbl/d	100%	Pipeline connected to IPL CAL
Taber (Gas)	1.0 MMcf/d	100%	Gas egress through ATCO sales line connect to TC Energy





Seismic Overview

The Company has a license agreement on certain trade 2D seismic data relating to the Properties, as shown on the following plat. Information relating to the seismic will be made available in the data room to parties that execute a confidentiality agreement.





Reserves Overview

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of CLEO’s Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing. The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2023. This disposition only affected the total proved and total proved plus probable reserve values. The Deloitte Report also includes reserves values and volumes for the *Kessler* and *Atlee* properties, which are being reclaimed.

Deloitte estimated that, as at December 31, 2022 the Properties excluding CLEO’s interests at *Fabyan* contained remaining proved plus probable reserves of 4.5 million barrels of oil and natural gas liquids and 3.5 Bcf of natural gas (5.1 million boe), with an estimated net present value of \$46.9 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	2,269	2,087	7	2,624	\$44,316	\$33,900	\$27,379
Proved Non-Producing/Undeveloped	714	392	0	779	\$16,296	\$10,927	\$7,603
Total Proved	2,983	2,479	7	3,403	\$60,612	\$44,828	\$34,983
Probable	1,488	996	2	1,656	\$40,263	\$20,441	\$11,959
Total Proved Plus Probable	4,471	3,475	9	5,059	\$100,875	\$65,269	\$46,941

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Marketing Overview

The Company has a crude oil marketing agreement with **Trafigura Canada Limited** and a CO₂ contract with **TC Energy Corporation**.

CLEO has a sales contract in place with **BP Canada Energy Group ULC** for natural gas sales. Natural gas is sold into the **Nova Gas Transmission Ltd.** pipeline.





Silver Heights Property

Township 38-39, Range 9-10 W4

At *Silver Heights*, CLEO holds largely a 98% working interest in approximately eight sections of land. Production at *Silver Heights* is primarily oil from the Ellerslie and Glauconitic Sandstone formations.

Average daily production net to CLEO from *Silver Heights* for the first half of 2024 was approximately 248 boe/d, consisting of 223 bbl/d oil. Current production net to CLEO from Silver Heights is approximately 125 bbl/d of oil.

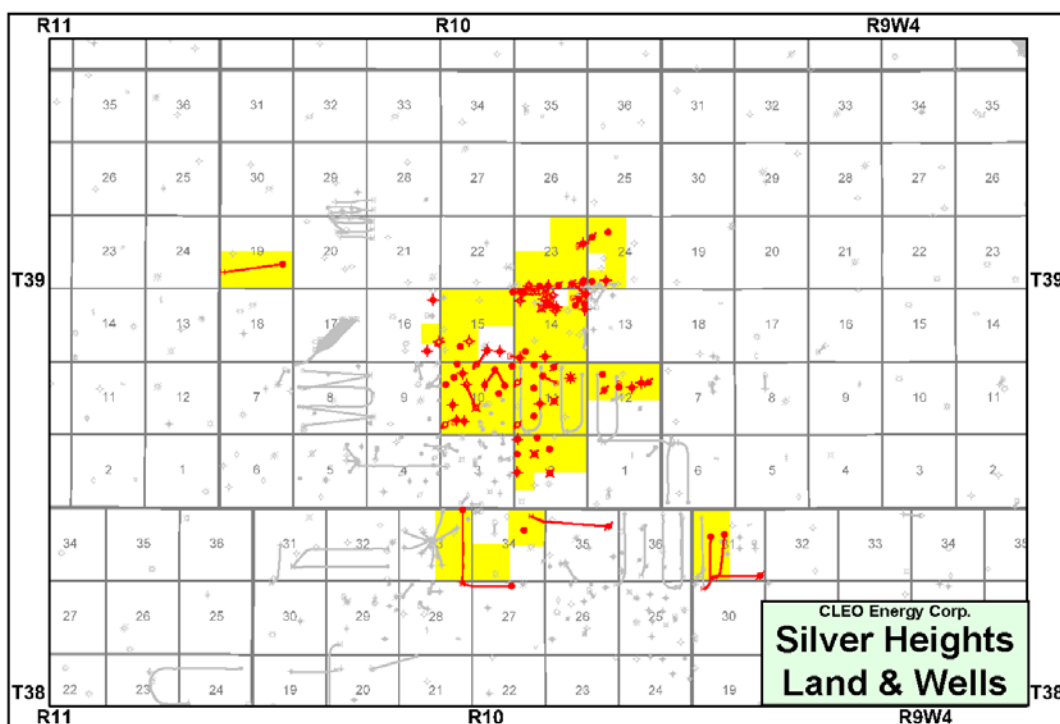
Peak production from *Silver Heights* was 325 boe/d in January 2023. Due to limited sustaining capital, production has declined. Basic workovers are required to increase production.

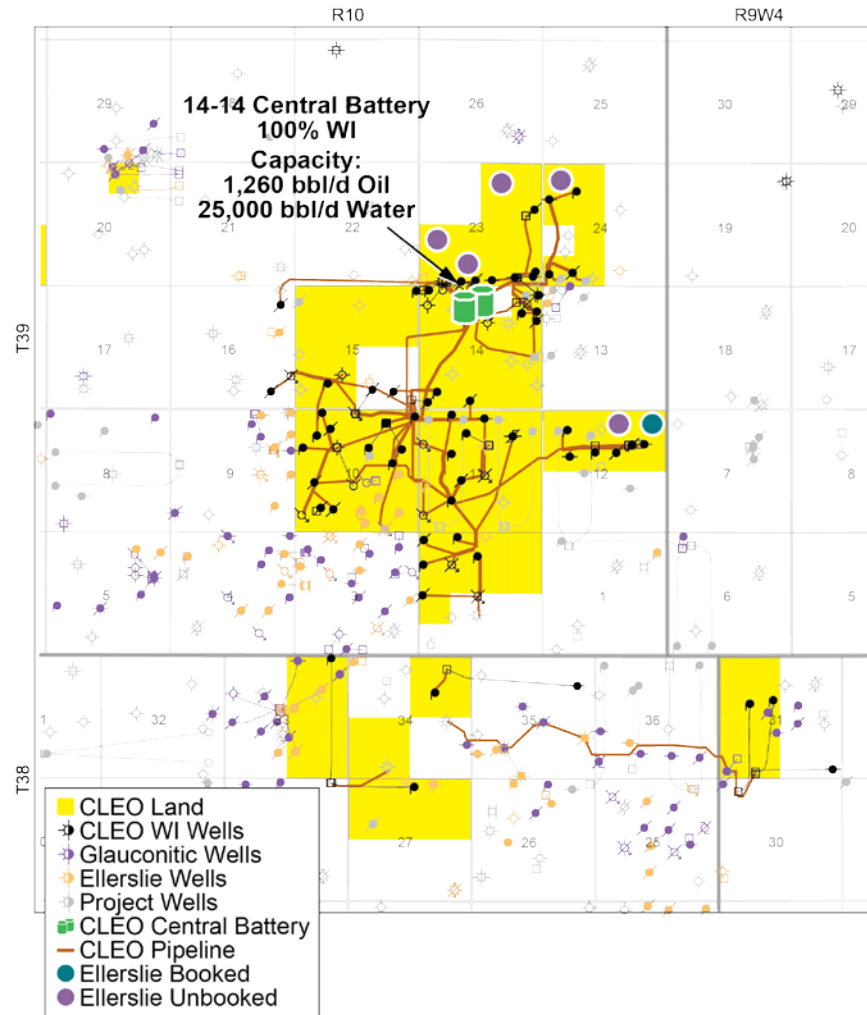
Operating income net to CLEO from *Silver Heights* for the first half of 2024 was approximately \$197,600 per month.

At *Silver Heights*, the Company is currently reactivating production of approximately 100 bbl/d of oil. There is approximately 75 bbl/d of oil currently shut-in due to natural gas conservation initiatives and an additional 125 bbl/d of oil to be reactivated beyond this 75 bbl/d of shut-in production.

The Company has a vertical Ellerslie proved undeveloped drilling location booked in the Deloitte Report at 12-039-10W4 and an additional five internally identified unbooked vertical locations. These locations are low cost, (estimated at \$600,000 per well). Offsetting analogs have been assigned total proved plus probable reserves of 50,000 barrels of oil per well.

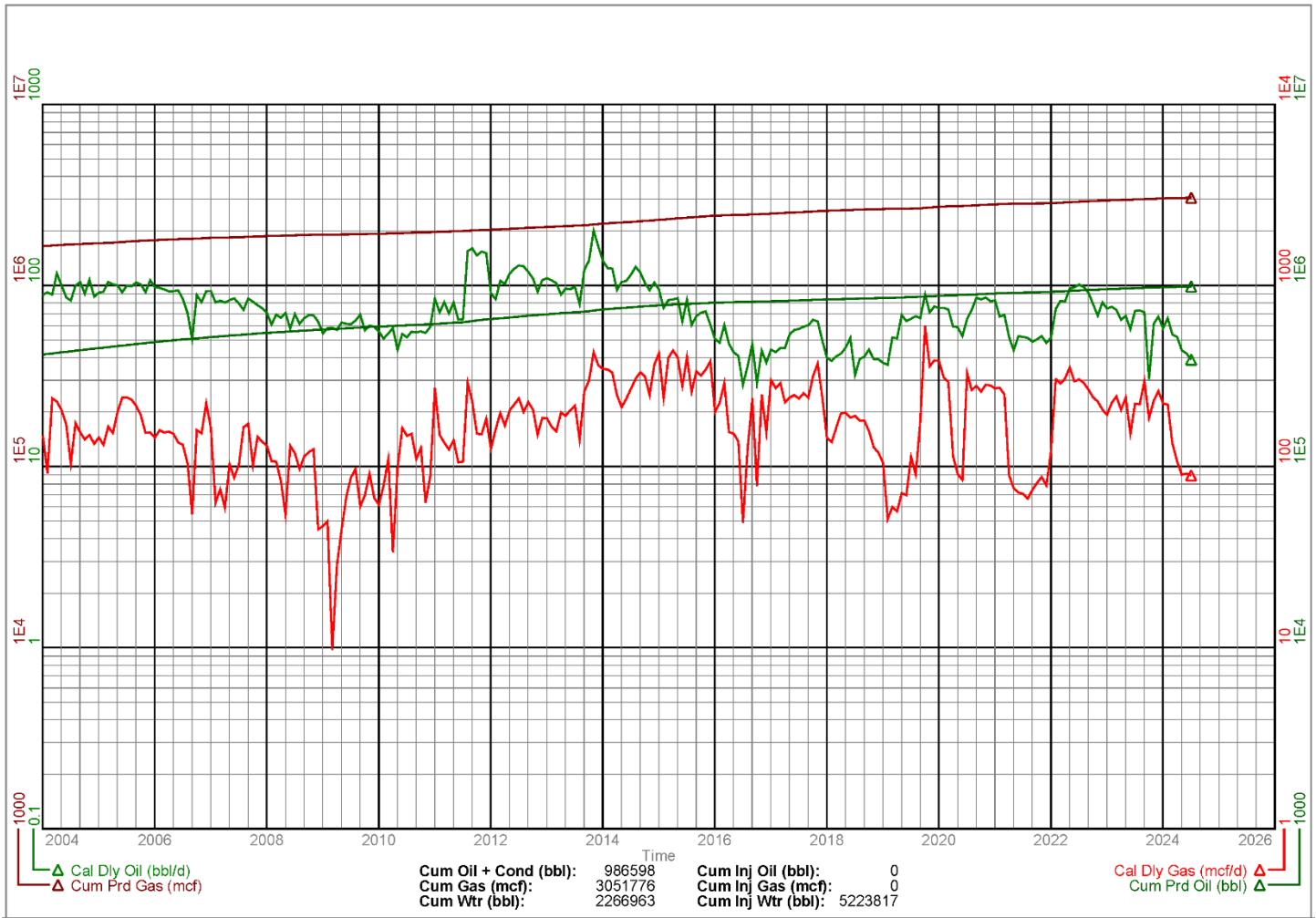
Glauconitic recompletion candidates provide additional upside at *Silver Heights*. The Company has identified a large number of reactivation opportunities including the opportunity to reconfigure pressure support for the reservoir and increase production through expanded water handling.







Silver Heights, Alberta - Gross Production Group Plot





Silver Heights Facilities

CLEO has ownership in a multi-well battery at 14-14-039-10W4 with capacity of 1,260 bbl/d.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Silver Heights Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Silver Heights* property contained remaining proved plus probable reserves of 2.2 million barrels of oil (2.2 million boe), with an estimated net present value of \$27.8 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	1,296	0	0	1,296	\$34,400	\$23,900	\$18,000
Proved Non-Producing/Undeveloped	323	0	0	323	\$9,400	\$6,800	\$5,200
Total Proved	1,619	0	0	1,619	\$43,800	\$30,700	\$23,200
Probable	604	0	0	604	\$20,800	\$8,700	\$4,600
Total Proved Plus Probable	2,223	0	0	2,223	\$64,600	\$39,400	\$27,800

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Silver Heights LMR as of November 2, 2024

As of November 2, 2024, the *Silver Heights* property had a deemed net asset value of \$5.9 million (deemed assets of \$10.7 million and deemed liabilities of \$4.8 million), with an LMR ratio of 2.22.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$10,749,002	\$4,844,889	\$5,904,113	2.22

Silver Heights Well List

See well list in Excel.



**Sedgewick Property****Township 40-42, Range 11-13 W4**

At *Sedgewick*, CLEO holds a 100% working interest in approximately nine sections of land. Production at *Sedgewick* is primarily 28° API oil from the Ellerslie Formation.

Average daily production net to CLEO from *Sedgewick* for the first half of 2024 was approximately 61 boe/d, consisting of 53 bbl/d oil and natural gas liquids and 48 Mcf/d of natural gas. Current production net to CLEO from *Sedgewick* is approximately 35 boe/d, consisting of 25 bbl/d of oil and 61 Mcf/d of natural gas.

The Company believes the 15-05-042-12 pad has significant value and significant production potential, but will require a capital investment for a pipeline tie-in.

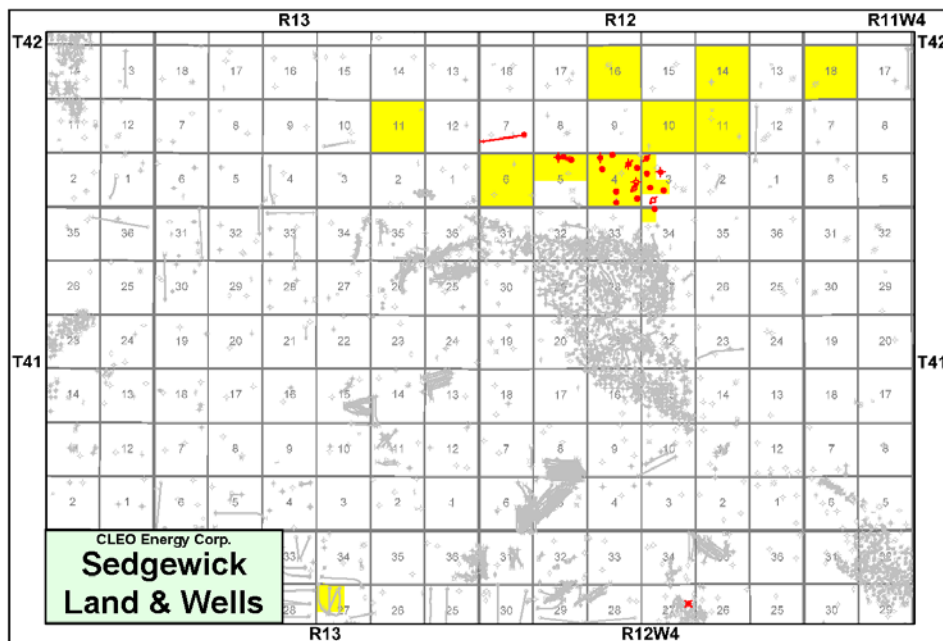
Operating income net to CLEO from *Sedgewick* for the first half of 2024 was approximately \$308,800 per month.

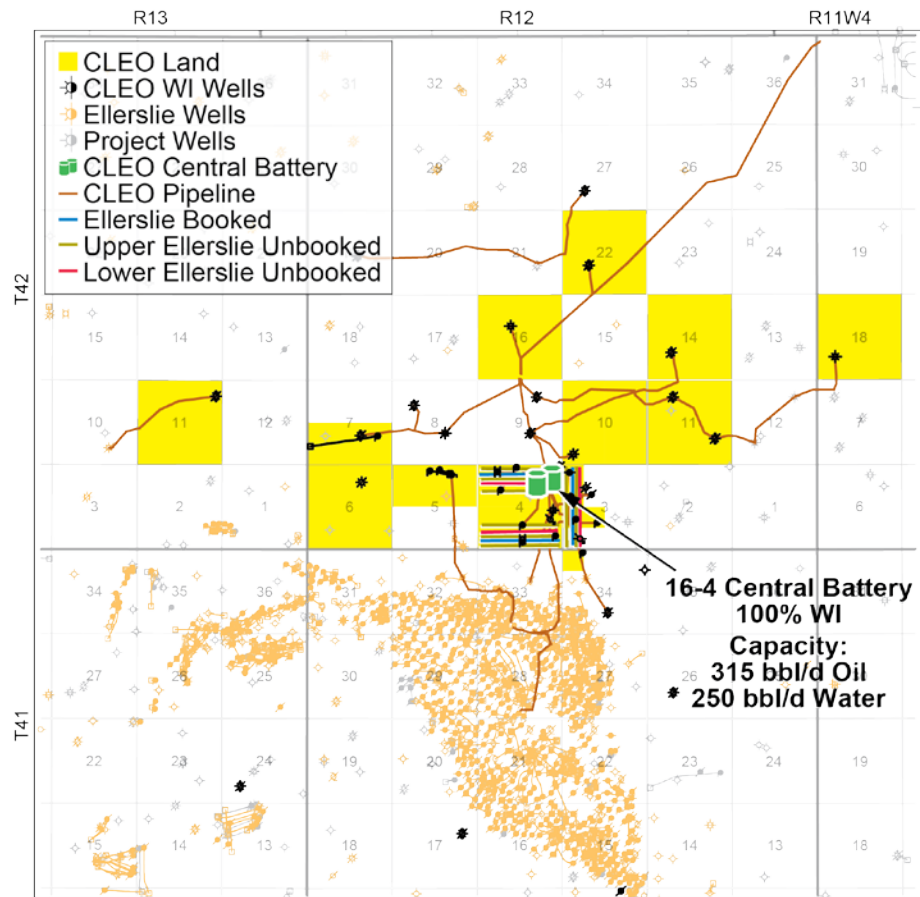
The Company has identified 14 locations, including eight in the Upper Ellerslie and six Lower Ellerslie. Three of the six Lower Ellerslie horizontal locations are booked in the Deloitte Report.

The Company recently recompleted the 09-04-042-12W4 well in the Ellerslie and Sparky formations, which was highly successful, more than doubling production from approximately 2 bbl/d of oil, stabilizing at approximately 5 bbl/d of oil.

CLEO has existing infrastructure with clean oil currently trucked to the 16-04-042-12W4 battery.

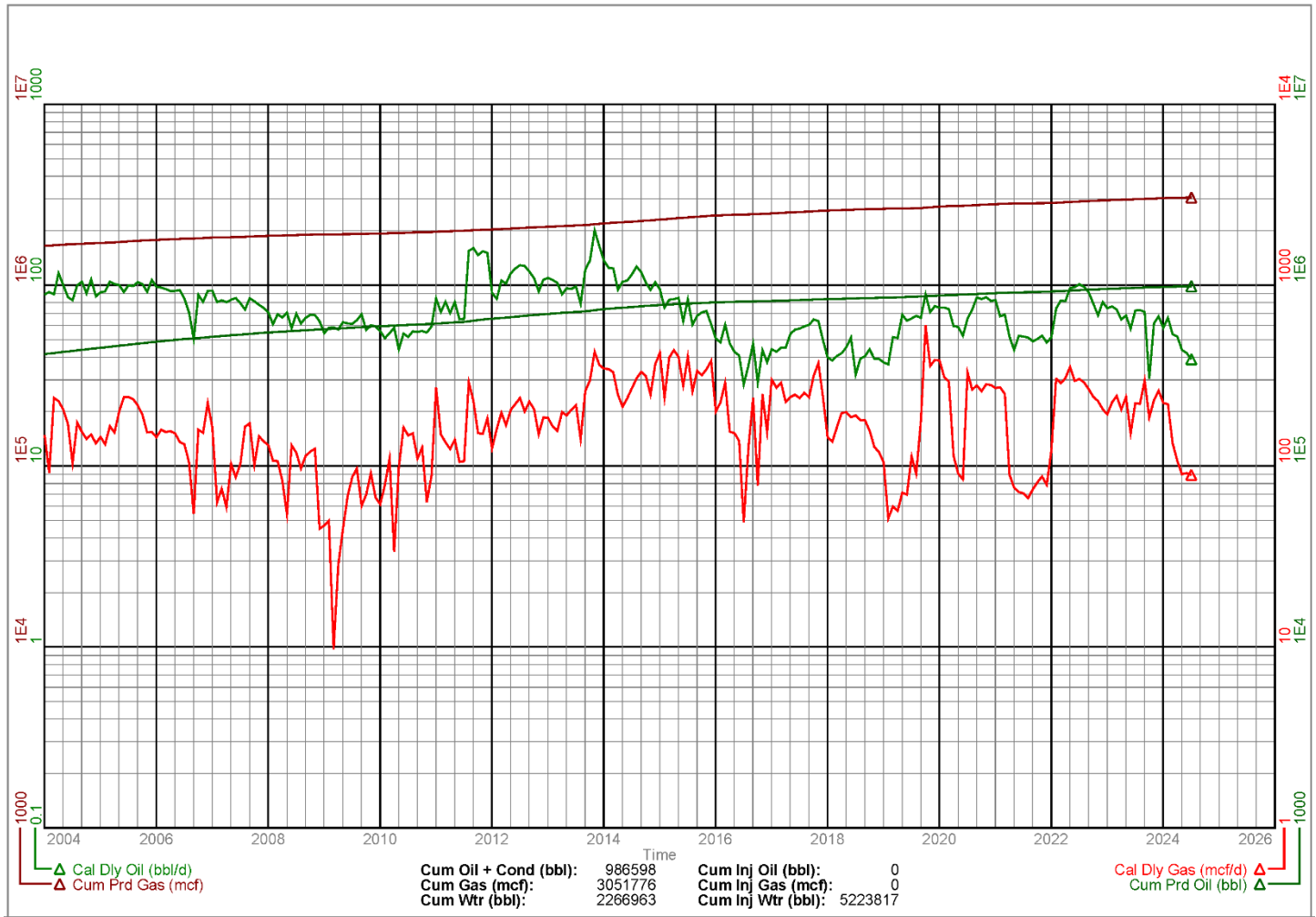
Upside potential exists to recomplete and commingle Glauconitic sand with existing Mannville oil producers. The Upper Ellerslie has porosity of 18% to 30% and water saturation of 17% to 50%. The Lower Ellerslie has porosity of 23% to 28%.







Sedgewick, Alberta - Gross Production Group Plot





Sedgewick Facilities

CLEO has an interest in a multi-well oil battery at 16-04-042-12W4 with 250 bbl/d of capacity.

Clean oil is trucked to the 16-04-042-12W4 battery.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Sedgewick Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Sedgewick* property contained remaining proved plus probable reserves of 514,000 barrels of oil and natural gas liquids and 336 MMcf of natural gas (570,000 boe), with an estimated net present value of \$7.2 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	221	278	4	271	\$8,542	\$6,777	\$5,581
Proved Non-Producing/Undeveloped	181	0	0	181	\$3,288	\$1,284	\$144
Total Proved	402	278	4	452	\$11,830	\$8,061	\$5,725
Probable	108	58	1	118	\$5,086	\$2,533	\$1,439
Total Proved Plus Probable	510	336	4	570	\$16,917	\$10,594	\$7,164

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Sedgewick LMR as of November 2, 2024

As of November 2, 2024, the *Sedgewick* property had a deemed net asset value of \$317,320 (deemed assets of \$2.5 million and deemed liabilities of \$2.1 million), with an LMR ratio of 1.15.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,496,494	\$2,179,174	\$317,320	1.15

Sedgewick Well List

See well list in Excel.

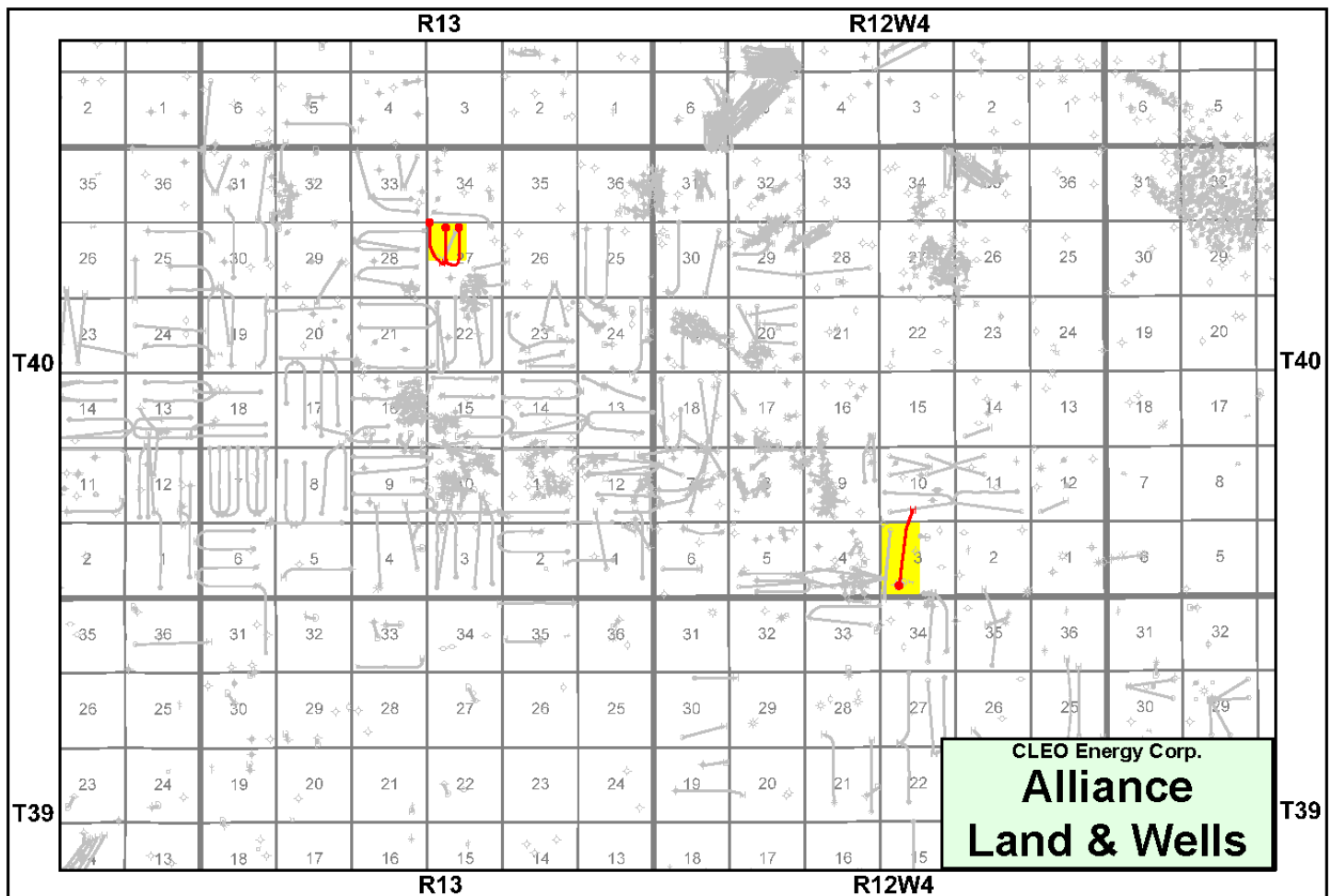


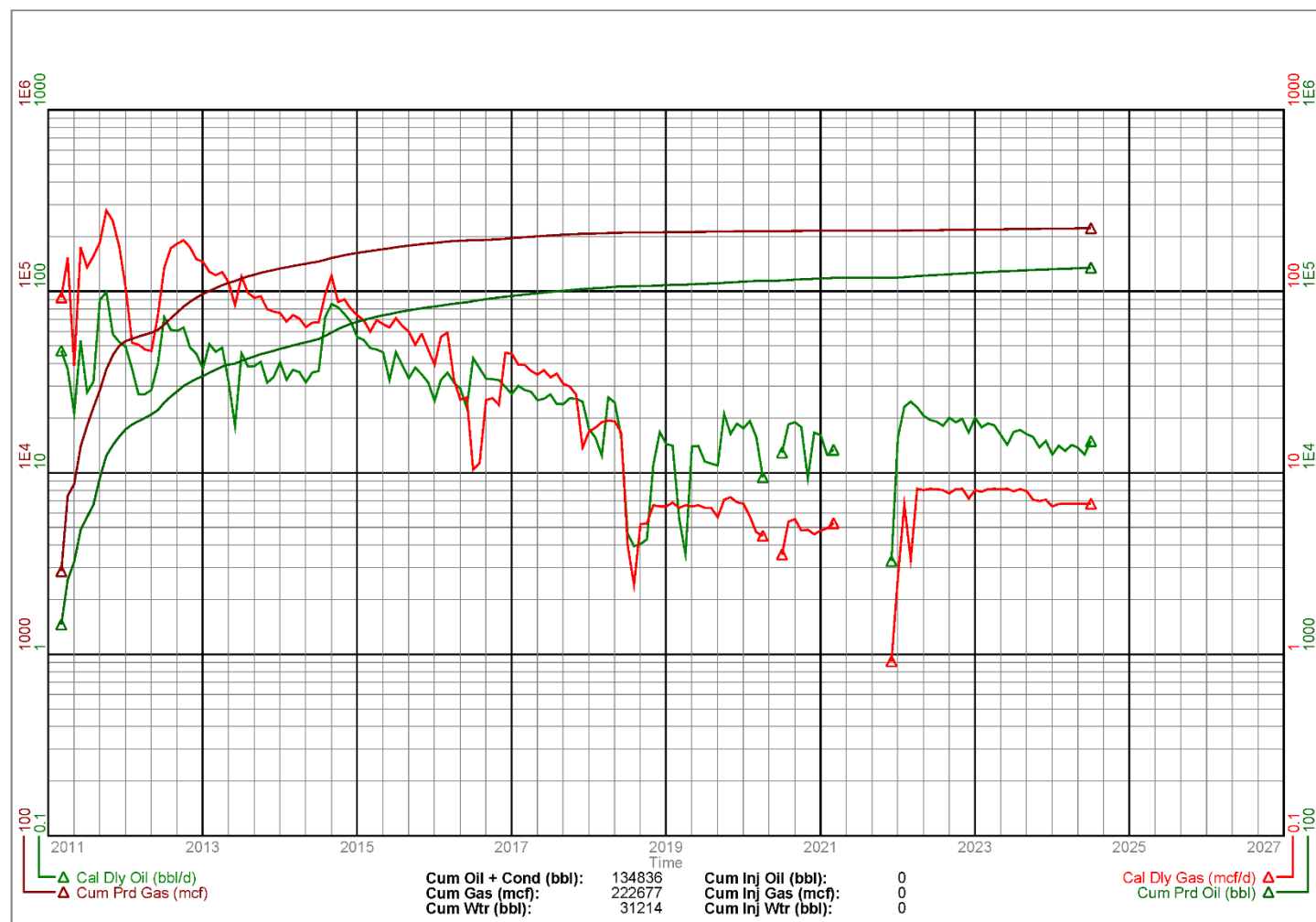
**Alliance Property****Township 40, Range 12-13 W4**

At *Alliance*, CLEO holds a 100% working interest in three quarter sections of land. The Company has stable, low-decline oil production from the Viking Formation. CLEO also has one horizontal drilling location booked in the Deloitte Report on Section 04-03-040-12W4 targeting the same Viking pool.

Average daily production net to CLEO from the *Alliance* property for the first half of 2024 was approximately 15 barrels of oil per day.

Operating income net to CLEO from *Alliance* for the first half of 2024 was approximately \$24,900 per month.



**Alliance, Alberta - Gross Production Group Plot**

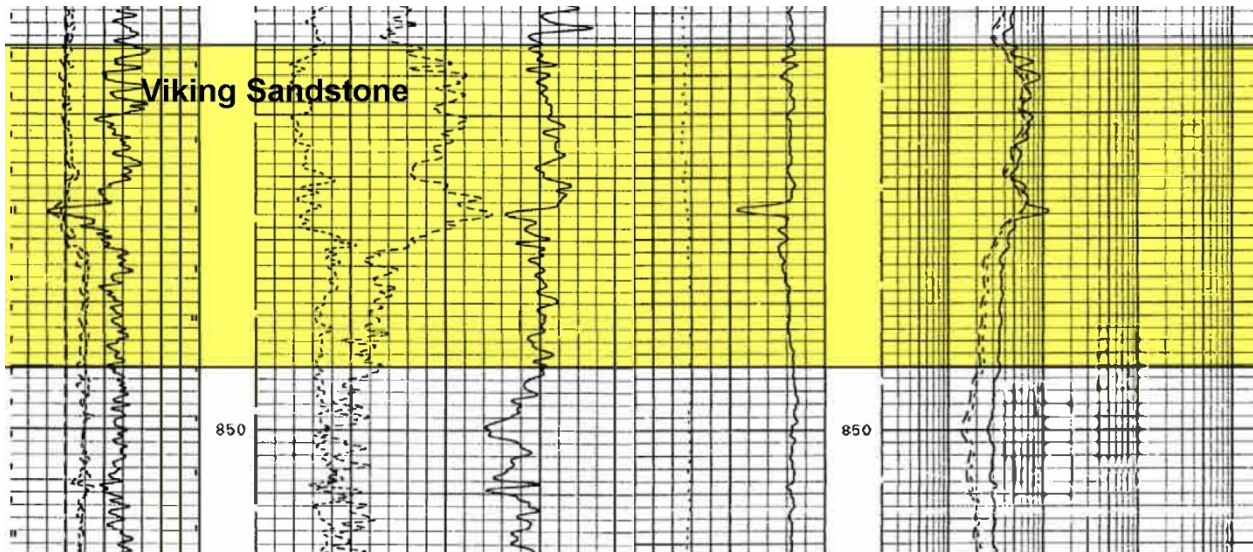


Viking Formation

At *Alliance*, the Viking reservoir is comprised of sandstone within coarsening-upwards cycles from shale to sandstone. The sediments were deposited in the Late Cretaceous period in a shoreface environment.

The following well logs show the Viking Formation at *Alliance*.

1994450AB Provost 102/03-03-040-12W4/0 – Viking Formation Type Log





Alliance Facilities

CLEO does not have ownership in any facilities at *Alliance*.

Alliance Marketing

Oil from *Alliance* is trucked to **Secure Energy Services Inc.**'s facility at 12-30-034-09W4 and sold to Secure.

Alliance Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Alliance* property contained remaining proved plus probable reserves of approximately 95,000 barrels of oil, with an estimated net present value of \$1.3 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	26	0	0	26	\$829	\$800	\$722
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
Total Proved	26	0	0	26	\$829	\$800	\$722
Probable	69	0	0	69	\$1,516	\$939	\$574
Total Proved Plus Probable	95	0	0	95	\$2,345	\$1,739	\$1,296

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Alliance LMR as of November 2, 2024

As of November 2, 2024, the *Alliance* property had a deemed net asset value of \$342,434 (deemed assets of \$586,356 and deemed liabilities of \$243,922), with an LMR ratio of 2.40.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$586,356	\$243,922	\$342,434	2.40

Alliance Well List

See well list in Excel.





Neutral Hills Property

Township 35-37, Range 4-7 W4

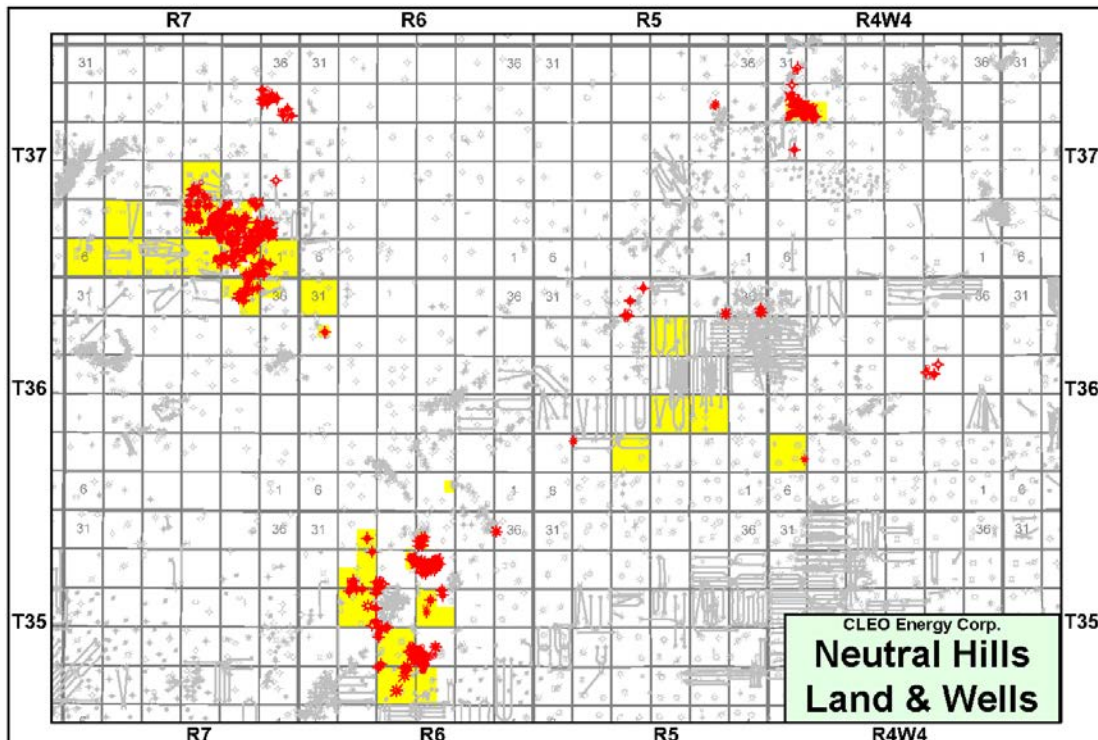
At *Neutral Hills*, CLEO holds primarily a 100% working interest in certain land and wells located in the north block, as well as a 50% working interest operated by **Prairie Provident Resources Corp.** in the south block, and other minor non-operated working interests. *Neutral Hills South* has been shut-in since December 2023. Production at *Neutral Hills* is primarily oil from the Dina Formation.

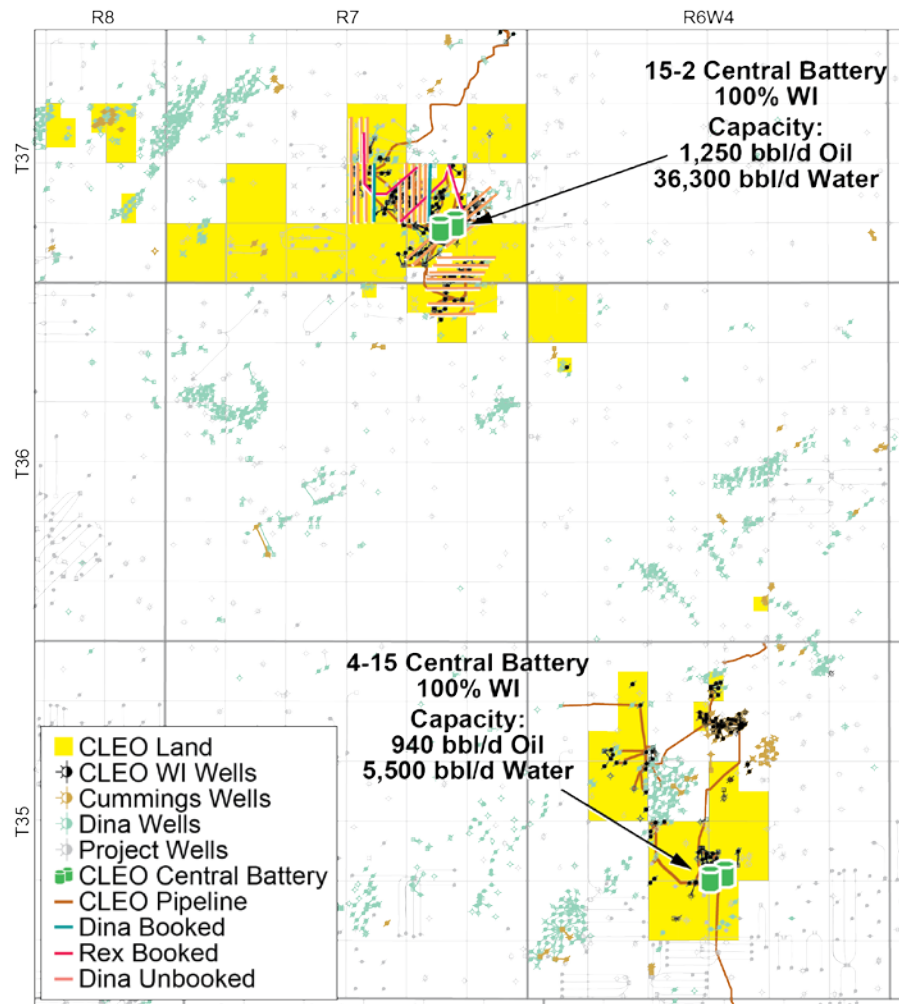
Average daily production net to CLEO from *Neutral Hills* for the first half of 2024 was approximately 54 boe/d, consisting of 51 bbl/d oil and natural gas liquids and 16 Mcf/d of natural gas. The Company has identified 25 bbl/d of oil to be brought back on production as soon as possible and an additional 50 bbl/d to be brought back on with an estimated cost of approximately \$300,000.

Current production net to CLEO from *Neutral Hills* is approximately 75 boe/d. In 2024, CLEO spent upwards of \$500,000 on pipeline repairs and recompletions to restore approximately 75 bbl/d of oil production that was down due to a pipeline break. With the pipeline repairs, the field has long lasting pipeline integrity. CLEO has identified drilling upside in the Rex, Dina and Cummings formations, with five locations booked in the Deloitte Report. CLEO has also identified three unbooked Rex multi-laterals and two Dina horizontal wells and an additional 23 internally identified unbooked Dina locations. CLEO's booked inventory at *Neutral Hills* is the only property where it has booked multilateral wells.

Operating income net to CLEO from *Neutral Hills* for the first half of 2024 was approximately (\$80,100) per month. *Neutral Hills* had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month.

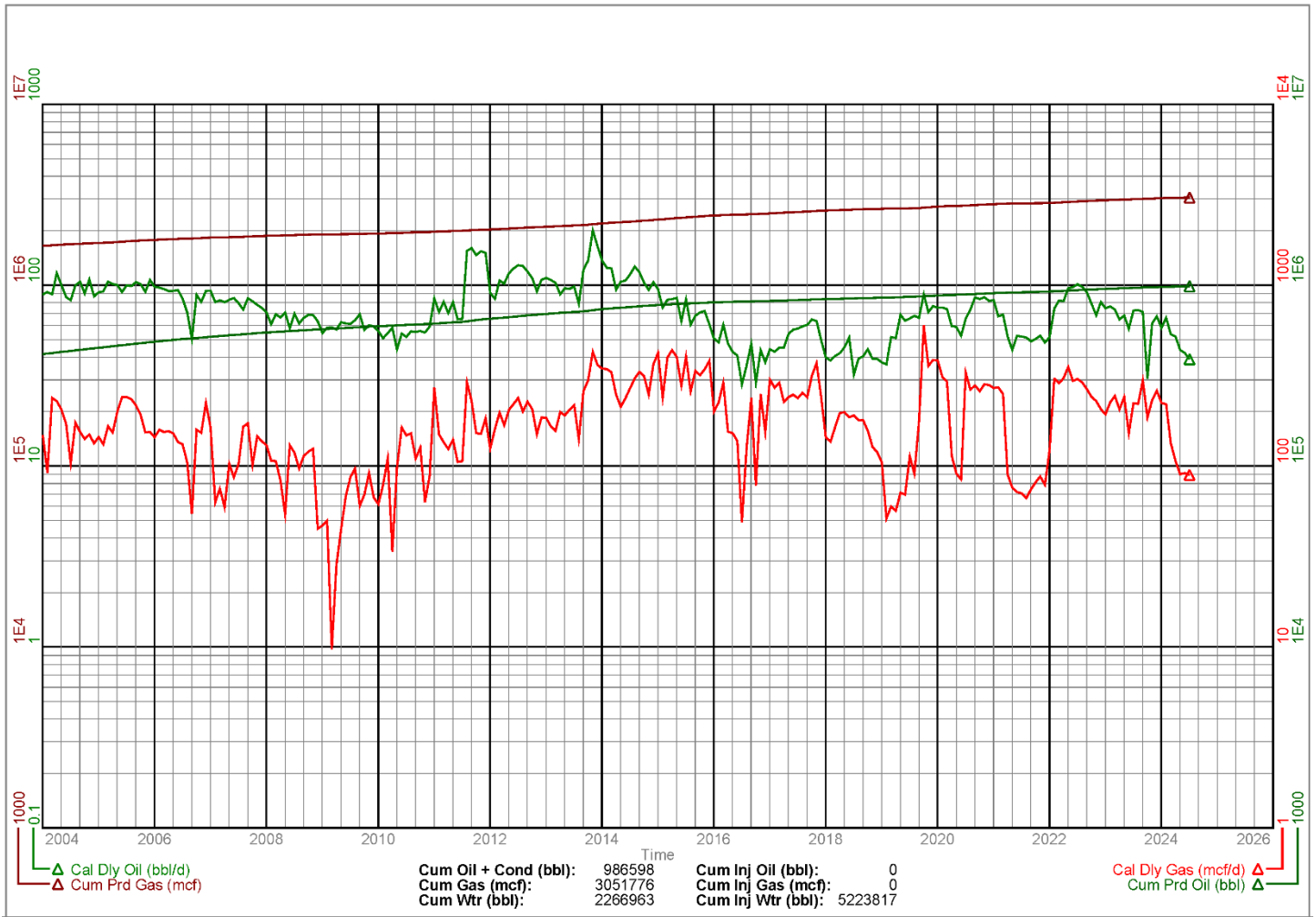
The Company has also identified numerous Cummings recompletion opportunities at *Neutral Hills*, as well as a potential opportunity for reduction in operating expenses through power generation.







Neutral Hills, Alberta - Gross Production Group Plot





Neutral Hills Facilities

CLEO has ownership in two multi-well oil batteries at *Neutral Hills* at 15-02-037-07W4 battery and 04-15-035-06W4 with capacity of 1,250 bbl/d.

Production is pipeline connected to **Inter Pipeline Ltd.**

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Neutral Hills Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Neutral Hills* property contained remaining proved plus probable reserves of 845,000 barrels of oil and natural gas liquids and 151 MMcf of natural gas (870,000 boe), with an estimated net present value of \$4.2 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	310	100	3	329	\$1,185	\$1,224	\$1,148
Proved Non-Producing/Undeveloped	136	0	0	136	\$1,979	\$1,347	\$941
Total Proved	445	100	3	465	\$3,164	\$2,571	\$2,089
Probable	395	51	1	405	\$7,240	\$3,958	\$2,152
Total Proved Plus Probable	841	151	4	870	\$10,404	\$6,529	\$4,241

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Neutral Hills LMR as of November 2, 2024

As of November 2, 2024, the *Neutral Hills* property had a deemed net asset value of (\$3.4 million) (deemed assets of \$2.8 million and deemed liabilities of \$6.2 million), with an LMR ratio of 0.45.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,796,218	\$6,206,355	(\$3,410,136)	0.45

Neutral Hills Well List

See well list in Excel.





Shorncliffe Property

Township 40, Range 7-8 W4

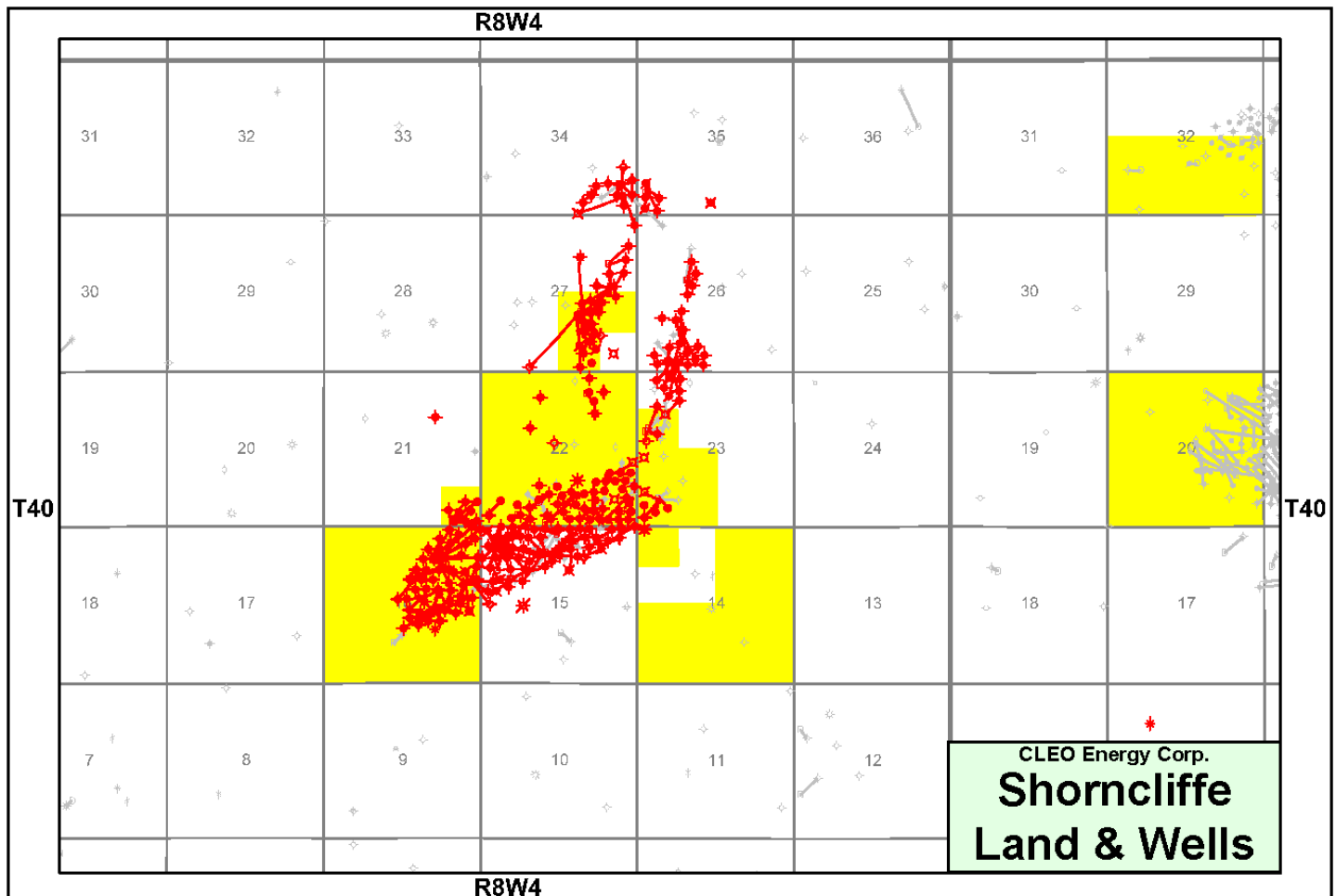
At *Shorncliffe*, CLEO holds largely a 100% working interest in 4.75 sections of land, as well as a 25% non-operated working interest. The Company's non-operated working interest wells are operated by **Harvest Operations Corp.** Production at *Shorncliffe* is primarily 20° API oil from the Ellerslie, Glauconitic Sandstone and Basal Quartz formations.

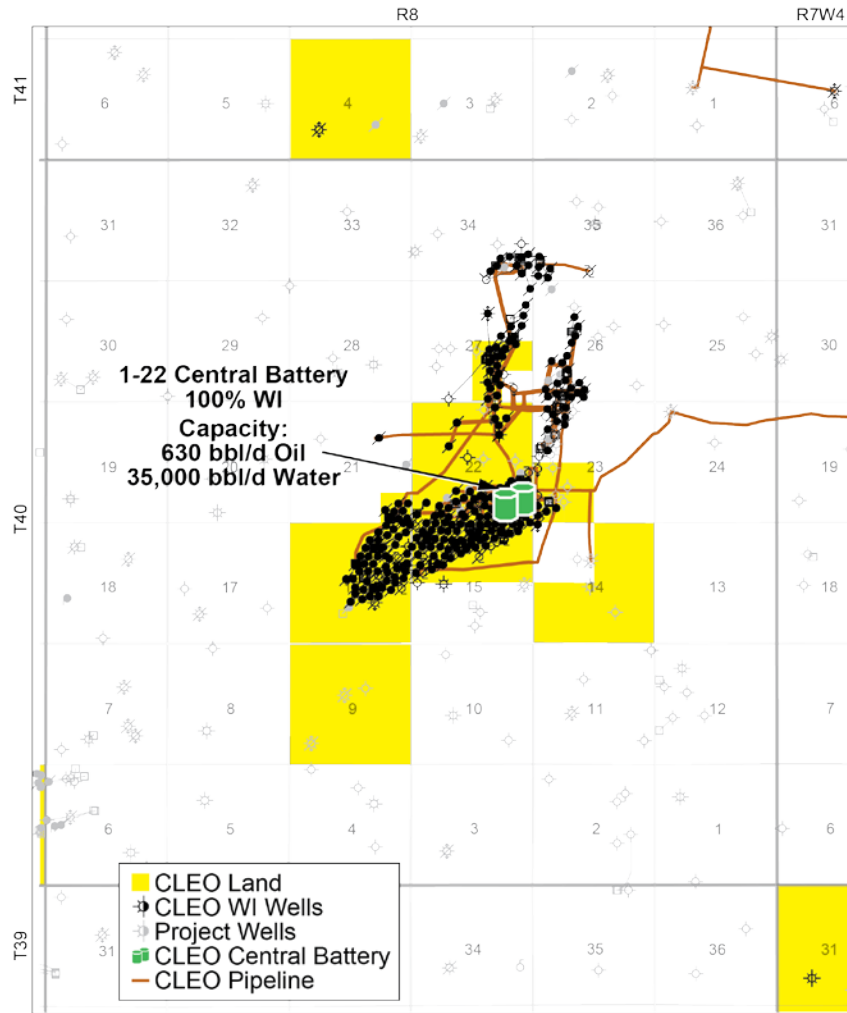
Average daily production net to CLEO from *Shorncliffe* for the first half of 2024 was approximately 135 bbl/d oil. Current production net to CLEO from *Shorncliffe* is approximately 95 bbl/d of oil.

Operating income net to CLEO from *Shorncliffe* for the first half of 2024 was approximately \$18,100 per month. *Shorncliffe* had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

The *Shorncliffe* property is the location of the Company's main field office. The property has two producing fields which are connected to a central battery which is pipeline connected to **Inter Pipeline Ltd.**

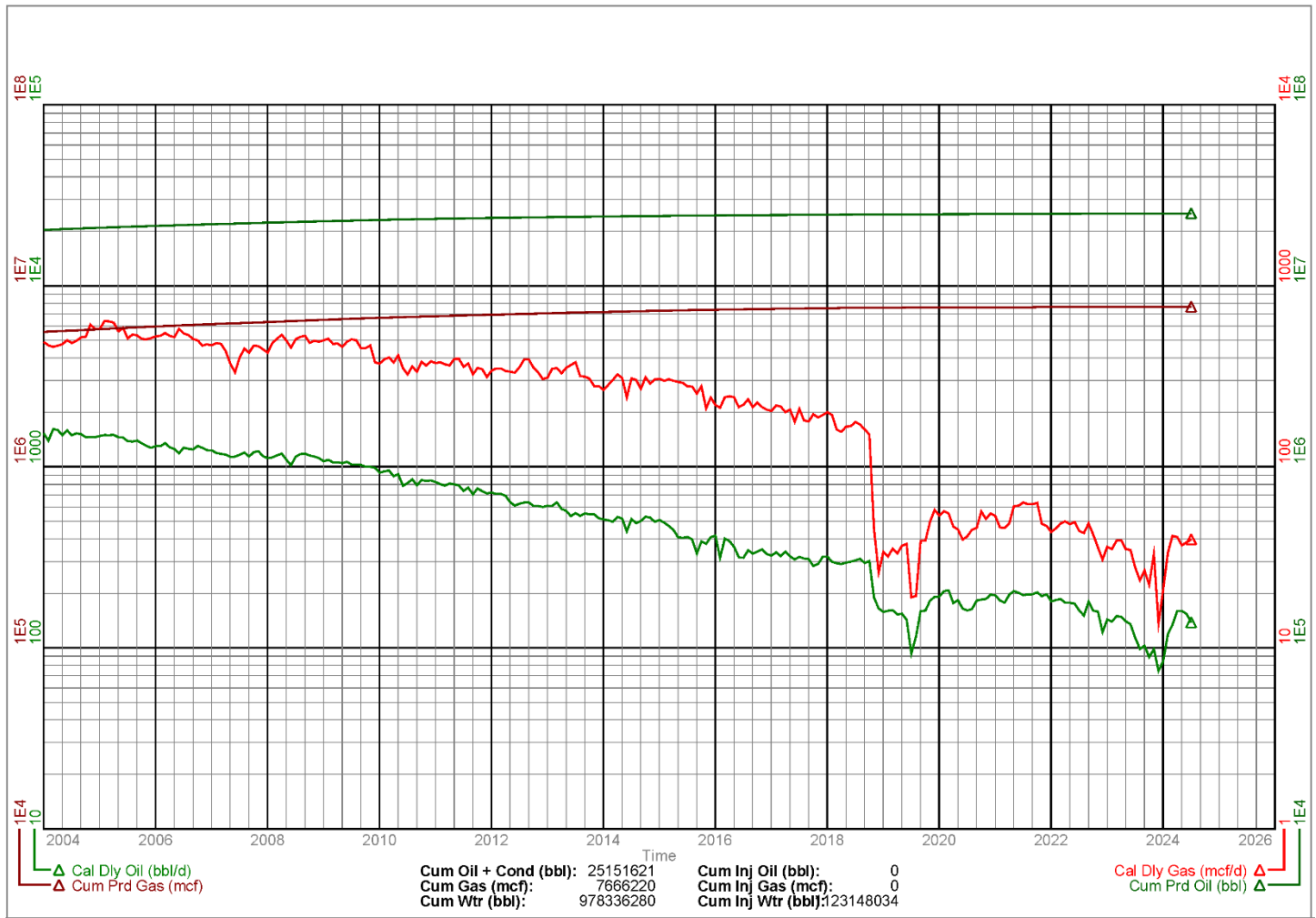
CLEO believes that additional water handling and conversion to a new water injection well could support an increase in overall production levels.







Shorncliffe, Alberta - Gross Production Group Plot





Shorncliffe Facilities

CLEO has ownership in a central battery at 01-22-040-08 with capacity of 630 bbl/d.

Production is pipeline connected to **Inter Pipeline Ltd.**

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.

Shorncliffe Reserves

Deloitte LLP ("Deloitte") prepared an independent reserves evaluation of the Properties (the "Deloitte Report") as part of the Company's year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte's January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Shorncliffe* property contained remaining proved plus probable reserves of 431,000 barrels of oil (431,000 boe), with an estimated net present value of \$2.1 million using forecast pricing at a 10% discount.

	Deloitte LLP as at December 31, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	275	0	0	275	\$448	\$867	\$1,021
Proved Non-Producing/Undeveloped	7	0	0	7	\$197	\$178	\$159
Total Proved	281	0	0	281	\$645	\$1,046	\$1,181
Probable	150	0	0	150	\$1,742	\$1,297	\$966
Total Proved Plus Probable	431	0	0	431	\$2,387	\$2,343	\$2,146

The reserve estimates and forecasts of production and revenues for the Company's Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the "Total" row may not correspond to the total of the values presented due to rounding.

Shorncliffe LMR as of November 2, 2024

As of November 2, 2024, the *Shorncliffe* property had a deemed net asset value of \$517,841 (deemed assets of \$5.3 million and deemed liabilities of \$4.8 million), with an LMR ratio of 1.11.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$5,286,408	\$4,768,567	\$517,841	1.11

Shorncliffe Well List

See well list in Excel.



**Fabyan Property****Township 41-46, Range 6-11 W4**

At *Fabyan*, CLEO holds largely a 100% working interest in approximately 120 sections of land. Production at *Fabyan* is primarily shallow natural gas from the Viking Formation.

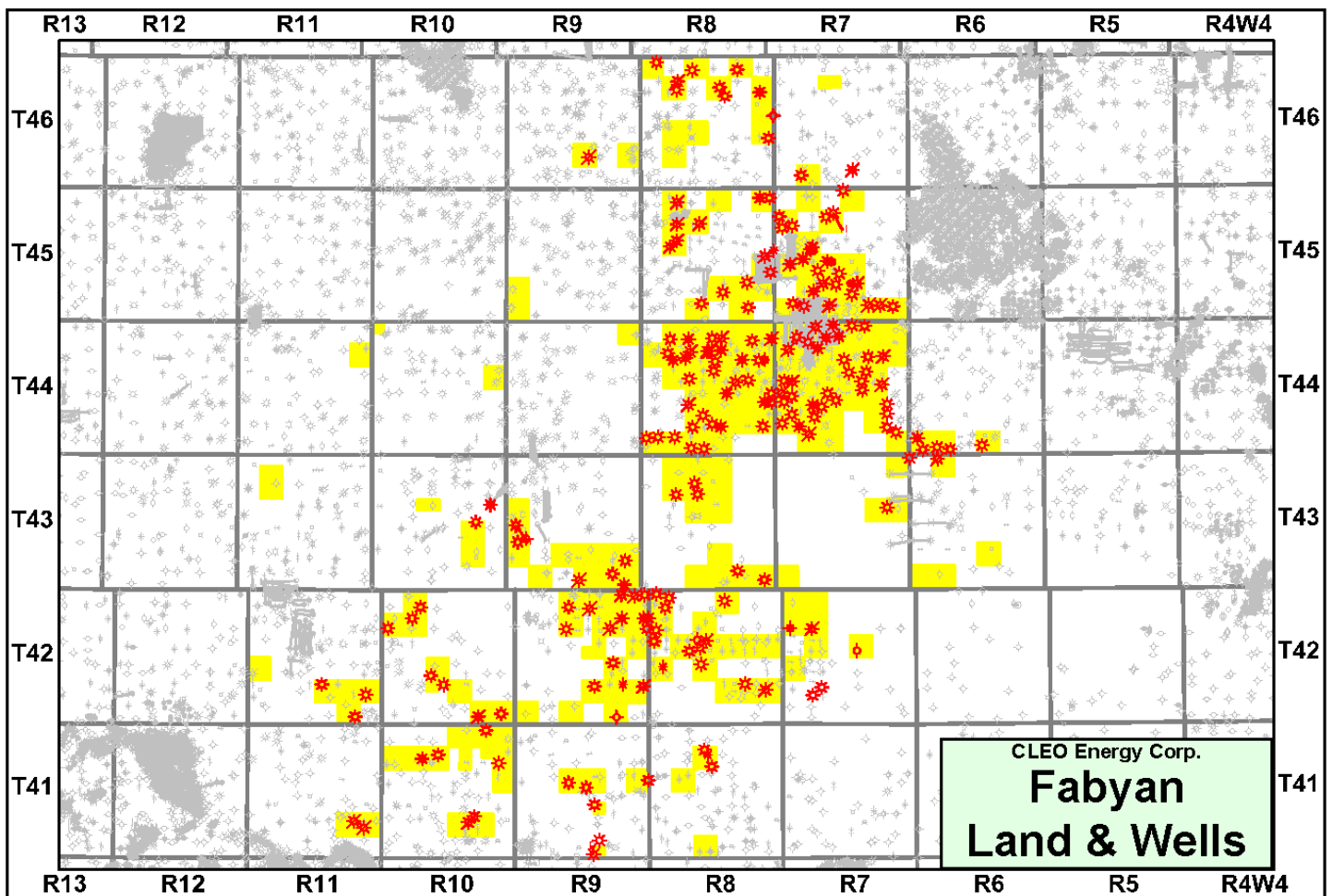
Current production from *Fabyan* is shut-in.

The Company believes the 100/11-10-045-07W4/3 Sparky and Colony well at *Fabyan* is capable of producing \$250,000 per year in net operating income.

Average daily production net to CLEO from *Fabyan* for the first half of 2024 was approximately 345 boe/d, consisting of 1,978 Mcf/d of natural gas and 15 bbl/d oil and natural gas liquids.

Operating income net to CLEO from *Fabyan* for the first half of 2024 was approximately (\$184,600) per month.

CLEO believes there is potential for future power generation or Bitcoin mining at *Fabyan*.





Infrastructure

CLEO controls all of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The area has significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

Further details relating to CLEO's pipeline infrastructure will be available in the virtual data room for parties that execute a confidentiality agreement.

Fabyan Facilities

CLEO does not have ownership in any facilities at *Fabyan*. The Company has a natural gas processing and handling agreement in place with **Durham Creek Energy Ltd.** under which CLEO's natural gas is processed at the *Fabyan* 06-08-045-07W4 natural gas plant for a handling charge of \$0.55/Mcf.

Fabyan Reserves

The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2013.

Fabyan LMR as of November 2, 2024

As of November 2, 2024, the *Fabyan* property had a deemed net asset value of (\$13.3 million) (deemed assets of \$10.1 million and deemed liabilities of \$23.3 million), with an LMR ratio of 0.43.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$10,052,715	\$23,346,309	(\$13,293,594)	0.43

The Company recognizes there are a significant number of abandoned wells, however; a large amount of the liabilities at *Fabyan* are associated to reclamation only.

Fabyan Well List

See well list in Excel.



**Enchant/Taber Property****Township 9-14, Range 14-20 W4**

At *Enchant/Taber*, CLEO holds largely a 99.7% working interest in approximately 36 sections of land. Production at *Enchant* consists of stable, low-decline natural gas.

CLEO currently has a Bitcoin mining operation at *Enchant*.

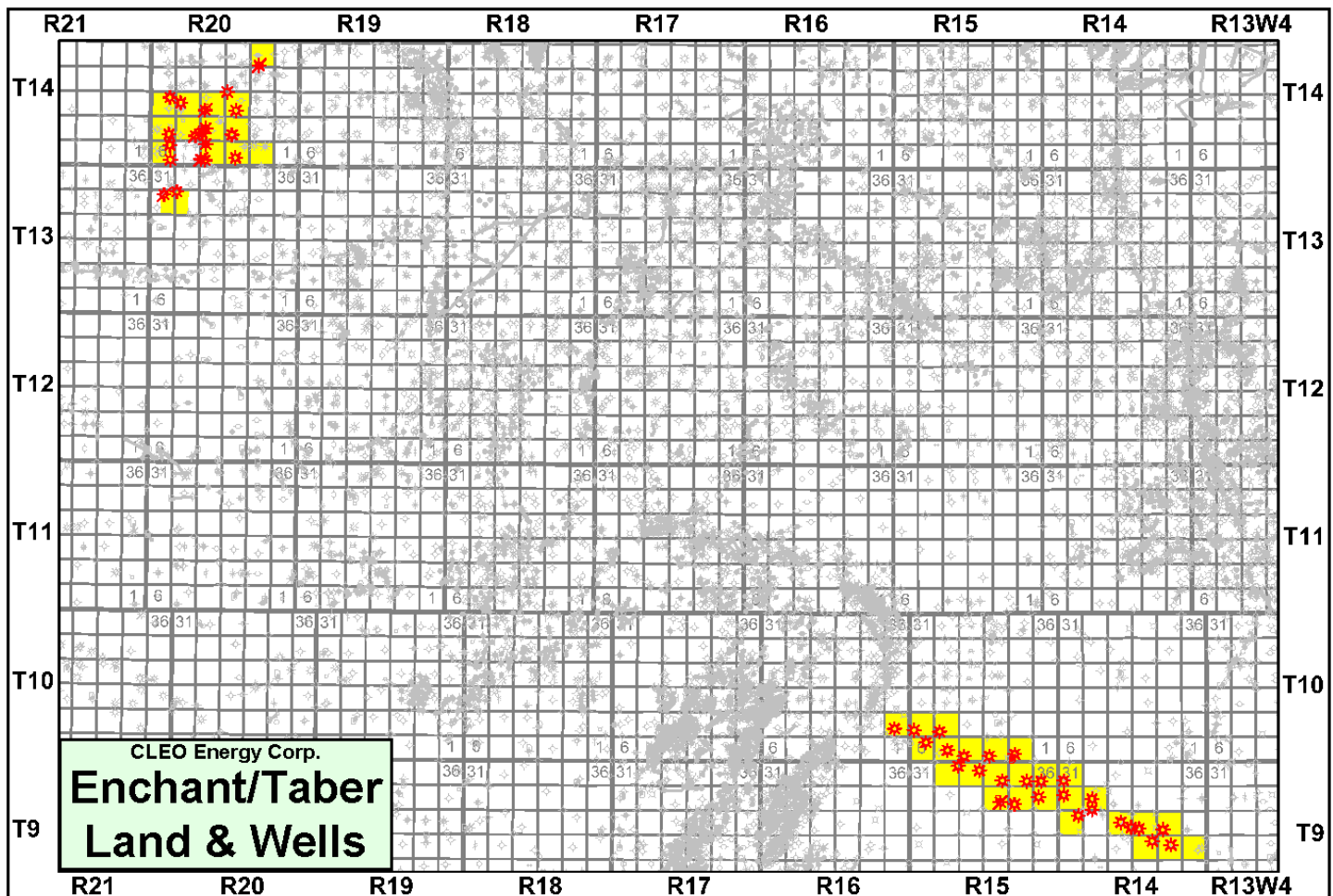
Average daily production net to CLEO from *Enchant* for the first half of 2024 was approximately 20 boe/d, consisting of 121 Mcf/d of natural gas.

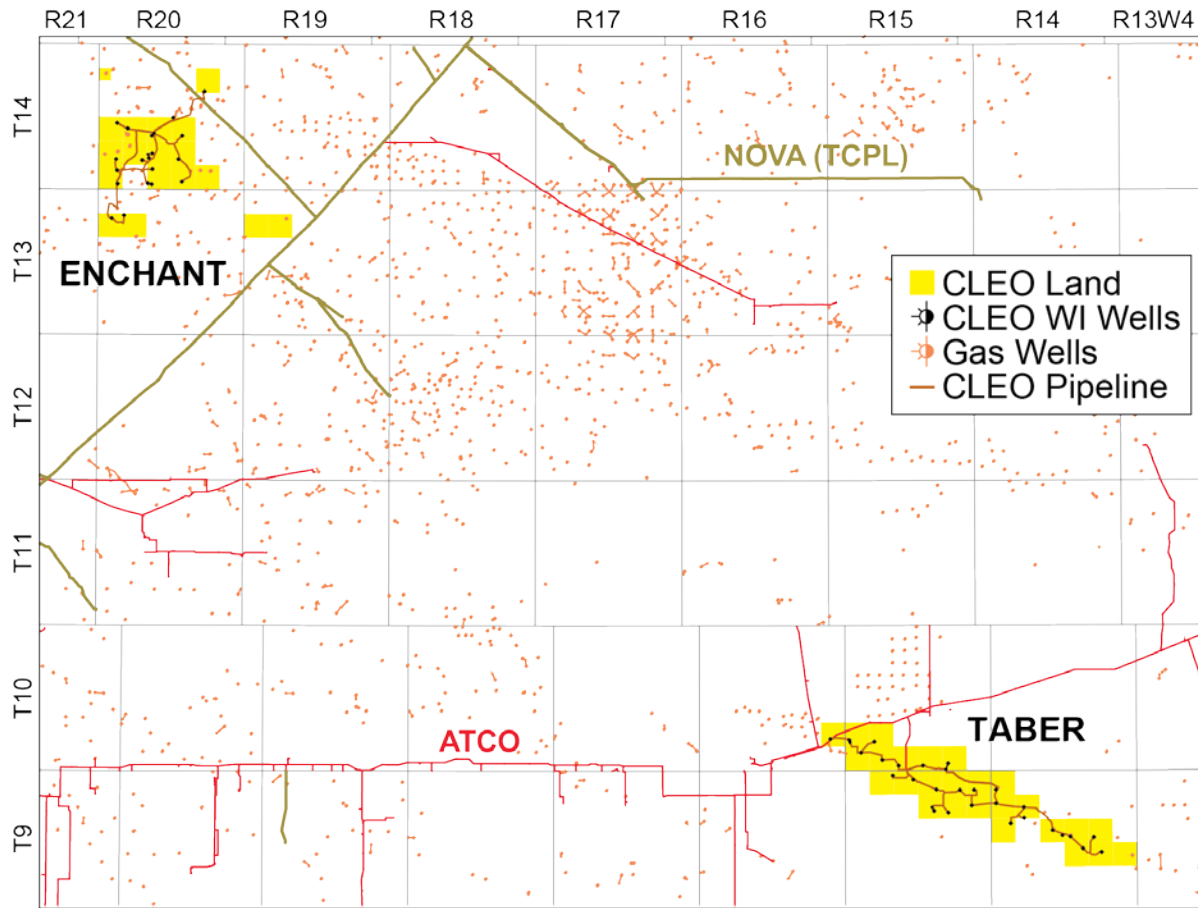
The *Taber* property is currently shut-in.

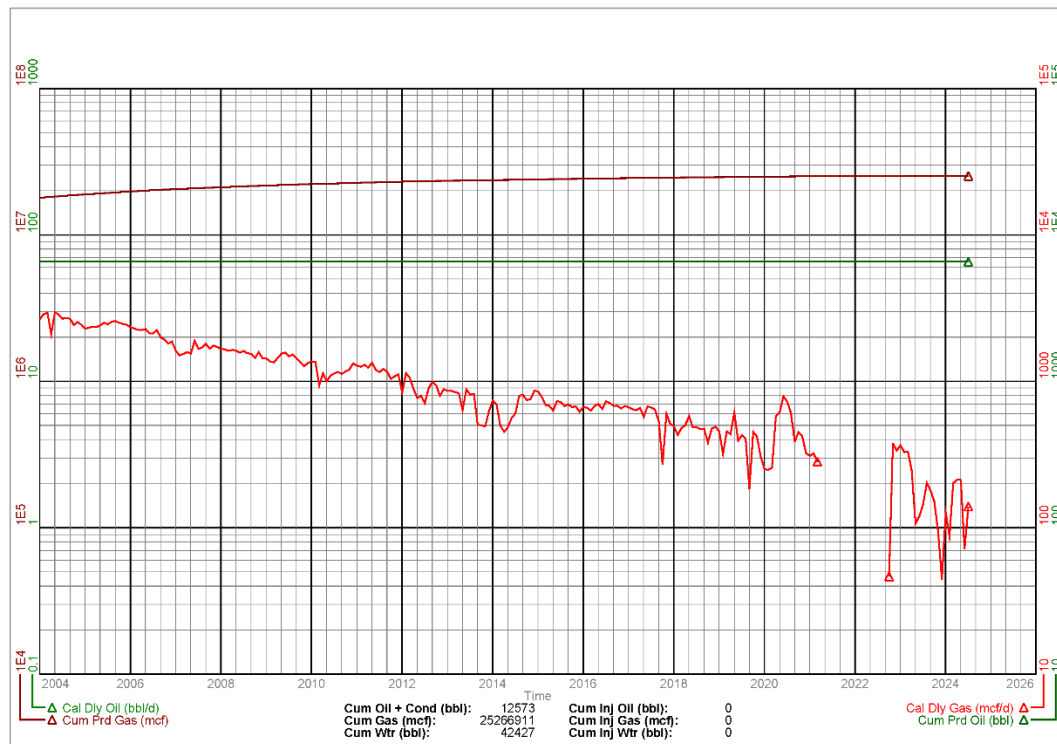
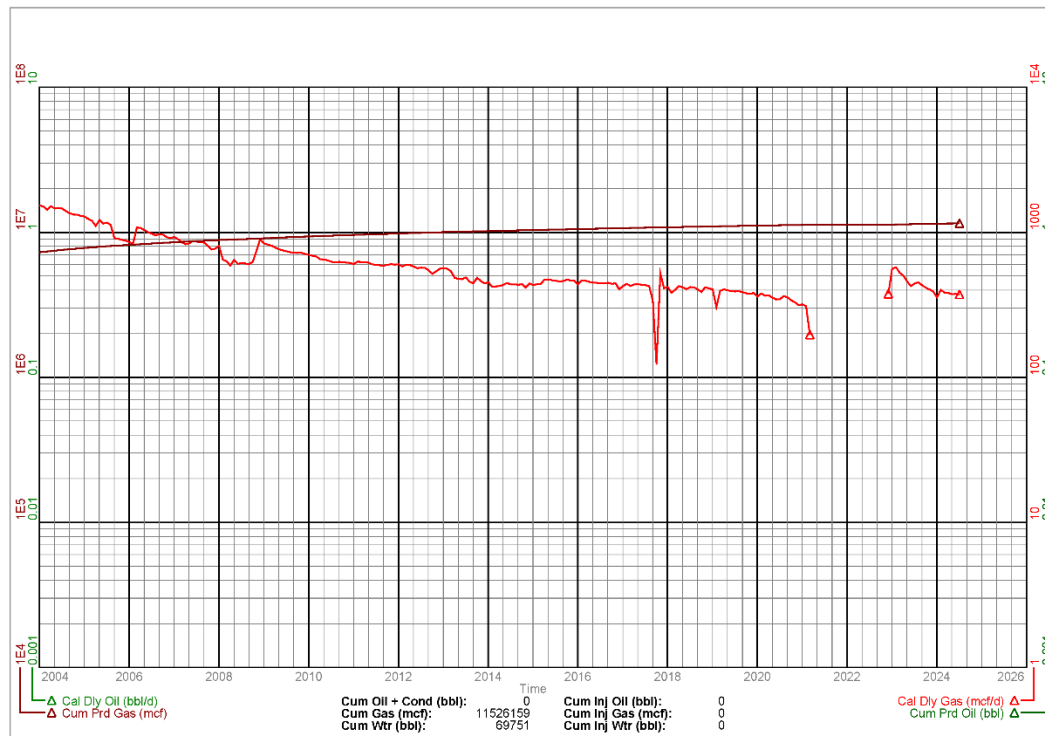
Average daily production net to CLEO from *Taber* for the first half of 2024 was approximately 56 boe/d, consisting of 335 Mcf/d of natural gas.

Operating income net to CLEO from *Enchant* for the first half of 2024 was approximately (\$6,200) per month.

Operating income net to CLEO from *Taber* for the first half of 2024 was approximately (\$15,000) per month.





**Enchant, Alberta - Gross Production Group Plot****Taber, Alberta - Gross Production Group Plot**



Enchant/Taber Facilities

CLEO currently has a Bitcoin mining operation at *Enchant*.

Natural gas egress at *Taber* is through ATCO sales line connected to TC Energy through a CLEO owned facility.

Further details on the Company's facilities are available in the virtual data room for parties that sign a confidentiality agreement.





Enchant/Taber Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Enchant* property contained remaining proved plus probable reserves of 1.2 Bcf of natural gas (200,000 boe), with an estimated net present value of \$838,000 using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	0	700	0	117	(\$70)	\$323	\$450
Proved Non-Producing/Undeveloped	0	145	0	24	\$105	\$160	\$162
Total Proved	0	845	0	141	\$35	\$482	\$612
Probable	0	357	0	60	\$460	\$405	\$227
Total Proved Plus Probable	0	1,202	0	200	\$496	\$888	\$838

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Taber* property contained remaining proved plus probable reserves of 946 MMcf of natural gas (158,000 boe), with an estimated net present value of \$847,000 using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	0	651	0	108	(\$293)	\$291	\$516
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
Total Proved	0	651	0	108	(\$293)	\$291	\$516
Probable	0	296	0	49	\$396	\$400	\$331
Total Proved Plus Probable	0	946	0	158	\$103	\$691	\$847

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.





Enchant/Taber LMR as of November 2, 2024

As of November 2, 2024, the *Enchant* property had a deemed net asset value of (\$897,078) (deemed assets of \$547,146 and deemed liabilities of \$1.4 million), with an LMR ratio of 0.38.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$547,146	\$1,444,224	(\$897,078)	0.38

As of November 2, 2024, the *Taber* property had a deemed net asset value of (\$119,148) (deemed assets of \$1.5 million and deemed liabilities of \$1.5 million), with an LMR ratio 0.93.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$1,517,235	\$1,636,383	(\$119,148)	0.93

Enchant/Taber Well List

See well list in Excel.

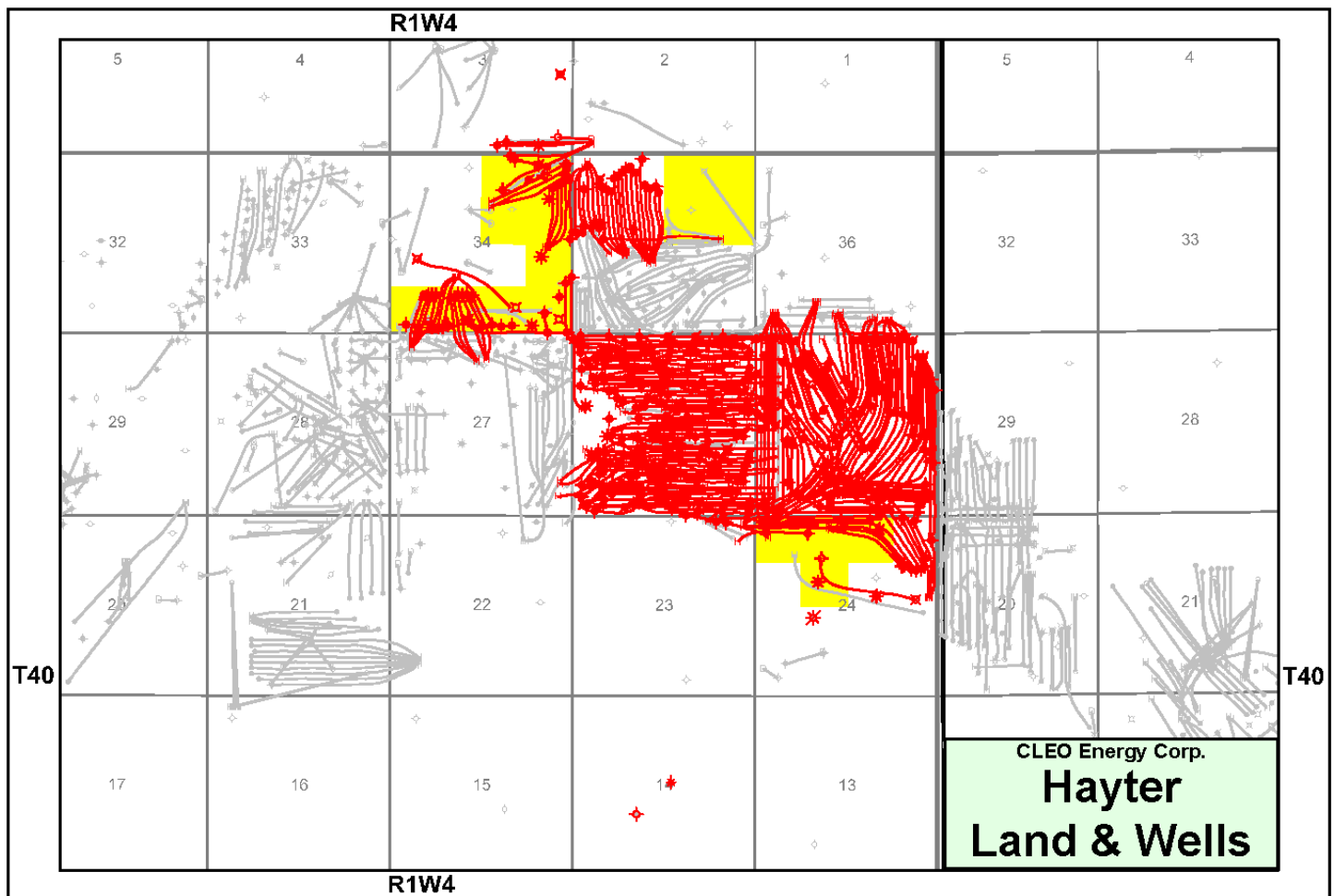


**Hayter Property****Township 40-41, Range 1 W4**

At *Hayter*, CLEO holds primarily minor non-operated working interest in approximately one section of land. Production at *Hayter* is operated by **Harvest Operations Corp.** and **Rife Resources Ltd.**

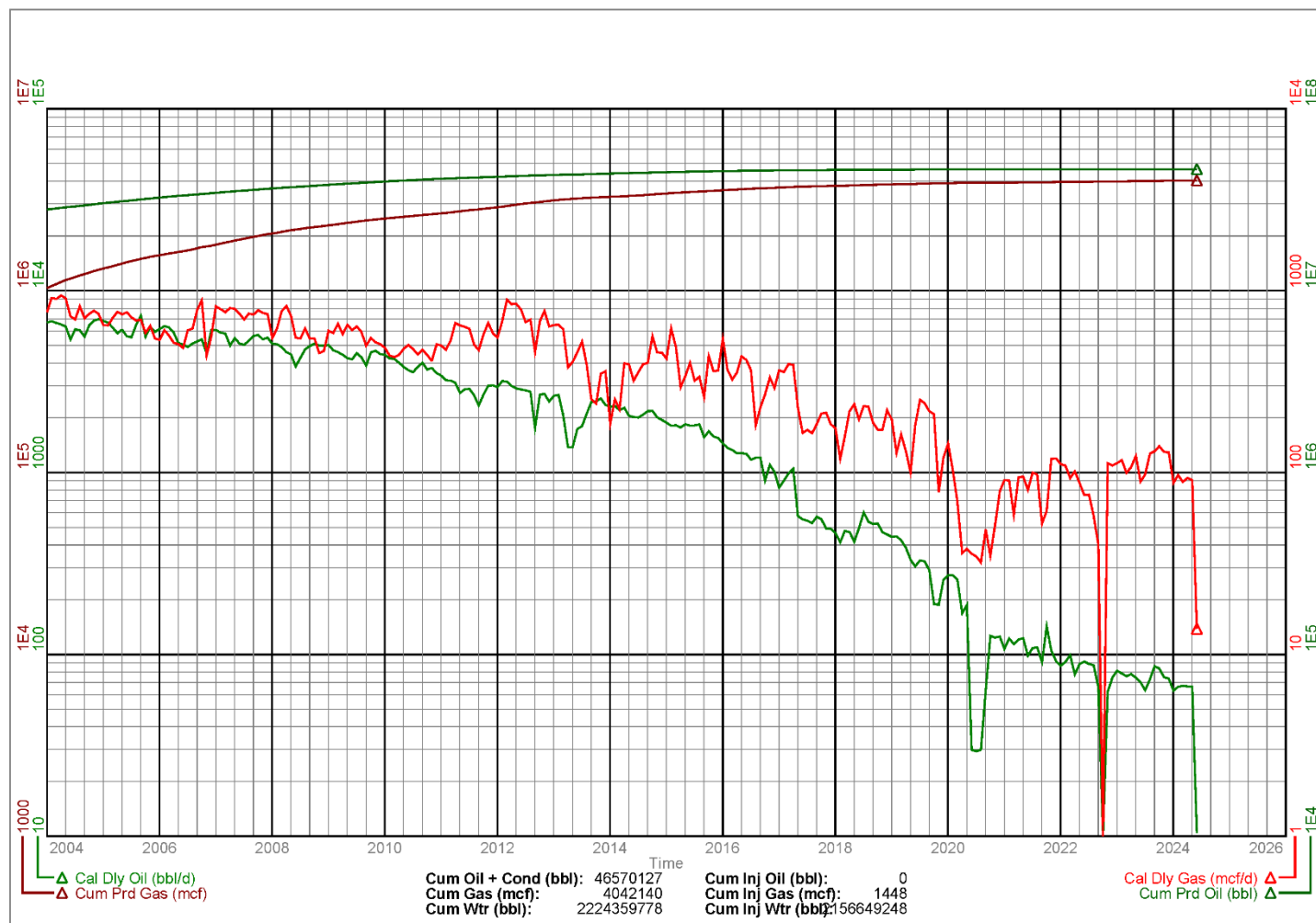
Average daily production net to CLEO from *Hayter* for the first half of 2024 was approximately 6 boe/d, consisting of 5 bbl/d oil and 3 Mcf/d of natural gas. There is no current production net to CLEO from *Hayter*.

Operating income net to CLEO from *Hayter* for the first half of 2024 was approximately (\$28,300) per month.





Hayter, Alberta - Gross Production Group Plot





Hayter Facilities

CLEO does not have ownership in the following facility At *Hayter*,

Hayter Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Hayter* property contained remaining proved plus probable reserves of 60,000 barrels of oil and natural gas liquids and 193 MMcf of natural gas (92,000 boe), with an estimated net present value of (\$413,000) using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	35	126	0	57	(\$1,068)	(\$850)	(\$704)
Proved Non-Producing/Undeveloped	4	0	0	4	\$162	\$133	\$110
Total Proved	39	126	0	61	(\$906)	(\$717)	(\$594)
Probable	20	67	0	31	\$602	\$304	\$180
Total Proved Plus Probable	59	193	1	92	(\$304)	(\$413)	(\$413)

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

The *Hayter* reserves table includes reserves values and volumes for the non-operated portions of the *Silver Heights*, *Sedgewick*, *Kessler* and *Fabyan* properties.

Hayter LMR as of November 2, 2024

As of November 2, 2024, the *Hayter* property had a deemed net asset value of (\$540,786) (deemed assets of \$0 and deemed liabilities of \$540,786), with an LMR ratio of 0.00.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$0	\$540,786	(\$540,786)	0.00

Hayter Well List

See well list in Excel.





Atlee Property

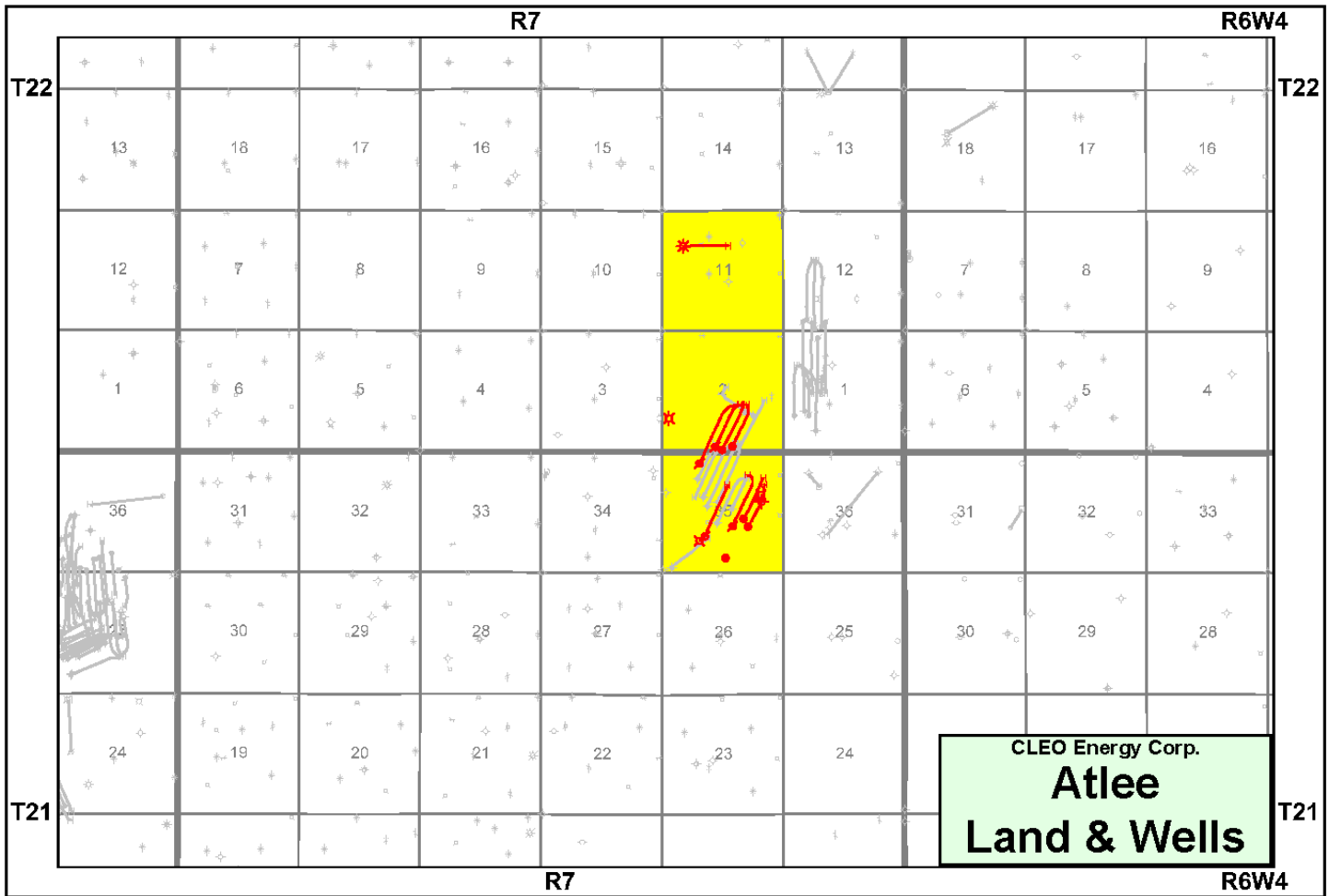
Township 21-22, Range 7 W4

At *Atlee*, CLEO holds largely a 100% working interest in three sections of land. Production at *Atlee* is 13° API oil from the Glauconitic Sandstone Formation.

The *Atlee* property is currently in the process of being reclaimed.

Average daily production net to CLEO from the *Atlee* property for the first half of 2024 was approximately 50 boe/d, consisting of 29 barrels of oil per day and 124 Mcf/d of natural gas.

Operating income net to CLEO from *Atlee* for the first half of 2024 was approximately (\$19,000).





Atlee Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Atlee* property contained remaining proved plus probable reserves of 646 MMcf of natural gas and 99,000 barrels of oil (207,000 boe), with an estimated net present value of \$1.4 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	43	231	0	81	\$495	\$542	\$547
Proved Non-Producing/Undeveloped	35	247	0	77	\$565	\$520	\$465
Total Proved	78	478	0	158	\$1,060	\$1,062	\$1,012
Probable	21	168	0	49	\$508	\$417	\$342
Total Proved Plus Probable	99	646	0	207	\$1,569	\$1,479	\$1,353

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Atlee LMR as of November 2, 2024

As of November 2, 2024, the *Atlee* property had a deemed net asset value of \$182,453 (deemed assets of \$1.8 million and deemed liabilities of \$1.6 million), with an LMR ratio of 2.47.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$1,803,559	\$1,621,106	\$182,453	1.11

Atlee Well List

See well list in Excel.

The *Atlee* property is currently in the process of being reclaimed.



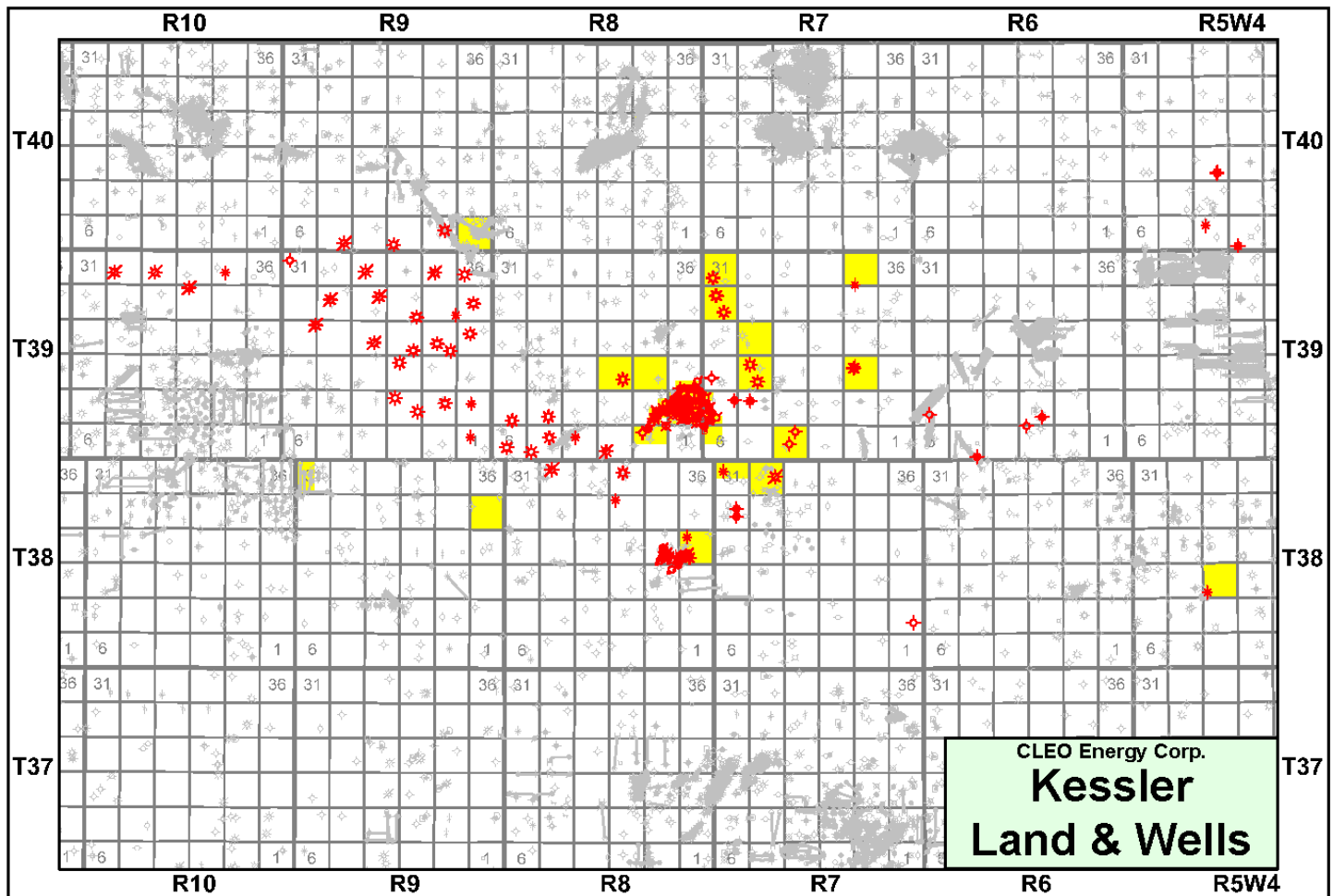
**Kessler Property****Township 38-40, Range 5-10 W4**

At *Kessler*, CLEO holds various operated and non-operated working interests in approximately 16 sections of land with production from the Mannville Group.

The *Kessler* property is currently in the process of being reclaimed.

Average daily production net to CLEO from *Kessler* for the first half of 2024 was approximately 2 boe/d, consisting of 1 bbl/d oil and 4 Mcf/d of natural gas.

Operating income net to CLEO from *Kessler* for the first half of 2024 was approximately (\$62,000) per month.





Kessler Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of the Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing.

Deloitte estimated that, as at December 31, 2022, the *Kessler* property contained remaining proved plus probable reserves of approximately 213,000 barrels of oil, with an estimated net present value of \$1.7 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	64	0	0	64	(\$151)	\$26	\$97
Proved Non-Producing/Undeveloped	28	0	0	28	\$599	\$506	\$422
Total Proved	92	0	0	92	\$448	\$532	\$520
Probable	121	0	0	121	\$1,913	\$1,487	\$1,149
Total Proved Plus Probable	213	0	0	213	\$2,360	\$2,019	\$1,668

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Kessler LMR as of November 2, 2024

As of November 2, 2024, the *Kessler* property had a deemed net asset value of (\$3.1 million) (deemed assets of \$288,372 and deemed liabilities of \$3.4 million), with an LMR ratio of 0.09.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$288,372	\$3,369,491	(\$3,081,119)	0.09

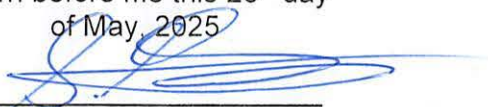
Kessler Well List

See well list in Excel.

The *Kessler* property is currently in the process of being reclaimed.



Exhibit "B2" to the Affidavit of
Chris Lewis
Sworn before me this 26th day
of May, 2025



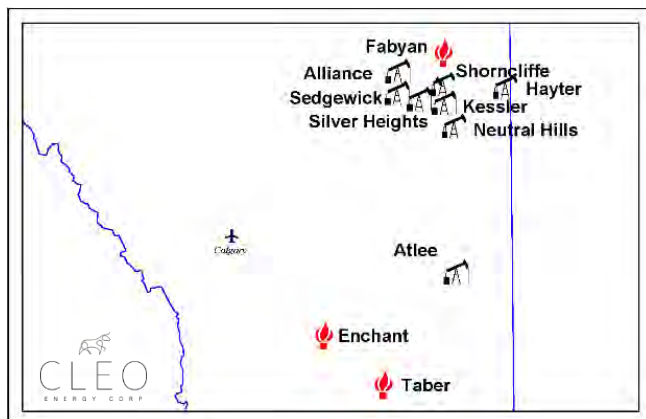
A Notary Public in and
for the Province of Alberta

Sam Gabor
Barrister, Solicitor & Notary Public

Sale and Solicitation Process: Various Areas, Central Alberta 395 bbl/d, 390 Mcf/d (460 boe/d)



CLEO Energy Corp. ("CLEO" or the "Company") has filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the "BIA") and **Alvarez & Marsal Canada Inc.** ("A&M") is acting as Proposal Trustee of CLEO for the NOI process. A sale and solicitation process (the "SSP") is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include but are not limited to a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture.



A copy of the SSP is found on Sayer's website at www.sayeradvisors.com.

CLEO's oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabayan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the "Properties").

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas. Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil.

PROCESS & TIMELINE

Sayer Energy Advisors is accepting offers, as outlined in the SSP, relating to the process until **12:00 pm on Thursday, February 27, 2025**.

Timeline		
Week of January 20, 2025		Preliminary Information Distributed
Week of January 27, 2025		Data Room Opens
February 27, 2025	12:00 noon	Non-Binding LOI Deadline
March 13, 2025	12:00 noon	Binding Bid Deadline
March 1, 2025		Effective Date
March 2025		Closing Date

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

Sayer Energy Advisors is accepting offers, as outlined in the SSP, from interested parties until noon on Thursday, February 27, 2025.



Corporate Overview

CLEO is a private junior oil and gas company with operated and non-operated working interests located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe and Silver Heights* areas of Alberta.

As at December 14, 2024, CLEO has total secured debt of approximately \$6.7 million. The Company has a creditor obligation of approximately \$24.1 million. As of January 5, 2025, CLEO has an interim debtor-in-possession financing of \$750,000 available. As at December 31, 2022, CLEO had total unused Canadian income tax pools of approximately \$8.1 million, including \$6.6 million of non-capital losses.

Additional corporate information relating to CLEO will be provided to parties upon execution of a confidentiality agreement.

Officers & Directors	President & Director	Chris Lewis
Capital Structure	Common Shares	200,000,000
Tax Pools	As at December 31, 2022	
	Non-Capital Losses	\$6,750,182
	Cumulative Canadian Oil and Gas Property Expenses	\$39,874
	Cumulative Canadian Exploration Expenses	\$15,457
	Cumulative Canadian Development Expenses	\$3,877
	Capital Cost Allowance	\$1,331,763
	Total	\$8,141,153
Bankers	Royal Bank of Canada	
Solicitors	Gowling WLG (Canada) LLP	
Street Address	Suite 200 - 117 8th Avenue SW Calgary, Alberta T2P 1B4	

Marketing Overview

The Company has a crude oil marketing agreement with **Trafigura Canada Limited** and a CO₂ contract with **TC Energy Corporation**.

CLEO has a sales contract in place with **BP Canada Energy Group ULC** for natural gas sales. Natural gas is sold into the **Nova Gas Transmission Ltd.** pipeline.

LMR Summary

As of November 2, 2024, the Properties had a deemed net asset value of (\$14.1 million) (deemed assets of \$36.1 million and deemed liabilities of \$50.2 million), with an LMR ratio of 0.72. These numbers do not include CLEO's current security deposit with the Alberta Energy Regulator ("AER") of approximately \$720,000.

Note that the *Fabyan, Taber*, and part of the *Silver Heights* properties are currently shut-in. Reactivating these properties would drastically increase the deemed asset amount and restore lost production.





Production Overview

Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas.

Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes that with limited capital the current reactivation production capability is approximately 750 bbl/d of oil.

PROPERTY	Q1-Q2 2024 NET PRODUCTION (Average Daily)			
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d
Fabyan	10	5	1,978	345
Silver Heights	223	-	149	248
Shorncliffe	135	-	-	135
Sedgewick	53	-	48	61
Taber	0	-	335	56
Neutral Hills	51	-	16	54
Atlee**	29	-	124	50
Enchant	-	-	121	20
Alliance	15	-	-	15
Hayter	5	-	3	6
Kessler**	1	-	4	2
TOTAL	522	5	2,778	990

*CLEO's current production is approximately 460 boe/d, consisting of 395 bbl/d of oil and 390 Mcf/d of natural gas awaiting several ongoing re-activations. The Company is currently reactivating several wells which it believes will add approximately 220 bbl/d of oil.

**The *Atlee* and *Kessler* properties are currently in the process of being reclaimed.

Shorncliffe had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

Neutral Hills had a pipeline reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month with the potential for multiple additional reactivations.

Seismic Overview

The Company has a license agreement on certain trade and proprietary 2D and 3D seismic data relating to the Properties. Information relating to the seismic will be made available in the data room to parties that execute a confidentiality agreement.





Reserves Overview

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of CLEO’s Properties (the “Deloitte Report”) as part of the Company’s year-end reporting. The Deloitte Report is effective December 31, 2022 using Deloitte’s January 1, 2023 forecast pricing. The Company does not have a current third-party reserve report reflecting the disposition of certain of its interests at *Fabyan* in late 2023. This disposition only affected the total proved and total proved plus probable reserve values. The Deloitte Report also includes reserves values and volumes for the *Atlee* and *Kessler* properties, which are being reclaimed.

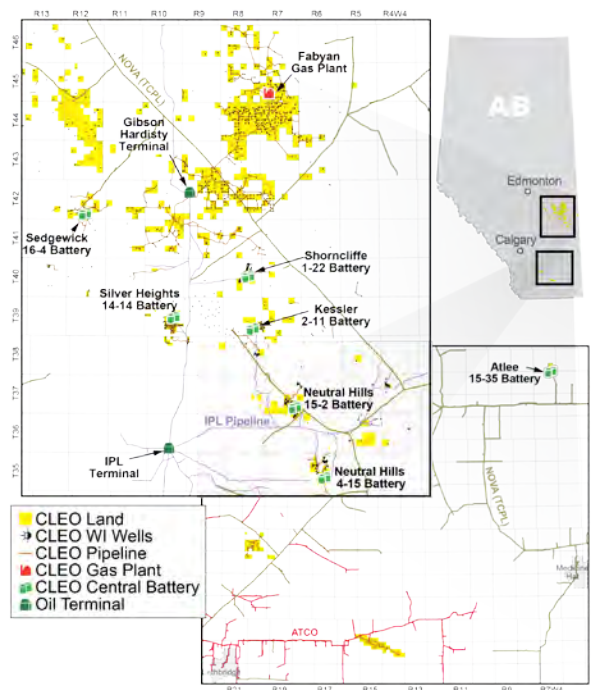
Deloitte estimated that, as at December 31, 2022 the Properties excluding CLEO’s interests at *Fabyan* contained remaining proved plus probable reserves of 4.5 million barrels of oil and natural gas liquids and 3.5 Bcf of natural gas (5.1 million boe), with an estimated net present value of \$46.9 million using forecast pricing at a 10% discount.

Deloitte LLP as at December 31, 2022							
COMPANY GROSS RESERVES				PV BEFORE TAX			
	Oil	Natural Gas	Ngl	Total	0%	5%	10%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
Proved Developed Producing	2,269	2,087	7	2,624	\$44,316	\$33,900	\$27,379
Proved Non-Producing/Undeveloped	714	392	0	779	\$16,296	\$10,927	\$7,603
Total Proved	2,983	2,479	7	3,403	\$60,612	\$44,828	\$34,983
Probable	1,488	996	2	1,656	\$40,263	\$20,441	\$11,959
Total Proved Plus Probable	4,471	3,475	9	5,059	\$100,875	\$65,269	\$46,941

The reserve estimates and forecasts of production and revenues for the Company’s Properties were prepared within the context of a group of properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Infrastructure Overview

CLEO controls most of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company’s pipeline infrastructure.



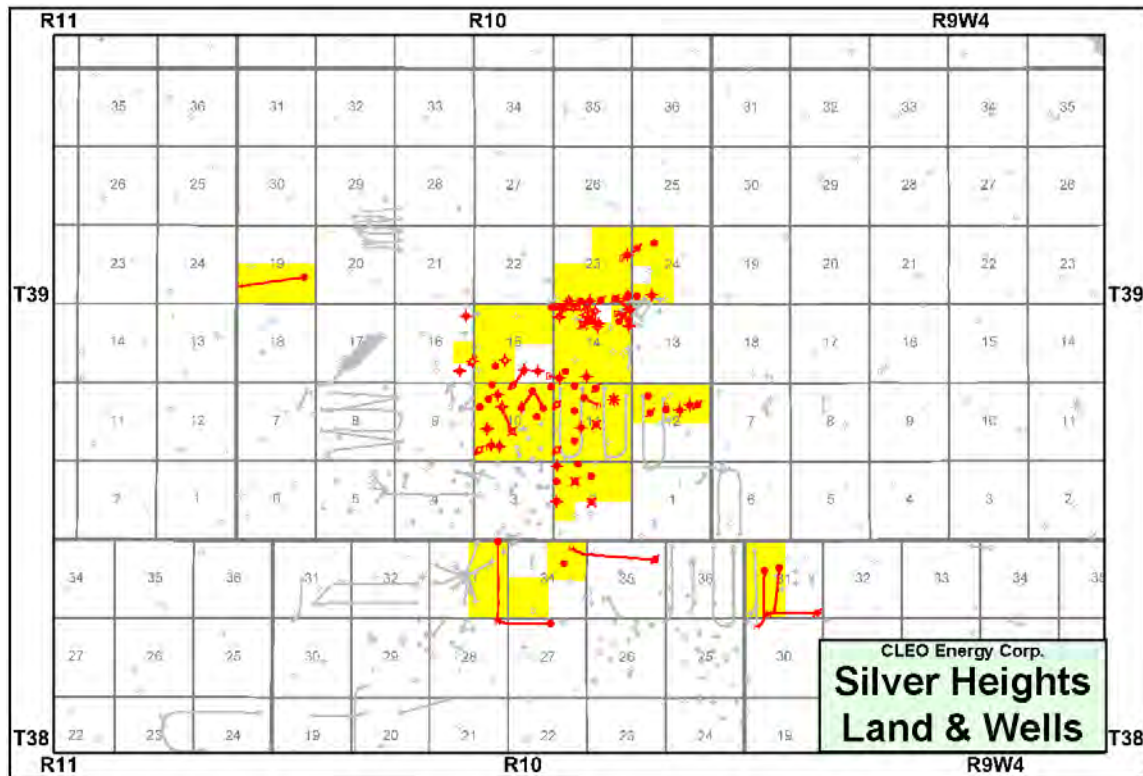


Silver Heights Property

Township 38-39, Range 9-10 W4

At *Silver Heights*, CLEO holds largely a 98% working interest in approximately eight sections of land. Production at *Silver Heights* is primarily oil from the Ellerslie and Glauconitic Sandstone formations.

Average daily production net to CLEO from *Silver Heights* for the first half of 2024 was approximately 248 boe/d, consisting of 223 bbl/d oil and 149 Mcf/d of natural gas. Current production net to CLEO from Silver Heights is approximately 125 bbl/d of oil.



Peak production from *Silver Heights* was 345 boe/d in January 2023. Due to limited sustaining capital, production has declined. Basic workovers are required to increase production.

Operating income net to CLEO from *Silver Heights* for the first half of 2024 was approximately \$197,600 per month.

Production at *Silver Heights*, has been greatly impacted. In the fourth quarter of 2024, 75 bbl/d of oil production was curtailed due to a natural gas conservation requirement. The property was fully shut-in from December 8, 2024 to January 14, 2025 due to an electrical cable theft. The process of restoring the production has begun and the field is currently producing approximately 118 bbl/d of oil. It is expected that the production will be restored back to its original rate prior to the end of the first quarter of 2025.

The Company has a vertical Ellerslie proved undeveloped drilling location booked in the Deloitte Report at 12-039-10W4 and an additional five internally identified unbooked vertical locations. These locations are low cost, (estimated at \$600,000 per well). Offsetting analogs have been assigned total proved plus probable reserves of 50,000 barrels of oil per well.

Glauconitic recompletion candidates provide additional upside at *Silver Heights*. The Company has identified a large number of reactivation opportunities including the opportunity to reconfigure pressure support for the reservoir and increase production through expanded water handling.



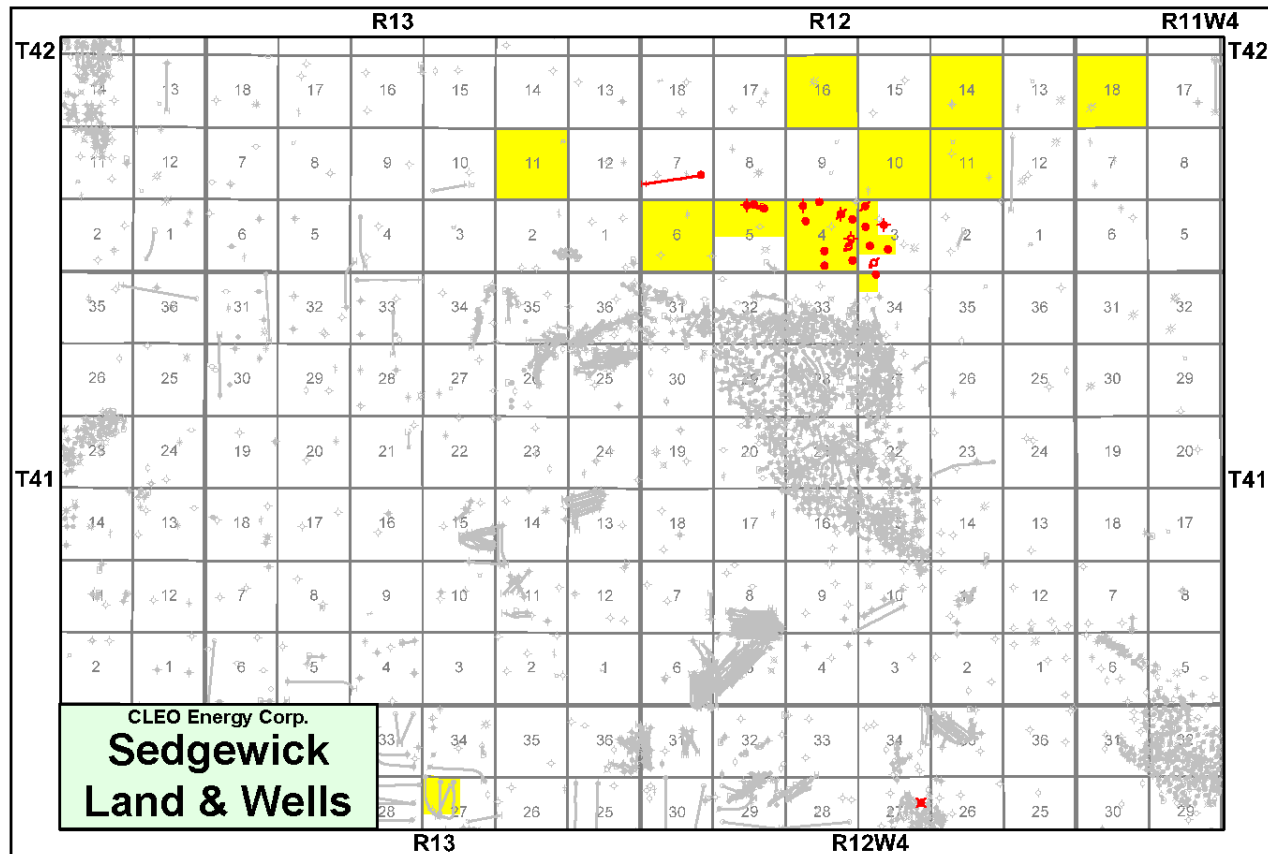


Sedgewick Property

Township 40-42, Range 11-13 W4

At *Sedgewick*, CLEO holds a 100% working interest in approximately nine sections of land. Production at *Sedgewick* is primarily 28° API oil from the Ellerslie Formation.

Average daily production net to CLEO from *Sedgewick* for the first half of 2024 was approximately 61 boe/d, consisting of 53 bbl/d oil and natural gas liquids and 48 Mcf/d of natural gas. Current production net to CLEO from *Sedgewick* is approximately 35 boe/d, consisting of 25 bbl/d of oil and 61 Mcf/d of natural gas.



The Company believes the 15-05-042-12W4 pad has significant value and significant production potential, but will require a capital investment for a pipeline tie-in.

Operating income net to CLEO from *Sedgewick* for the first half of 2024 was approximately \$54,300 per month.

The Company has identified 14 locations, including eight in the Upper Ellerslie and six Lower Ellerslie. Three of the six Lower Ellerslie horizontal locations are booked in the Deloitte Report.

The Company recently recompleted the two wells in the Glauconitic Sandstone Formation with positive results.

CLEO has existing infrastructure with clean oil currently trucked to the 16-04-042-12W4 battery.

Upside potential exists to recomplete and commingle Glauconitic sand with existing Mannville oil producers. The Upper Ellerslie has porosity of 18% to 30% and water saturation of 17% to 50%. The Lower Ellerslie has porosity of 23% to 28%.





Alliance Property

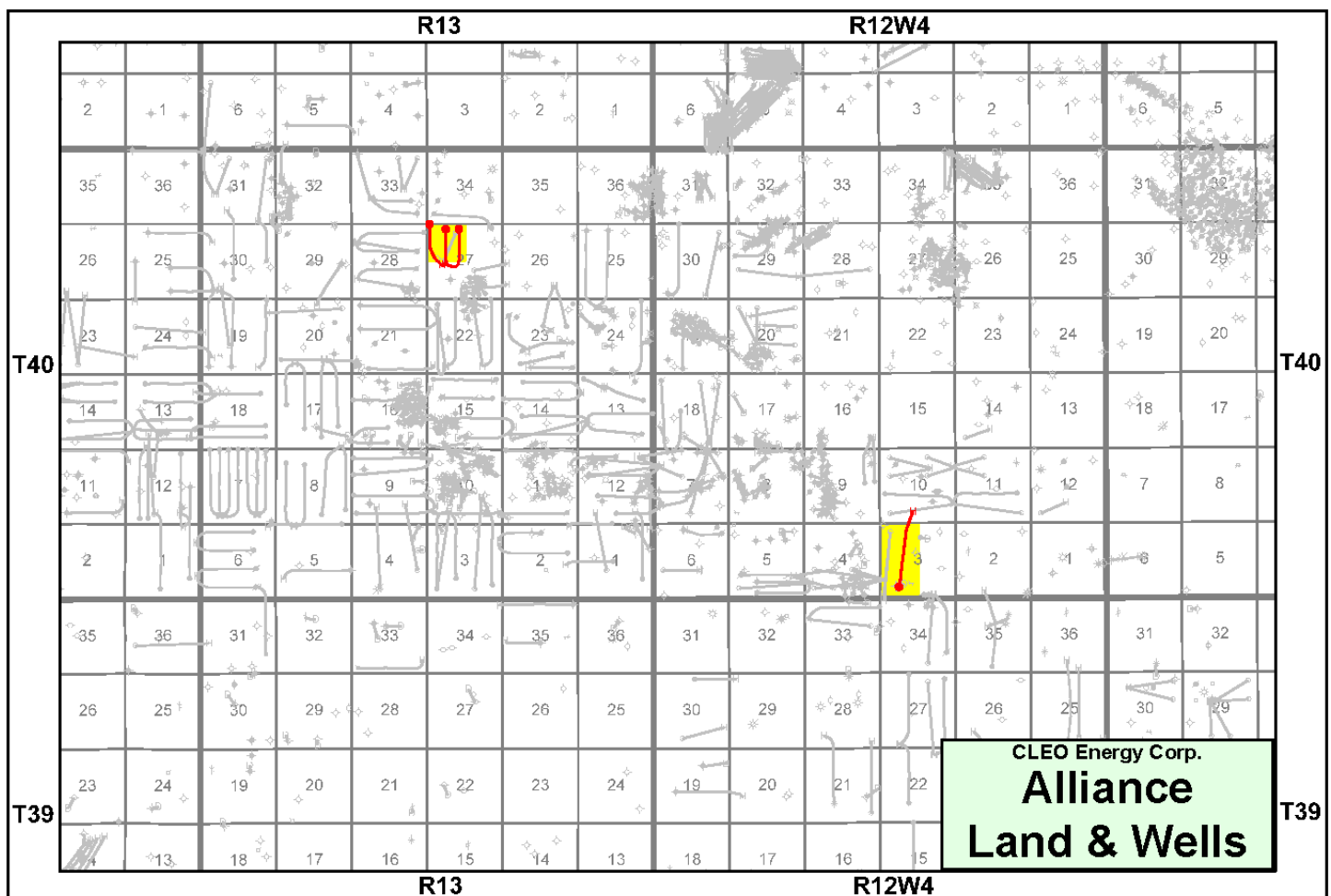
Township 40, Range 12-13 W4

At *Alliance*, CLEO holds a 100% working interest in three quarter sections of land. The Company has stable, low-decline oil production from the Viking Formation. CLEO also has one horizontal drilling location booked in the Deloitte Report on Section 04-03-040-12W4 targeting the same Viking pool.

Average daily production net to CLEO from the *Alliance* property for the first half of 2024 was approximately 15 barrels of oil per day.

Operating income net to CLEO from *Alliance* for the first half of 2024 was approximately \$24,900 per month.

At *Alliance*, the Viking reservoir is comprised of sandstone within coarsening-upwards cycles from shale to sandstone. The sediments were deposited in the Late Cretaceous period in a shoreface environment.





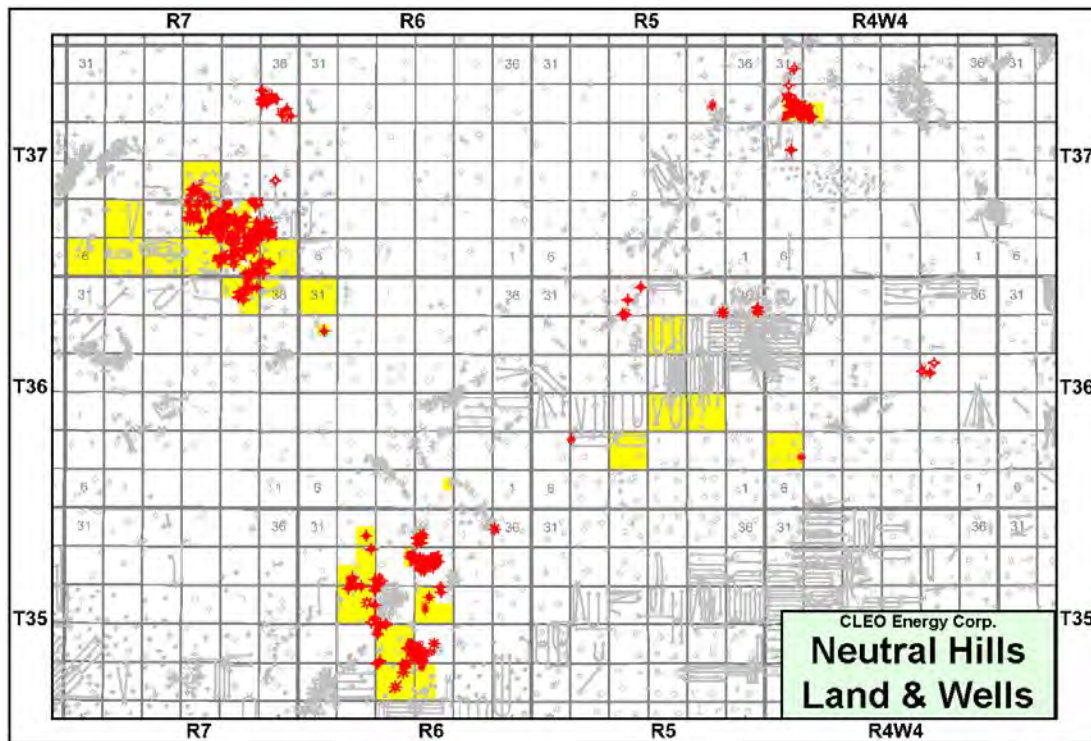
Neutral Hills Property

Township 35-37, Range 4-7 W4

At *Neutral Hills*, CLEO holds primarily a 100% working interest in certain lands and wells located in the north block.

CLEO also holds a 50% working interest operated by **Prairie Provident Resources Inc.** in the south block, and other minor non-operated working interests. *Neutral Hills South* has been shut-in since December 2023.

Production at *Neutral Hills* is primarily oil from the Dina Formation.



Average daily production net to CLEO from *Neutral Hills* for the first half of 2024 was approximately 54 boe/d, consisting of 51 bbl/d oil and natural gas liquids and 16 Mcf/d of natural gas. The Company has identified 25 bbl/d of oil to be brought back on production as soon as possible and an additional 50 bbl/d to be brought back on with an estimated cost of approximately \$300,000.

Current production net to CLEO from *Neutral Hills* is approximately 90 boe/d. In 2024, CLEO spent upwards of \$500,000 on pipeline repairs and recompletions to restore approximately 85 bbl/d of oil production that was down due to a pipeline break. With the pipeline repairs, the field has long lasting pipeline integrity. CLEO has identified drilling upside in the Rex, Dina and Cummings formations, with five locations booked in the Deloitte Report. CLEO has also identified three unbooked Rex multi-laterals and two Dina horizontal wells and an additional 23 internally identified unbooked Dina locations. CLEO's booked inventory at *Neutral Hills* is the only property where it has booked multilateral wells.

Operating income net to CLEO from *Neutral Hills* for the first half of 2024 was approximately (\$80,100) per month. *Neutral Hills* had a major pipeline upgrade and reactivation in August 2024 which resulted in a post-repair net operating income of approximately \$40,000/month. Minor workovers will immediately bring on an additional 50 bbl/d of oil.

The Company has also identified numerous Cummings recompletion opportunities at *Neutral Hills*, as well as a potential opportunity for reduction in operating expenses through power generation.





Shorncliffe Property

Township 40, Range 7-8 W4

At *Shorncliffe*, CLEO holds largely a 100% working interest in 4.75 sections of land, as well as a 25% non-operated working interest.

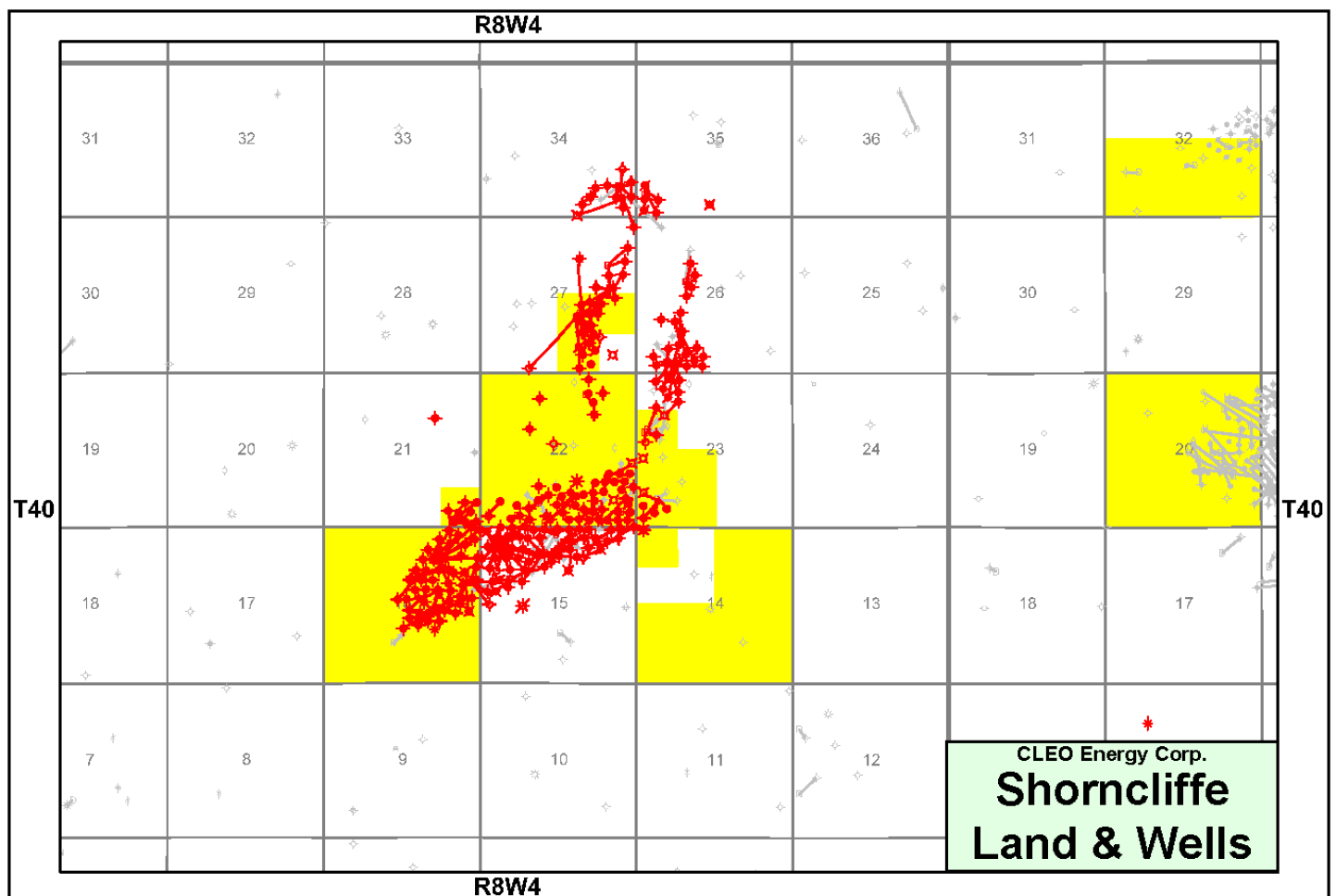
The Company also has an interest in certain non-operated wells which are operated by **Harvest Operations Corp.** Production at *Shorncliffe* is primarily 20° API oil from the Ellerslie, Glauconitic Sandstone and Basal Quartz formations.

Average daily production net to CLEO from *Shorncliffe* for the first half of 2024 was approximately 135 bbl/d oil. Current production net to CLEO from *Shorncliffe* is approximately 95 bbl/d of oil.

Operating income net to CLEO from *Shorncliffe* for the first half of 2024 was approximately \$18,100 per month. *Shorncliffe* had a large amount of reactivations in March/April 2024 and now has a net operating income of approximately \$115,000/month.

The *Shorncliffe* property is the location of the Company's main field office. The property has two producing fields which are connected to a central battery which is pipeline connected to **Inter Pipeline Ltd.**

CLEO believes that additional water handling and conversion to a new water injection well could support an increase in overall production levels.





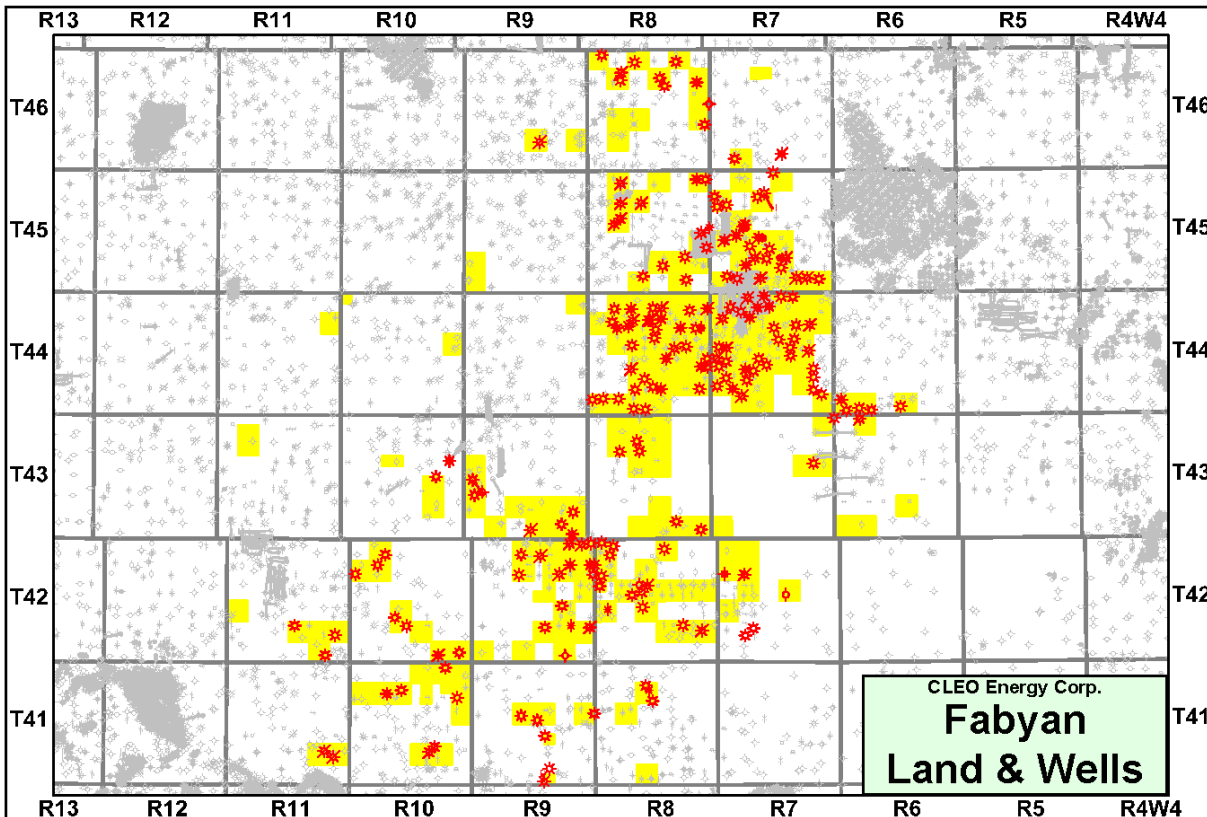
Fabyan Property

Township 41-46, Range 6-11 W4

At *Fabyan*, CLEO holds largely a 100% working interest in approximately 120 sections of land. Production at *Fabyan* is primarily shallow natural gas from the Viking Formation.

Current production from *Fabyan* is shut-in.

The Company believes the 100/11-10-045-07W4/3 Sparky and Colony well at *Fabyan* is generating approximately \$250,000 per year in net operating income. There is also potential for low-risk for multilateral development.



Average daily production net to CLEO from *Fabyan* for the first half of 2024 was approximately 345 boe/d, consisting of 1,978 Mcf/d of natural gas and 15 bbl/d oil and natural gas liquids.

Operating income net to CLEO from *Fabyan* for the first half of 2024 was approximately (\$184,600) per month.

CLEO believes there is potential for future power generation or Bitcoin mining at *Fabyan*.

CLEO controls all of the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress. The area has significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company's pipeline infrastructure.

Further details relating to CLEO's pipeline infrastructure will be available in the virtual data room for parties that execute a confidentiality agreement.

The Company recognizes there are a significant number of abandoned wells, however; a large amount of the liabilities at *Fabyan* are associated to reclamation only.





Enchant/Taber Property

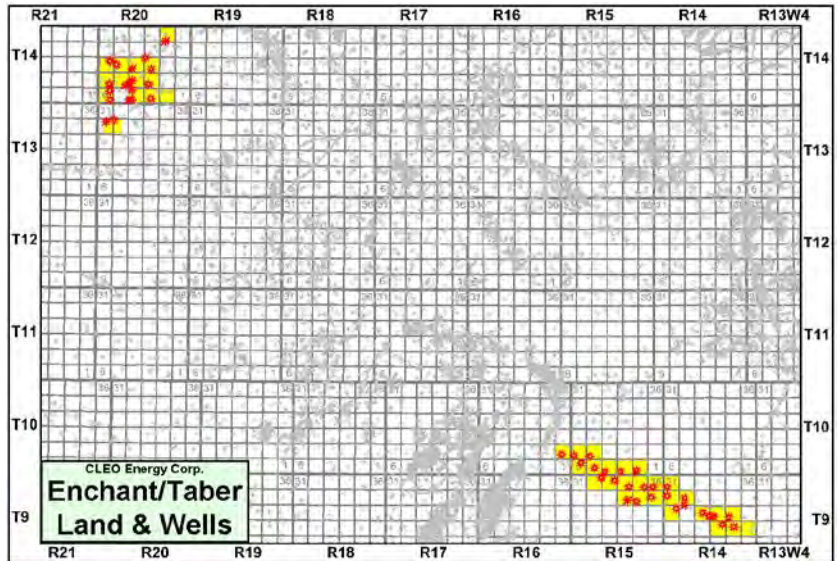
Township 9-14, Range 14-20 W4

At *Enchant/Taber*, CLEO holds largely a 99.7% working interest in approximately 36 sections of land. Production at *Enchant* consists of stable, low-decline natural gas.

CLEO currently has a Bitcoin mining operation at *Enchant*.

Average daily production net to CLEO from *Enchant* for the first half of 2024 was approximately 20 boe/d, consisting of 121 Mcf/d of natural gas.

The *Taber* property is currently shut-in.



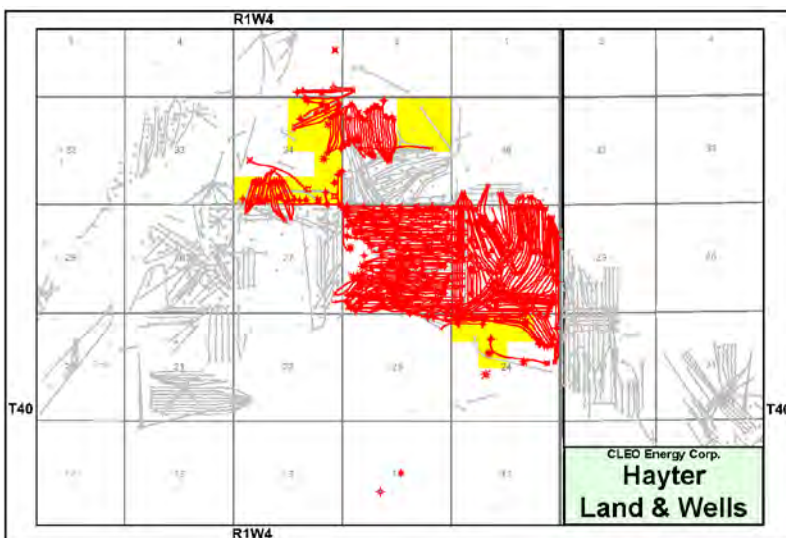
Average daily production net to CLEO from *Taber* for the first half of 2024 was approximately 56 boe/d, consisting of 335 Mcf/d of natural gas.

Operating income net to CLEO from *Enchant* for the first half of 2024 was approximately (\$6,200) per month.

Operating income net to CLEO from *Taber* for the first half of 2024 was approximately (\$15,000) per month.

Hayter Property

Township 40-41, Range 1 W4



At *Hayter*, CLEO holds primarily minor non-operated working interests in approximately one section of land. Production at *Hayter* is operated by **Harvest Operations Corp.** and **Rife Resources Ltd.**

Average daily production net to CLEO from *Hayter* for the first half of 2024 was approximately 6 boe/d, consisting of 5 bbl/d oil and 3 Mcf/d of natural gas. There is currently no production net to CLEO from *Hayter*.

Operating income net to CLEO from *Hayter* for the first half of 2024 was approximately (\$28,300) per month.

Atlee and Kessler Properties

The Company also has interests in the *Atlee* and *Kessler* areas of Alberta, which are currently in the process of being reclaimed.

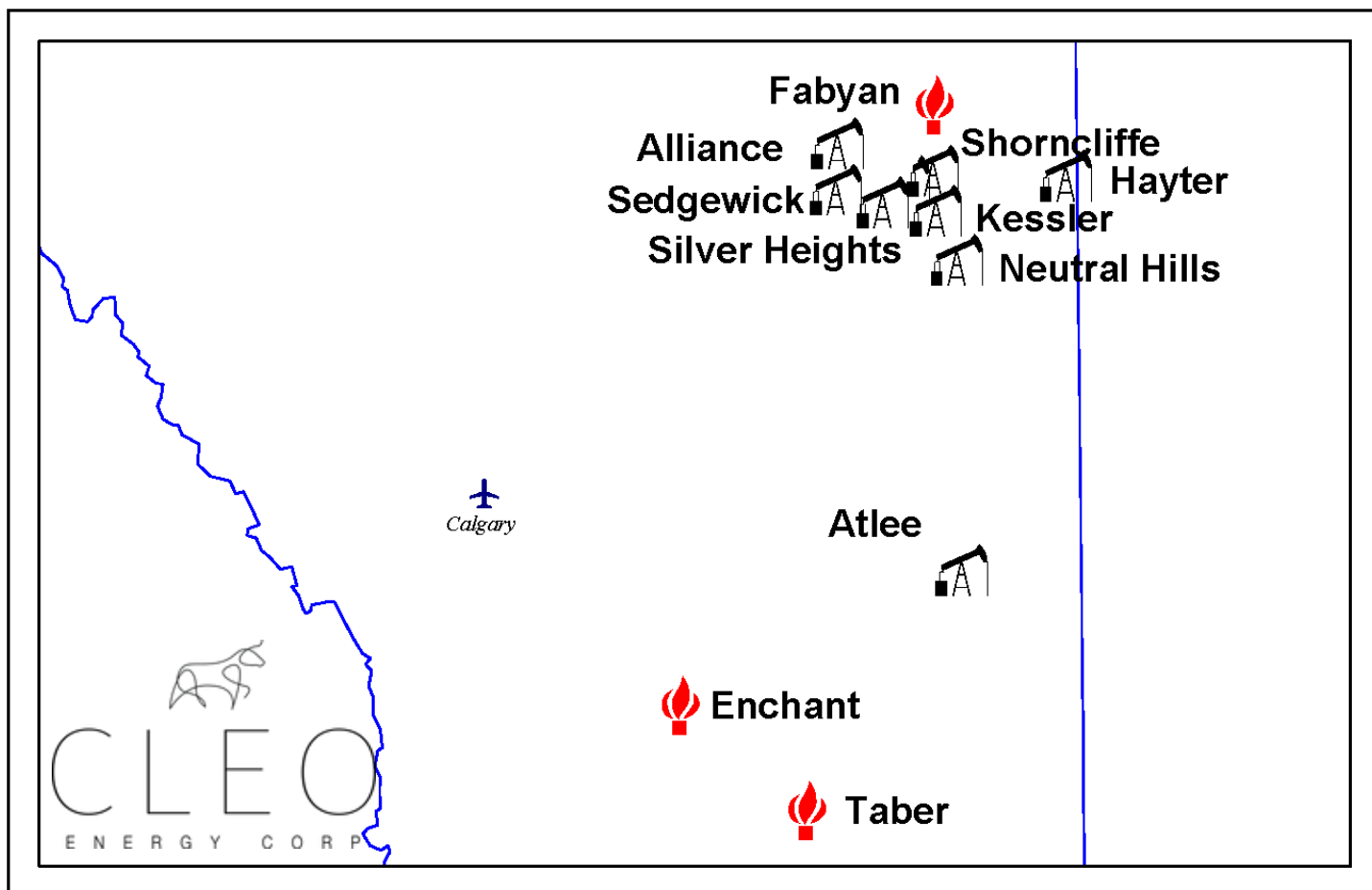




BID DEADLINE: 12:00 pm February 27, 2025

Insolvency Sale

CLEO Energy Corp. Insolvency Sale Winter 2025



CONTACT

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

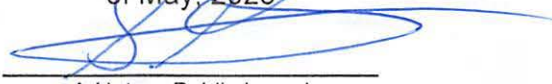
Included in the confidential information is the following: summary land information, the Deloitte Report, LMR information, most recent net operations summary, detailed facilities information and other relevant corporate, financial and technical information.

To receive further information on the Company please contact Tom Pavic, Ben Rye or Sydney Birkett at 403.266.6133.



1620, 540 – 5th Avenue SW, Calgary, Alberta Canada T2P 0M2
Tel: 403.266.6133 Fax: 403.266.4467 www.sayeradvisors.com

Exhibit "C" to the Affidavit of
Chris Lewis
Sworn before me this 26th day
of May, 2025



A Notary Public in and
for the Province of Alberta

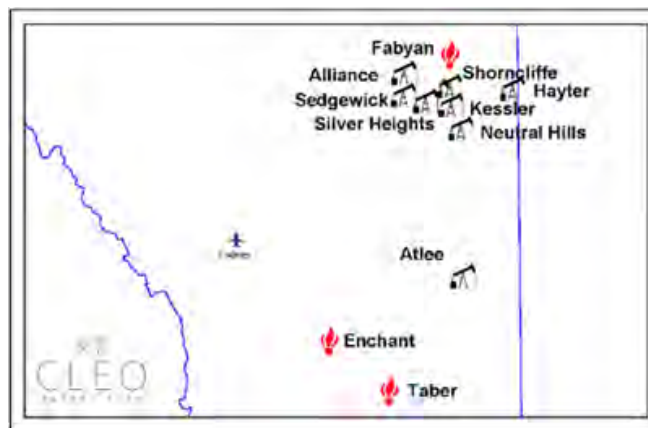
Sam Gabor
Barrister, Solicitor & Notary Public

CLEO Energy Corp. – Insolvency Sale

January 23, 2025 7:10 AM BOE Report Staff

CLEO Energy Corp. (“CLEO” or the “Company”) has filed a Notice of Intention to Make a Proposal (the “NOI”) pursuant to section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “BIA”) and **Alvarez & Marsal Canada Inc.** (“A&M”) is acting as Proposal Trustee of CLEO for the NOI process. A sale and solicitation process (the “SSP”) is to be undertaken by the Company in its NOI proceedings. CLEO has engaged **Sayer Energy Advisors** to assist the Company with the SSP in order to solicit interest in the purchase of or investment in all or part of the business or operations of the Company or its undertaking, property and assets. Potential outcomes include but are not limited to a sale of the shares of the Company, the sale, in whole or in part, of all of the oil and natural gas assets held by CLEO, or a joint venture. A copy of the SSP is found on Sayer’s website at www.sayeradvisors.com.

CLEO’s oil and natural gas interests are located in the *Alliance, Atlee, Enchant/Taber, Fabyan, Hayter, Kessler, Neutral Hills, Sedgewick, Shorncliffe* and *Silver Heights* areas of Alberta (the “Properties”).



Average daily sales production net to CLEO from the Properties for the first half of 2024 was approximately 990 boe/d, consisting of approximately 527 bbl/d of oil and natural gas liquids and approximately 2.8 MMcf/d of natural gas. Current production from the Properties is approximately 460 boe/d, consisting of 395 bbl/d of oil and natural gas liquids and 390 Mcf/d of natural gas. The Company is currently reactivating several wells which it believes will add approximately 330 bbl/d of oil. Details of the reactivations will be made available in the virtual data room to parties that execute a confidentiality agreement.

CLEO believes that with limited capital the current reactivation production capability is approximately 750 bbl/d of oil.

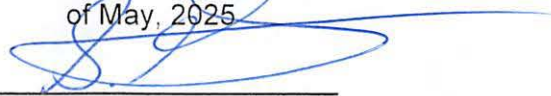
CLEO controls the pipeline infrastructure in the area necessary for both oil development and associated natural gas egress, which is of great benefit for the future development of the Upper Mannville. The Properties have significant offsetting potential including the Viking and Upper Mannville Sparky oil reservoirs, which would require use of the Company’s pipeline infrastructure.

Summary information relating to this divestiture is attached to this correspondence. A package of more detailed confidential information will be sent to any party executing a Confidentiality Agreement (copy attached).

Offers as outlined in the SSP relating to this process will be accepted until 12:00 pm on Thursday, February 27, 2025.

For further information please feel free to contact: Ben Rye, Sydney Birkett or Tom Pavic at 403.266.6133.

Exhibit "D" to the Affidavit of
Chris Lewis
Sworn before me this 26th day
of May, 2025



A Notary Public in and
for the Province of Alberta

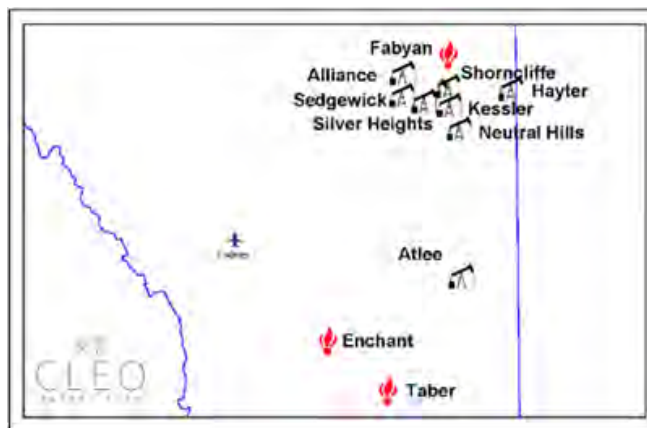
Sam Gabor
Barrister, Solicitor & Notary Public

CLEO Energy Corp. - Insolvency Sale

dobenergy.com/news/headlines/2025/01/23/cleo-energy-corp-insolvency-sale

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