



ROAD 53 RESOURCES INC.
CORPORATE DIVESTITURE

ROAD 53

Resources Inc.

OVERVIEW INFORMATION

Bid Deadline: 12:00 pm February 23, 2023

**Corporate Divestiture:
Leckie, Alberta**

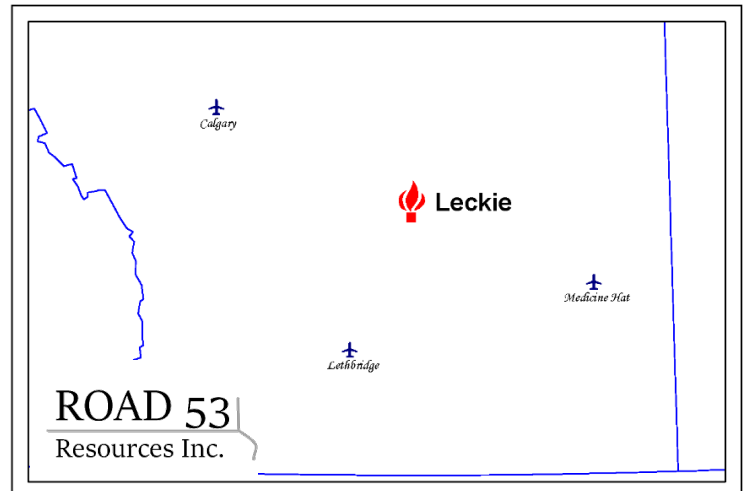
ROAD 53
Resources Inc.

4.4 MMcf/d of Natural Gas, 3 bbl/d of Oil (733 boe/d)

Road 53 Resources Inc. (“Road 53” or the “Company”) has engaged **Sayer Energy Advisors** to assist Road 53 with a sale of the shares of the Company.

Road 53 is a private junior oil and natural gas company with assets located in the *Leckie* area of Alberta (the “Property”). Road 53 is a tightly-held private company with only six shareholders and no debt or severance costs. The Company currently has positive working capital of \$1.0 million.

The Property consists of a long-life, shallow natural gas production base from the Milk River and Medicine Hat formations with continued development of the coalbed methane (“CBM”) production base.



The Property is located near the town of Brooks, Alberta, where the Company has a 100% working interest.

Average daily sales production net to Road 53 for the eleven months ended November 30, 2022 was approximately 4.4 MMcf/d of natural gas (4.8 MMcf/d gross production) and three barrels of oil and natural gas liquids per day (733 boe/d).

Operating income net to Road 53 for the eleven months ended November 30, 2022 was approximately \$4.5 million or \$4.9 million annualized, with operating costs averaging \$1.29 per Mcf equivalent. Royalties are payable to **Heritage Royalty Resources Corporation** at 8%.

PROCESS & TIMELINE

Sayer Energy Advisors is accepting proposals relating to this process until **12:00 pm on Thursday February 23, 2023**.

Timeline	
Week of January 16, 2023	Preliminary Information Distributed
Week of January 23, 2023	Data Room Opens
February 23, 2023	Bid Deadline
March 2023	Closing Date

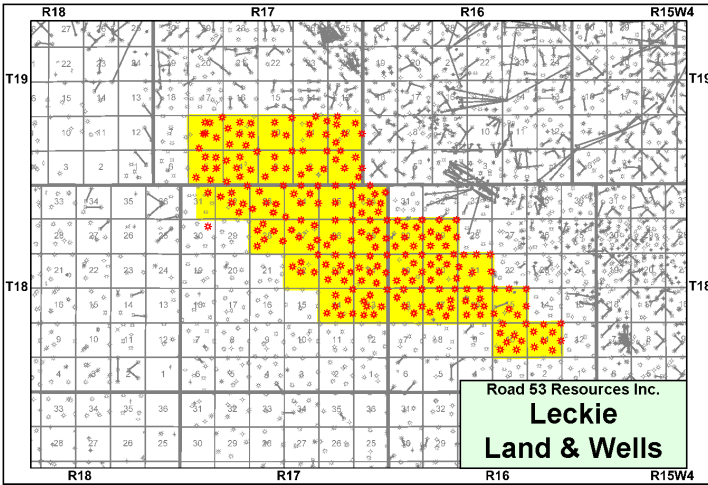
Sayer Energy Advisors does not conduct a “second-round” bidding process; the intention is to attempt to conclude transaction(s) with the party(ies) submitting the most acceptable proposal(s) at the conclusion of the process.

Sayer Energy Advisors is accepting proposals from interested parties until noon on Thursday February 23, 2023.



Leckie Property

Township 18-19, Range 16-17 W4



At *Leckie*, Road 53 holds a 100% working interest in certain P&NG rights in 35.5 sections of Crown land. The Property is located near the town of Brooks, Alberta.

The Property consists of a long-life, shallow natural gas production base from the Milk River and Medicine Hat formations with continued development of the CBM production base.

Average daily sales production net to Road 53 from *Leckie* for the eleven months ended November 30, 2022 was approximately 4.4 MMcf/d of natural gas (4.8 MMcf/d current gross) and three barrels of oil and natural gas liquids per day (733 boe/d).

Operating income net to Road 53 for the eleven months ended November 30, 2022 was approximately \$4.5 million, with operating costs averaging \$1.29 per Mcf equivalent. Royalties are payable to Heritage Royalty at 8%.

With almost half of the well inventory available for future CBM recompletions, Road 53's strategy is to maintain current production levels for at least the next four years while optimizing existing facilities and maintaining operating cost discipline. Operating cash flow is protected with an active hedging program to ensure costs are covered in the short term. At present, Road 53 has roughly 25% of sales for winter natural gas hedged at \$7.46 per GJ until March 31, 2023.

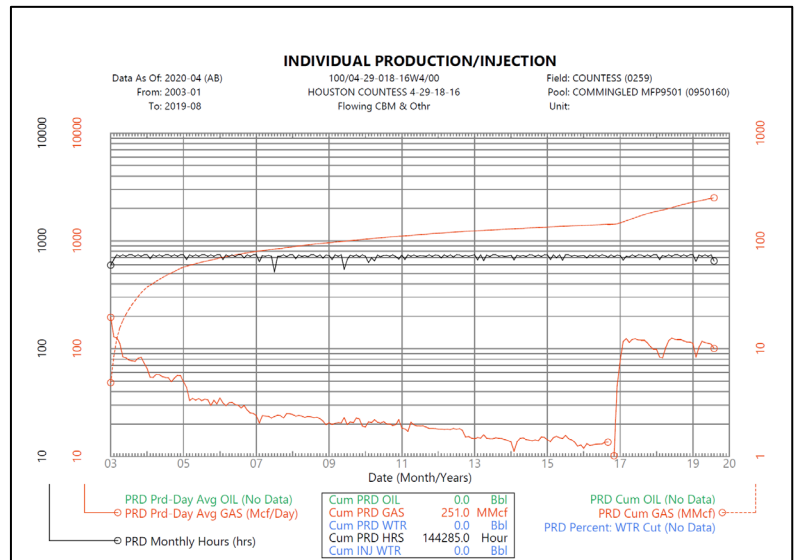
Road 53 believes there is potential for electrical power generation at *Leckie*. The Company's sales pipeline runs from its natural gas compressor station at 16-24-018-17W4 to 04-12-018-17W4 where the AltaLink Transmission lines are located.

Leckie Upside

In the *Leckie* area, Road 53 has identified up to 112 additional recompletion candidates in CBM and believes that substantial additional locations could add 2.0 MMcf/d of natural gas production.

A listing of the recompletion candidates is available in the virtual data room for parties that execute a confidentiality agreement.

The following production plot for the well *Houston Countess 100/04-29-018-16W4/0* shows the typical response from a recompletion. The 04-29 well was recompleted in 2016 and produced CBM at a rate of approximately 100 Mcf/d for the following 36 months.



Road 53 estimates an average cost of \$4,000 per recompletion as only perforation is required. No fracture stimulation is needed. This results in a finding and development cost for CBM of less than \$0.20 per boe.



Leckie Reserves

Road 53 prepared an internal reserves evaluation of the Property (the "Reserve Report"). The Reserve Report is effective January 1, 2023 using an average of *Deloitte LLP*, *GLJ Ltd.*, *McDaniel & Associates Consultants Ltd.*, *Ryder Scott Company - Canada*, *Sproule Associates Limited* and *Trimble Engineering Associates Ltd.* forecast pricing as of January 1, 2023.

Road 53 estimated that, as of January 1, 2023, the Property contained remaining proved plus probable reserves of 39.3 Bcf of natural gas (6.6 million boe), with an estimated net present value of \$31.6 million using forecast pricing at a 10% discount.

Road 53 Resources Inc. as of January 1, 2023							
GROSS RESERVES				PV BEFORE TAX			
	Oil Mbbbl	Natural Gas Bcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
Proved Developed Producing	0	18.4	0	3,064	\$19,225	\$16,103	\$13,721
Proved Undeveloped	0	7.3	0	1,216	\$15,075	\$11,197	\$8,779
Total Proved	0	25.7	0	4,280	\$34,300	\$27,300	\$22,500
Probable	0	13.6	0	2,274	\$8,300	\$4,300	\$2,500
Total Proved Plus Probable	0	39.3	0	6,554	\$42,600	\$31,600	\$25,000

The reserve estimates and forecasts of production and revenues for the Property were prepared within the context of the Company's year-end evaluation. 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.

Leckie LMR as of January 7, 2023

As of January 7, 2023, Road 53 had total deemed assets of \$18.8 million, deemed liabilities of \$10.9 million (net deemed assets of \$7.9 million) with an LMR of 1.73.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$18,783,315	\$10,852,568	\$7,930,747	1.73

Road 53's plan is to reduce environmental liability and asset retirement obligations through cost-efficient remediation and reclamation practices.

The Company has reviewed actual abandonment and reclamation costs of offset operations and believes that the procedures can be completed for less than the **Alberta Energy Regulator** estimates.

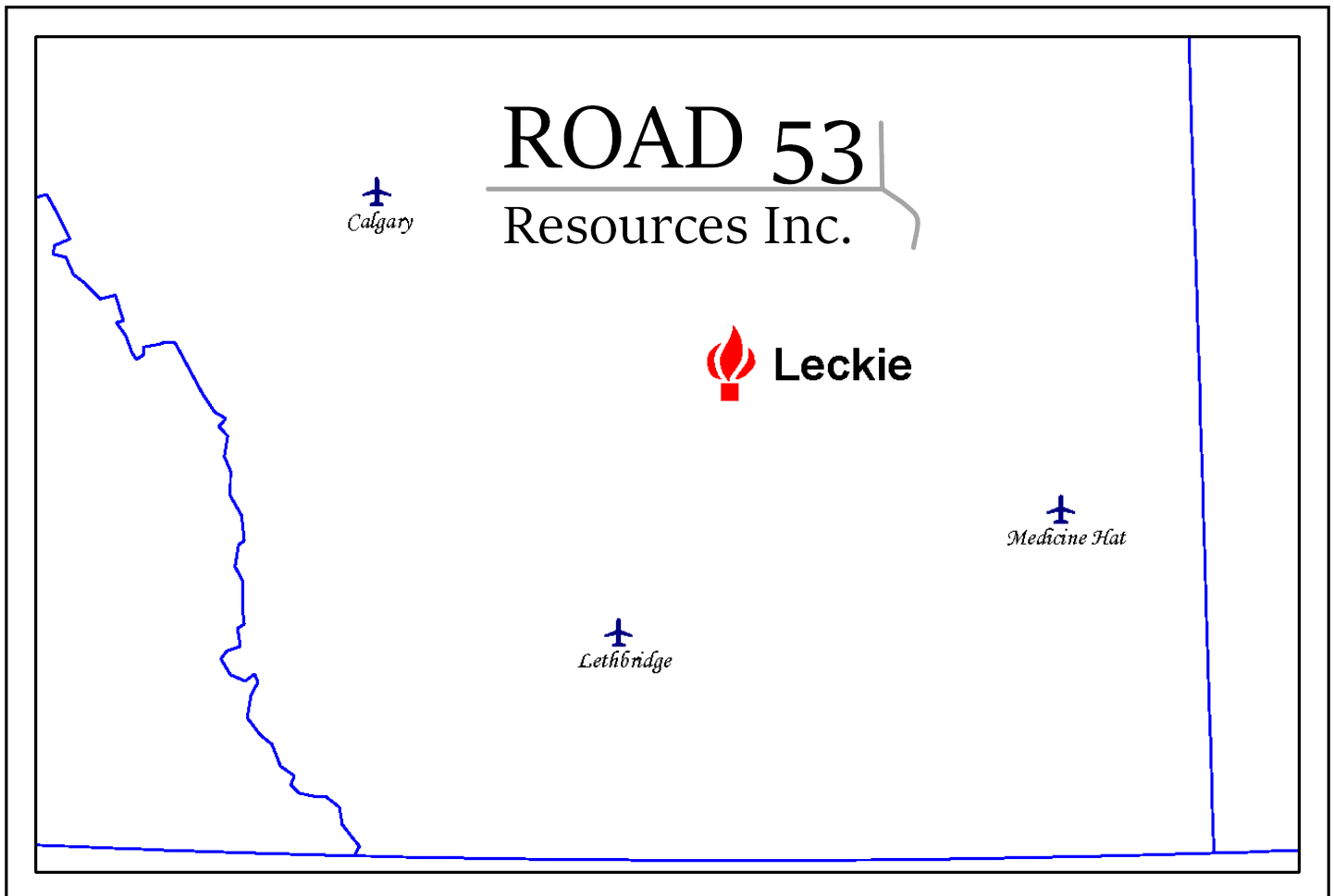
Additional Interests

The Company holds a 35% working interest in the well 100/16-09-011-19W4/02 operated by **i3 Energy PLC** in the *Carmangay* area of Alberta. The 16-09 well is producing at a gross rate of approximately 11 barrels of oil per day and 30 Mcf/d of natural gas.

Additional corporate information relating to Road 53 will be provided to parties upon execution of a confidentiality agreement.



Road 53 Resources Inc. Corporate Divestiture Winter 2023



CONTACT

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

Included in the confidential information is the following: most recent net lease operating statements, summary land information, the Reserve Report, LMR information and other relevant corporate information.

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



Overview

Road 53 Resources Inc. (“Road 53” or the “Company”) has engaged **Sayer Energy Advisors** to assist Road 53 with a sale of the shares of the Company.

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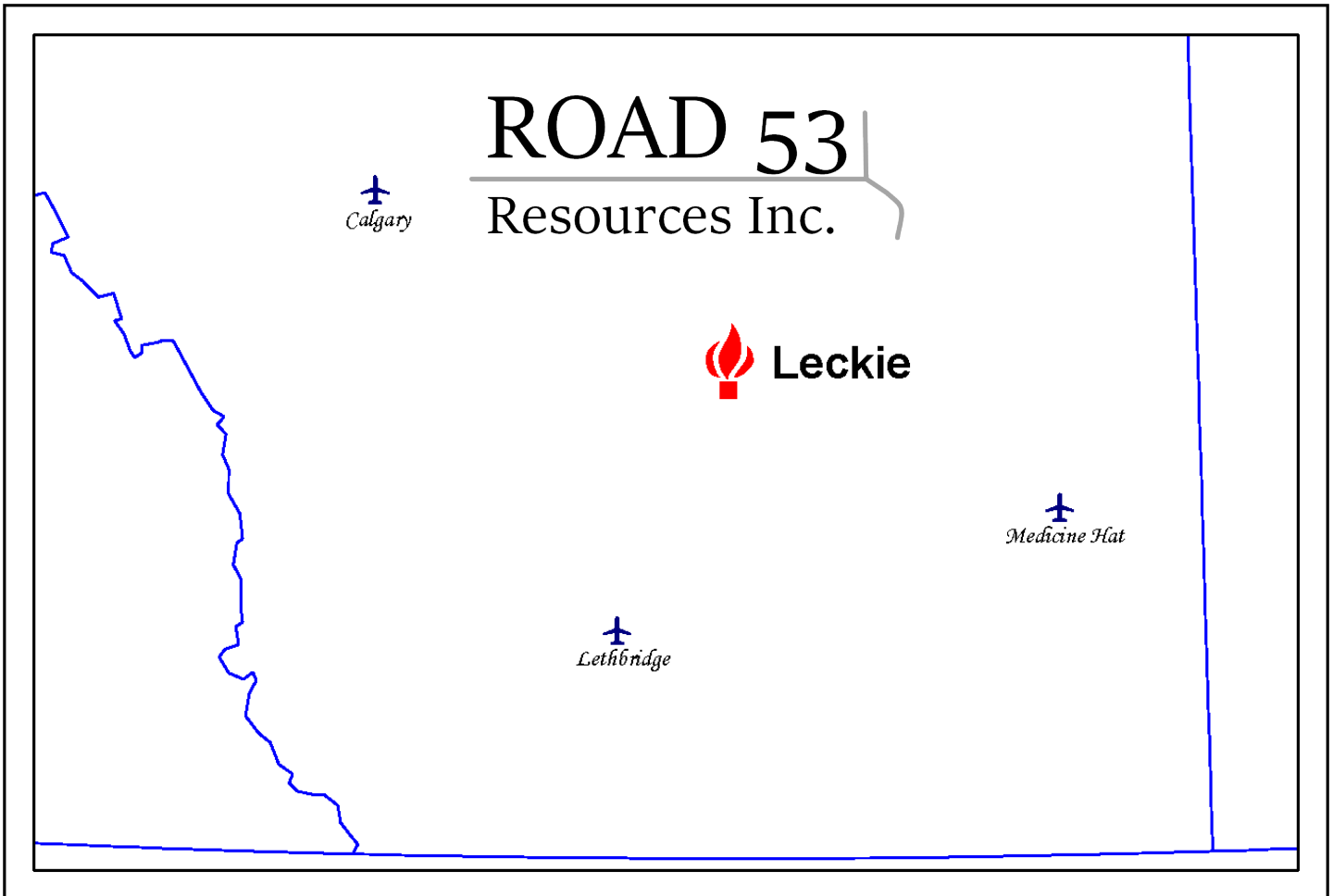
With almost half of the well inventory available for future CBM recompletions, Road 53’s strategy is to maintain current production levels for at least the next four years while optimizing existing facilities and maintaining operating cost discipline. Operating cash flow is protected with an active hedging program to ensure costs are covered in the short term. At present, Road 53 has roughly 25% of sales for winter natural gas hedged at \$7.46 per GJ until March 31, 2023.

Operating income net to Road 53 for the eleven months ended November 30, 2022 was approximately \$4.5 million or \$4.9 million annualized, with operating costs averaging \$1.29 per Mcf equivalent. Royalties are payable to **Heritage Royalty Resources Corporation** at 8%.

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Overview Map Showing the Location of Road 53's Interests



Corporate Overview

Officers	President	Jim Tyndall
Capital Structure	Common Shares:	600
	Bank Debt	Nil
Tax Pools		September 30, 2022
	COGPE	\$3,060
	CDE	\$65,311
	CCA	\$469
	Total	\$68,840
Bankers	ATB Financial	
Street Address	598 Second Avenue, Fernie, British Columbia	
Office Lease	\$1,200 per month (including operating expenditures)	

Seismic

The Company does not have ownership in any seismic data.

Marketing Overview

At *Leckie*, the Company holds interests in a central processing facility which is linked to the NOVA Gas Transmission Line system.

Natural gas is sold through **BP Canada Energy Group ULC**. Road 53 has a hedge contract in place with BP for 1,000 GJ per day at \$7.46/GJ until March 31, 2023.

Leckie Property

Township 18-19, Range 16-17 W4

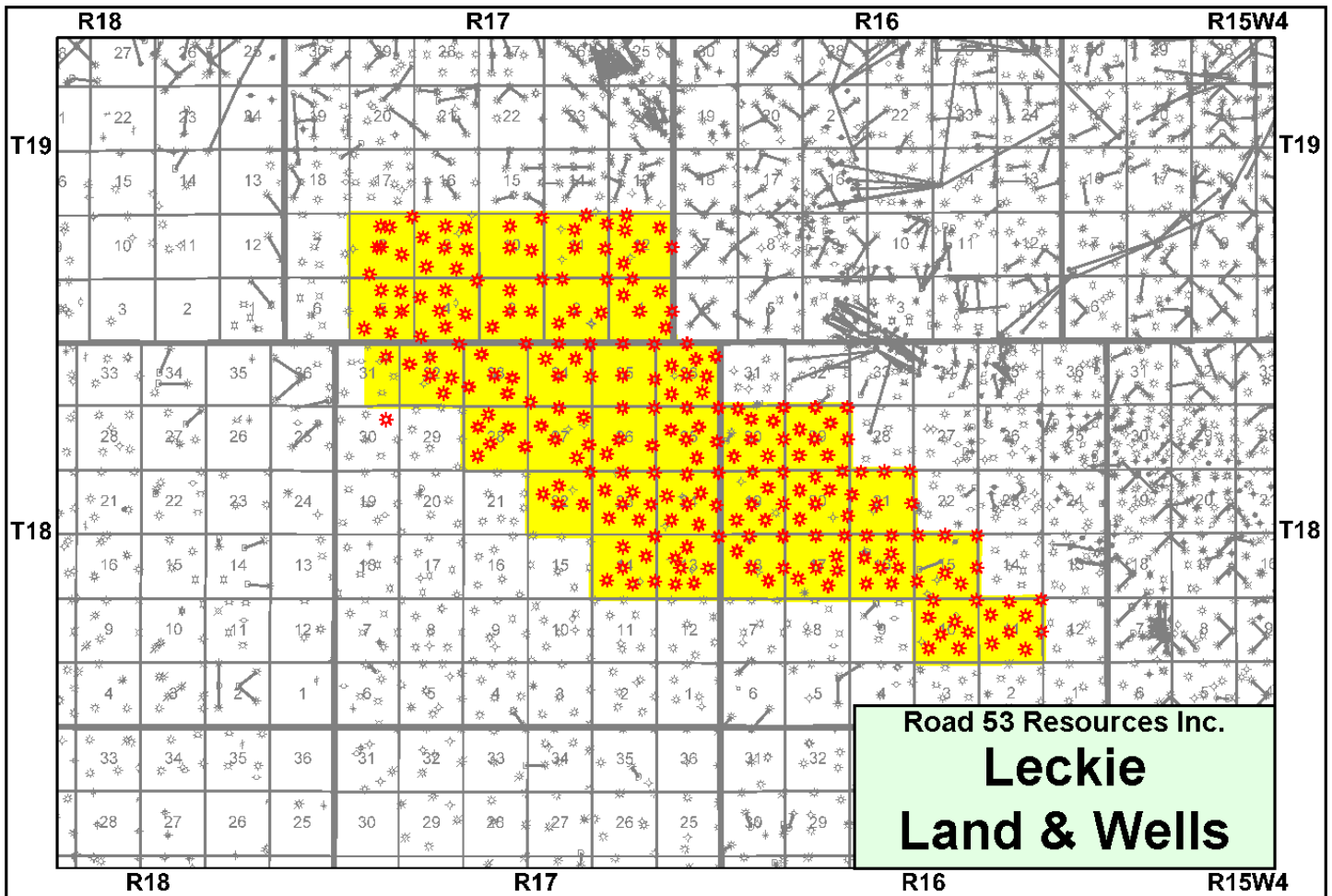
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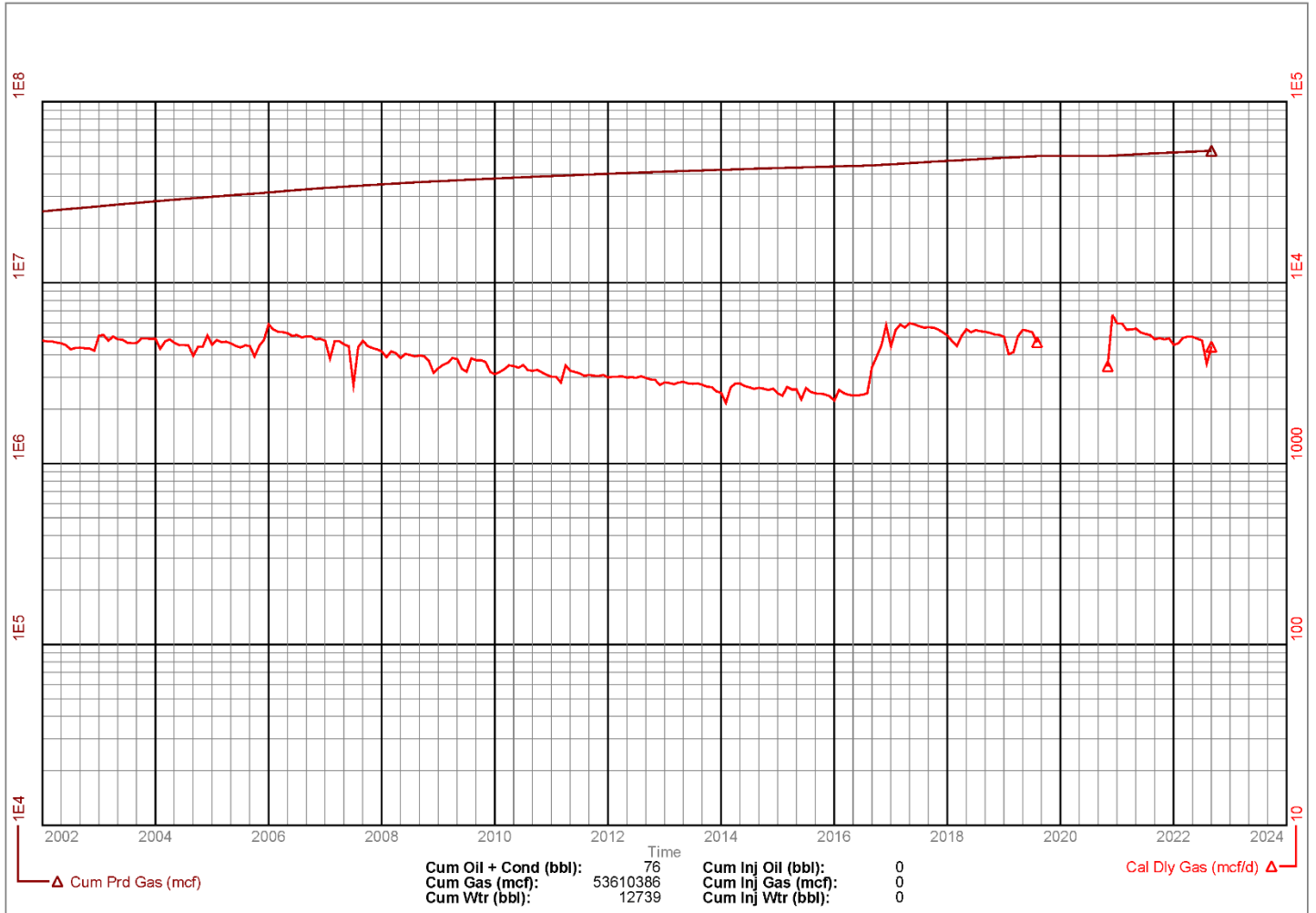
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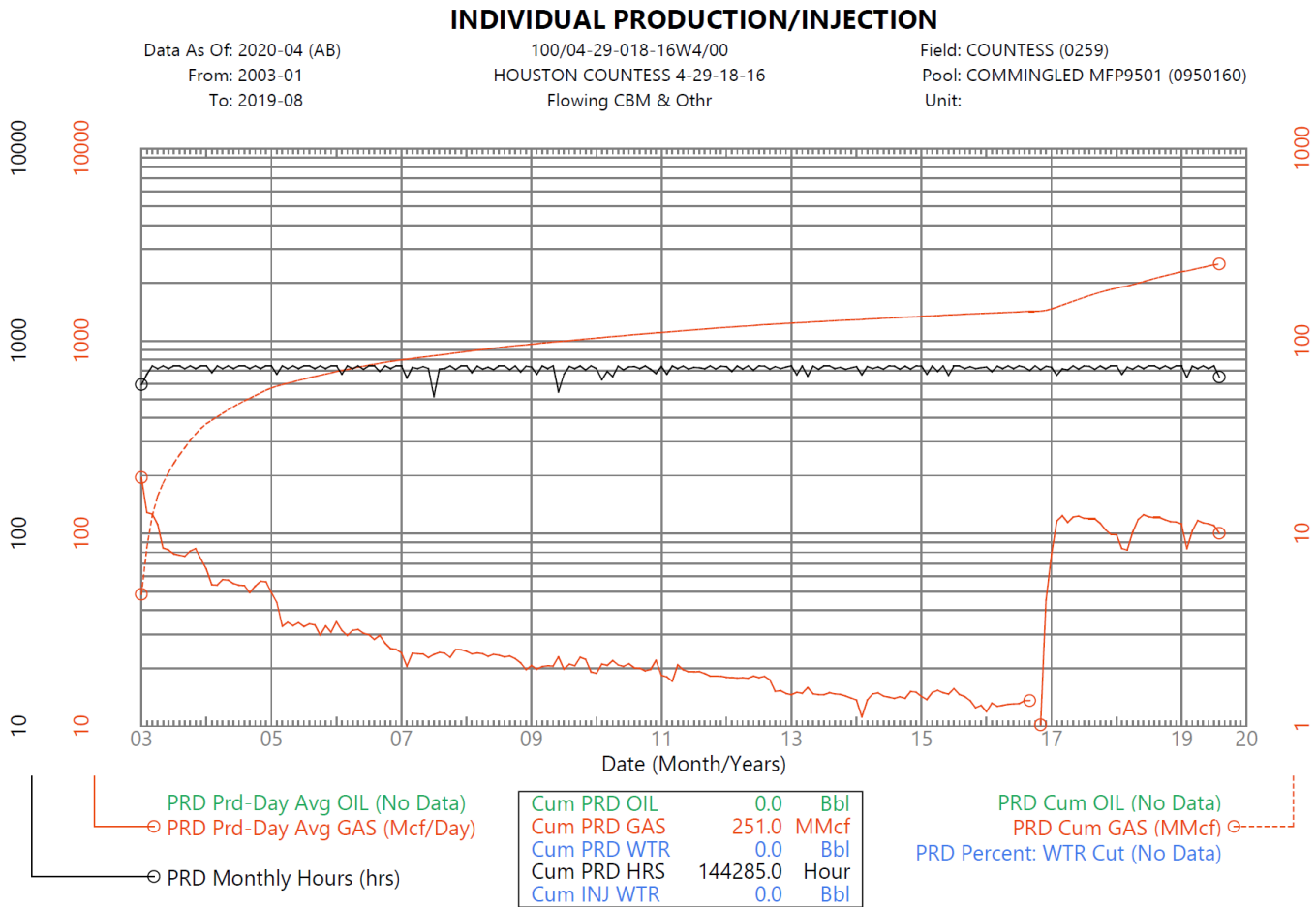
Leckie, Alberta
Gross Production Group Plot of Road 53's Milk River/Medicine Hat CBM Wells



Leckie Upside

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Leckie Facilities

At *Leckie*, the Company holds interests in a central processing facility which is linked to the Nova Gas Transmission Line system.

Road 53 holds a 100% working interest in two natural gas compressors located at 16-24-018-17W4 and 08-32-018-17W4.

No third-party processing or compression is required to sell the natural gas from the Property.

Leckie Reserves

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Leckie Well List

See well list in Excel.

Additionally, the Company holds a 35% working interest in the well 100/16-09-011-19W4/02 operated by **i3 Energy PLC** in the *Carmangay* area of Alberta. The 16-09 well is producing at a gross rate of approximately 11 barrels of oil per day and 30 Mcf/d of natural gas.

CONFIDENTIALITY AGREEMENT

PRIVATE AND CONFIDENTIAL

_____, 20____

Company Name: _____

Street Address: _____

City, Province: _____

Postal Code: _____

Attention: _____

**Re: Road 53 Resources Inc.
 Corporate Divestiture**

In connection with your possible interest in the acquisition of, or completion of a business combination with, Road 53 Resources Inc. (the "Corporation") or the acquisition of the Corporation's assets and/or operations upon some mutually agreeable basis, you acknowledge that we are providing you with certain information about the Corporation which is non-public, strictly confidential and proprietary in nature. All information furnished to you and your directors, officers, employees, agents or representatives, including without limitation, affiliates, attorneys, accountants, consultants and financial advisors (collectively herein referred to as "Representatives") together with any and all analyses, compilations, studies or other documents prepared by your Representatives (whether in paper form, electronic form or any other means of creating or storing information) containing or based upon, in whole or in part, any such furnished information or reflecting your view of or interest in the Corporation is hereafter referred to as the "Information". As a condition precedent to making available to you the Information, we hereby mutually agree as follows:

1. The Information shall be kept strictly confidential and will not be:
 - (a) used in any way materially detrimental to the Corporation;
 - (b) disclosed, divulged, published, transcribed or transferred, by you or by any of your Representatives, in whole or in part, without the prior written consent of the Corporation, which consent may be arbitrarily withheld or delayed; or
 - (c) used by you or your Representatives other than in connection with the transactions described above.

Moreover, you agree to provide the Information only to those Representatives who need to know the Information for the purposes of evaluating the transactions referred above, are informed by you of the confidential nature of the Information and who agree to be bound by the terms of this Agreement. You agree to keep a list of all Representatives to whom any Information has been delivered and to provide that list on request. You agree to be responsible and jointly and severally liable for any breach of this Agreement by you or your Representatives.

You will make all reasonable, necessary and appropriate efforts to safeguard the Information from disclosure to anyone other than as permitted hereby. The obligation to keep the information confidential shall be limited to a period of one (1) year after the date of this Agreement or upon the consummation of a transaction contemplated above, whichever is the first to occur.

2. Until our joint announcement of a proposed transaction as described above, you will direct your Representatives not to disclose to any other person that the Information has been made available, or that discussions and negotiations are taking place concerning a possible transaction, including the status thereof or the terms of this Agreement. The other "person" as used in this letter shall be broadly interpreted to include, without limitation, any individual, corporation, company, group, partnership or other entity. The restrictions contained in this Agreement shall not apply to approaches made by either of us or our Representatives, to government officials in Canada or the United States in connection with our preparation of a proposal for any transaction as described above or disclosure required by law, provided that we mutually agree to limit such disclosure to the minimum Information required and will, where possible, make such disclosure subject to an obligation of confidentiality. Nothing in this Agreement will restrict either of us from making a press release with respect to a transaction if, in its reasonable opinion, a material change in our affairs has occurred and such disclosure is required by law. In such event, the party intending to make a press release will to the extent reasonably possible consult with the other party as to the intended contents of such press release, prior to issuing such press release.
3. You agree to keep a record of each location of the Information. If either party hereto determines that it does not wish to enter into a transaction contemplated above, it will promptly advise the other of that fact. In such case, or in the event that we do not effect a transaction as contemplated above or if a party hereto requests for any reason whatsoever, you will promptly, upon receiving written request, deliver to the Corporation, all Information furnished to you or your Representatives constituting the Information, without retaining copies thereof. In such event, all other documents constituting the Information (whether in paper form, electronic form or any other means of creating or storing information) will be destroyed.
4. The term "Information" does not include information which:
 - (a) is or becomes generally available to the public other than as a result of the disclosure by you or any one to whom you or any of your Representatives transmit any Information; or
 - (b) is or becomes available to you or your Representatives on a non-confidential basis and not in contravention of applicable law from a source which is represented to you or your Representatives that it is entitled to disclose it to you or your Representatives on such basis; or
 - (c) is already in your possession, or in the possession of any of your Representatives, provided that such Information is not subject to another confidentiality or non disclosure agreement with, or other obligation of secrecy to, a third party; or
 - (d) becomes available to you or your Representatives under any joint operating or other agreement which you have with us.
5. During the period commencing on the date of this Agreement and terminating upon the date of one (1) year after the date of this Agreement or consummation of a transaction contemplated above, whichever is the first to occur, you will not, nor shall any of your affiliates (which shall mean any person or entity, directly or indirectly, through one or more intermediaries, controlling

or controlled by or under, control with you), unless in any such case specifically invited to do so by the board of directors or management of the Corporation as provided below:

- (a) acquire or agree to acquire, or make any proposal to acquire, in any manner, any securities or property of the Corporation;
- (b) commence or tender an offer to acquire any securities of the Corporation;
- (c) solicit proxies from the Corporation's shareholders or form, join or in any way participate in a group that is a "control person" as such term is interpreted in the Securities Act (Alberta);
- (d) engage in any discussions or negotiations, or enter into any agreement, or otherwise act in concert with any third party in order to propose or effect any acquisition or business combination transaction with respect to the Corporation except nothing herein shall prohibit you from engaging in any discussions or negotiations with a third party concerning:
 - (i) financing with respect to the transactions as contemplated herein; or
 - (ii) a joint proposal by us and such third party of any transaction involving the other which would be permitted to propose a loan in accordance with the terms of this Agreement;
- (e) solicit, employ or engage, directly or indirectly, any person currently employed or engaged as a consultant by the Corporation provided, however, that nothing contained herein shall prohibit either of us from making the proposal to the board of directors or management of the Corporation so long as such proposal is made pursuant to procedures established by the board of directors or management prior to such proposal;

and further provided that the restrictions contained in this paragraph shall terminate in any event one (1) year after the date of this Agreement.

6. You acknowledge that the Corporation does not, and the Corporation's representatives do not, make any representation or warranty as to the accuracy or completeness of the Information, whether express or implied, arising at law, by statute or in equity, with respect to the Information including but without limitation any warranty or representation of accuracy, completeness, merchantability, condition or fitness of the Information, or with respect to the assets or undertakings of the Corporation to which the Information makes reference.
7. In the event that either you or anyone to whom you transmit the Information pursuant to this Agreement is required by law to disclose any of the Information, you will provide the Corporation with prompt written notice so that we may seek a protection order or other appropriate remedy. In any event, you or your Representatives will furnish only that portion of the Information which is legally required and we will mutually use our best efforts to obtain reliable assurances that the Information will be kept confidential.
8. You acknowledge and agree that the Corporation will not have any adequate remedy at law and would be respectively irreparably harmed in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, you agree that the Corporation shall be entitled to injunctive relief to prevent a breach of this Agreement and to specifically enforce the terms and provisions hereof in addition to any other remedy to which the Corporation may be entitled at law or in equity.

9. It is further understood and agreed that no failure or delay by either of us in exercising any rights, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise of any right, power or privilege hereunder.
10. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta specifically to agreements made and to be performed within such Province and the parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta in respect of any matter relating in any way to this Agreement.

Yours very truly,

ROAD 53 RESOURCES INC.

Jim Tyndall
President

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

RECIPIENT COMPANY NAME

OFFICER'S SIGNATURE

OFFICER'S PRINTED NAME & TITLE

CONFIDENTIAL INFORMATION DELIVERY OPTIONS: (please check one)

____ Electronic or ____ Hard copy (binder)

NAME OF CONTACT PERSON TO FORWARD INFORMATION

CONTACT ADDRESS

TELEPHONE NUMBER

EMAIL ADDRESS

Option to Attach Business Card Here: