

# **CHAIR RESOURCES INC. CHAIR HOLDINGS LIMITED**

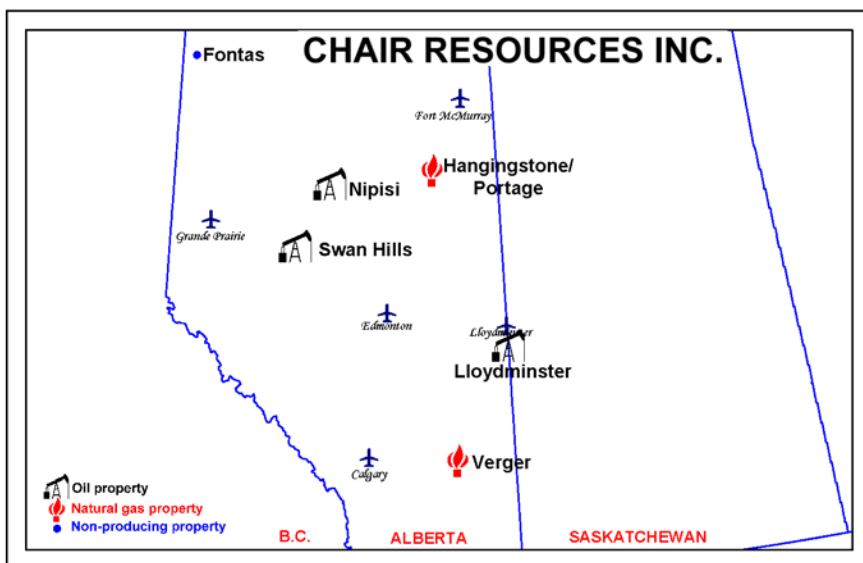
## **OVERVIEW INFORMATION**

## Property Divestiture: Various Non-Operated Interests 262 boe/d (1.5 MMcf/d, 14 bbl/d)

## CHAIR RESOURCES INC.

Chair Resources Inc. and Chair Holdings Limited (collectively “Chair” or the “Company”) has engaged **Sayer Energy Advisors** (“Sayer”) to assist it with the sale of all of the assets of the Company which are located throughout western Canada.

The Company’s oil and natural gas assets consist of long-life, low-decline, non-operated oil and natural gas working interests and royalty interests in the *Verger*, *Lloydminster*, *Swan Hills*, *Nipisi*, *Hangingstone/Portage* and *Fontas* areas of Alberta and Saskatchewan (the “Properties”).



The Company share of production from the Properties was approximately 262 barrels of oil equivalent per day (1.5 MMcf/d of natural gas and 14 barrels of oil and natural gas liquids per day) in the first six months of 2021.

Details on the Company’s facilities and infrastructure is available in the data room for parties that execute a confidentiality agreement.

## PROCESS & TIMELINE

Sayer Energy Advisors is accepting cash offers to acquire the Properties until **12:00 pm on Thursday, October 28, 2021**.

Timeline		
Week of September 27, 2021		Preliminary Information Distributed
Week of September 27, 2021		Data Room Opens
<b>October 28, 2021</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
November 1, 2021		Effective Date
November 2021		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 cash offers from interested parties until noon on Thursday, October 28, 2021.**



## Production Overview

The Company share of production from the Properties was approximately 262 barrels of oil equivalent per day (1.5 MMcf/d of natural gas and 14 barrels of oil and natural gas liquids per day) in the first six months of 2021.

PROPERTY	COMPANY SHARE OF PRODUCTION				NOI
	(Jan-Jun 2021)				Jan-June
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d	2021 Monthly
Verger	2	-	1,103	186	\$23,600
Hangingstone/Portage	-	-	370	62	\$680
Nipisi	10	1	5	12	(\$1,900)
Lloydminster	-	-	9	2	\$120
Swan Hills	-	-	-	-	\$50
Fontas	-	-	-	-	(\$1,250)
<b>TOTAL</b>	<b>13</b>	<b>1</b>	<b>1,486</b>	<b>262</b>	<b>\$21,300</b>

## Reserves Overview

Trimble Engineering Associates Ltd. ("Trimble") prepared an independent reserves evaluation of Chair's properties as part of the Company's year-end reporting (the "Trimble Report"). The Trimble Report is effective December 31, 2019, using Trimble's January 1, 2020 forecast pricing. The Trimble Report was updated for the *Swan Hills* and *Verger* properties (the "Updated Report"). The Updated Report is effective August 31, 2021, using Trimble's July 1, 2021 forecast pricing.

Trimble estimates that as of December 31, 2019 and August 31, 2021, the Properties contained remaining proved plus probable reserves of 45,000 barrels of oil and natural gas liquids and 4.0 Bcf of natural gas (710,000 boe), with an estimated net present value of approximately \$959,000 using forecast pricing at a 10% discount.

Trimble Engineering Associates Ltd. as of December 31, 2019 and August 31, 2021							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	10%	12% (000s)	15%
<b>Proved Developed Producing</b>	<b>24</b>	<b>2,668</b>	<b>2</b>	<b>470</b>	<b>(\$689)</b>	<b>(\$392)</b>	<b>(\$61)</b>
Proved Non-Producing/Undeveloped	0	781	0	130	\$763	\$718	\$656
<b>Total Proved</b>	<b>24</b>	<b>3,449</b>	<b>2</b>	<b>600</b>	<b>\$74</b>	<b>\$325</b>	<b>\$595</b>
Probable	17	544	2	110	\$884	\$810	\$715
<b>Total Proved Plus Probable</b>	<b>41</b>	<b>3,993</b>	<b>4</b>	<b>710</b>	<b>\$959</b>	<b>\$1,135</b>	<b>\$1,309</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.





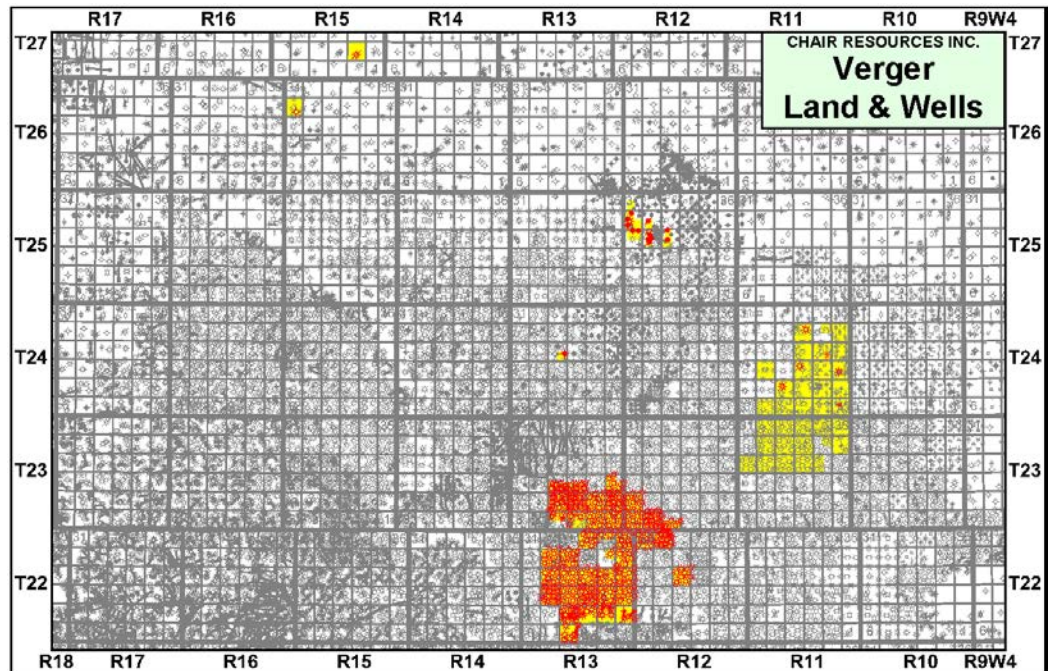
## Verger Property

## Township 22-27, Range 11-15 W4

At *Verger*, the Company holds various non-operated working interests in certain lands.

The Company share of production from *Verger* in the first six months of 2021 was approximately 186 boe/d (1.1 MMcf/d of natural gas and two barrels of oil per day).

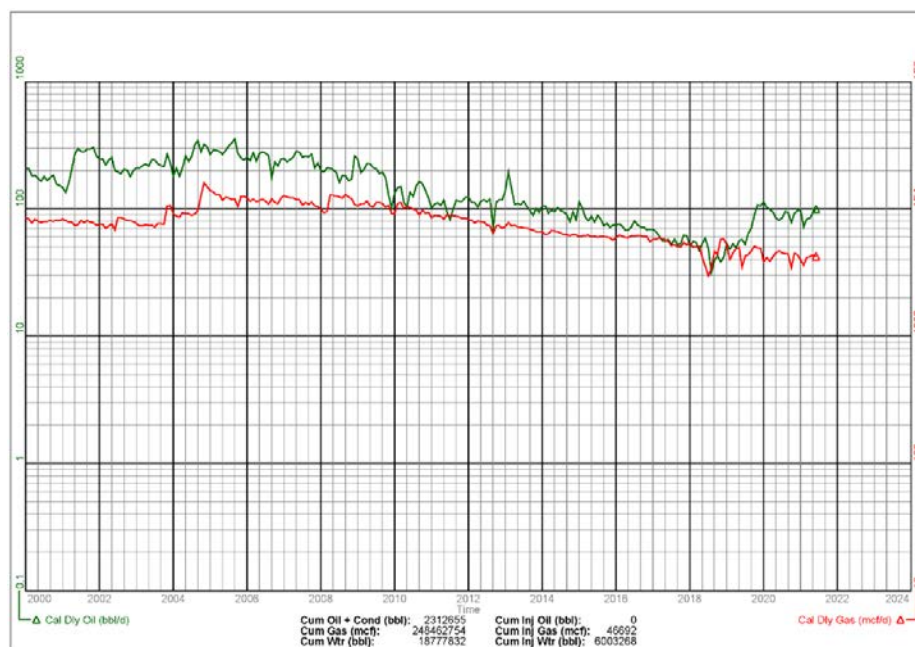
Chair's net operating income from *Verger* in the first six months of 2021 was approximately \$24,000, or \$288,000 on an annualized basis. The current strength in AECO forward natural gas prices will have a significant positive effect on the net operating income at *Verger*.



Chair's forecast of net operating income for the remainder of 2021 and for calendar 2022 is as follows:

Pricing	September-December 2021	Calendar 2022
Trimble - July 2021	\$205,501	\$378,690
Strip price – Sept. 14, 2021	\$410,397	\$798,732

### Verger, Alberta – Gross Production Group Plot of Chair's Oil & Natural Gas Wells



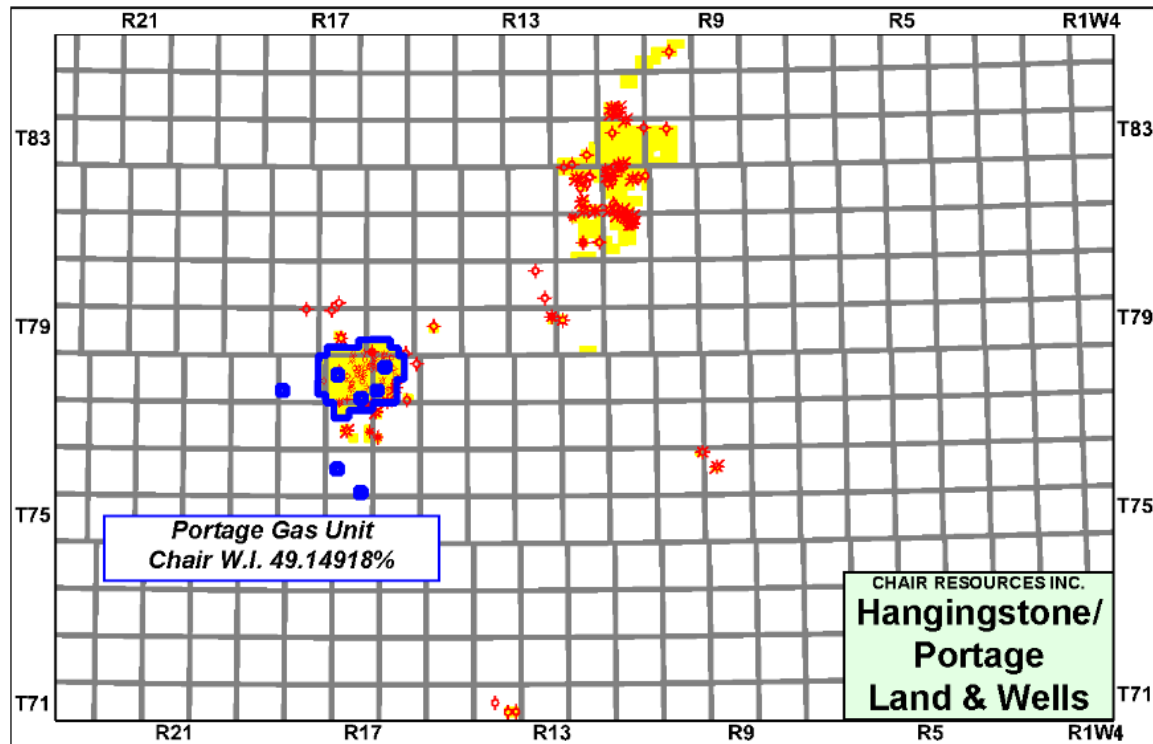


## Hangingsstone/Portage Property

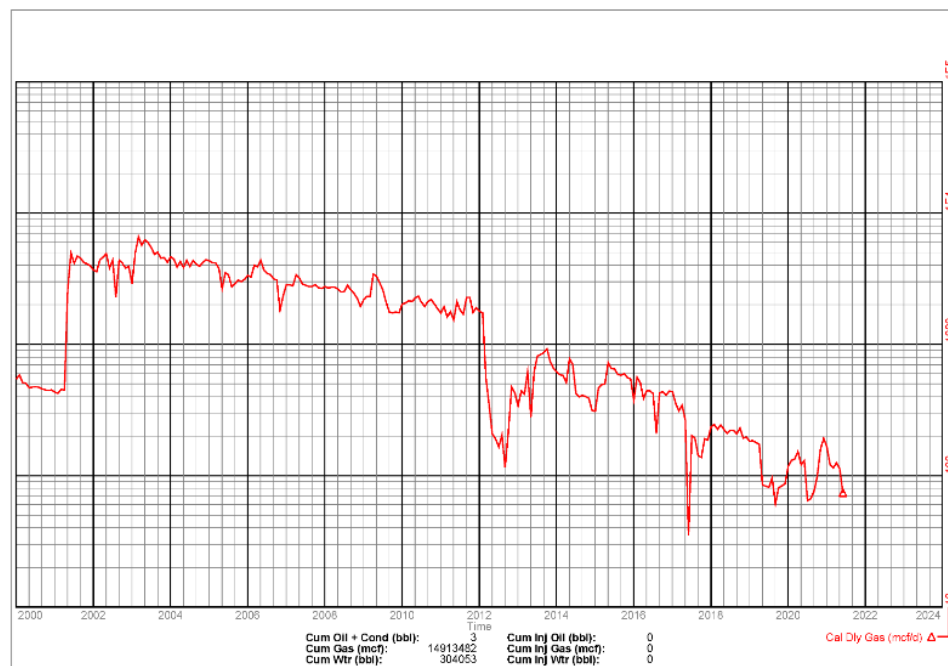
## Township 71-85, Range 9-18 W4

In the *Hangingsstone/Portage* area, Chair holds various working interests in certain lands, as well as a 49.14918% working interest in the *Portage Gas Unit* operated by **IPC Canada Ltd.**

The Company share of production from *Hangingsstone/Portage* in the first six months of 2021 was approximately 62 boe/d (370 Mcf/d of natural gas).



### Hangingsstone/Portage, Alberta Gross Production Group Plot of Chair's Oil & Natural Gas Wells





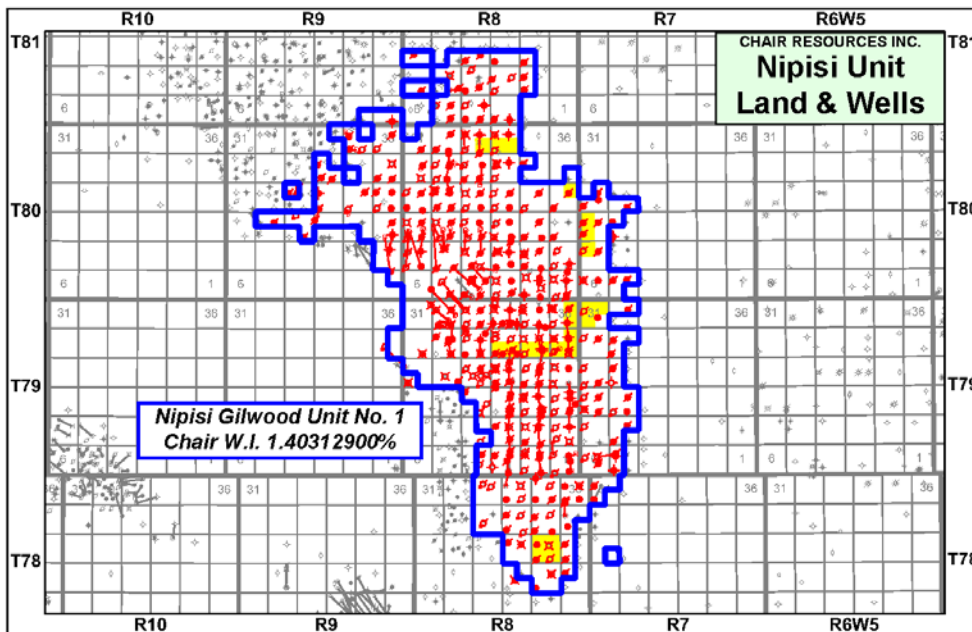


**BID DEADLINE: 12:00 pm October 28, 2021**

**Property Divestiture**

## Nipisi Property

## Township 71-82, Range 3-11 W5



At *Nipisi*, Chair holds various working interests in certain lands as well as a 1.403129% working interest in the *Nipisi Gilwood Unit No. 1* operated by **Canadian Natural Resources Limited**.

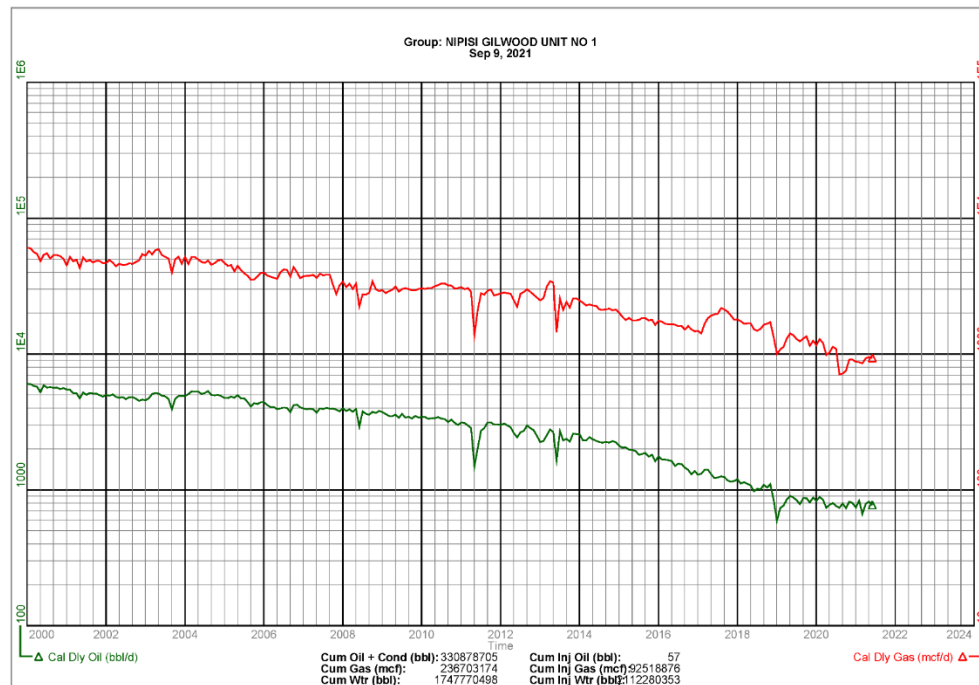
The Company share of production from *Nipisi* in the first six months of 2021 was approximately 12 boe/d (11 barrels of oil and natural gas liquids per day and five Mcf/d of natural gas).

## Nipisi Gilwood Unit No. 1

### Interest Holders

Interest % (%)	Participant Name
90.31985390	CANADIAN NATURAL RESOURCES
7.36868590	I3 ENERGY CANADA LTD.
1.40312900	CHAIR RESOURCES INC.
0.67450820	CANADIAN PETROLEUM INVESTMENTS ULC
0.13678160	ALLARO RESOURCES LTD.
0.09704140	HAMILTON BROTHERS CANADIAN GAS COMPANY LTD.

## Nipisi, Alberta – Gross Production Group Plot of Chair’s Oil & Natural Gas Wells



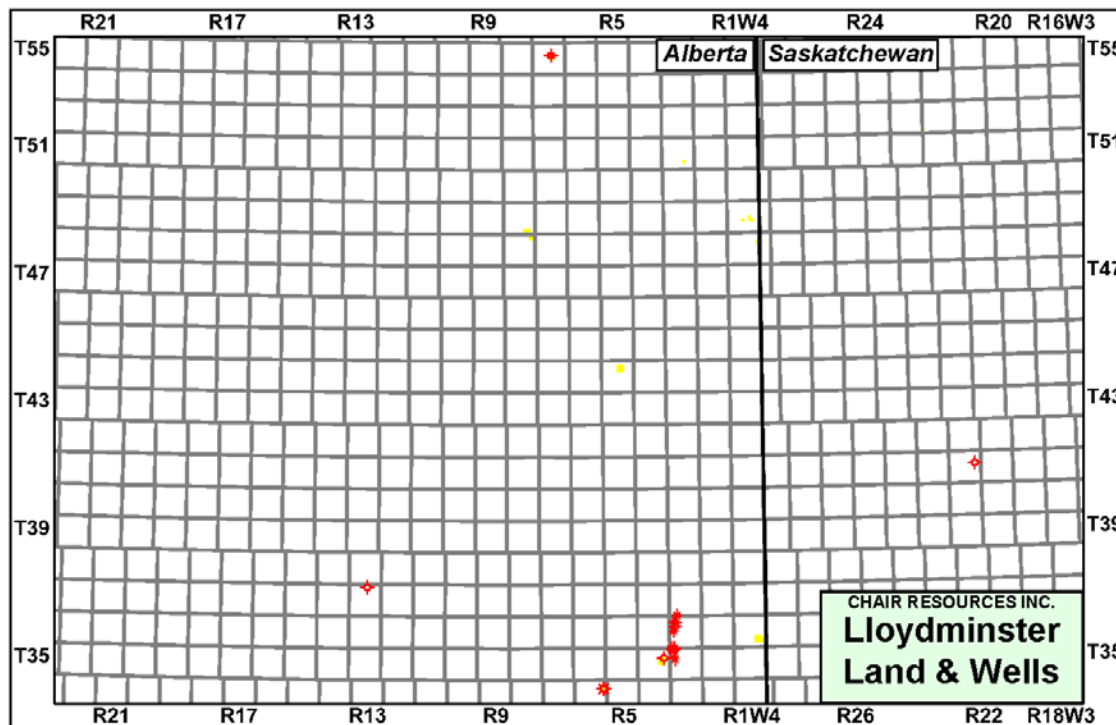


## Lloydminster Property

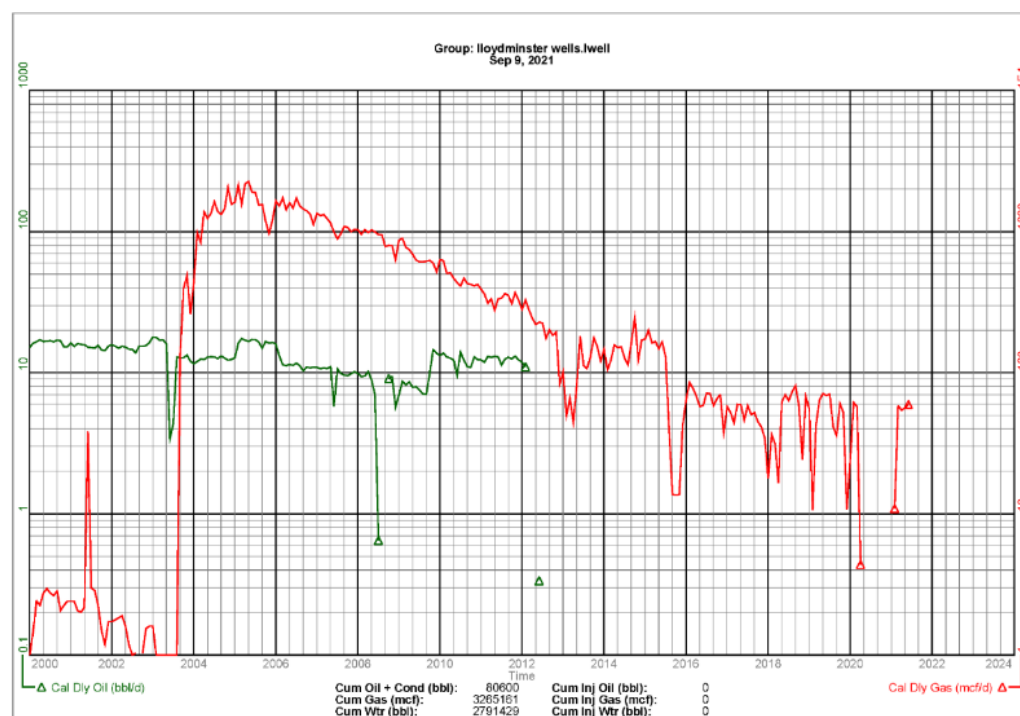
## Township 34-54, Range 21 W3-13 W4

At *Lloydminster*, the Company holds various non-operated working interests in certain lands.

The Company share of production from *Lloydminster* in the first six months of 2021 was approximately nine Mcf/d of natural gas (two boe/d).



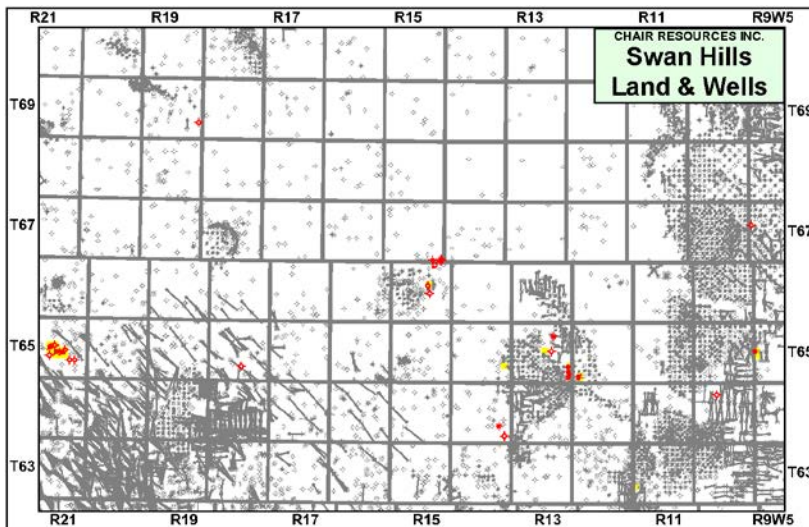
## Lloydminster, Saskatchewan/Alberta – Gross Production Group Plot of Chair’s Oil & Natural Gas Wells





## Swan Hills Property

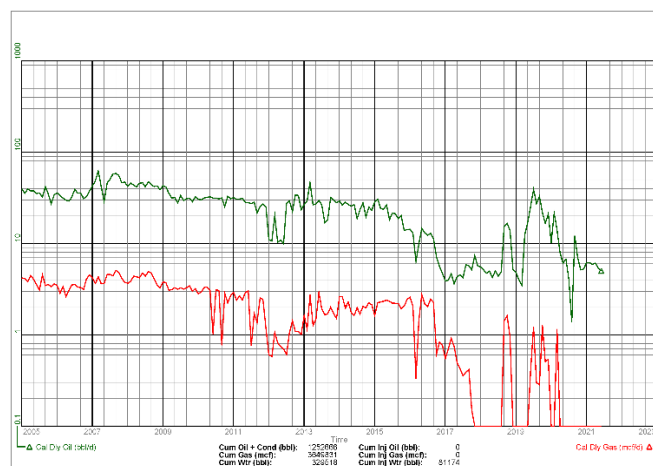
## Township 63-69, Range 7-21 W5



At *Swan Hills*, Chair holds various working interest and royalty interests in certain lands.

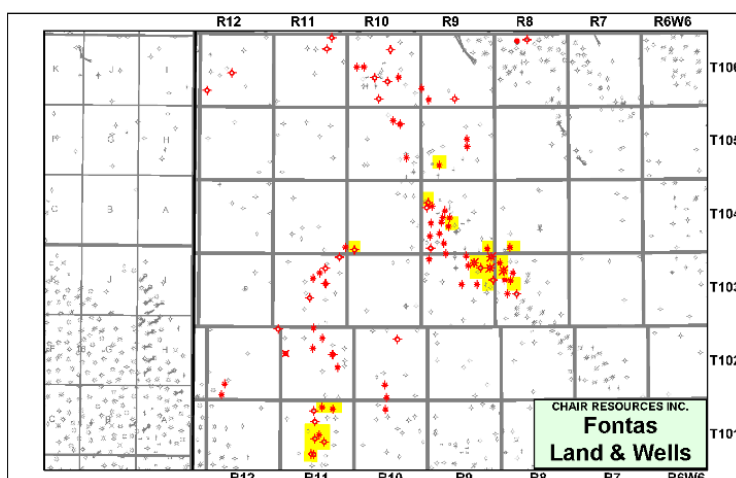
The Company share of production from *Swan Hills* in the first six months of 2021 was very minor volumes of oil per day.

**Swan Hills, Alberta – Gross Production Group Plot of Chair’s Oil & Natural Gas Wells**



## Fontas Property

## Township 101-106, Range 8-12 W6



In the *Fontas* area, Chair holds various working interests in certain lands.

There is currently no production from the *Fontas* property.



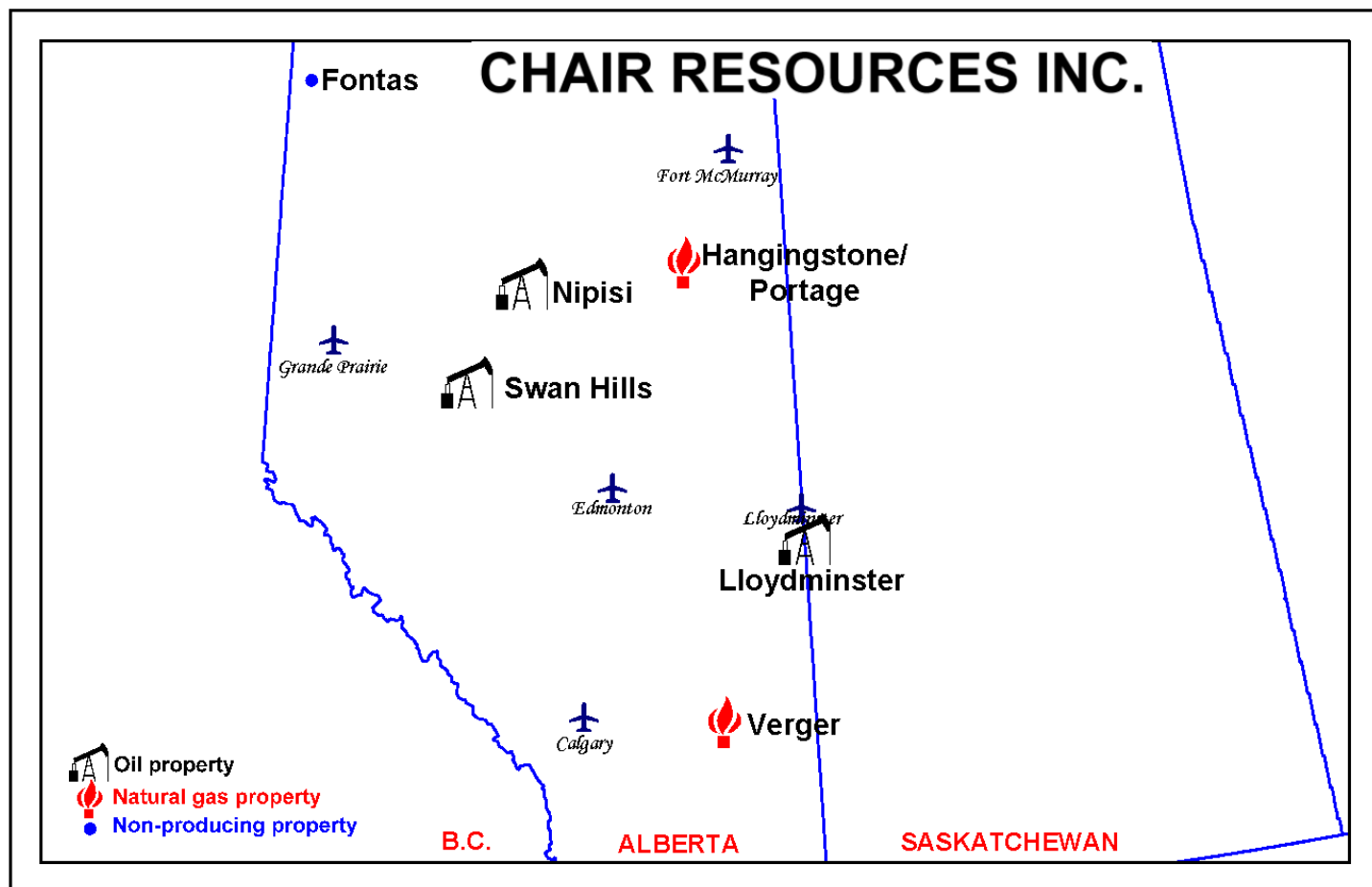




**BID DEADLINE: 12:00 pm October 28, 2021**

**Property Divestiture**

# Chair Resources Inc. Property Divestiture Fall 2021



## 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](http://www.sayeradvisors.com)) and return one copy to Sayer Energy Advisors by courier, email ([tpavic@sayeradvisors.com](mailto:tpavic@sayeradvisors.com)) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, most recent net operations summary, the Trimble Report and other relevant technical information.

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



1620, 540 – 5<sup>th</sup> Avenue SW, Calgary, Alberta Canada T2P 0M2  
Tel: 403.266.6133 Fax: 403.266.4467 [www.sayeradvisors.com](http://www.sayeradvisors.com)

## Overview

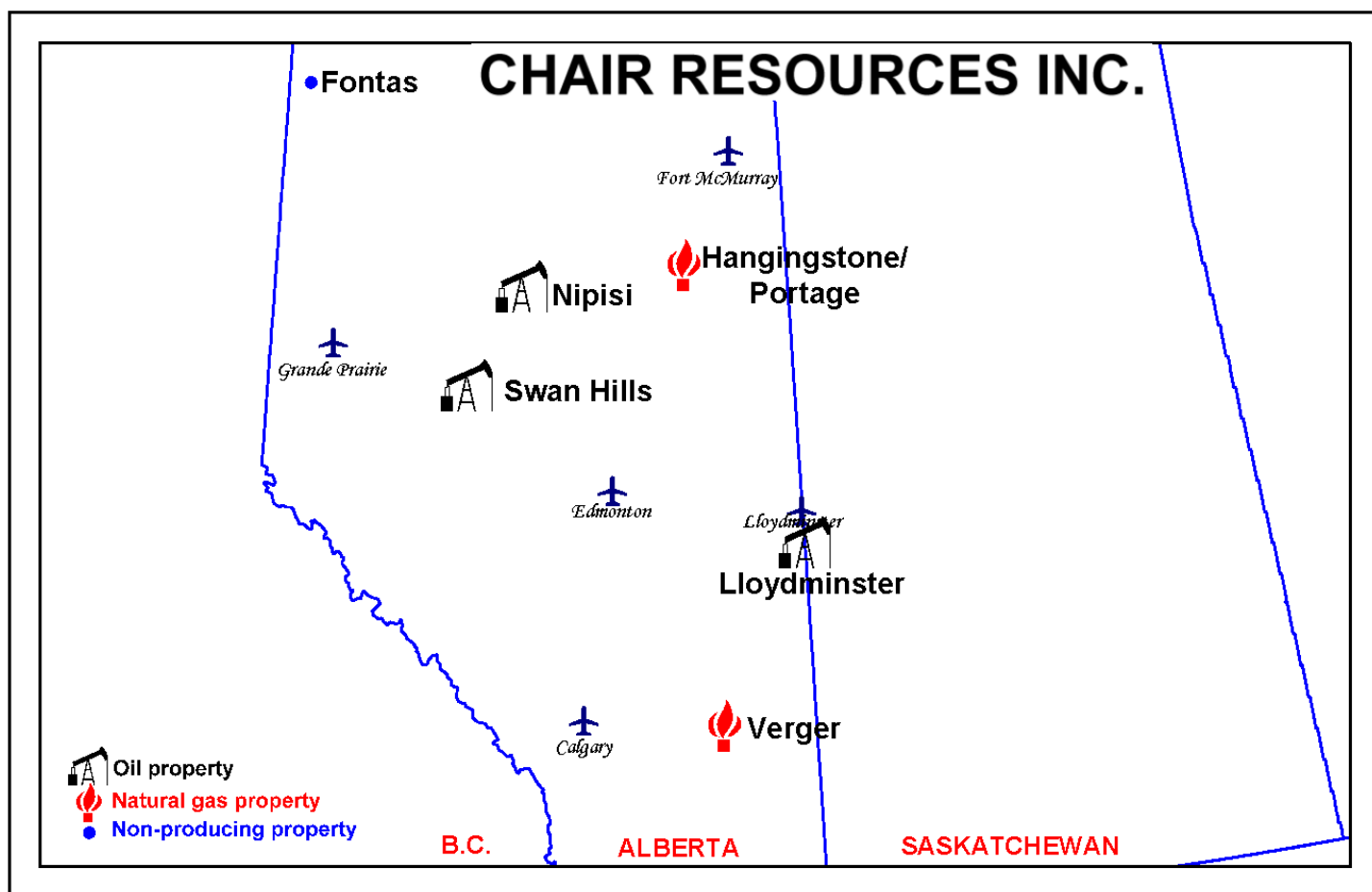
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The Company share of production from the Properties was approximately 262 barrels of oil equivalent per day (1.5 MMcf/d of natural gas and 14 barrels of oil and natural gas liquids per day) in the first six months of 2021.

Details on the Company’s facilities and infrastructure is available in the data room for parties that execute a confidentiality agreement.

### Overview Map Showing the Location of Chair’s Divestiture Properties



## Production Overview

The Company share of production from the Properties was approximately 262 barrels of oil equivalent per day (1.5 MMcf/d of natural gas and 14 barrels of oil and natural gas liquids per day) in the first six months of 2021.

PROPERTY	COMPANY SHARE OF PRODUCTION (Jan-Jun 2021)				NOI Jan-June 2021 Monthly
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d	
Verger	2	-	1,103	186	\$23,600
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Nipisi	10	1	5	12	(\$1,900)
Lloydminster	-	-	9	2	\$120
Swan Hills	-	-	-	-	\$50
Fontas	-	-	-	-	(\$1,250)
<b>TOTAL</b>	<b>13</b>	<b>1</b>	<b>1,486</b>	<b>262</b>	<b>\$21,300</b>

## Reserves Overview

*Trimble Engineering Associates Ltd.* ("Trimble") prepared an independent reserves evaluation of Chair's properties as part of the Company's year-end reporting (the "Trimble Report"). The Trimble Report is effective December 31, 2019, using Trimble's January 1, 2020 forecast pricing. The Trimble Report was updated for the *Swan Hills* and *Verger* properties (the "Updated Report"). The Updated Report is effective August 31, 2021, using Trimble's July 1, 2021 forecast pricing.

Trimble estimates that as of December 31, 2019 and August 31, 2021, the Properties contained remaining proved plus probable reserves of 45,000 barrels of oil and natural gas liquids and 4.0 Bcf of natural gas (710,000 boe), with an estimated net present value of approximately \$959,000 using forecast pricing at a 10% discount.

Trimble Engineering Associates Ltd. as of December 31, 2019 and August 31, 2021							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	10%	12%	15%
<b>Proved Developed Producing</b>	<b>24</b>	<b>2,668</b>	<b>2</b>	<b>470</b>	<b>(\$689)</b>	<b>(\$392)</b>	<b>(\$61)</b>
Proved Non-Producing/Undeveloped	0	781	0	130	\$763	\$718	\$656
<b>Total Proved</b>	<b>24</b>	<b>3,449</b>	<b>2</b>	<b>600</b>	<b>\$74</b>	<b>\$325</b>	<b>\$595</b>
Probable	17	544	2	110	\$884	\$810	\$715
<b>Total Proved Plus Probable</b>	<b>41</b>	<b>3,993</b>	<b>4</b>	<b>710</b>	<b>\$959</b>	<b>\$1,135</b>	<b>\$1,309</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.



## LMR Summary

Chair does not operate any wells or facilities.

## Seismic

Chair has differing quantities and ownership in 2D and 3D seismic data over portions of several Properties including *Hangingstone/Portage*, *Lloydminster*, *Nipisi*, and *Swan Hills*.

Information on the seismic ownership will be made available in the data room to parties that execute a confidentiality agreement.



## Verger Property

## Township 22-27, Range 11-15 W4

At *Verger*, the Company holds various non-operated working interests in certain lands.

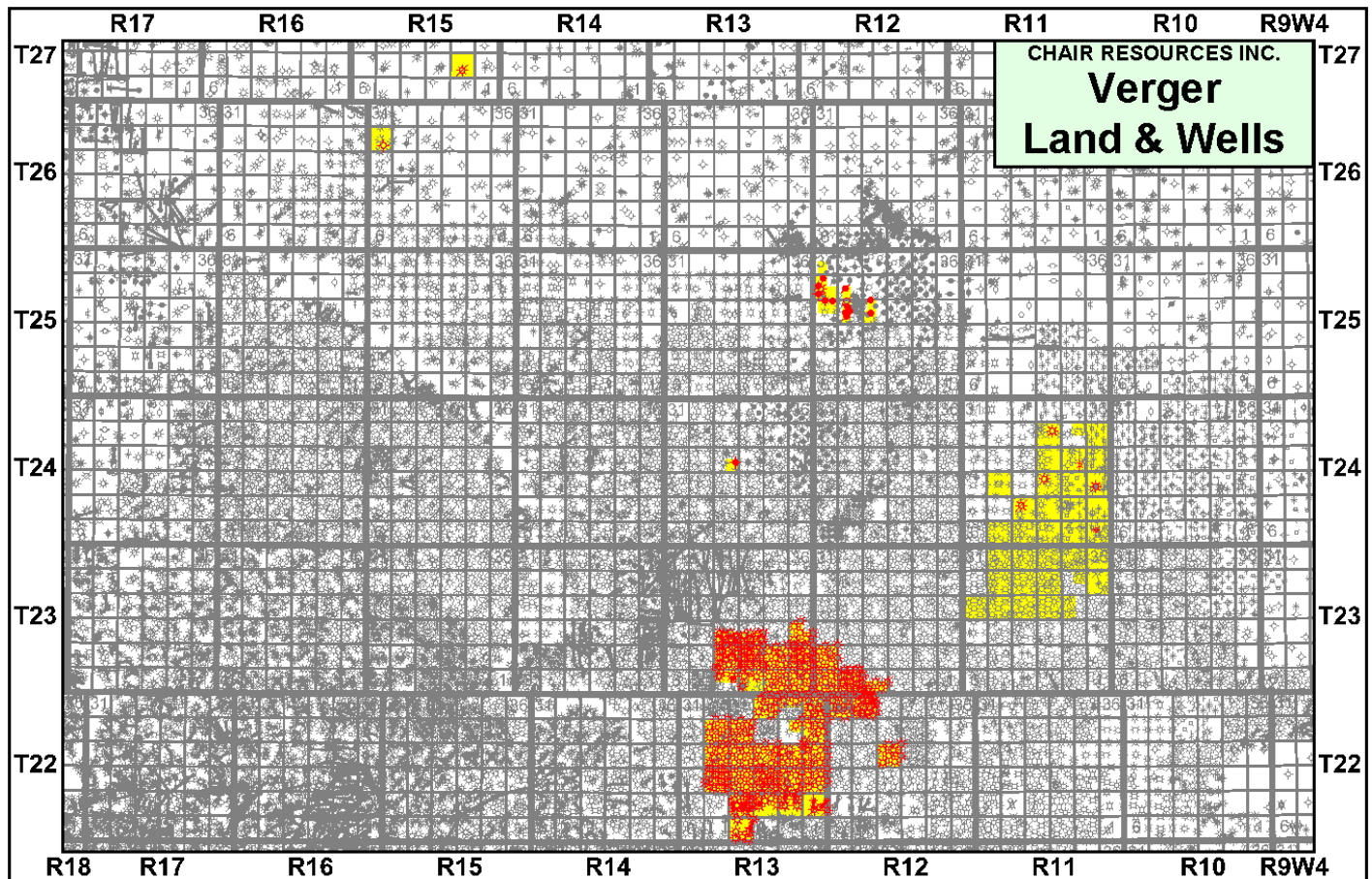
The Company share of production from *Verger* in the first six months of 2021 was approximately 186 boe/d (1.1 MMcf/d of natural gas and two barrels of oil per day).

Chair's net operating income from *Verger* in the first six months of 2021 was approximately \$24,000 per month, or \$288,000 on an annualized basis.

The current strength in AECO forward natural gas prices will have a significant positive effect on the net operating income at *Verger*.

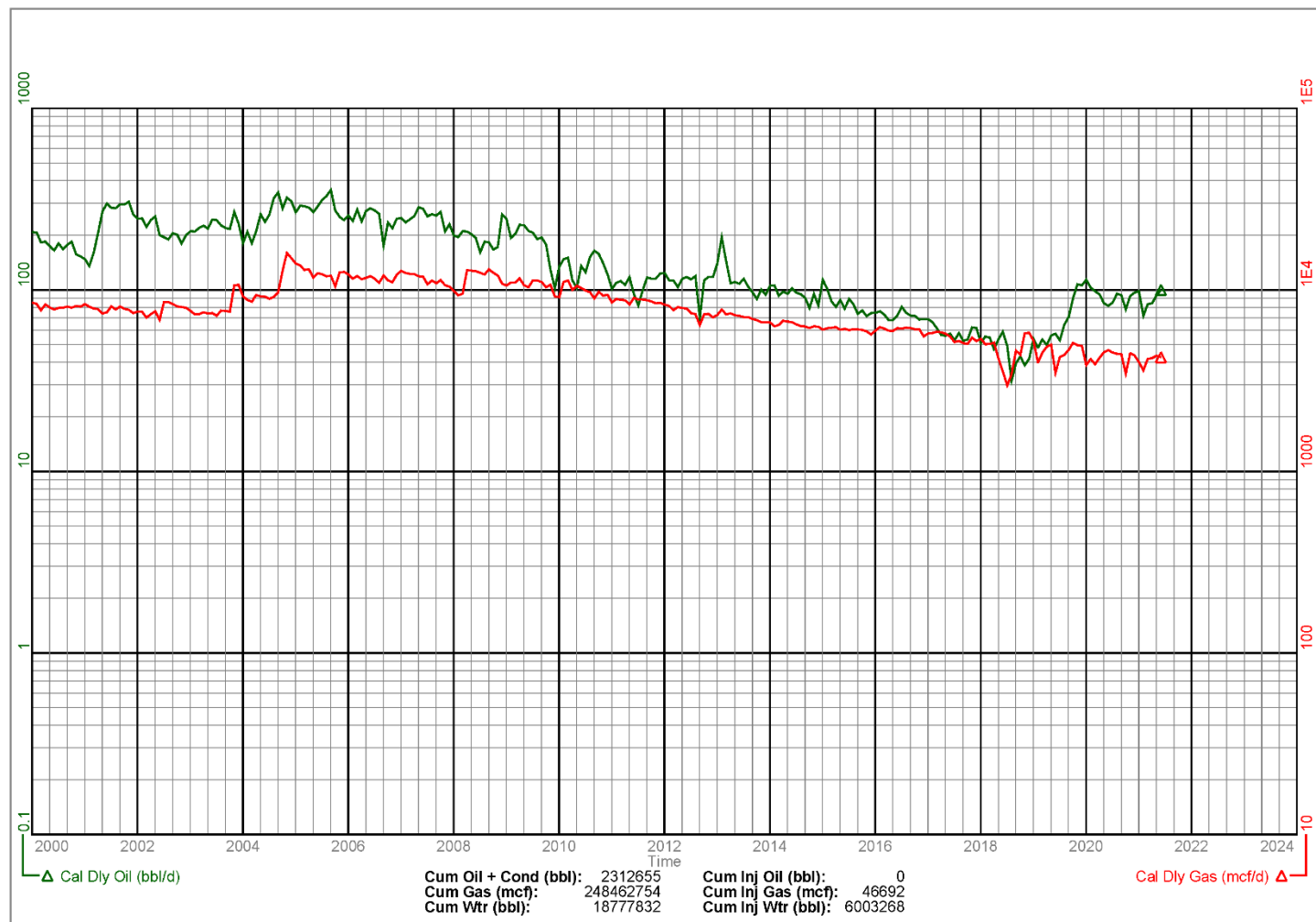
Chair's forecast of net operating income for the remainder of 2021 and for calendar 2022 is as follows:

Pricing	September-December 2021	Calendar 2022
Trimble - July 2021	\$205,501	\$378,690
Strip price – Sept. 14, 2021	\$410,397	\$798,732





**Verger, Alberta**  
**Gross Production Group Plot of Chair's Oil & Natural Gas Wells**



## Verger Facilities

The Company holds a 28.79% working interest in the Verger gas plant located at 08-26-022-13W4 which is operated by **Canadian Natural Resources Limited**.

Chair also holds a 12.5% working interest in the Verger/Cessford compressor plant located at 06-07-022-12W4 which is operated by **Canadian Natural Resources Limited**.

## Verger Marketing

The Company sells its natural gas through **BP Canada Energy Resources Company** through a short-term agreement.

## Verger Reserves

*Trimble Engineering Associates Ltd.* ("Trimble") prepared an independent reserves evaluation of certain of Chair's properties (the "Updated Report"). The Updated Report is effective August 31, 2021, using Trimble's July 1, 2021 forecast pricing.

Trimble estimates that as of August 31, 2021 the *Verger* property contained remaining proved plus probable reserves of 13,000 barrels of oil and 3.4 Bcf of natural gas (576,000 boe), with an estimated net present value of approximately \$161,000 using forecast pricing at a 10% discount.

Trimble Engineering Associates Ltd. as at August 31, 2021							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	10%	12% (000s)	15%
<b>Proved Developed Producing</b>	<b>10</b>	<b>2,604</b>	<b>0</b>	<b>444</b>	<b>(\$931)</b>	<b>(\$630)</b>	<b>(\$292)</b>
Proved Non-Producing/Undeveloped	0	547	0	91	\$703	\$661	\$604
<b>Total Proved</b>	<b>10</b>	<b>3,151</b>	<b>0</b>	<b>535</b>	<b>(\$228)</b>	<b>\$31</b>	<b>\$312</b>
Probable	2	233	0	41	\$389	\$353	\$308
<b>Total Proved Plus Probable</b>	<b>13</b>	<b>3,384</b>	<b>0</b>	<b>576</b>	<b>\$161</b>	<b>\$384</b>	<b>\$620</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.

## Verger Well List

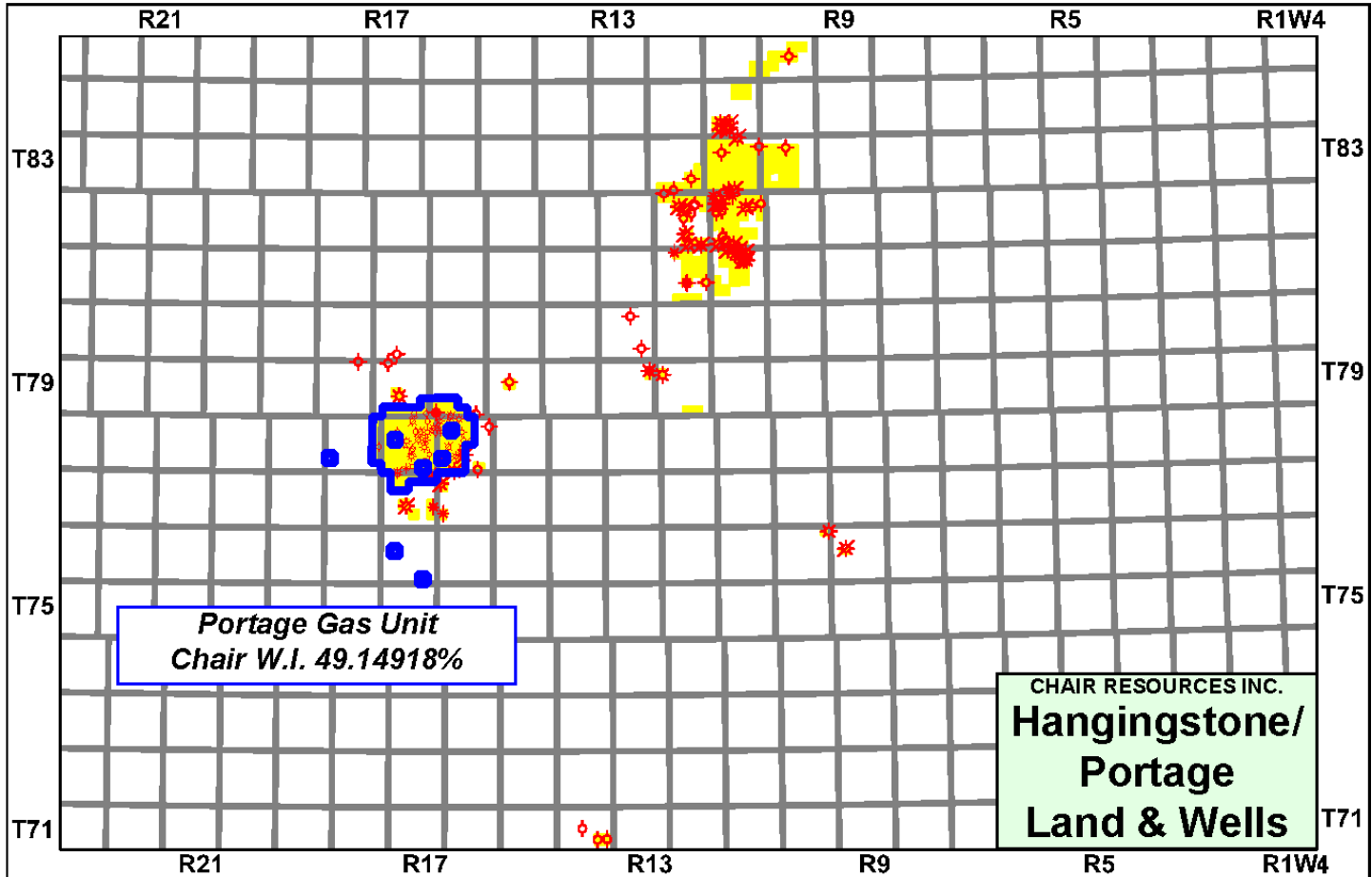
See well list in Excel.

## Hangingsstone/Portage Property

Township 71-85, Range 9-18 W4

In the *Hangingsstone/Portage* area, Chair holds various working interests in certain lands, as well as a 49.14918% working interest in the *Portage Gas Unit* operated by **IPC Canada Ltd.**

The Company share of production from *Hangingsstone/Portage* in the first six months of 2021 was approximately 62 boe/d (370 Mcf/d of natural gas).

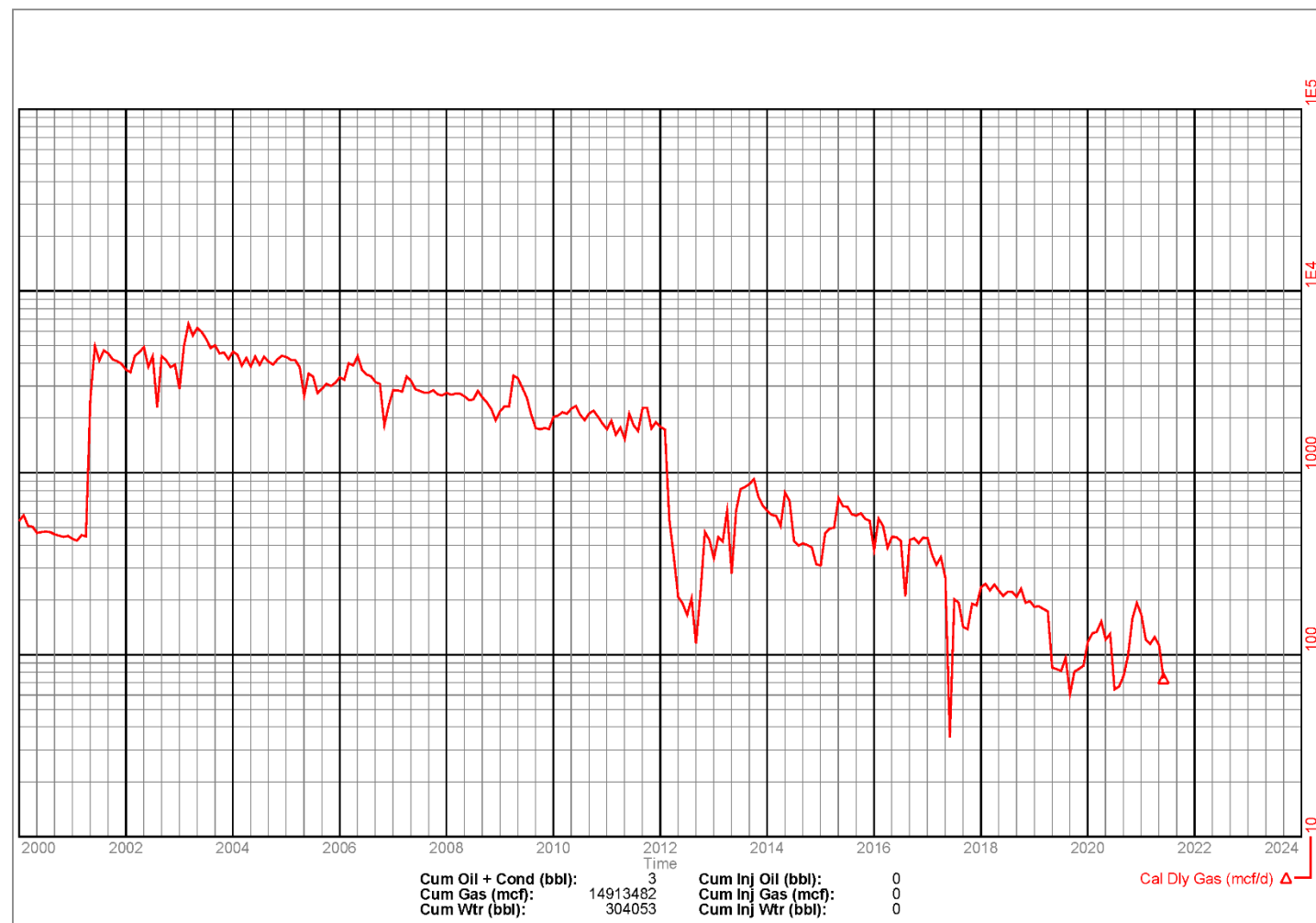


## Portage Gas Unit

### Interest Holders

Interest % (%)	Participant Name
49.14918000	CHAIR RESOURCES INC.
44.61124000	IPC CANADA LTD.
3.93368000	SEQUOIA RESOURCES CORP.
2.30590000	SIGNALTA RESOURCES LIMITED

## Hangingstone/Portage, Alberta Gross Production Group Plot of Chair's Oil & Natural Gas Wells



### Hangingstone/Portage Facilities

At *Hangingstone/Portage*, the Company holds a 20% working interest in the battery and compressor at 02-05-082-11W4 and compressors at 11-34-083-11W4 and 14-09-082-12W4 operated by **Connacher Oil and Gas Limited**.

Chair also holds an 83.4% working interest in a compressor located at 08-01-078-17W4 which is operated by **IPC Canada Ltd.**

### Hangingstone/Portage Marketing

There are no marketing arrangements in place specifically for the *Hangingstone/Portage* property.

## Hangingsstone/Portage Reserves

*Trimble Engineering Associates Ltd.* ("Trimble") prepared an independent reserves evaluation of Chair's properties as part of the Company's year-end reporting (the "Trimble Report"). The Trimble Report is effective December 31, 2019, using Trimble's January 1, 2020 forecast pricing.

Trimble estimates that as of December 31, 2019 the *Hangingsstone/Portage* property contained remaining proved plus probable reserves of 584 MMcf of natural gas (97,000 boe), with an estimated net present value of approximately \$336,000 using forecast pricing at a 10% discount.

Trimble Engineering Associates Ltd. as of December 31, 2019							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	10%	12% (000s)	15%
<b>Proved Developed Producing</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>8</b>	<b>\$14</b>	<b>\$15</b>	<b>\$16</b>
Proved Non-Producing/Undeveloped	0	234	0	39	\$60	\$56	\$51
<b>Total Proved</b>	<b>0</b>	<b>284</b>	<b>0</b>	<b>47</b>	<b>\$74</b>	<b>\$71</b>	<b>\$67</b>
Probable	0	299	0	50	\$262	\$243	\$217
<b>Total Proved Plus Probable</b>	<b>0</b>	<b>584</b>	<b>0</b>	<b>97</b>	<b>\$336</b>	<b>\$314</b>	<b>\$284</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.

## Hangingsstone/Portage Well List

See well list in Excel.

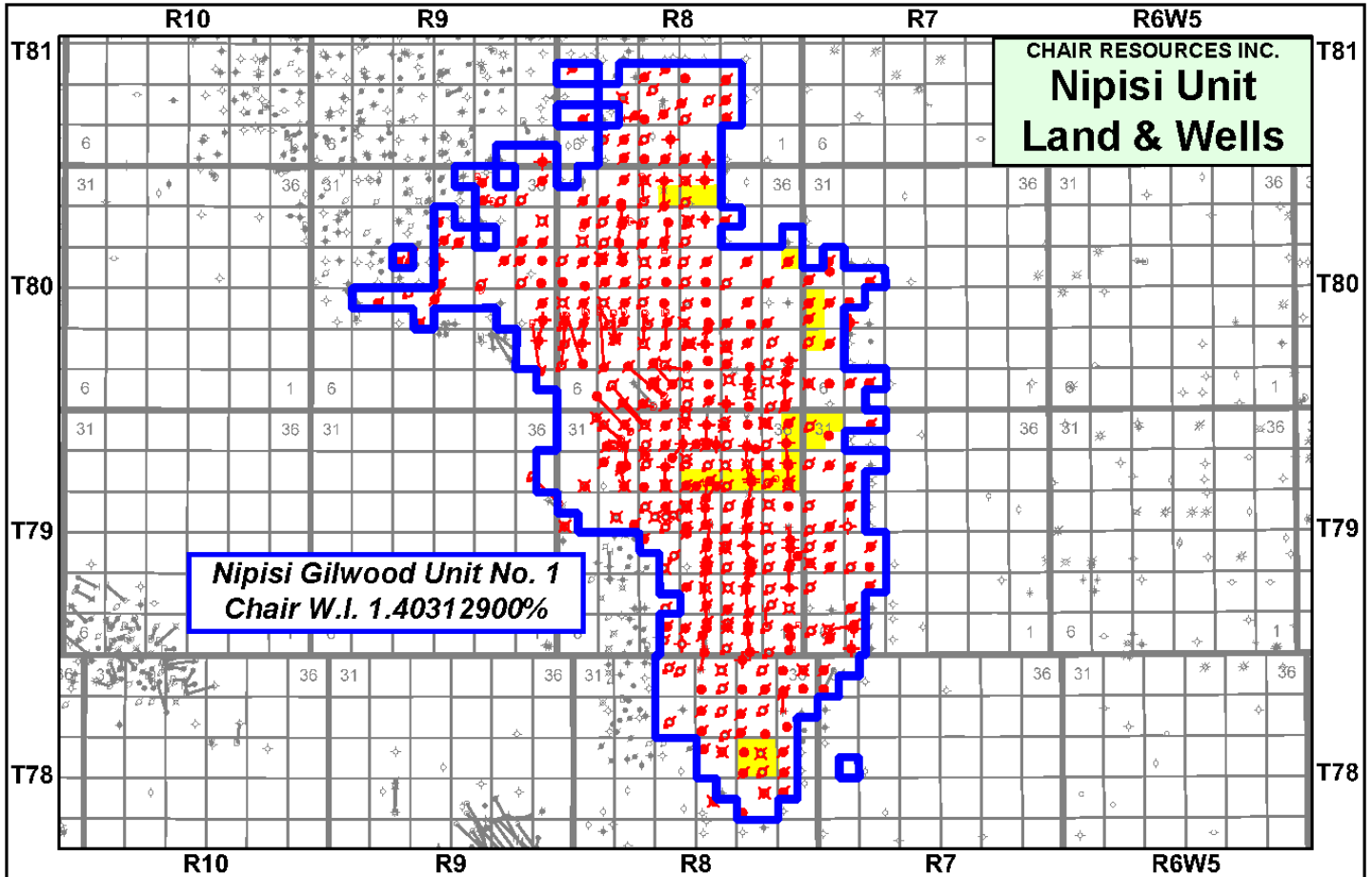


## Nipisi Property

Township 78-81, Range 7-9 W5

At *Nipisi*, Chair holds a 1.403129% working interest in the *Nipisi Gilwood Unit No. 1* operated by **Canadian Natural Resources Limited**.

The Company share of production from *Nipisi* in the first six months of 2021 was approximately 12 boe/d (11 barrels of oil and natural gas liquids per day and five Mcf/d of natural gas).

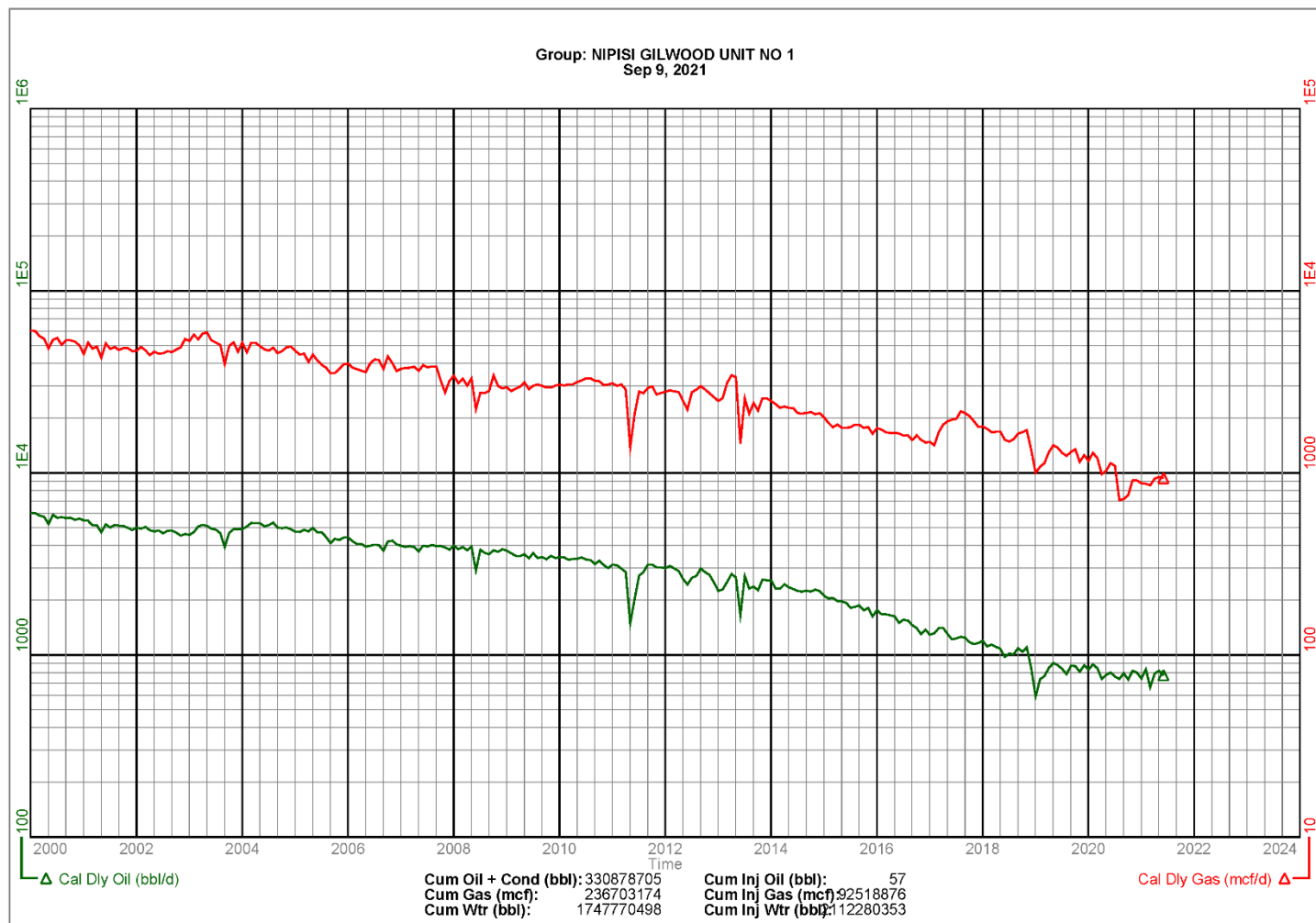


## Nipisi Gilwood Unit No. 1

### Interest Holders

Interest % (%)	Participant Name
90.31985390	CANADIAN NATURAL RESOURCES
7.36868590	I3 ENERGY CANADA LTD.
1.40312900	CHAIR RESOURCES INC.
0.67450820	CANADIAN PETROLEUM INVESTMENTS ULC
0.13678160	ALLARO RESOURCES LTD.
0.09704140	HAMILTON BROTHERS CANADIAN GAS COMPANY LTD.

**Nipisi, Alberta**  
**Gross Production Group Plot of Chair's Oil & Natural Gas Wells**





## Nipisi Facilities

The Company holds a 1.4031290% working interest in the Nipisi gas processing facilities which are operated by **Canadian Natural Resources Limited**.

## Nipisi Marketing

Chair is paid by JIB by the operator for the natural gas volumes. Chair has a crude oil purchase agreement with **Trafigura Canada General Partnership**.

## Nipisi Reserves

*Trimble Engineering Associates Ltd.* ("Trimble") prepared an independent reserves evaluation of Chair's properties as part of the Company's year-end reporting (the "Trimble Report"). The Trimble Report is effective December 31, 2019, using Trimble's January 1, 2020 forecast pricing.

Trimble estimates that as of December 31, 2019 the *Nipisi Gilwood Unit No. 1* contained remaining proved plus probable reserves of 32,000 barrels of oil and natural gas liquids and 26 MMcf of natural gas (36,000 boe), with an estimated net present value of approximately \$434,000 using forecast pricing at a 10% discount.

	Trimble Engineering Associates Ltd. as of December 31, 2019				PV BEFORE TAX		
	COMPANY GROSS RESERVES						
	Oil	Natural Gas	Ngl	Total	10%	12%	15%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
<b>Proved Developed Producing</b>	<b>13</b>	<b>14</b>	<b>2</b>	<b>17</b>	<b>\$206</b>	<b>\$202</b>	<b>\$195</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>13</b>	<b>14</b>	<b>2</b>	<b>17</b>	<b>\$206</b>	<b>\$202</b>	<b>\$195</b>
Probable	15	12	2	19	\$227	\$209	\$185
<b>Total Proved Plus Probable</b>	<b>28</b>	<b>26</b>	<b>4</b>	<b>36</b>	<b>\$434</b>	<b>\$411</b>	<b>\$380</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.

## Nipisi Well List

See well list in Excel.



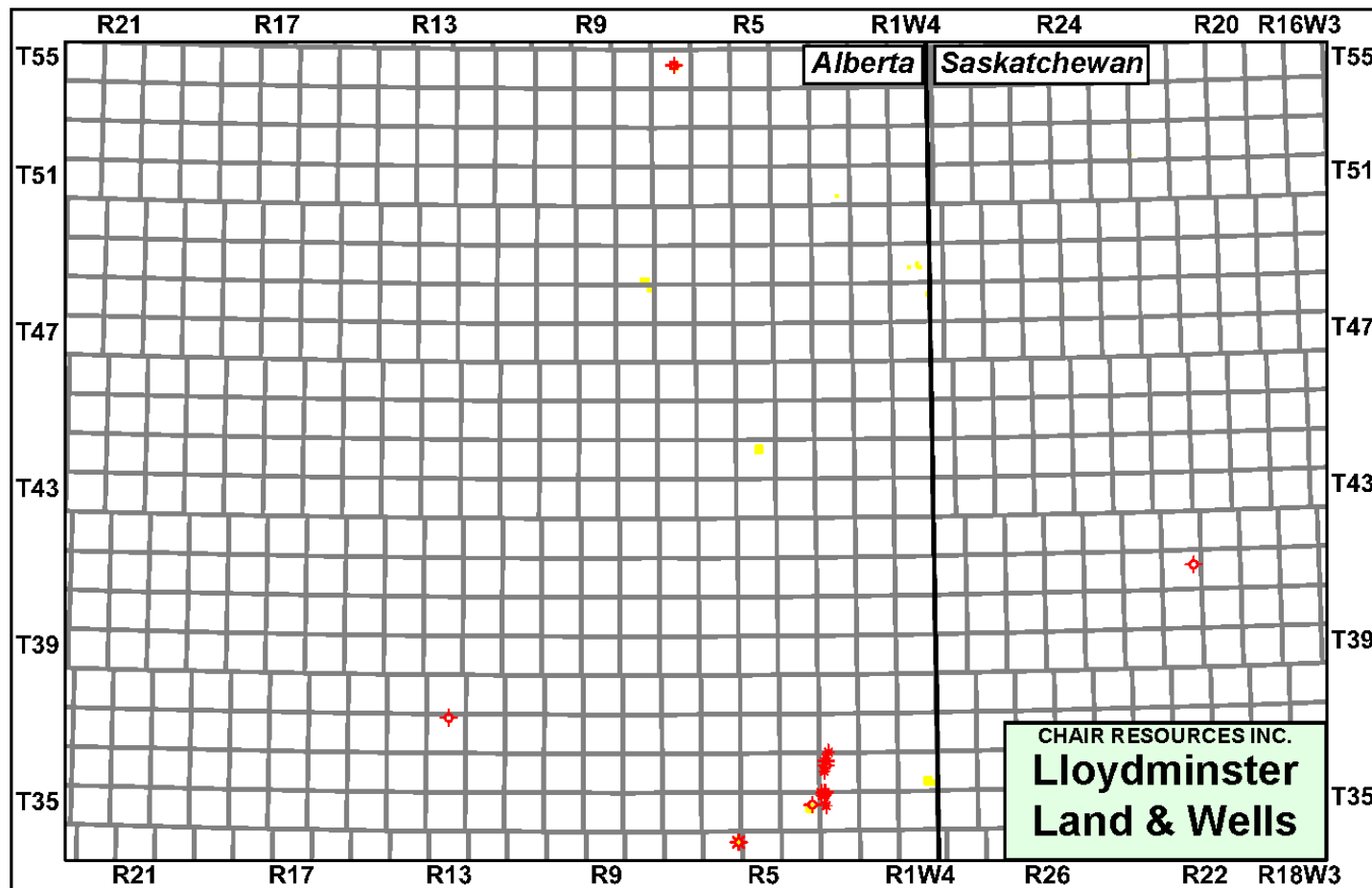


## Lloydminster Property

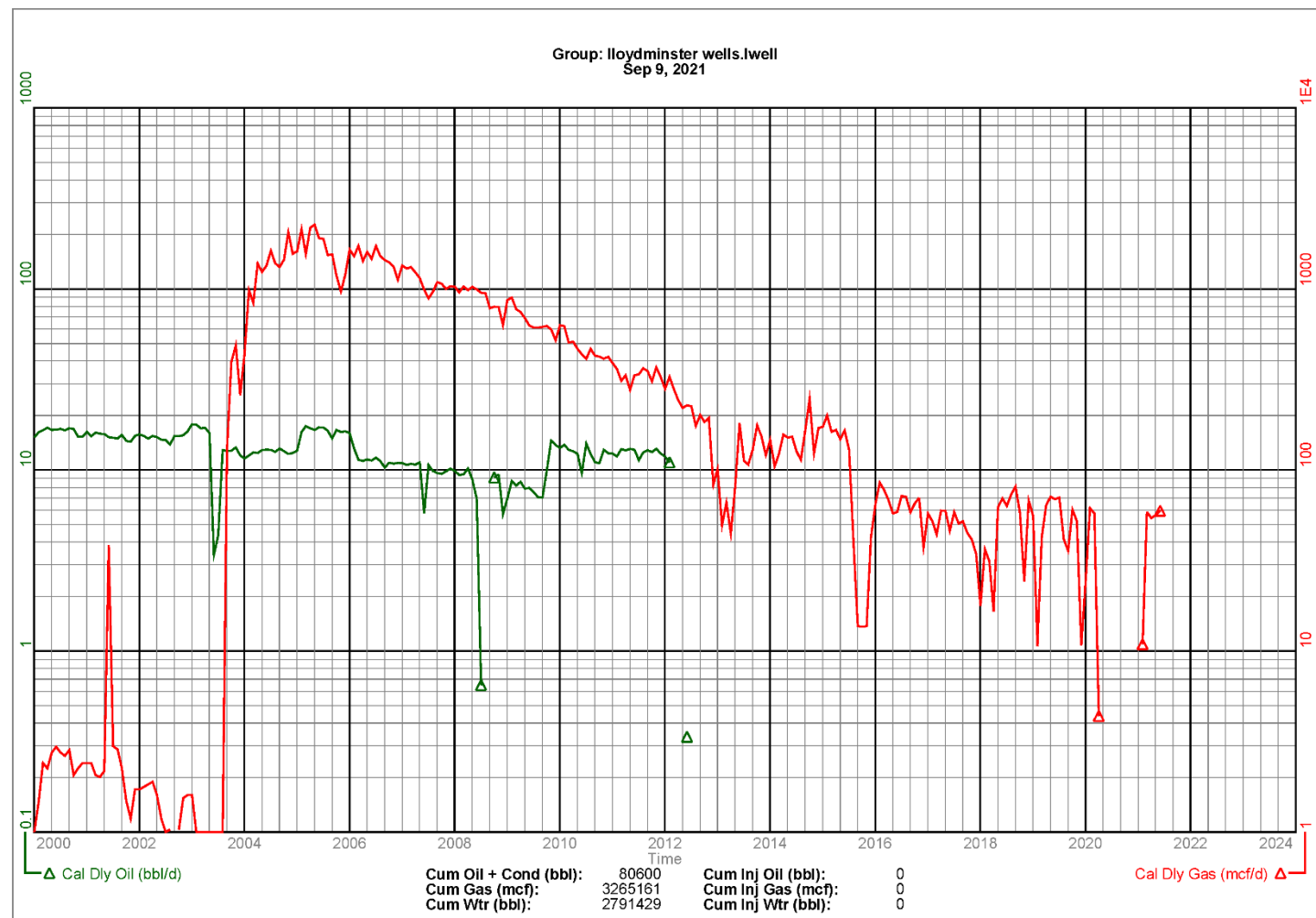
Township 34-55, Range 21 W3-13 W4

At *Lloydminster*, the Company holds various non-operated working interests in certain lands.

The Company share of production from *Lloydminster* in the first six months of 2021 was approximately nine Mcf/d of natural gas (two boe/d).



# **Lloydminster, Saskatchewan/Alberta** **Gross Production Group Plot of Chair's Oil & Natural Gas Wells**

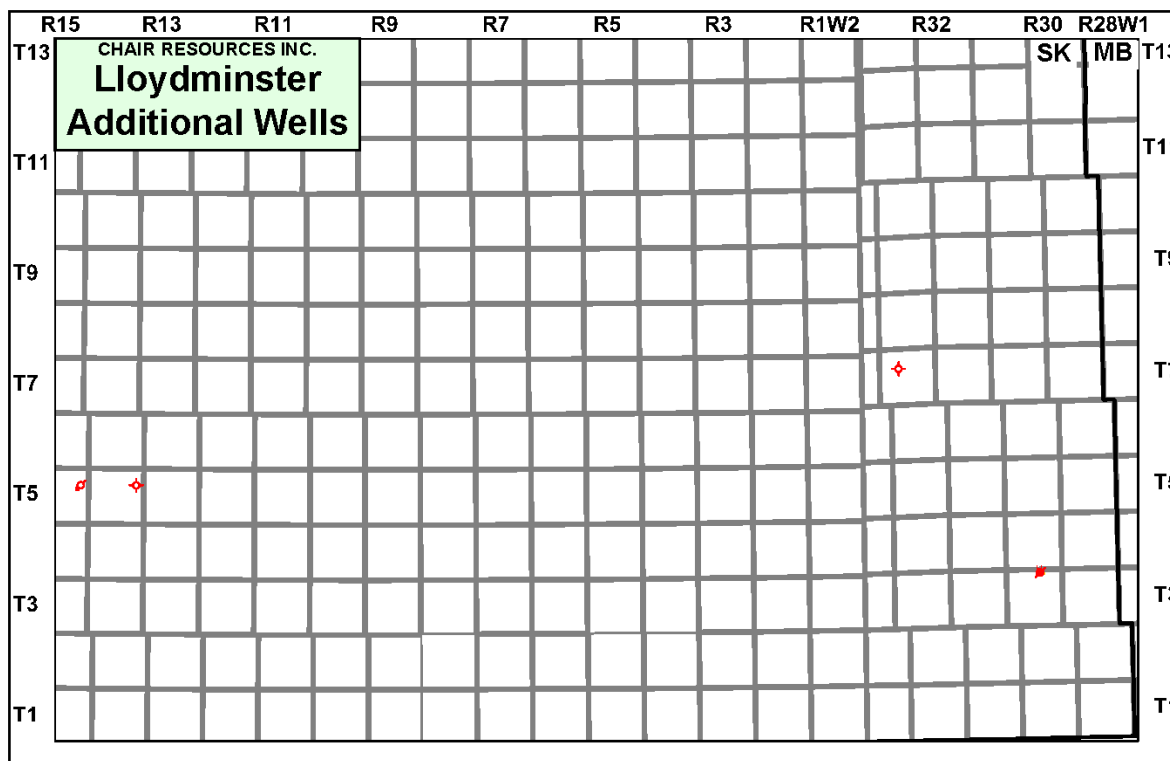






## Additional Wells Included in Lloydminster Property

There are several additional non-operated wells in Saskatchewan, specifically Township 3-7, Range 31 W1-15W2 which are included in the *Lloydminster* property as shown on the following map.



## Lloydminster Facilities

The Company does not have an interest in any facilities at *Lloydminster*.

## Lloydminster Marketing

There are no marketing arrangements in place specifically for the *Lloydminster* property.

## Lloydminster Well List

See well list in Excel.



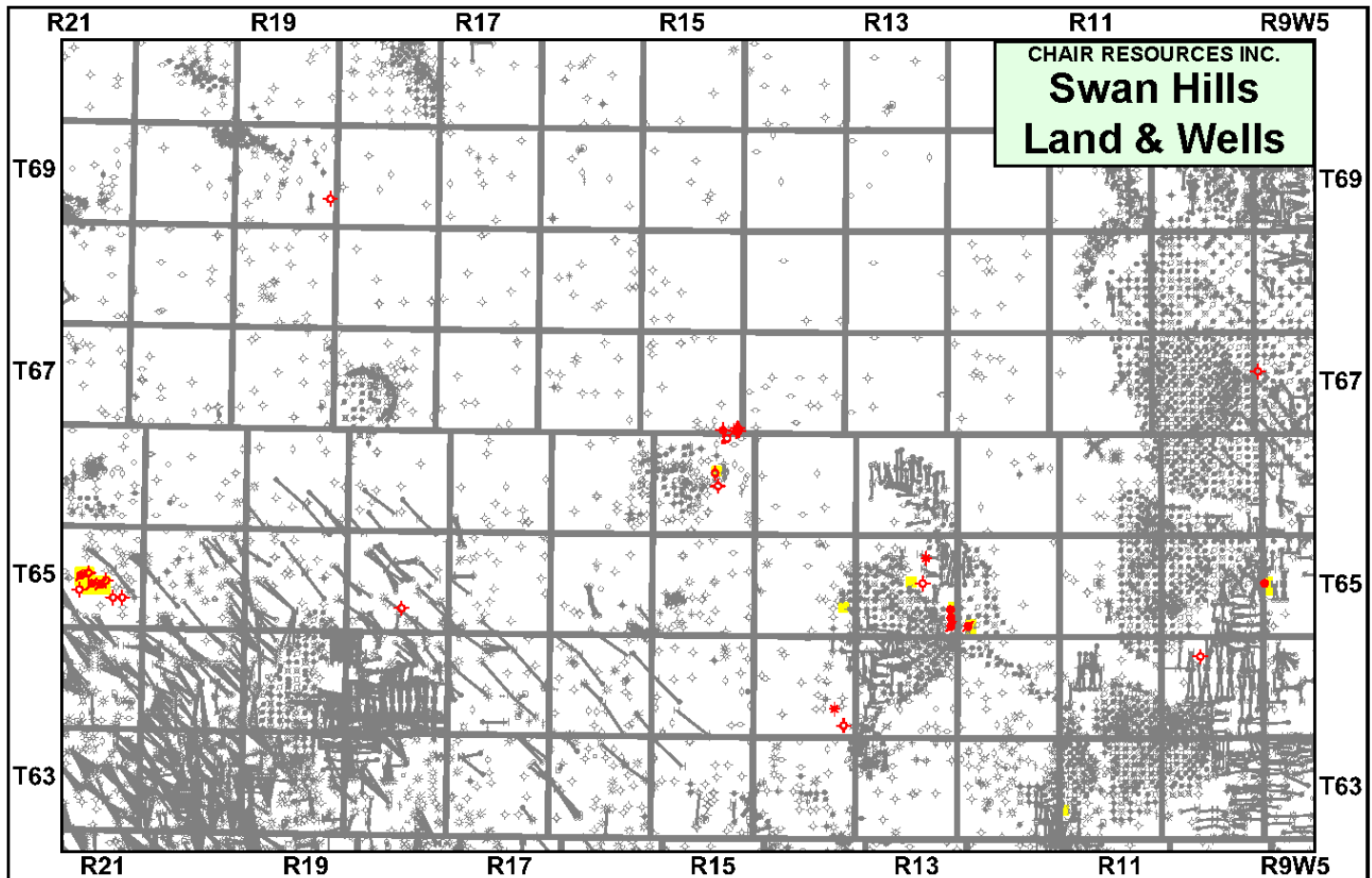
## Swan Hills Property

Township 63-69, Range 7-21 W5

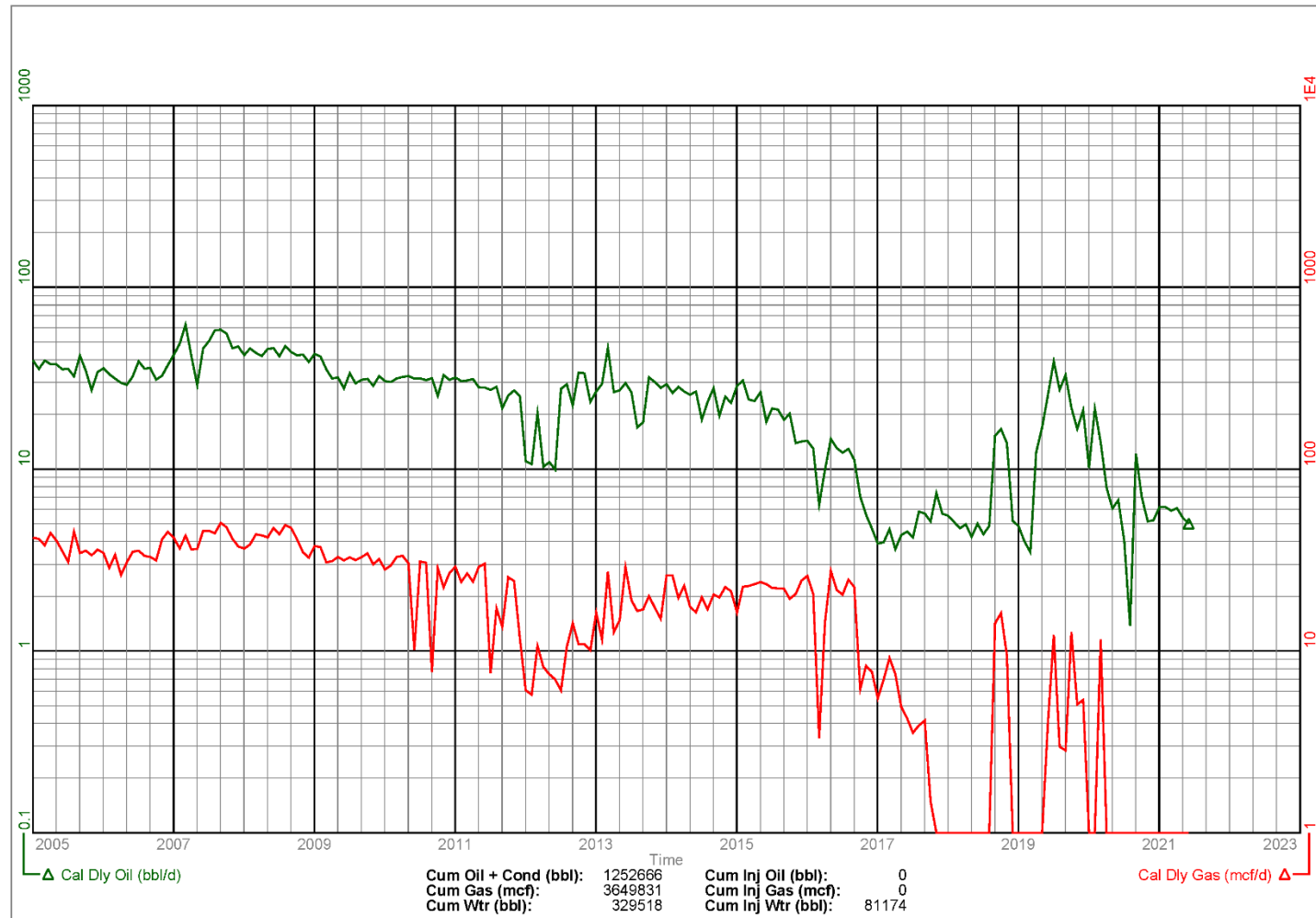
At *Swan Hills*, Chair holds various working interest and royalty interests in certain lands.

The Company share of production from *Swan Hills* in the first six months of 2021 was minor volumes of oil per day.

Chair's net operating income from *Swan Hills* in the first six months of 2021 was approximately \$50 per month, or \$600 on an annualized basis.



**Swan Hills, Alberta**  
**Gross Production Group Plot of Chair's Oil & Natural Gas Wells**



## Swan Hills Facilities

The Company does not have an interest in any facilities at *Swan Hills*.

## Swan Hills Marketing

There are no marketing arrangements in place specifically for the *Swan Hills* property.

## Swan Hills Reserves

*Trimble Engineering Associates Ltd.* ("Trimble") prepared an independent reserves evaluation of certain of Chair's properties (the "Updated Report"). The Updated Report is effective August 31, 2021, using Trimble's July 1, 2021 forecast pricing.

Trimble estimates that as of August 31, 2021 the *Swan Hills* property contained remaining proved plus probable reserves of 500 barrels of oil, with an estimated net present value of approximately \$28,000 using forecast pricing at a 10% discount.

Trimble Engineering Associates Ltd. as at August 31, 2021							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	10%	12% (000s)	15%
<b>Proved Developed Producing</b>	<b>0.4</b>	<b>0</b>	<b>0</b>	<b>0.4</b>	<b>\$23</b>	<b>\$22</b>	<b>\$21</b>
Proved Non-Producing/Undeveloped	0.0	0	0	0.0	\$0	\$0	\$0
<b>Total Proved</b>	<b>0.4</b>	<b>0</b>	<b>0</b>	<b>0.4</b>	<b>\$23</b>	<b>\$22</b>	<b>\$21</b>
Probable	0.1	0	0	0.1	\$6	\$5	\$4
<b>Total Proved Plus Probable</b>	<b>0.5</b>	<b>0</b>	<b>0</b>	<b>0.5</b>	<b>\$28</b>	<b>\$27</b>	<b>\$25</b>

The reserve estimates and forecasts of production and revenues for the Company's properties were prepared within the context of the Company's year-end evaluation, which was an evaluation of all of the Company's 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.

## Swan Hills Well List

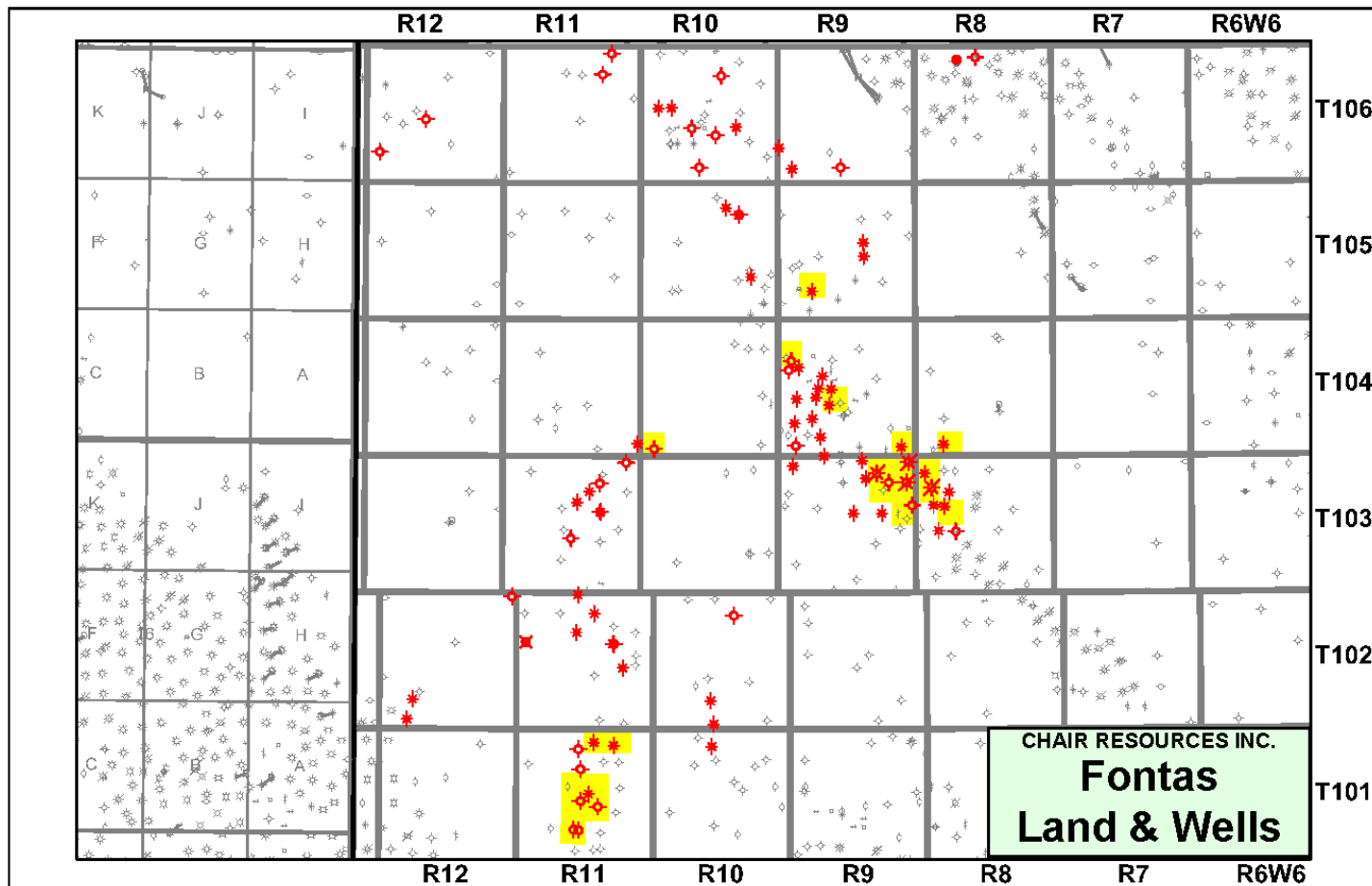
See well list in Excel.



## Fontas Property

## Township 101-106, Range 8-12 W6

In the *Fontas* area, Chair holds various working interests in certain lands. There is currently no production from the *Fontas* property.







## Fontas Facilities

The Company holds a 15% working interest in the Fontas gas plant located at 02-28-102-11W6 which is operated by **NuVista Energy Ltd.**

## Fontas Marketing

There are no marketing arrangements in place specifically for the *Fontas* property.

## Fontas Reserves

The *Fontas* property was not evaluated as part of the Company's year-end reporting.

## Fontas Well List

See well list in Excel.



## [RECIPIENT COMPANY LETTERHEAD]

\_\_\_\_\_, 2021

**CHAIR RESOURCES INC.**  
**c/o Sayer Energy Advisors**  
**1620, 540 - 5<sup>th</sup> Avenue SW**  
**Calgary, Alberta T2P 0M2**

Attention: Tom Pavic

Re: **Confidentiality Agreement**  
**Property Divestiture**

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\_\_\_\_\_ ("**Recipient**") has expressed an interest in the purchase of certain oil and natural gas interests owned by Chair Resources Inc. and /or its Affiliates (collectively, "**Chair**") in the areas as indicated on Schedule "A" (the "**Properties**"). Chair may provide Recipient access to certain information relating to the Properties, including but not limited to land schedules; leases and agreements and correspondence and other information in respect thereof; information relating to or obtained from drilling and operating wells and other oilfield operations; the kind, quantity or rate production of substances from wells and related information; costs and expenses; royalty payments; financial results; marketing materials; geological and geophysical information and other documentation.

Subject to Clause 4 of this Agreement, the information that is disclosed by Chair to Recipient in connection with a possible sale of the Properties by Chair to Recipient (a "**Possible Sale**") is referred to in this Agreement as "**Confidential Information**".

In this Agreement, "**Representatives**" means, in relation to a party to this Agreement, such party's Affiliates (as hereinafter defined) and its and its Affiliates' directors, employees, agents, consultants, representatives and advisors.

In consideration of Chair providing the Confidential Information, Recipient agrees as follows:

1. Recipient shall keep the Confidential Information in the strictest of confidence and shall not use the Confidential Information for any purpose whatsoever other than for the purpose of appraising the Properties in connection with a Possible Sale. Recipient shall not disclose any Confidential Information to any person other than its Representatives to the extent they have a need to know such information for the purpose of appraising the Properties in connection with a Possible Sale. Recipient shall take all steps that are necessary to ensure that its Representatives are aware of the terms and conditions of this Agreement and that such terms and conditions are binding upon any and all of its Representatives. Upon request, Recipient shall provide Chair with a list of its Representatives who have received Confidential Information.
2. Recipient agrees that it and its Representatives shall not disclose to any person or publish or disperse in any form, the possibility of a Possible Sale or any terms, conditions or other facts with respect to any Possible Sale except to Recipient's Representatives to the extent they have a need to know such information for the purpose of appraising the Properties in connection with a Possible Sale.

3. If Recipient or any of its Representatives is required to disclose any Confidential Information by:
  - a) any law, rule or regulation applicable to Recipient or its Representatives;
  - b) the rules of any listing authority or stock exchange with which Recipient or any of its Representatives is bound to comply; or
  - c) any legal or regulatory proceeding, order, subpoena or request of any court of competent jurisdiction or any other competent jurisdictional governmental, regulatory or supervisory body,then:
  - d) Recipient shall:
    - i) unless prohibited by law, provide Chair with prompt written notice of such request or requirement in order to enable Chair to seek an appropriate protective order or other remedy and, if Chair seeks such an order, provide such cooperation as Chair shall reasonably request in respect thereof;
    - ii) if requested by Chair, consult with Chair with respect to taking steps to resist or narrow the scope of such request or legal process; and
    - iii) use its commercially reasonable efforts to ensure that all Confidential Information so disclosed will be accorded confidential treatment; and
  - e) Recipient and its Representatives may disclose that portion (and only that portion) of the Confidential Information that Recipient or such Representative is, on the advice of counsel, legally required to disclose after taking into consideration any protective order or other remedy obtained by Chair.
4. The restrictions set forth in Clauses 1 and 2 above shall not apply to any information (which will not be Confidential Information) which is:
  - a) now in the public domain or becomes part of the public domain other than through an act of Recipient or its Representatives; or
  - b) in the lawful possession of Recipient prior to its disclosure by Chair; or
  - c) becomes part of the public domain as a result of a disclosure pursuant to Clause 3, provided that Chair was given notice pursuant to that Clause prior to such disclosure; or
  - d) made available to Recipient or its Representatives from a source who may reasonably be believed to legally hold such information and not be bound to Chair under a confidentiality agreement with respect to such Confidential Information.
5. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Chair and its joint venture partners against Recipient arising by any breach hereof, Recipient shall:
  - a) be liable to Chair for all losses, costs, damages and expenses whatsoever which it may suffer, sustain, pay or incur; and in addition,
  - b) indemnify Chair against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Chair or which Chair may suffer, sustain, pay or incur;

resulting from disclosure or use of any part or parts of the Confidential Information by Recipient or its Representatives that is not permitted by the provisions of this Agreement.

6. If Recipient determines that it does not wish to continue discussions regarding a transaction between itself and Chair relating to of the Properties, it will promptly advise Chair of that decision. Irrespective of whether Recipient has provided such notice to Chair, upon request by Chair, Recipient and its Representatives will promptly either return to Chair or destroy (which destruction shall be certified to Chair by Recipient in writing) all Confidential Information (including all copies or reproductions thereof in whatever form or medium, including electronic copies), provided that, notwithstanding the foregoing:
- a) if and to the extent that Recipient or any of its Representatives are required by law, applicable documentation retention policies or professional standards (in the case of accountants and other professional advisors) to retain an archival copy of any Confidential Information, Recipient or such Representative, as the case may be, may retain such copy for the period required by law, applicable document retention policy or professional standards, provided that such Confidential Information is at all times held pursuant to and in accordance with this Agreement; and
  - b) Recipient and/or its Representatives shall not be required to destroy Confidential Information which is solely contained on back-up servers or other data storage/archival systems if such Confidential Information is deleted from local hard drives and no attempt is made to recover or access such Confidential Information from such back-up servers or other data storage/archival systems.

Any oral Confidential Information and any Confidential Information retained pursuant to this Clause 6 will continue to be subject to the terms of this Agreement notwithstanding termination of this Agreement pursuant to Clause 13.

7. The parties hereto hereby acknowledge and agree that neither of them now has or shall hereafter have any obligation to:
- a) sell or purchase; or
  - b) make any offer to sell or purchase; or
  - c) enter into an agreement to sell or purchase

the Properties (in whole or in part) except as may arise under a legally binding and enforceable definitive agreement providing for the purchase and sale entered into after the date hereof (a "**Definitive Sale Agreement**").

For greater clarity, the Parties agree that (a) this Agreement does not constitute a Definitive Sale Agreement and (b) any letter of intent, memorandum of agreement or accepted offer or bid that (in any such case) is subject to execution of a definitive agreement (even if it requires good faith negotiation of the definitive agreement) shall not constitute a Definitive Sale Agreement.

8. Recipient understands that in providing access to the Confidential Information, Chair makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Chair nor any of its Representatives shall have any liability to Recipient or any of its Representatives as a result of the use of the information by it or its Representatives.

9. Recipient acknowledges and agrees that money damages would be an insufficient remedy for any actual or threatened breach of this Agreement by it or its Representatives. Therefore, without prejudice to the rights and remedies otherwise available to Chair, Chair shall be entitled to seek equitable relief by way of injunction or specific performance, without proof of actual damages and without the requirement of posting a bond or other security, if Recipient or any of its Representatives breaches or threatens to breach any of the provisions of this Agreement. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines in a final, non-appealable order that this Agreement has been breached by Recipient or its Representatives, then Recipient will reimburse Chair for its costs and expenses (including reasonable legal fees and expenses) incurred in connection with all such litigation.
10. Recipient understands and agrees that:
  - a) Chair shall be free to conduct (or not conduct) the process for the sale of the Properties as it shall determine in its sole and absolute discretion, including, without limitation, negotiating with any other person and entering into definitive agreements without prior notice to Recipient or any other person;
  - b) any procedures relating to the process for the sale of the Properties may be changed at any time without notice to Recipient or any other person, provided that any such changes will not affect Recipient's or its Representatives' obligations hereunder;
  - c) neither Chair nor any of its Representatives have any obligation to disclose any information to Recipient and may withhold any information in its sole and absolute discretion;
  - d) Chair shall have the right to reject or accept any proposal or offer from, or to terminate discussions and negotiations with, Recipient, at any time and for any reason whatsoever, in its sole discretion; and
  - e) neither Recipient nor any of its Representatives shall have any claims whatsoever against Chair or any of its Representatives arising out of or relating to a sale of the Properties (whether to Recipient or any other person) other than under a Definitive Sale Agreement entered into after the date hereof.
11. Recipient hereby acknowledges that it is aware of and that it will advise its Representatives privy to the Confidential Information that applicable security laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this Agreement from purchasing or selling securities of such issuer or from communicating such information to any other person, under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.
12. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding Chair's business operations, prospects or finances (except as contemplated herein and for those contacts made in the ordinary course of business unrelated to the possible transaction) with any Representative of Chair, or with any customer, supplier, sales representative, or competitor of Chair except with the express written permission of Chair. Any such permission granted by Chair may be revoked at any time.
13. Except as provided in Clause 6, this Confidentiality Agreement shall remain in force for a period of one year from the date hereof, provided that the termination of this Agreement shall not relieve any party from liability for any breach that occurs prior to such termination or any breach of provisions that survive termination.

14. This Agreement shall be construed and determined according to the laws of the Province of Alberta. Recipient hereby irrevocably and unconditionally:
  - a) agrees to submit to the exclusive jurisdiction of the courts of the Province of Alberta, in the judicial district of Calgary, for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby;
  - b) agrees not to commence any action, suit or proceeding relating thereto except in such courts;
  - c) waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in such courts; and
  - d) waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.
15. No failure or delay by Chair in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
16. This Agreement contains the entire agreement between the parties hereto concerning the use or confidentiality of the Confidential Information, and no modification of this Agreement or waiver of the terms and conditions hereof shall be binding, unless approved in writing by each party hereto.
17. If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the balance of this Confidentiality Agreement.
18. This Confidentiality Agreement shall be binding upon, and enure to the benefit of, the parties hereto, and their respective successors and permitted assigns.
19. In this Agreement:
  - a) “**Affiliate**” of a person means any person controlling, controlled by or under common control with such first person, in each case whether directly or indirectly; where “control” and any derivation thereof means the possession, directly or indirectly (other than in the capacity of an officer, director or employee of a person) of the power to direct or significantly influence the management, policies or business of a person whether through ownership of voting securities, partnership interests, by agreement or otherwise, provided that an investment fund, its investment fund manager, the fund’s portfolio companies and any other investment funds managed by such investment fund manager and their portfolio companies shall be Affiliates;
  - b) “**person**” has a broad meaning and includes any individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, or other entity or governmental entity; and
  - c) “**including**” means “including, without limitation”.
20. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Recipient accepts the Confidential Information provided by or on behalf of Chair in connection with its appraisal of the Properties in connection with a Possible Sale subject to the terms and conditions set forth in this Confidentiality Agreement and agrees to be bound by and observe the provisions thereof.

Yours truly,

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
OFFICER'S SIGNATURE

\_\_\_\_\_  
OFFICER'S PRINTED NAME & TITLE

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

**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:**

**Accepted by Chair Resources Inc. this \_\_\_\_ day of \_\_\_\_\_, 2021**

\_\_\_\_\_  
Alan Butler  
Vice President



**SCHEDULE "A"**

Recipient wishes to obtain additional information relating to the following Properties:

- ☐ **VERGER**
- ☐ **HANGINGSTONE / PORTAGE**
- ☐ **NIPISI**
- ☐ **LLOYDMINSTER**
- ☐ **SWAN HILLS**
- ☐ **FONTAS**