



**LONGSHORE RESOURCES LTD.**

**PROPERTY DIVESTITURE**



# **OVERVIEW INFORMATION**

**Bid Deadline: 12:00 pm March 10, 2022**

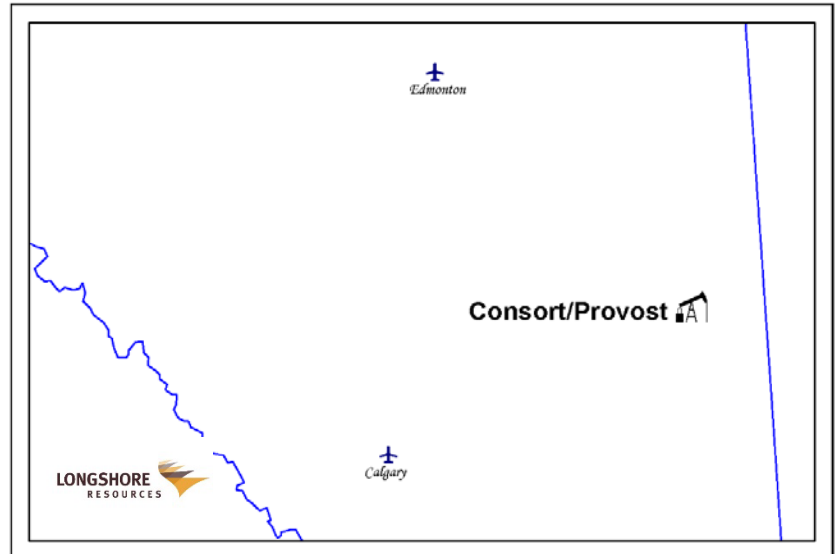
**Property Divestiture:  
Consort/Provost Alberta Area  
352 bbl/d, 738 Mcf/d (465 boe/d)**



Sayer Energy Advisors has been engaged to assist Longshore Resources Ltd. (“Longshore” or the “Company”) with the sale of its non-core oil and natural gas interests located in the Consort/Provost area of Alberta (the “Property”).

Production net to the Company from Consort/Provost for the last six months of 2021 averaged approximately 352 barrels of oil and natural gas liquids per day and 738 Mcf/d of natural gas (465 boe/d). Production is primarily from the Viking Formation.

Operating income net to Longshore for the last six months of 2021 averaged approximately \$240,000 per month, or \$2.9 million on an annualized basis.



The original oil in place (OOIP) at Consort/Provost is greater than 300 million barrels with the majority located in the Hamilton Lake Viking Sand B Pool Unit (>200 million barrels). Longshore has a 100% working interest in the Unit. To date, the Unit, which was under waterflood from the early 1970s to the early 1980s, has cumulative oil production of 16.7 million barrels, primarily from the Viking C sand with a current recovery factor of approximately 8% within the Unit. Further upside exists with additional locations in unswept areas across both the Hamilton Lake Viking Sand B Pool Unit and the larger Consort/Provost acreage.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting offers relating to the process until **12:00 pm on Thursday March 10, 2022**.

Timeline		
Week of January 31, 2022		Preliminary Information Distributed
Week of February 7, 2022		Data Room Opens
<b>March 10, 2022</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
March 1, 2022		Effective Date
March/April 2022		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 offers from interested parties until noon on Thursday March 10, 2022.**

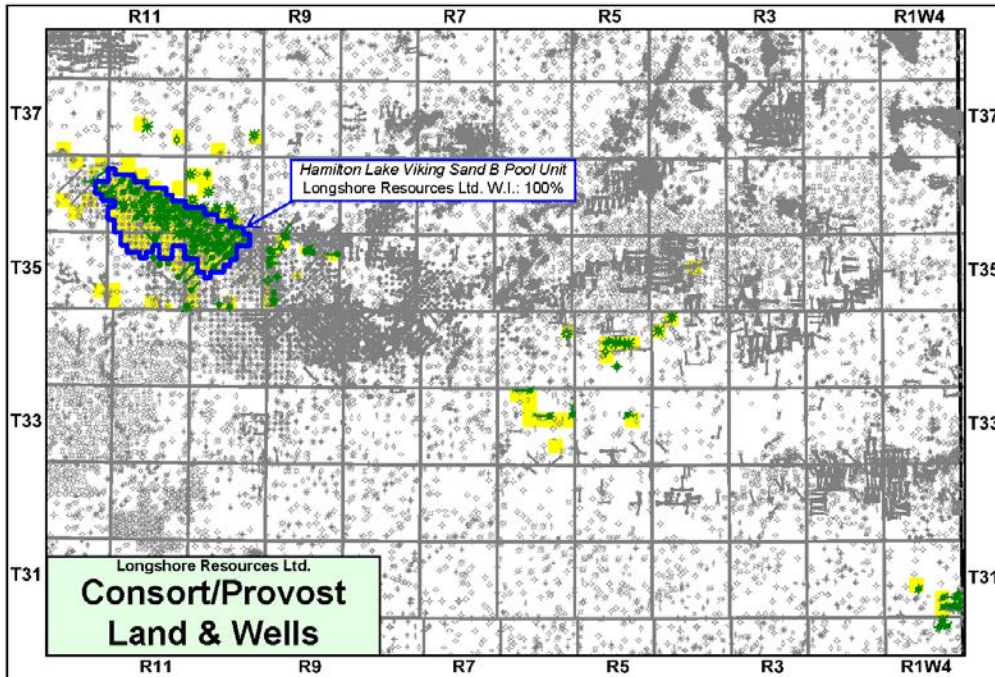




### Consort/Provost Property

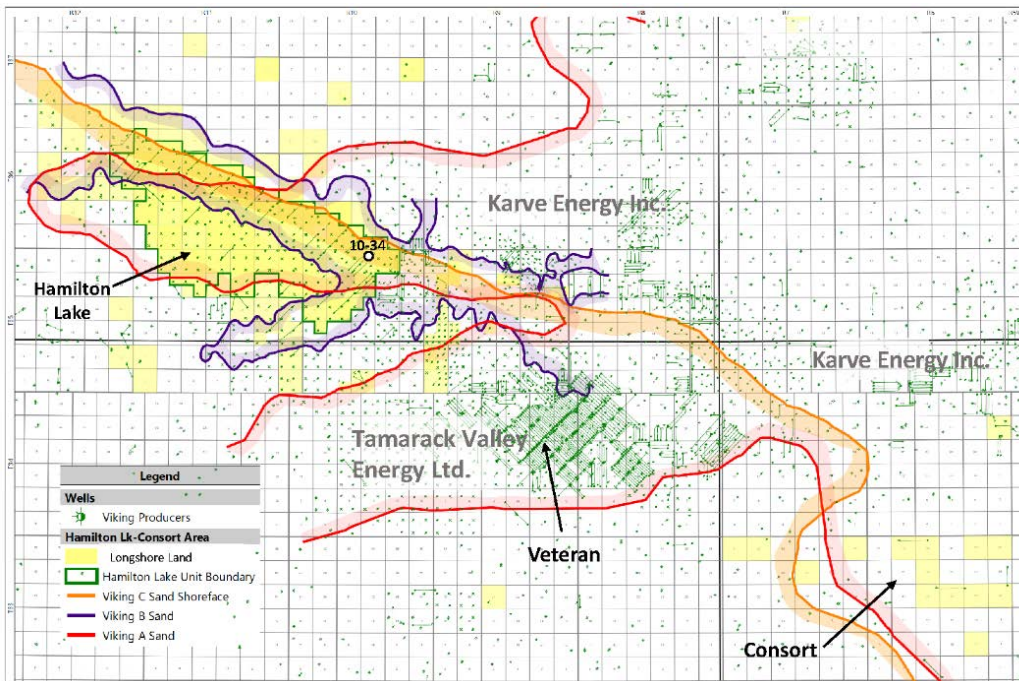
### Township 30-37, Range 1-12 W4

At *Consort/Provost*, Longshore holds high, primarily operated working interests including its 100% working interest in the *Hamilton Lake Viking Sand B Pool Unit*.



The Viking Formation consists of the primary shoreline sand packages defined as Viking A, B and C sands across *Consort/Provost*. Hundreds of public well logs and core data comprise a thorough dataset to evaluate this asset. Further geological details, including core photos and interpretation are available for parties that sign a confidentiality agreement.

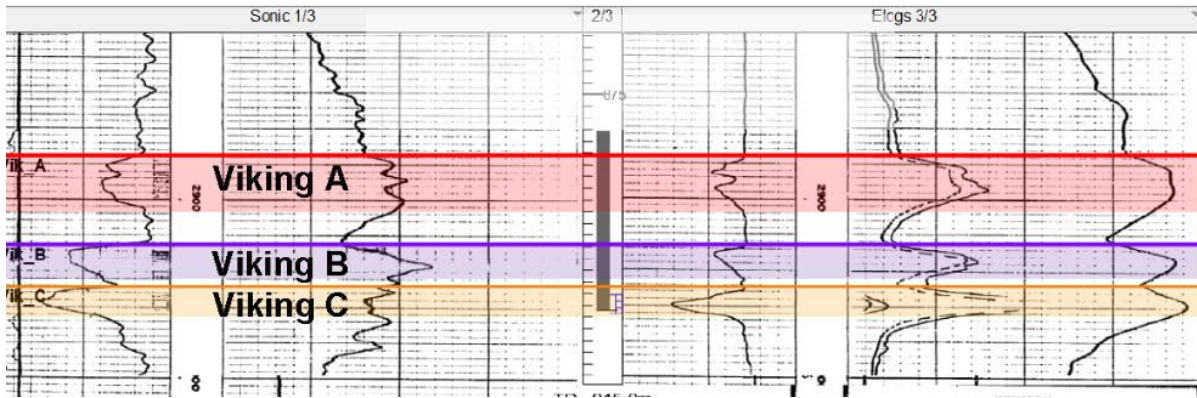
### Hamilton Lake/Veteran/Consort – Viking Map







**Longshore Provost 100/10-34-035-10W4/0 – Viking Formation Type Log**



Historically, vertical production at *Consort/Provost* targeted both the regional Viking C sand and the Viking B sand where developed. More recently, current operators in the area target the Viking C and B with horizontal wells, some over a mile long.

The Viking A is a potential horizontal development target in defined oil areas at *Consort/Provost* (Viking A oil production is prolific to the east in the *Veteran* area by **Karve Energy Inc.** and **Tamarack Valley Energy Ltd.**).

**Consort/Provost LMR as of December 4, 2021**

As of December 4, 2021, Longshore’s net deemed asset value for *Consort/Provost* was \$5.0 million (deemed assets of \$16.9 million and deemed liabilities of \$11.9 million), with an LMR ratio of 1.42.

**Consort/Provost Reserves**

*McDaniel & Associates Consultants Ltd.* (“McDaniel”) prepared an independent reserves evaluation of Longshore’s properties as part of the Company’s year-end reporting (the “McDaniel Report”). The McDaniel Report is effective December 31, 2021 using an average of McDaniel, *GLJ Ltd.* and *Sproule Associates Limited’s* January 1, 2022 forecast pricing. **The numbers quoted below are preliminary as the McDaniel Report has not been finalized.**

McDaniel estimates that, as of December 31, 2021, the *Consort/Provost* property contained remaining proved plus probable reserves of 557,000 barrels of oil and natural gas liquids and 1.7 Bcf of natural gas (848,000 boe), with an estimated net present value of \$5.0 million using forecast pricing at a 10% discount.

The asset retirement obligation numbers are not included in the reserve calculations in the following table.

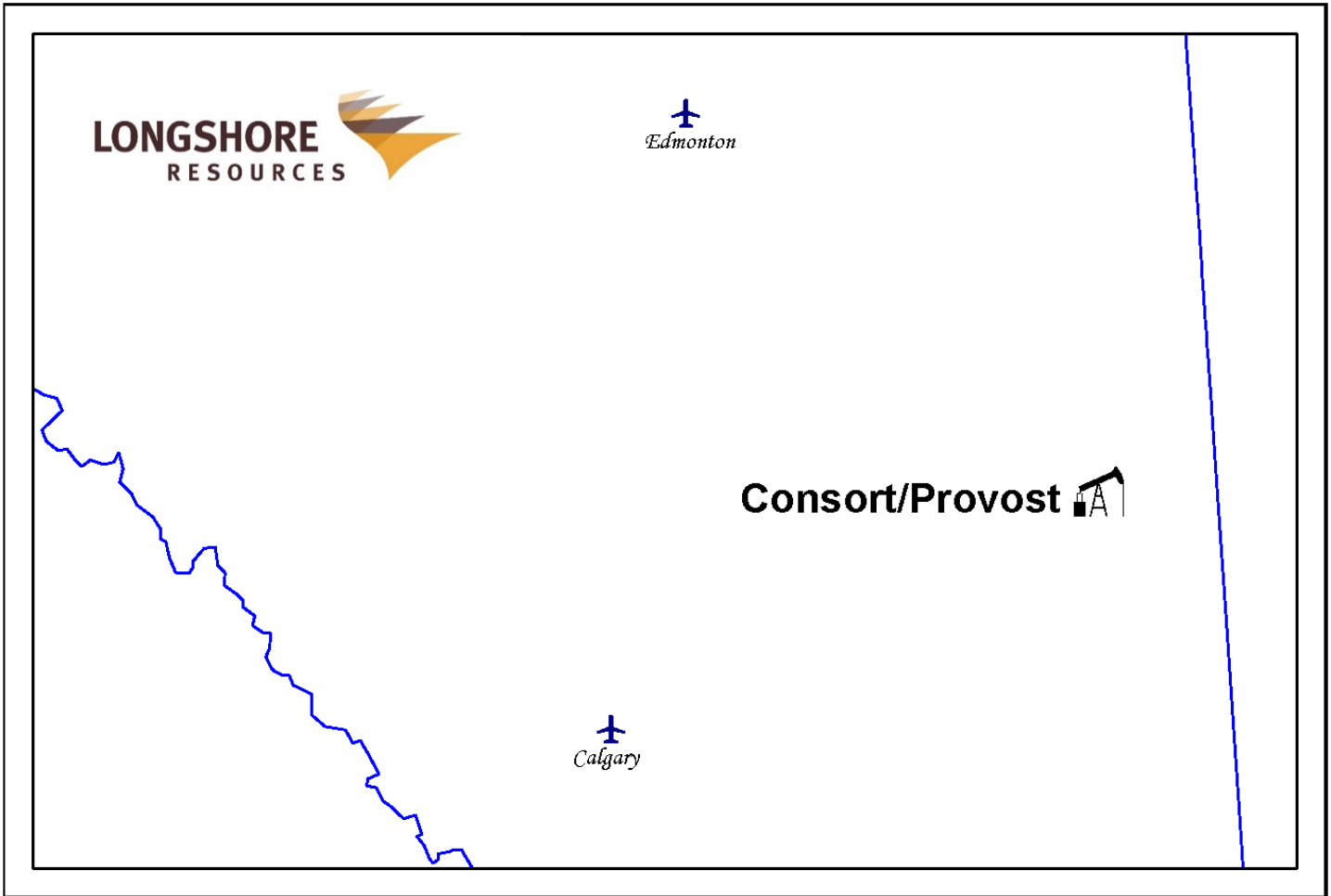
McDaniel & Associates Consultants Ltd. as of December 31, 2021							
COMPANY GROSS RESERVES					PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	5%	10%	15%
	Mbbl	MMcf	Mbbl	MBOE	(000s)		
<b>Proved Developed Producing</b>	<b>417</b>	<b>1,337</b>	<b>11</b>	<b>650</b>	<b>\$3,794</b>	<b>\$3,517</b>	<b>\$3,289</b>
Proved Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>417</b>	<b>1,337</b>	<b>11</b>	<b>650</b>	<b>\$3,794</b>	<b>\$3,517</b>	<b>\$3,289</b>
Probable	126	409	3	198	\$1,795	\$1,442	\$1,187
<b>Total Proved Plus Probable</b>	<b>543</b>	<b>1,746</b>	<b>14</b>	<b>848</b>	<b>\$5,589</b>	<b>\$4,959</b>	<b>\$4,475</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.





# Longshore Resources Ltd. Property Divestiture Winter 2022



## 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 ([brye@sayeradvisors.com](mailto:brye@sayeradvisors.com)) or fax (403.266.4467).

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

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

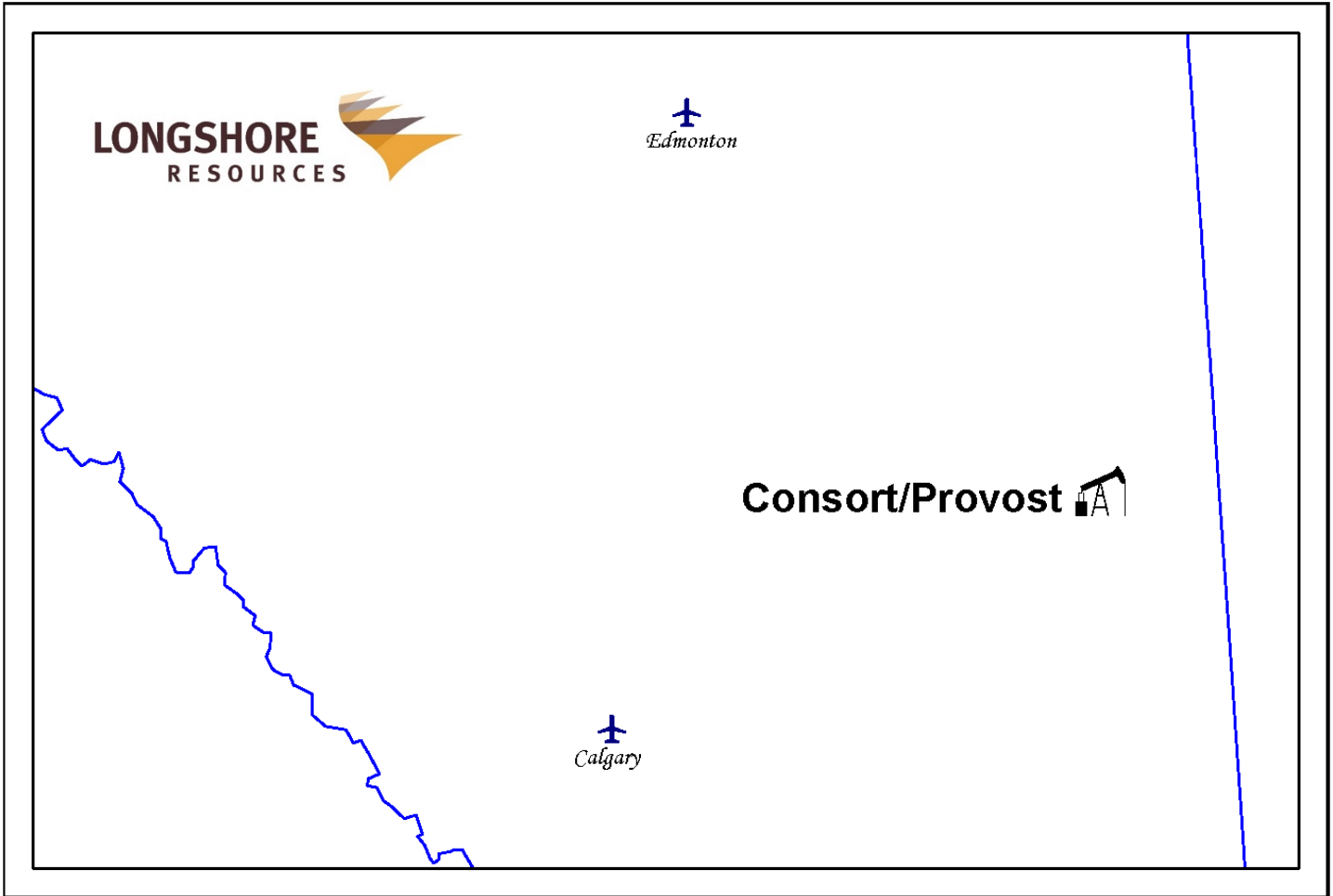




## Overview

**Sayer Energy Advisors** has been engaged to assist **Longshore Resources Ltd.** (“Longshore” or the “Company”) with the sale of its non-core oil and natural gas interests located in the *Consort/Provost* area of Alberta (the “Property”).

### Overview Map Showing Location of the Divestiture Property





### Consort/Provost Property

### Township 30-37, Range 1-12 W4

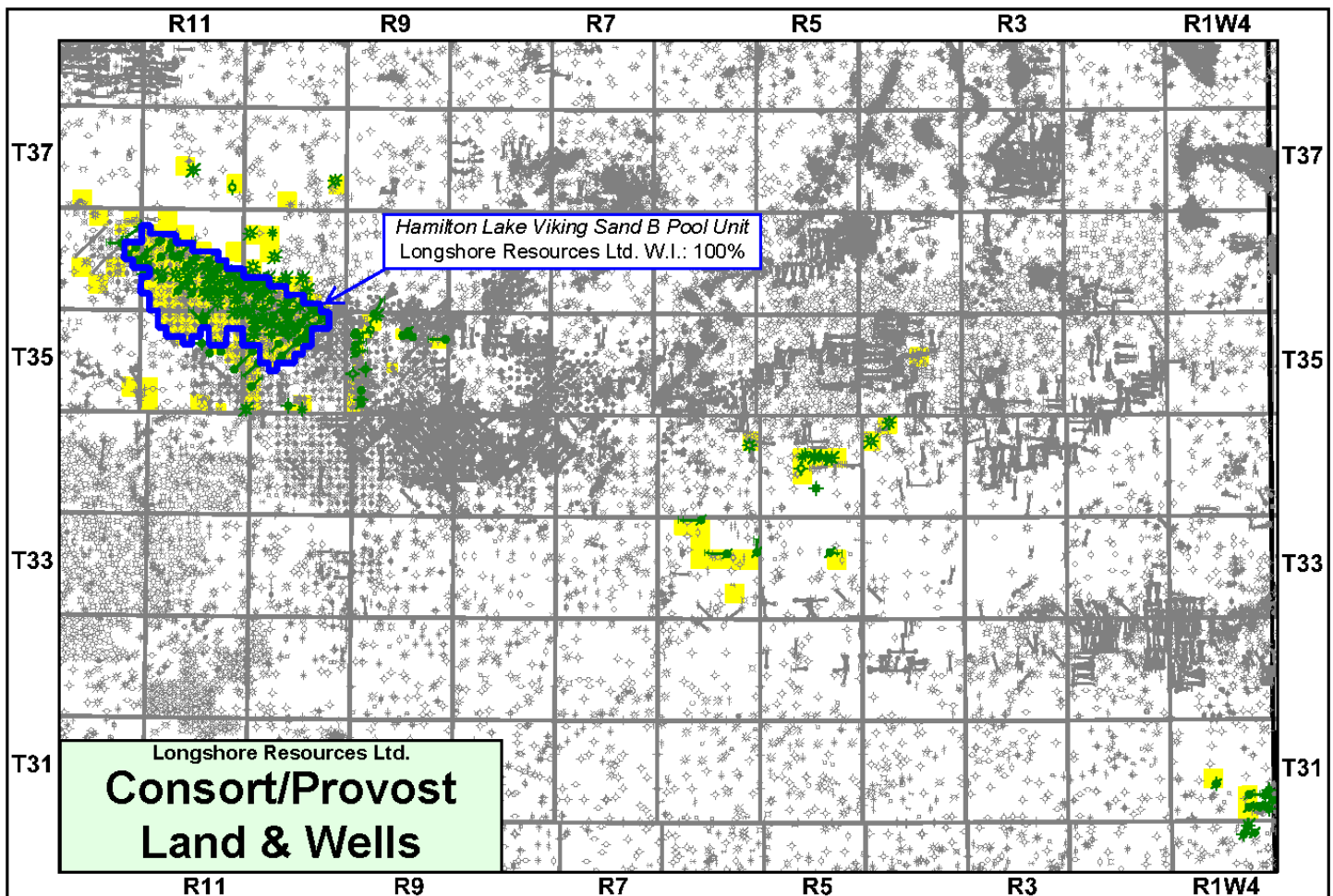
At *Consort/Provost*, Longshore holds high, primarily operated working interests including its 100% working interest in the *Hamilton Lake Viking Sand B Pool Unit*.

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Further upside exists with additional locations in unswept areas across both the *Hamilton Lake Viking Sand B Pool Unit* and the larger *Consort/Provost* acreage.



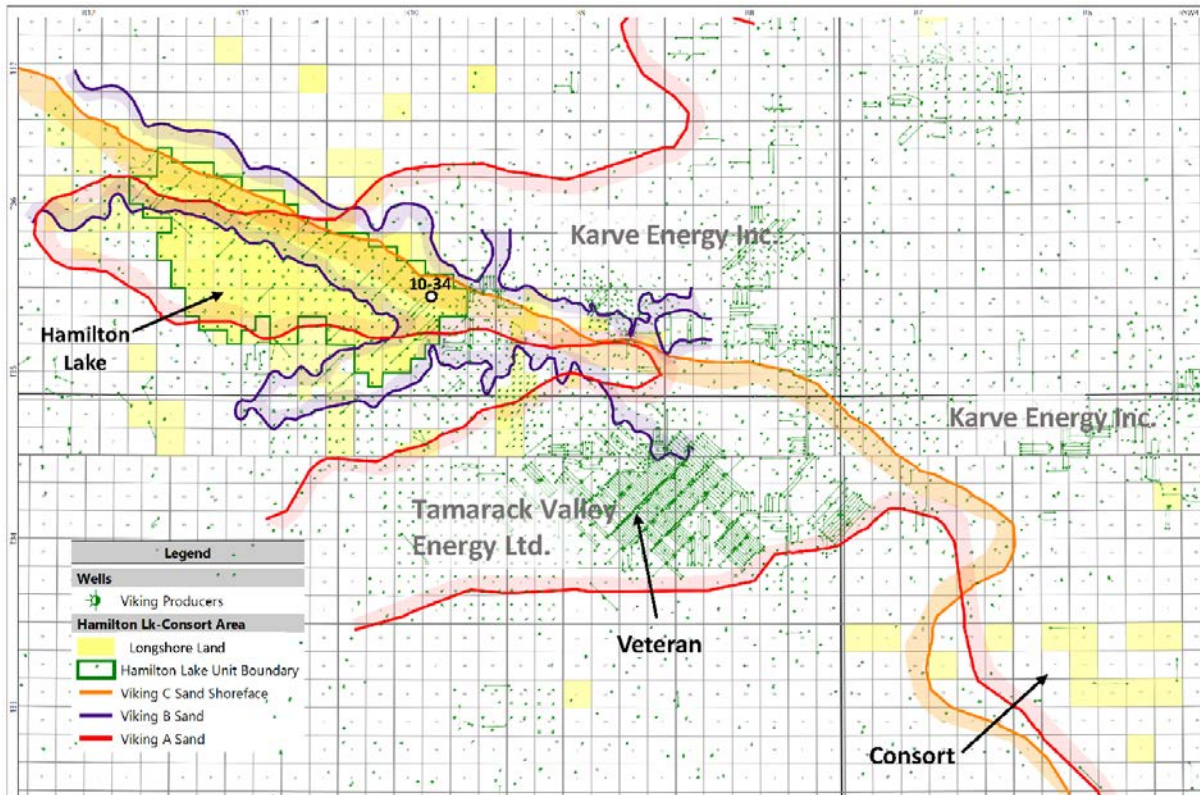




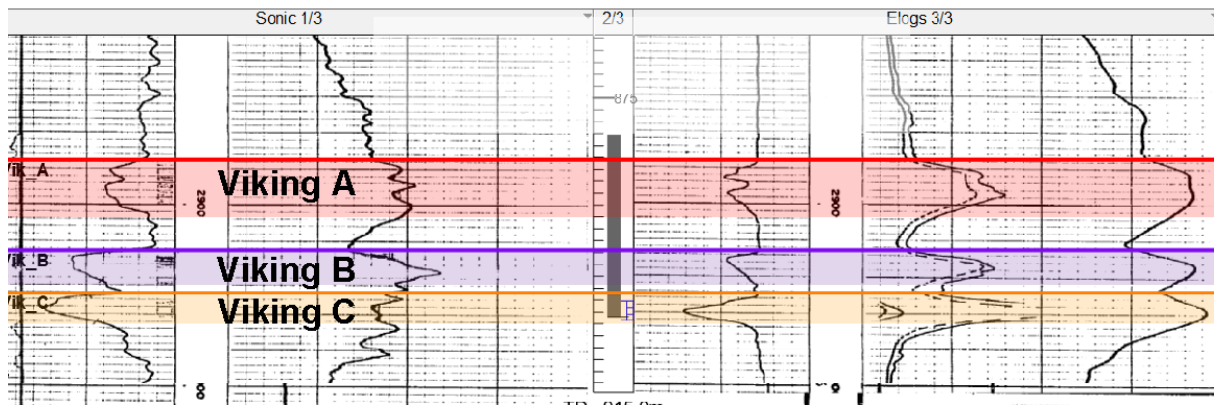
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**Hamilton Lake/Veteran/Consort – Viking Map**



**Longshore Provost 100/10-34-035-10W4/0 – Viking Formation Type Log**

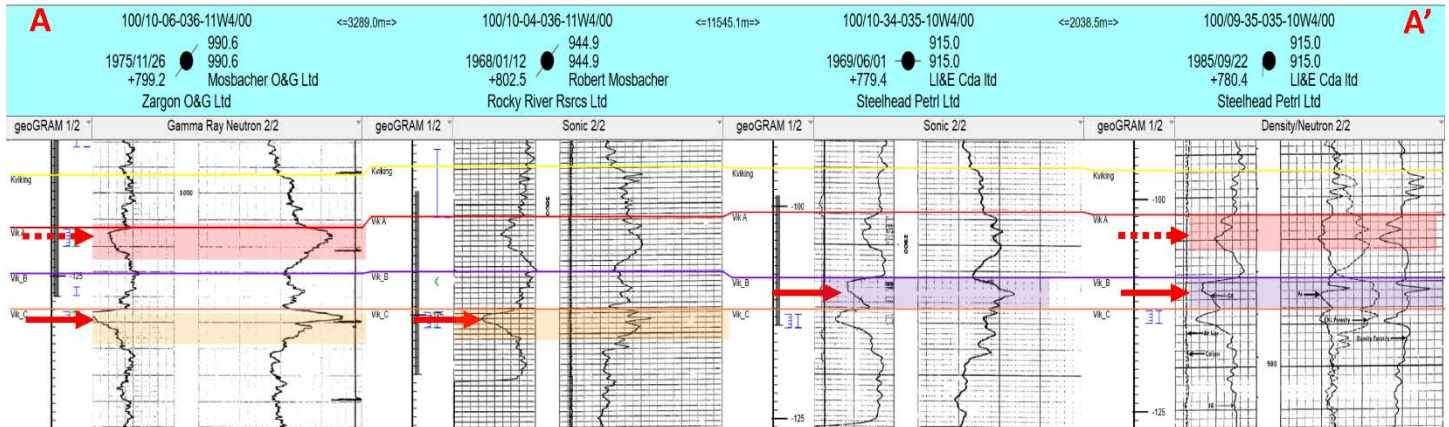




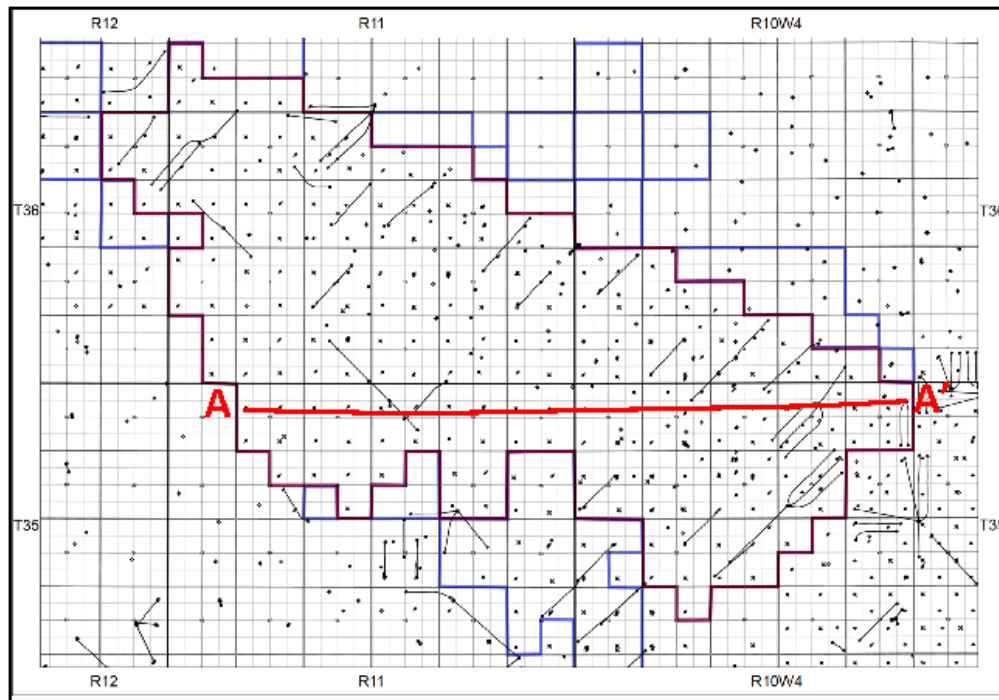
The following cross-section shows the Viking Formation reservoirs and targets.

Historically, vertical production at *Consort/Provost* targeted both the regional Viking C sand and the Viking B sand where developed. More recently, current operators in the area target the Viking C and B with horizontal wells, some over a mile long.

The Viking A is a potential horizontal development target in defined oil areas at *Consort/Provost* (Viking A oil production is prolific to the east in the *Veteran* area by **Karve Energy Inc.** and **Tamarack Valley Energy Ltd.**).

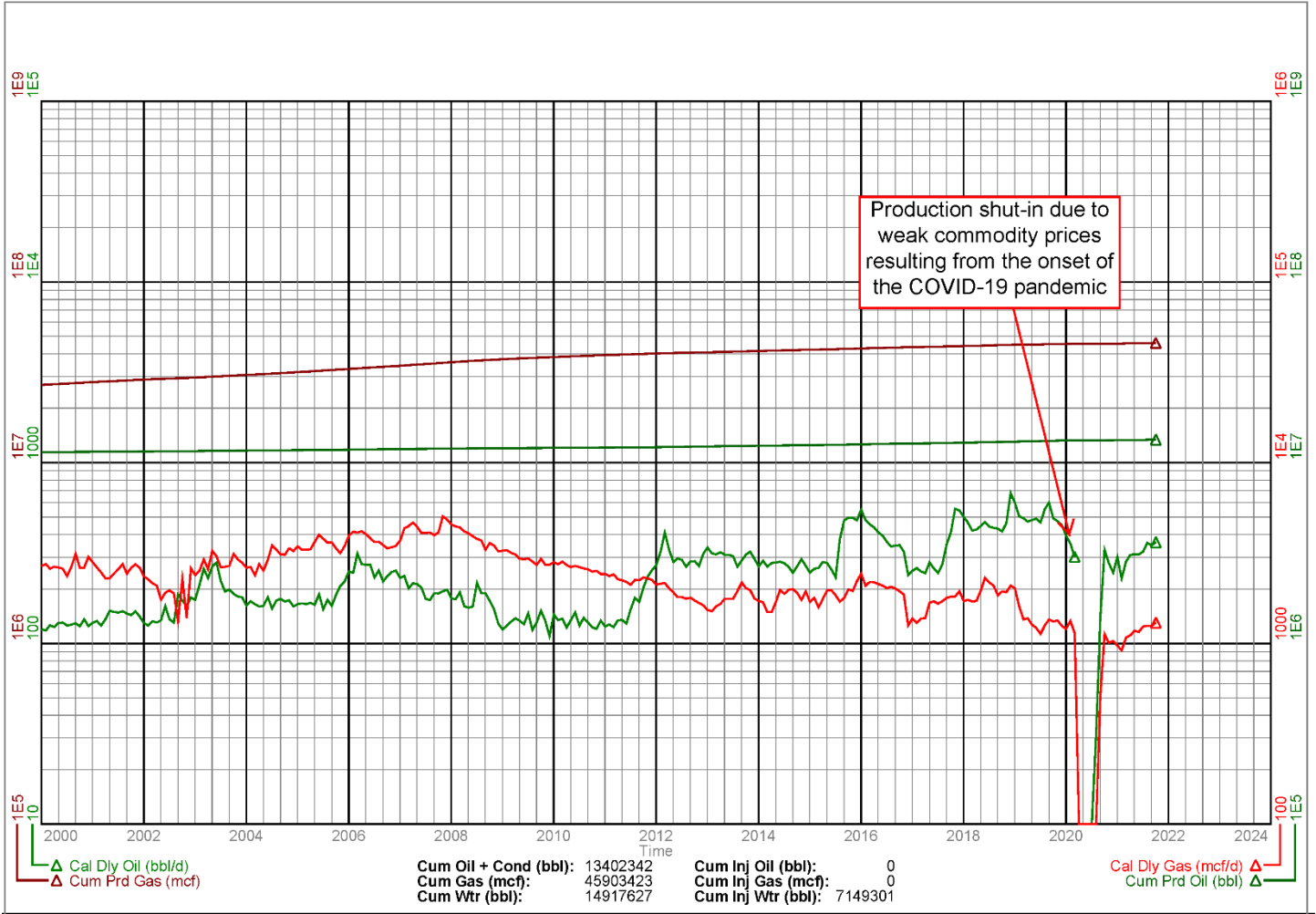


The map below shows the cross section from A-A' across Longshore's lands at *Consort/Provost*.





### Consort/Provost, Alberta Gross Production Group Plot of Longshore's Oil and Natural Gas Wells

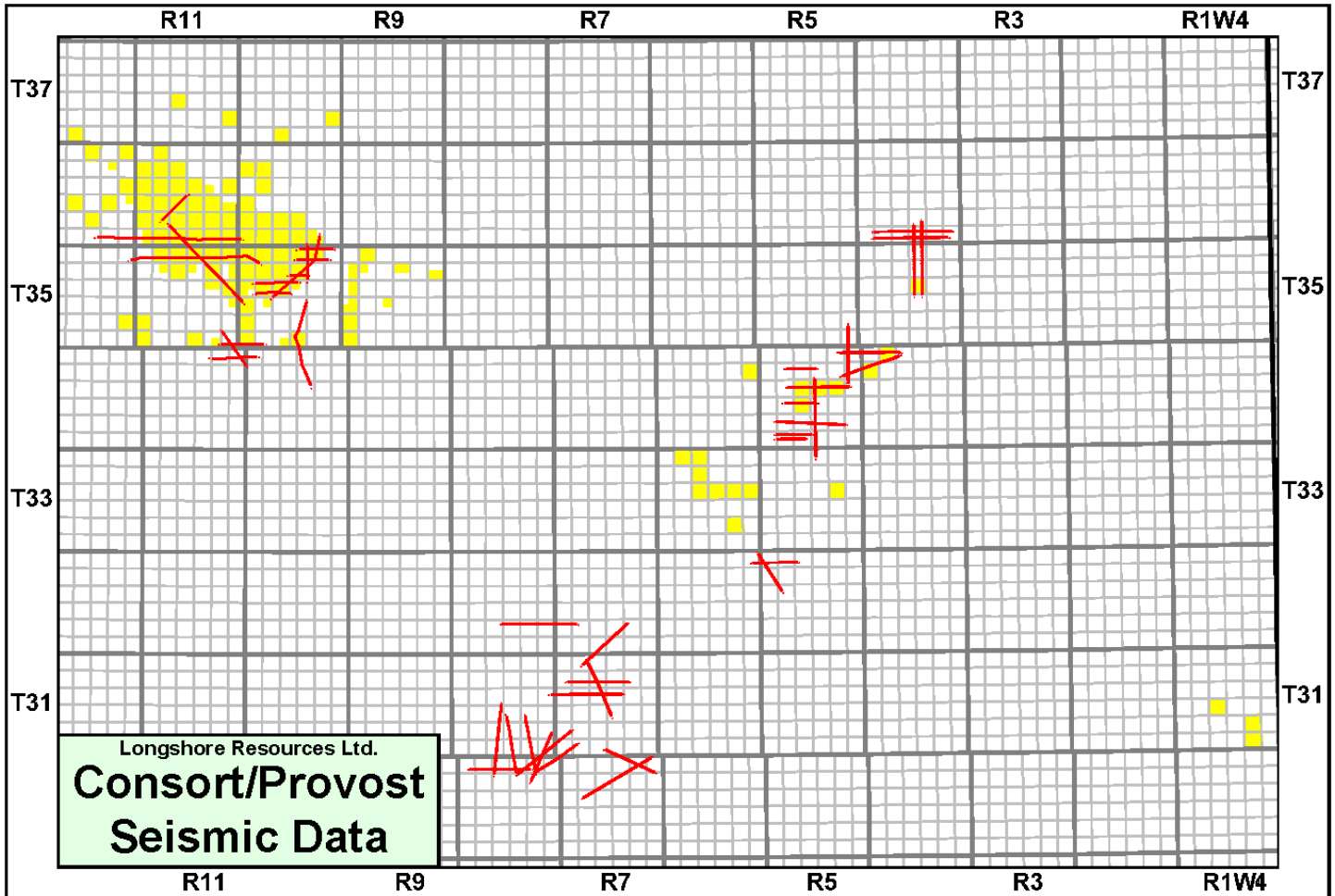




### Consort/Provost Seismic

Longshore has ownership in various proprietary 2D seismic over a portion of its lands at *Consort/Provost* as illustrated on the following plat. The Company's interpretations of the seismic are available for viewing on a workstation by parties which have executed a confidentiality agreement.

**Consort/Provost, Alberta – Longshore Seismic Ownership**



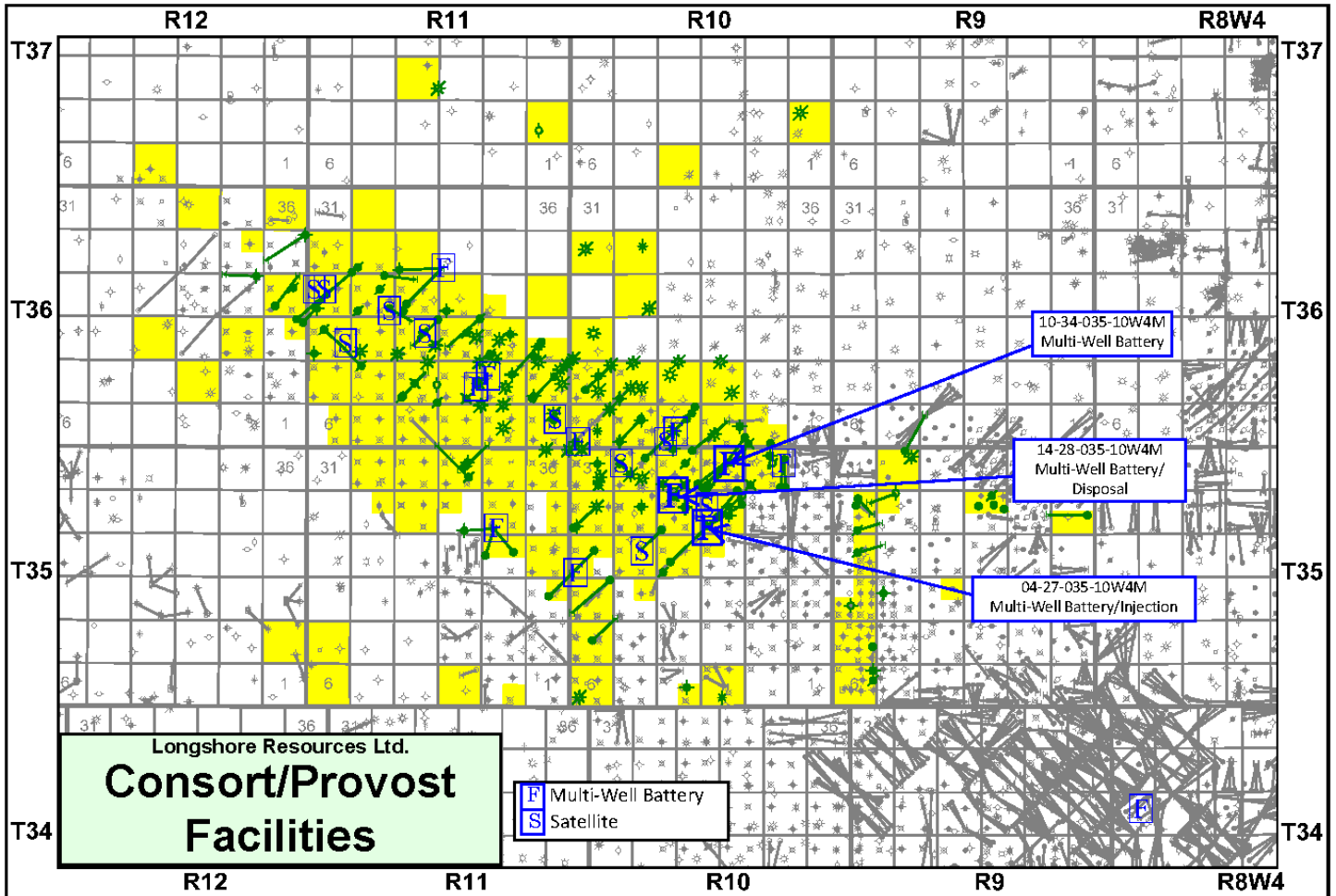
As a member of *The Association of Professional Engineers and Geoscientists of Alberta* ("APEGA"), Sayer Energy Advisors adheres to the "Guidelines for Ethical Use of Geophysical Data" which APEGA first published in May 2010. The complete document summarizing the APEGA guidelines can be downloaded from APEGA's website, where it can be found at <https://www.apega.ca/assets/PDFs/geophysical-data.pdf>. In order to ensure that the rights of all data owners are recognized and respected, the copying of data and the opportunity to view uninterpreted licensed data are activities that are not permitted in a Sayer Data Room.





### Consort/Provost Facilities

Longshore holds an interest in the following facilities at *Consort/Provost*.





License Number	Surface Location	Operator	Facility Type	Longshore W.I. %
F43278	00/04-35-030-01W4	Longshore	Multi-Well Battery	75%
F45529	00/08-18-036-11W4	Longshore	Satellite	100%
F46635	00/08-10-036-11W4	Longshore	Multi-Well Gas Battery	100%
F48749	00/09-35-035-10W4	Longshore	Multi-Well Battery	100%
F48775	00/06-04-036-10W4	Longshore	Satellite	100%
F48806	00/04-27-036-11W4	Longshore	Multi-Well Battery	100%
F48818	00/04-27-035-10W4	Longshore	Multi-Well Battery/Injector	100%
F51253	02/04-27-035-10W4	Longshore	Multi-Well Battery/Injector	100%
F49960	00/11-19-036-11W4	Longshore	Satellite	100%
F05043	00/10-20-035-10W4	Longshore	Satellite	100%
F05052	00/12-27-035-10W4	Longshore	Satellite	100%
F05053	00/14-28-035-10W4	Longshore	Satellite	100%
F05055	00/12-32-035-10W4	Longshore	Satellite	100%
F05057	00/10-34-035-10W4	Longshore	Multi-Well Battery	100%
F50972	00/03-26-035-11W4	Longshore	Multi-Well Battery	100%
F50990	00/04-19-035-10W4	Longshore	Multi-Well Battery	100%
F05550	00/04-04-036-10W4	Longshore	Satellite	100%
F05551	00/04-06-036-10W4	Longshore	Abandoned	100%
F05552	00/10-01-036-11W4	Longshore	Satellite	100%
F05554	00/12-11-036-11W4	Longshore	Satellite	100%
F05555	00/10-16-036-11W4	Longshore	Satellite	100%
F05556	00/12-19-036-11W4	Longshore	Satellite	100%
F05557	00/01-20-036-11W4	Longshore	Satellite	100%

## Consort/Provost Marketing

Longshore has an agreement in place with **Inter Pipeline Ltd.** until August 2024, whereby oil is trucked from the Company's batteries at *Consort/Provost* to the Inter Pipe Throne Station located at 11-03-036-10W4. The oil is sold as either a sweet or a sour volume depending on pricing and Longshore has optionality to gauge this monthly.

Natural gas flows to a Karve gas processing facility and is added to Longshore's NGTL NIT account in which Longshore markets its own natural gas daily through the Castor meter station (1397). Longshore produces roughly 20 e<sup>3</sup>m<sup>3</sup>/day and has approximately 12 e<sup>3</sup>m<sup>3</sup> of firm service with **TC Energy** on a firm transportation-receipt basis.

## Consort/Provost Reserves

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	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbl	Natural Gas MMcf	Ngl Mbbl	Total MBOE	5%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>417</b>	<b>1,337</b>	<b>11</b>	<b>650</b>	<b>\$3,794</b>	<b>\$3,517</b>	<b>\$3,289</b>
Proved Undeveloped	0	0	0	0	\$0	\$0	\$0
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### Consort/Provost LMR as of December 4, 2021

As of December 4, 2021, Longshore's net deemed asset value for *Consort/Provost* was \$5.0 million (deemed assets of \$16.9 million and deemed liabilities of \$11.9 million), with an LMR ratio of 1.42.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$16,897,594	\$11,902,227	\$4,995,367	1.42

### Consort/Provost Well List

See well list in Excel.



RECIPIENT COMPANY LETTERHEAD

\_\_\_\_\_, 2022

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

Attention: Ben Rye

Re: **Confidentiality Agreement  
Non-Core Property Divestiture**

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\_\_\_\_\_ (“Recipient”) has expressed an interest in the purchase of certain oil and natural gas interests owned by Longshore Resources Ltd. (“Longshore”) in the Consort/Provost area of Alberta (the “Property”). Longshore is prepared to provide the Recipient access to certain information relating to the Property, including but not limited to land schedules, geological and geophysical information and other documentation (“Confidential Information”). In consideration of Longshore providing the Confidential Information, Recipient agrees as follows:

1. Recipient acknowledges that all Confidential Information provided to Recipient is proprietary to Longshore and its joint venture partners except for Confidential Information which is set out and described in Clause 6.
2. The Confidential Information shall be kept in the strictest of confidence and shall not be used for any purpose whatsoever other than evaluating a possible transaction between Recipient and Longshore. The Confidential Information shall not be disclosed to any person other than Recipient and to such of its directors, employees, agents, consultants, representatives and advisors (the “Representatives”) who have a need to know such information for the purpose of appraising the Property. 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 Longshore with a list of the Representatives who have received the Confidential Information.
3. Recipient agrees that it and its Representatives shall not disclose to any person or publish or disperse in any form, any terms, conditions or other facts with respect to any possible transaction relating to the Property for which the Confidential Information was disclosed.
4. If the Recipient makes a request to view seismic data as part of its review of a possible transaction involving the Property, as the case may be, and Longshore provides such access, the Recipient warrants that under no circumstances will it allow its Representatives to copy, remove, take away or otherwise reproduce any of the seismic data or derivatives thereof that such Representatives have been given access to hereunder. This would include, but not be limited to, an absolute restriction against the use of electronic equipment to produce photographs or other digital copy or reproductions of any of the affected seismic data and or photocopies, sketches or tracings of such affected seismic data. No electronic devices, cameras, USB devices, laptops or cellphones with photographic capability may be brought into the dataroom or an area where data is disclosed.



5. Notwithstanding the foregoing terms, Recipient shall be permitted to disclose such Confidential Information that is required to be disclosed pursuant to any law, rule or regulation. In the event that Recipient receives a request or legal directive to disclose Confidential Information, Recipient shall promptly provide written and verbal notification to Longshore of such a request. Recipient shall consult with Longshore on the advisability of taking steps to resist or narrow such request or directive. If disclosure is deemed advisable, Recipient shall cooperate with Longshore in any attempt that Longshore may make to obtain an order or other reliable assurance that confidential treatment will be accorded by the requesting or directing party to the information required to be disclosed.
6. The restrictions set forth in Clauses 2 and 3 above shall not apply to any part of the Confidential Information which is:
  - (a) now in the public domain or becomes part of the public domain other than through an act of the Recipient or its Representatives; or
  - (b) in the lawful possession of the Recipient prior to its disclosure by Longshore; or
  - (c) subject to disclosure required by law, rule or regulation provided that Longshore is given notice pursuant to Clause 5 prior to such disclosure; or
  - (d) made available to the Recipient or its Representatives from a source who may reasonably be believed to legally hold such information and who is not bound to Longshore under a confidentiality agreement.
7. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Longshore and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
  - (a) be liable to Longshore for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
  - (b) indemnify Longshore against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Longshore or which Longshore may suffer, sustain, pay or incur;resulting from disclosure by the Recipient, or its Representatives, of all or any part or parts of the Confidential Information.
8. At any time, at the request of Longshore, Recipient shall immediately return or cause to be returned to Longshore all of the Confidential Information which may have been released to the Recipient. Recipient shall not retain any copies or other reproductions or extracts of the Confidential Information. Furthermore, Recipient shall, if so requested by Longshore, provide certification from an officer of the Recipient to Longshore that the terms and conditions of this Clause have been complied with. The Recipient will return all requested Confidential Information except to the extent that computer systems are back-up or archived. The Recipient will be able to retain a copy of any analysis of Confidential Information in respect to a possible transaction with Longshore for any internal management and/or board of directors recommendations or approvals.
9. Recipient understands and agrees that no contract or agreement providing for the sale of the Property shall be deemed to exist between the Recipient and Longshore unless and until a definitive offer to purchase has been accepted in writing by Longshore. For greater clarity the Recipient acknowledges that this Agreement does not constitute a definitive offer to purchase. Recipient hereby waives, in advance, any claims (including, without limitation, breach of

contract) in connection with the sale of the Property unless and until a definitive offer to purchase from Recipient has been accepted in writing by Longshore.

10. This Confidentiality Agreement shall remain in force for a period of one year from the date hereof, or until such time as all of the Confidential Information becomes part of the public domain through conventional processes and through no violation of this Agreement, whichever comes first.
11. Recipient understands that in providing access to the Confidential Information, Longshore makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Longshore nor anyone representing Longshore shall have any liability to the Recipient or any of its Representatives as a result of the use of the information by it or its Representatives.
12. This Agreement shall be construed and determined according to the laws of the Province of Alberta.
13. Recipient acknowledges and agrees that Longshore may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. Longshore and its joint venture partners shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of any of the provisions of this Confidentiality Agreement. Such remedies shall be in addition to all other remedies available at law or in equity.
14. Recipient understands and agrees that:
  - (a) Longshore shall be free to conduct the process for the sale of the Property in its sole discretion and shall determine, without limitation, the course and nature of negotiations with any prospective buyer and the acceptance of a definitive offer to purchase without prior notice to the Recipient, its Representatives or any other person or corporate entity; and
  - (b) Recipient shall not have any claims whatsoever against Longshore or any of its directors, officers, stockholders, owners, affiliates, representatives, advisors or agents arising out of or relating to the sale of the Property other than as a party to a definitive offer to purchase accepted in writing by Longshore and then only against Longshore and in accordance with the terms of said offer to purchase.
15. Recipient hereby acknowledges that it is aware 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.
16. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding Longshore'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 officer, director, employee, consultant or other representative of Longshore, or with any customer, supplier, sales representative, or competitor of Longshore except with the express written permission of Longshore. Any such permission granted by Longshore may be revoked at any time.

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.

The Recipient accepts the Confidential Information to be provided relating to the Property subject to the terms and conditions set forth in this Confidentiality Agreement.

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 Longshore Resources Ltd. this \_\_\_ day of \_\_\_\_\_, 2022**

\_\_\_\_\_  
Chris Lamb  
Vice President, Land