
FALLON ENERGY INC.

OVERVIEW INFORMATION

Property Divestiture: Greater Lloydminster, Saskatchewan 500 bbl/d of heavy oil

FALLON ENERGY INC.

Fallon Energy Inc. ("Fallon" or the "Company") has engaged **Sayer Energy Advisors** to assist with the sale of its oil and natural gas interests located in the Greater Lloydminster areas of Saskatchewan (the "Properties").

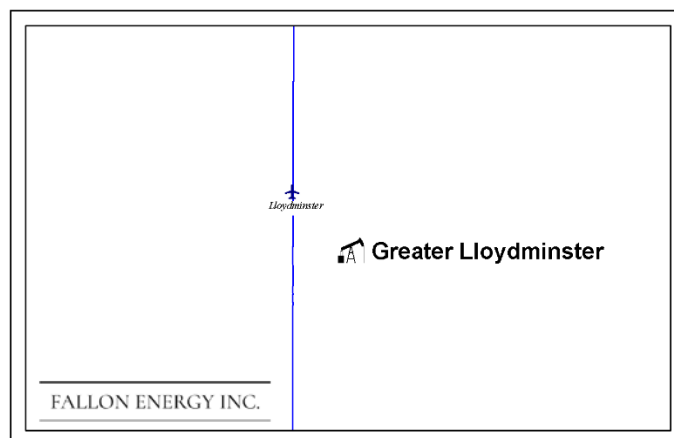
Fallon operates all of the Properties, generally holding a 100% working interest including associated facilities. The Properties are generally located near *Lloydminster*, Saskatchewan in the *Battle River*, *Big Gully*, *Forest Bank*, *Furness*, *Lashburn*, *Lone Rock*, *Maidstone*, *Marshall*, *Neilburg*, *Tangleflags* and *Unwin* areas.

Fallon has recently optimized, reactivated and recompleted several wells on the Properties which resulted in increased production rates. The Company is in the process of optimizing several additional wells.

The Company also converted one well to water injection, with one more conversion in progress. The conversions are expected to significantly reduce the expenses and trucking costs associated with the Properties.

Current production net to Fallon is estimated to be approximately 500 bbl/d of heavy oil. Total sales production net to Fallon from the Properties for July-August 2025 averaged approximately 355 bbl/d of heavy oil (355 boe/d).

The Company anticipates net operating income for 2026 to be approximately \$5.3 million. Net operating income from the Properties averaged approximately \$78,000 per month for July-August 2025, or \$936,000 on an annualized basis.



PROCESS & TIMELINE

Sayer Energy Advisors is accepting cash offers to acquire the Properties until **12:00 pm on Thursday December 11, 2025**.

Timeline		
Week of November 10, 2025		Preliminary Information Distributed
Week of November 10, 2025		Data Room Opens
December 11, 2025	12:00 noon	Bid Deadline
December 1, 2025		Effective Date
December 2025		Closing Date

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

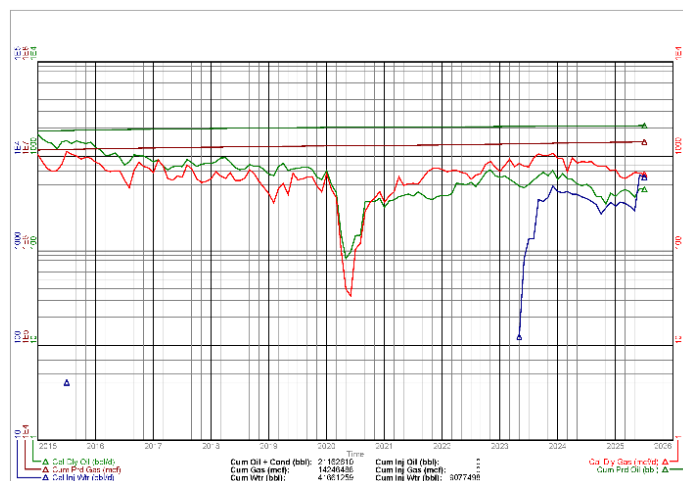
Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, December 11, 2025.



Production & NOI Overview

Current production net to Fallon is estimated to be approximately 500 bbl/d of heavy oil. Total sales production net to Fallon from the Properties for July-August 2025 averaged approximately 355 bbl/d of heavy oil (355 boe/d). With the additional planned workovers, the Company anticipates production to increase to over 700 boe/d.

Fallon has recently optimized several wells on the Properties which resulted in increased production rates. The Company is in the process of optimizing several additional wells.



The Company anticipates net operating income for 2026 to be approximately \$5.3 million. Net operating income from the Properties averaged approximately \$78,000 per month for July-August 2025, or \$936,000 on an annualized basis.

Fallon successfully completed an oil/water conversion in an existing oil well at *Unwin*. After setup and commissioning of the water disposal well, it is currently on vacuum and disposing of approximately 400 m³ of water per day. This conversion has significantly reduced the operating expenses and trucking costs associated with the Properties. Fallon estimates that the netback will improve by \$9/bbl, saving approximately \$85,000 per month. A second water disposal well is expected to be brought on by December 2025, which is estimated to improve the netback by \$20/bbl at *Marshall* which would result in savings of approximately \$100,000 per month in trucking and associated expenses.

Reserves Overview

GLJ Ltd. ("GLJ") prepared an independent reserves evaluation of the Properties (the "GLJ Report"). The GLJ Report is effective February 28, 2023 using an average of GLJ Ltd., McDaniel & Associates Consultants Ltd. and Sproule ERCE's January 1, 2023 forecast pricing.

GLJ estimates that, as at February 28, 2023, the Properties contained remaining proved plus probable reserves of 5.6 million barrels of heavy oil (5.6 million boe), with an estimated net present value of \$92.9 million using forecast pricing at a 10% discount.

GLJ Ltd. as at February 28, 2023							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
Proved Developed Producing	1,681	0	0	1,681	\$34,943	\$28,597	\$24,252
Proved Non-Producing/Undeveloped	2,092	0	0	2,092	\$47,447	\$38,844	\$32,845
Total Proved	3,773	0	0	3,773	\$82,390	\$67,441	\$57,097
Probable	1,835	0	0	1,835	\$35,428	\$25,477	\$19,801
Total Proved Plus Probable	5,607	0	0	5,607	\$117,818	\$92,918	\$76,898

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

Saskatchewan Liability Assessment Summary as of October 21, 2025

As of October 21, 2025, the Properties had a positive deemed net asset value of \$4.2 million (deemed assets of \$10.9 million less deemed liabilities of \$6.7 million), with an LMR ratio of 1.62.





BID DEADLINE: 12:00 pm December 11, 2025

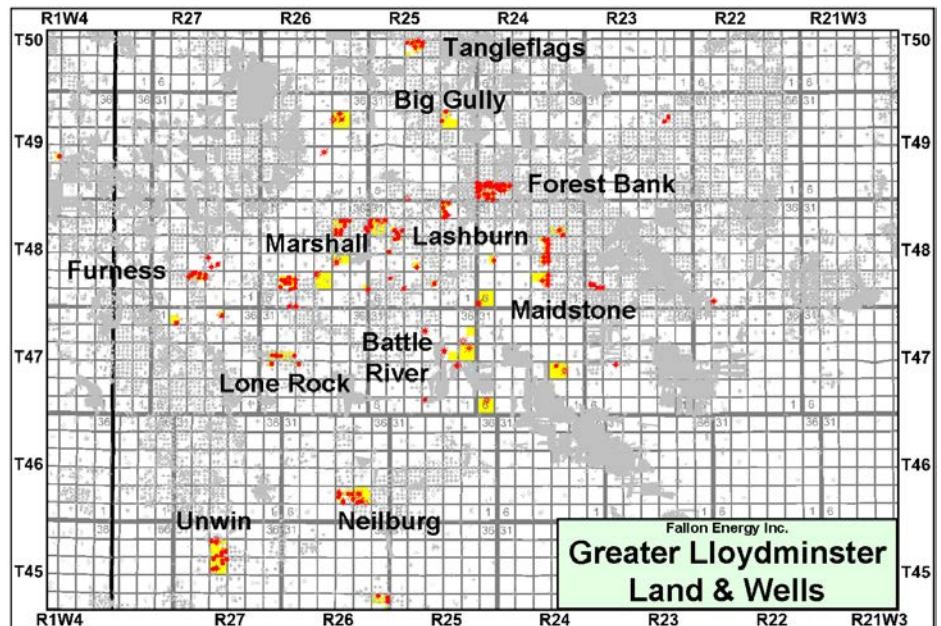
Property Divestiture

Greater Lloydminster Properties

Township 45-50, Range 22-27 W3

Fallon operates all of the Properties, generally holding a 100% working interest including associated facilities. The Properties are generally located near *Lloydminster*, Saskatchewan in the *Battle River*, *Big Gully*, *Forest Bank*, *Furness*, *Lashburn*, *Lone Rock*, *Maidstone*, *Marshall*, *Neilburg*, *Tangleflags* and *Unwin* areas.

The Company has a total of 170 wells including 2 water disposal wells and a third water disposal well to be completed in the fourth quarter of 2025. After an extensive well review, only 6 have been determined to require abandonment with the remaining wells to be reactivated or recompleted.



Operations Overview

The Company has identified several workovers on the Properties to bring a total of approximately 428 bbl/d of oil on production. Fallon is planning to complete the workovers in the fourth quarter of 2025.

Fallon is executing a total capital program of \$2.0 million over the course of 2025. The following table shows the remaining operations planned in the fourth quarter.

UWI	Property	Objective	Perf Intervals	Expected bbl/d
141/14-09-048-27W3/0	Lashburn	Fix broken and bail down	N/A	80
121/11-05-049-24W3/2	Forest Bank	Rod Job	N/A	60
121/14-09-048-27W3/2	Lashburn	Commingle w/existing with Sparky	584.5-589.1 mKB	50
111/13-16-047-26W3/0	Lone Rock	Recomplete GP	559.3-561.3 mKB	25
111/05-20-047-26W3/0	Lone Rock	Recomplete Sparky	536.3-537.8 mKB	25
111/12-35-048-25W3/0	Lashburn	Re-Perf - Run 15 Series Pump	557.5-559.3 mKB	25
111/10-15-048-24W3/0	Lashburn	Recomplete McLaren, Plug back existing zone.	524.8-525.6 mKB	25
141/10-21-045-27W3/0	Unwin	Add .6 perfs below	591.2-591.8mKB	20
191/12-08-048-26W3/0	Lashburn	Add Perfs	552.1-554.2 mKB	20
191/11-08-048-26W3/0	Lashburn	Add Perfs	550.2-552.3 mKB	20
111/07-08-048-26W3/0	Lashburn	Add Perfs	547.8-550.0 mKB	20
131/10-08-048-26W3/0	Lashburn	Add Perfs	549.2-551.4 mKB	20
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101/09-18-048-24W3/2	Lashburn	Pump Change- Run an 8 Series Pump	N/A	8
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		Total		428

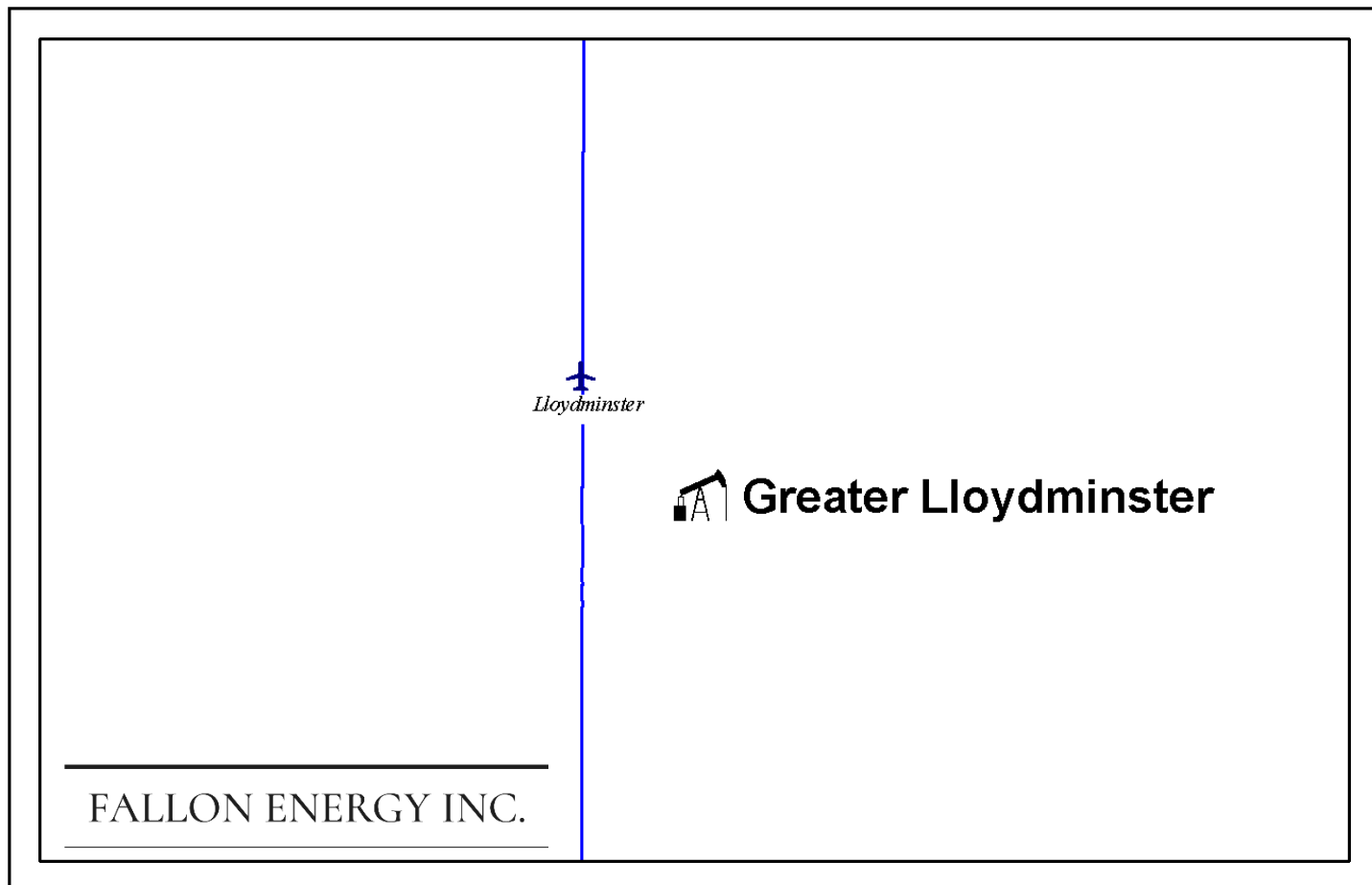
Further details of the capital program will be available in the virtual data room for parties that execute a confidentiality agreement.



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



Fallon Energy Inc. Fall 2025 Property Divestiture



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 (brye@sayeradvisors.com) or fax (403.266.4467).

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

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





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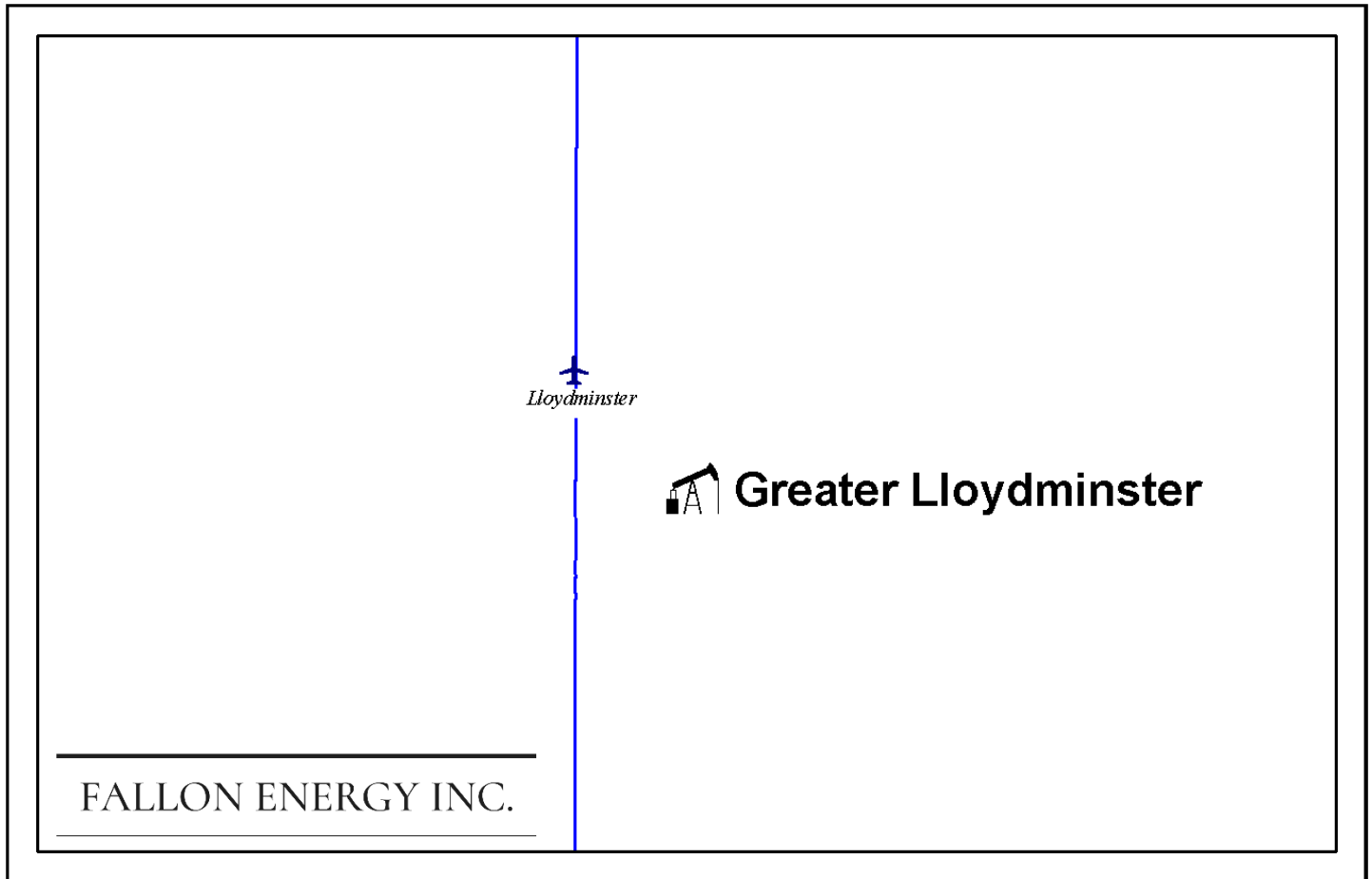
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Overview Map Showing Location of the Divestiture Properties

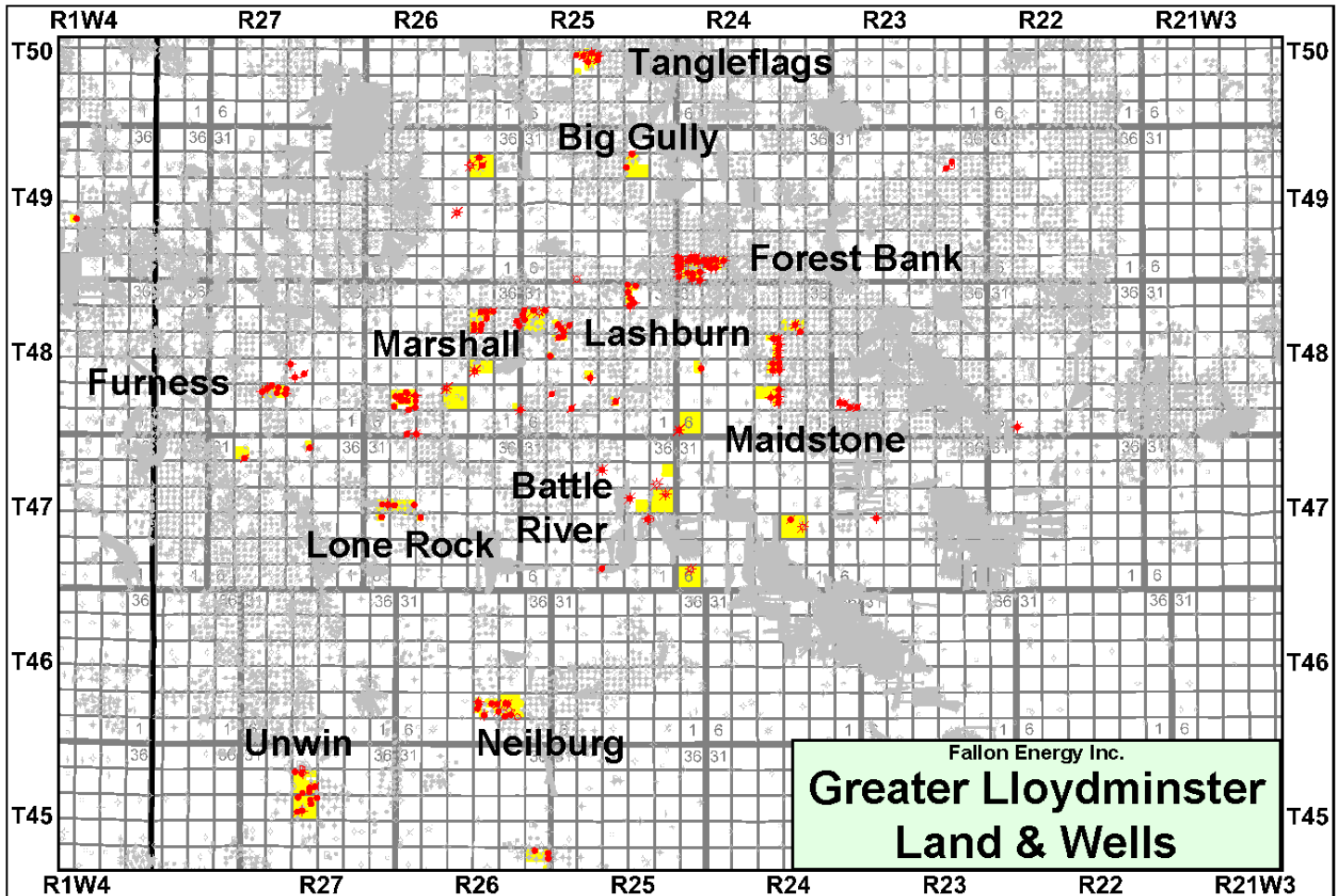




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Production, Reserves & NOI Overview

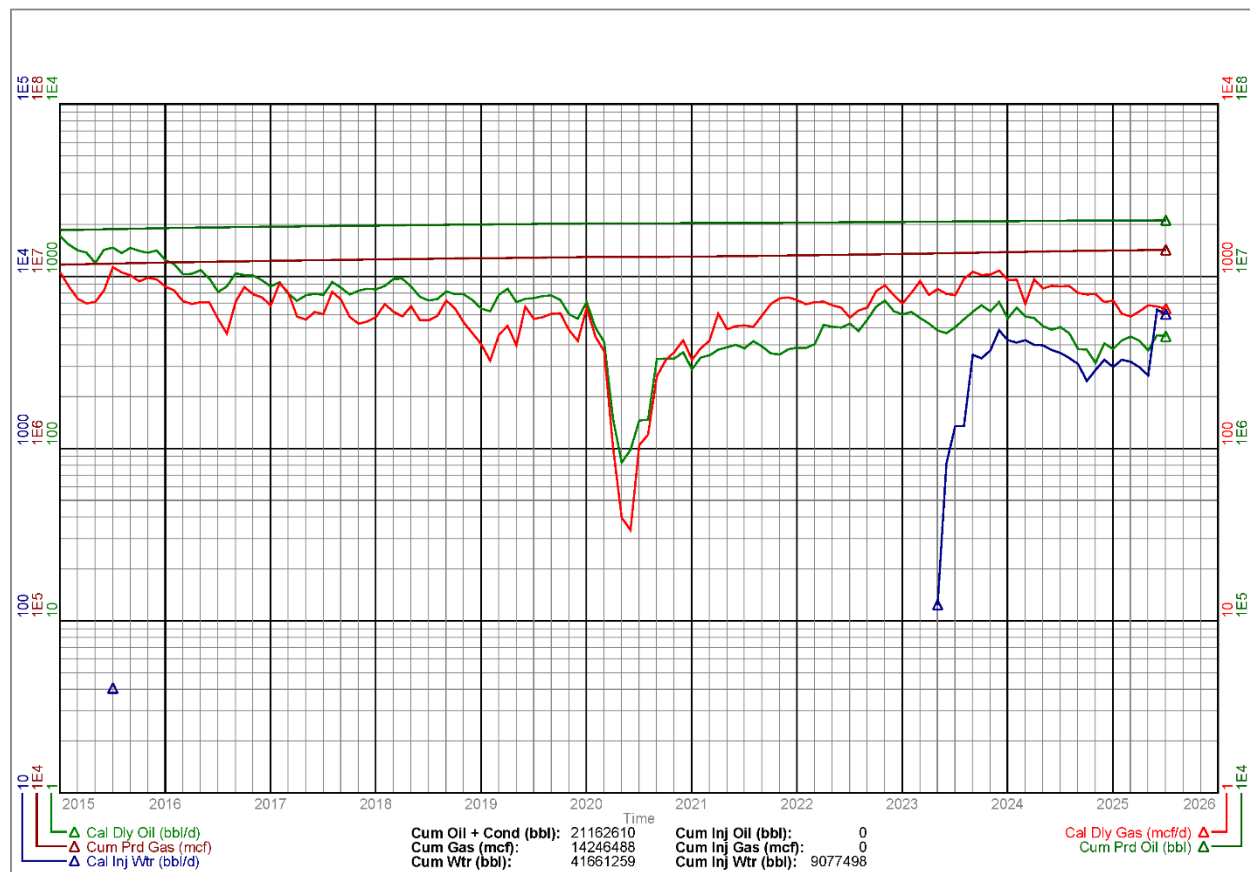
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Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$10,897,335	\$6,714,660	\$4,182,675	1.62

Marketing Overview

Fallon has a 30-day evergreen crude oil purchase contract in place with **Broadbill Energy Inc.** for delivery to Broadbill BBE 13-23-040-08W4 trucked from 01-08-048-26W3.

The Company also has a crude oil purchase agreement in place with **Altex Energy Ltd.** for delivery to the Altex Transload Rail Terminal at *Lashburn*.

Seismic Overview

Fallon does not have ownership in any seismic relating to the Properties.

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			Total	428





Lloydminster Recompletion & Workovers

The Company reactivated water injection wells which will reduce the operating expenses associated with the Properties.

In addition to the planned operational activities, the Company has completed a review of its wells on the Properties and identified the additional upside described as follows.

Lone Rock Workovers

At *Lone Rock*, the Company has identified Sparky and GP upside in the 111/07-19-047-26W3/0 well.

Marshall Workovers

At *Marshall*, the Company has identified Lloydminster upside potential in the 111/01-08-048-26W3/0 well and also the opportunity to perforate in the Lloydminster and commingle with current Sparky production in the 191/09-08-048-26W3/2, 131/10-08-048-26W3/0, 191/11-08-048-26W3/0 and 191/12-08-048-26W3/0 wells. There is also potential for a horizontal Sparky well in the N 1/2 of Section 08-048-26W3.

Unwin Workovers

At *Unwin*, the Company has identified potential to add the following perforations to increase production:

- 191/15-21-045-27W3/0 - Add middle Sparky Perfs.
- 111/16-21-045-27W3/0 - 0.5 metres of GP, Lloydminster Potential.
- 101/06-21-045-27W3/2 - Perf upper GP. Perf Lloydminster.





Neilburg Workovers

At *Neilburg*, the Company has identified reactivations in the following wells:

- 111/08-10-046-26W3/0 - 50 bbl/d of McLaren oil to reactivate. Resistivity is good. Structurally high, good well.
- 111/10-10-046-26W3/3 – Reactivate Colony, expected to come on at 15-17 bbl/d.
- 111/12-11-46-26W3/0 Reactivate McLaren and test Sparky.

The Company has identified additional recompletions in the following wells:

- 112/03-11-046-26W3/0 - Add Sparky.
- 111/04-11-046-26W3/0 - Mannville natural gas over oil target.
- 191/11-11-046-26W3/0 - Review Rex potential.
- 111/02-11-046-26W3/0 - Sparky potential, Colony gas.
- 121/06-11-046-26W3/0 - Sparky potential.
- 112/12-10-046-26W3/0 - Add Colony perfs at 583.3-582.8 mKB.
- 111/12-10-046-26W3/2 - Patch Colony, Re-enter McLaren.

In addition, the Company has identified potential for disposal in the Lloydminster Formation in the 101/05-10-046-26W3 well.

Lashburn Workovers

At *Lashburn*, the Company has identified recompletion potential in the Sparky in the following wells:

- 111/05-35-048-25W3 Mannville Gas potential. Currently Perfed in Sparky. Sparky add perfs 569.5-570.0 mKB.
- 111/12-35-048-25W3. Coil pump. 8 bbl/d. Site fully setup. Potential to add perfs.
- 101/13-35-048-25W3. Currently producing from Sparky. Potential to add perfs in Sparky zone and test Colony at 515.0-151.5 mKB.

Additional Workovers

In addition, the Company has identified the potential to dramatically increase production through over 100 potential workovers including reactivations, bypassed pay zones and recompletion candidates throughout the Properties.

A full list of shut-in wells with reactivation opportunities and further details of the upside will be available in the virtual data room for parties that execute a confidentiality agreement.





Lloydminster Facilities

At *Lloydminster*, the Company owns water injection facilities at 04-04-049-25W3 and 08-28-045-27W3.

Further details of the facilities will be found in the virtual data room for parties that execute a confidentiality agreement.

Lloydminster Wells

See well list in Excel.



RECIPIENT COMPANY LETTERHEAD

_____, 20____

FALLON ENERGY INC.
c/o Sayer Energy Advisors
1620, 540 - 5th Avenue SW
Calgary, Alberta T2P 0M2

Attention: Ben Rye

Re: **Confidentiality Agreement**
Property Divestiture

_____ ("Recipient") has expressed an interest in the purchase of certain oil and natural gas properties owned by Fallon Energy Inc. ("Fallon") in the Greater Lloydminster areas of Saskatchewan (the "Properties"). Fallon is prepared to provide the Recipient access to certain information relating to the Properties, including but not limited to land schedules, financial results, marketing materials, geological and geophysical information and other documentation ("Confidential Information"). In consideration of Fallon providing the Confidential Information, Recipient agrees as follows:

1. Recipient acknowledges that all Confidential Information provided to Recipient is proprietary to Fallon and its joint venture partners except for Confidential Information which is set out and described in Clause 5.
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 Fallon. 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 Properties. 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 Fallon 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 Properties for which the Confidential Information was disclosed.
4. 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 Fallon of such a request. Recipient shall consult with Fallon on the advisability of taking steps to resist or narrow such request or directive. If disclosure is deemed advisable, Recipient shall cooperate with Fallon in any attempt that Fallon 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.

5. 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 Fallon; or
 - (c) subject to disclosure required by law, rule or regulation provided that Fallon is given notice pursuant to Clause 4 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 Fallon under a confidentiality agreement.
6. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Fallon and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
 - (a) be liable to Fallon for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
 - (b) indemnify Fallon against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Fallon or which Fallon 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.
7. At any time, at the request of Fallon, Recipient shall immediately return or cause to be returned to Fallon 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 Fallon, provide certification from an officer of the Recipient to Fallon 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 Fallon for any internal management and/or board of directors recommendations or approvals.
8. Recipient understands and agrees that no contract or agreement providing for the sale of the Properties shall be deemed to exist between the Recipient and Fallon unless and until a definitive offer to purchase has been accepted in writing by Fallon. 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 Properties unless and until a definitive offer to purchase from Recipient has been accepted in writing by Fallon.
9. 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.

10. Recipient understands that in providing access to the Confidential Information, Fallon makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Fallon nor anyone representing Fallon 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.
11. This Agreement shall be construed and determined according to the laws of the Province of Alberta.
12. Recipient acknowledges and agrees that Fallon may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. Fallon 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.
13. Recipient understands and agrees that:
 - (a) Fallon shall be free to conduct the process for the sale of the Properties 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 Fallon or any of its directors, officers, stockholders, owners, affiliates, representatives, advisors or agents arising out of or relating to the sale of the Properties other than as a party to a definitive offer to purchase accepted in writing by Fallon and then only against Fallon and in accordance with the terms of said offer to purchase.
14. 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.
15. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding Fallon'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 Fallon, or with any customer, supplier, sales representative, or competitor of Fallon except with the express written permission of Fallon. Any such permission granted by Fallon may be revoked at any time.
16. 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.
17. 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 Properties 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 Fallon Energy Inc. this ____ **day of** _____, 20____

Candace Nutbrown
CEO