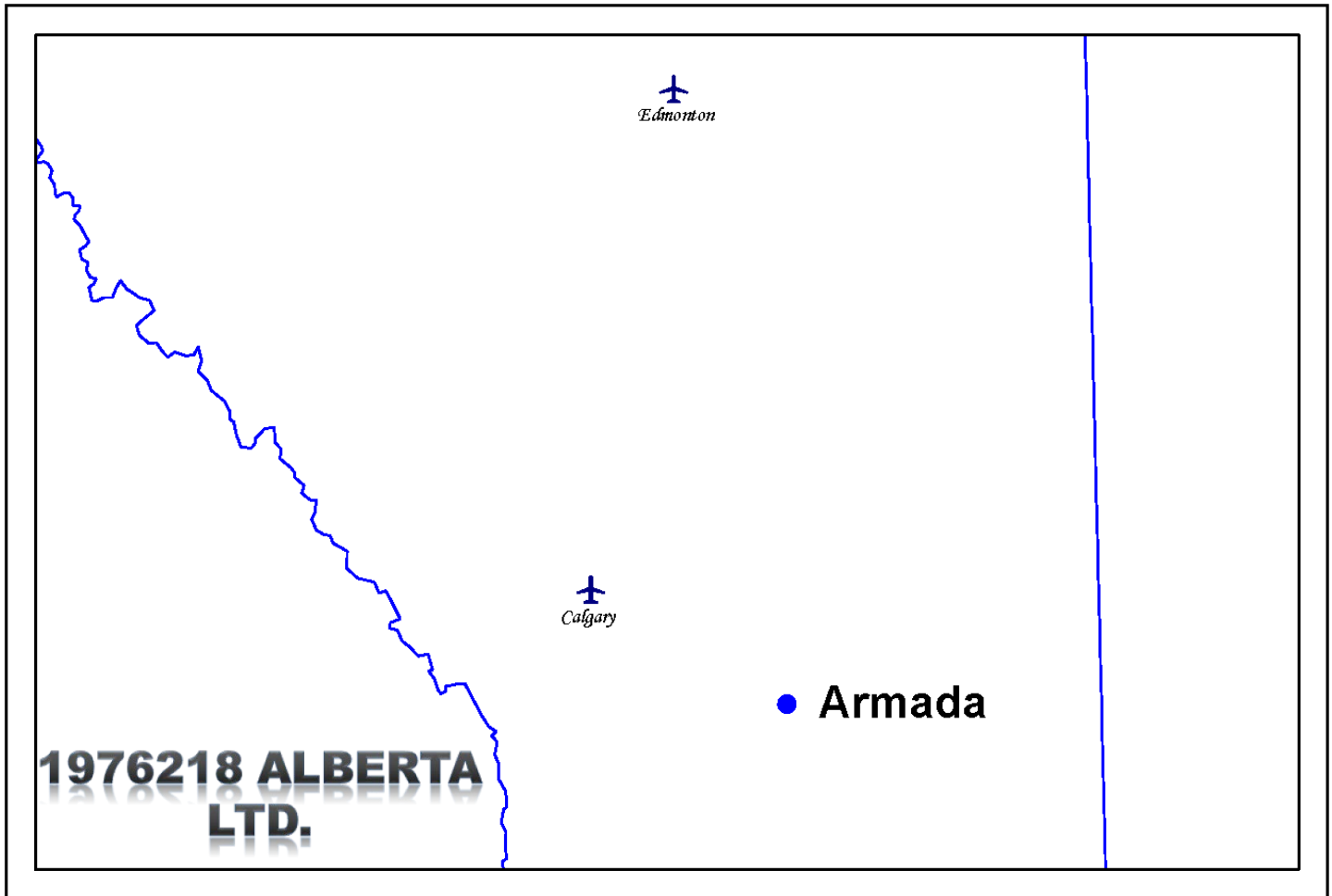




## Overview

**1976218 Alberta Ltd.** ("197" or the "Company") has engaged **Sayer Energy Advisors** to assist the Company with the sale of its interest in the Armada Gas Plant and associated natural gas gathering system located in the *Armada* area of Alberta (the "Armada Facilities").

### Overview Map Showing the Location of the Facility

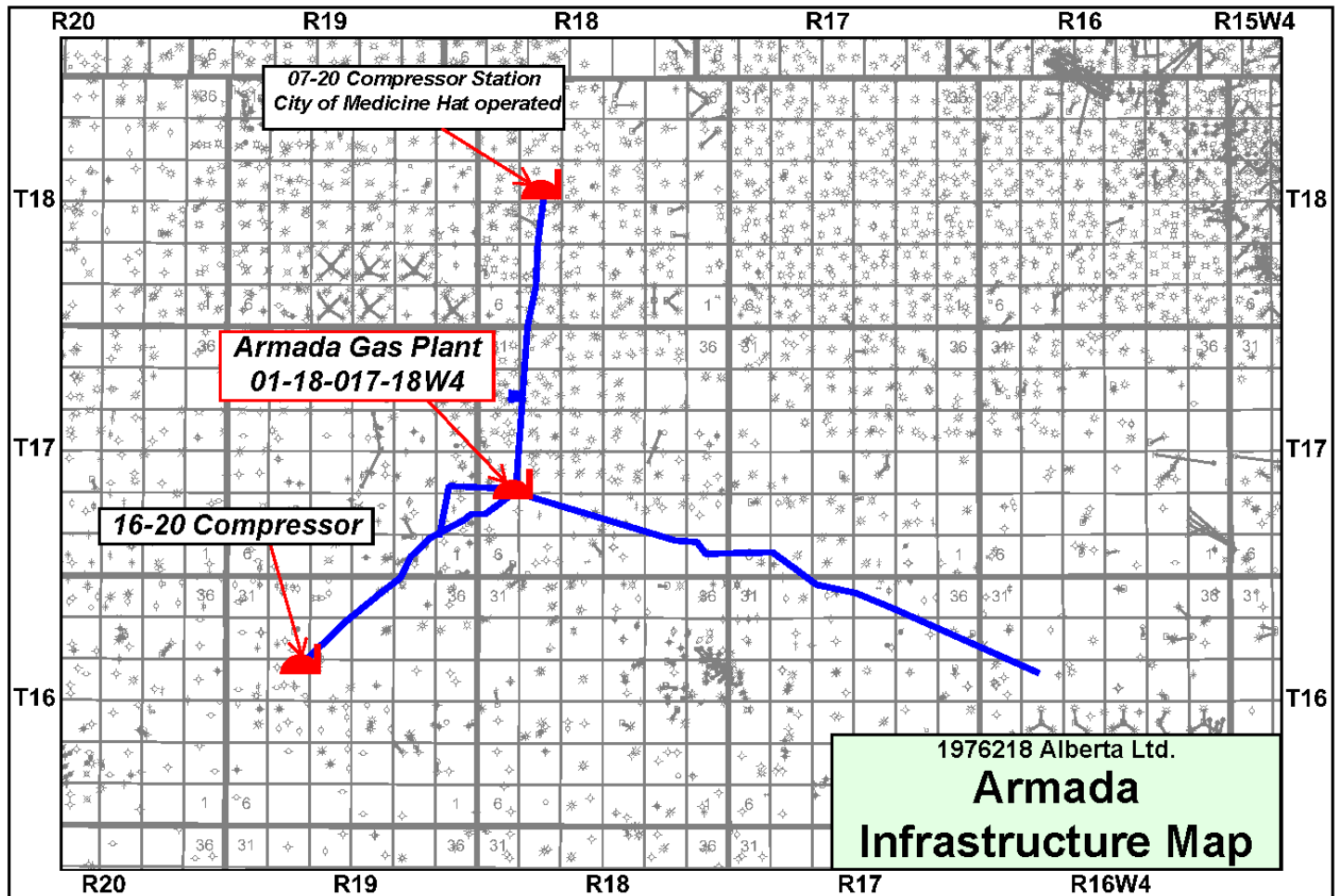




## Armada Facilities

## Township 16-18, Range 16-19 W4

At *Armada*, 197 holds a 49.9975% working interest in the Armada Facilities located at 01-18-017-18W4 and the associated natural gas gathering system. The Armada Facilities are operated by **Canadian Natural Resources Limited** which holds a 42.863% working interest. The remaining 7.1395% working interest is held by **1951629 Alberta Inc.**



The Armada Gas Plant was built in 1979 by **Cochrane Oil & Gas Ltd.** as a midstream asset for area producers and the Company acquired its working interest in 2016. The Armada Facilities service 145 producing wells in the area.

The Armada Facilities were designed for sweet natural gas throughput of 30 MMcf/d. The natural gas gathering system consists of 16.4 km of 6" pipeline, 20.0 km of 4" pipeline and 12.4 km of 3" pipeline and two compressors which are tied into the Armada Gas Plant. The compressors are third-party owned.

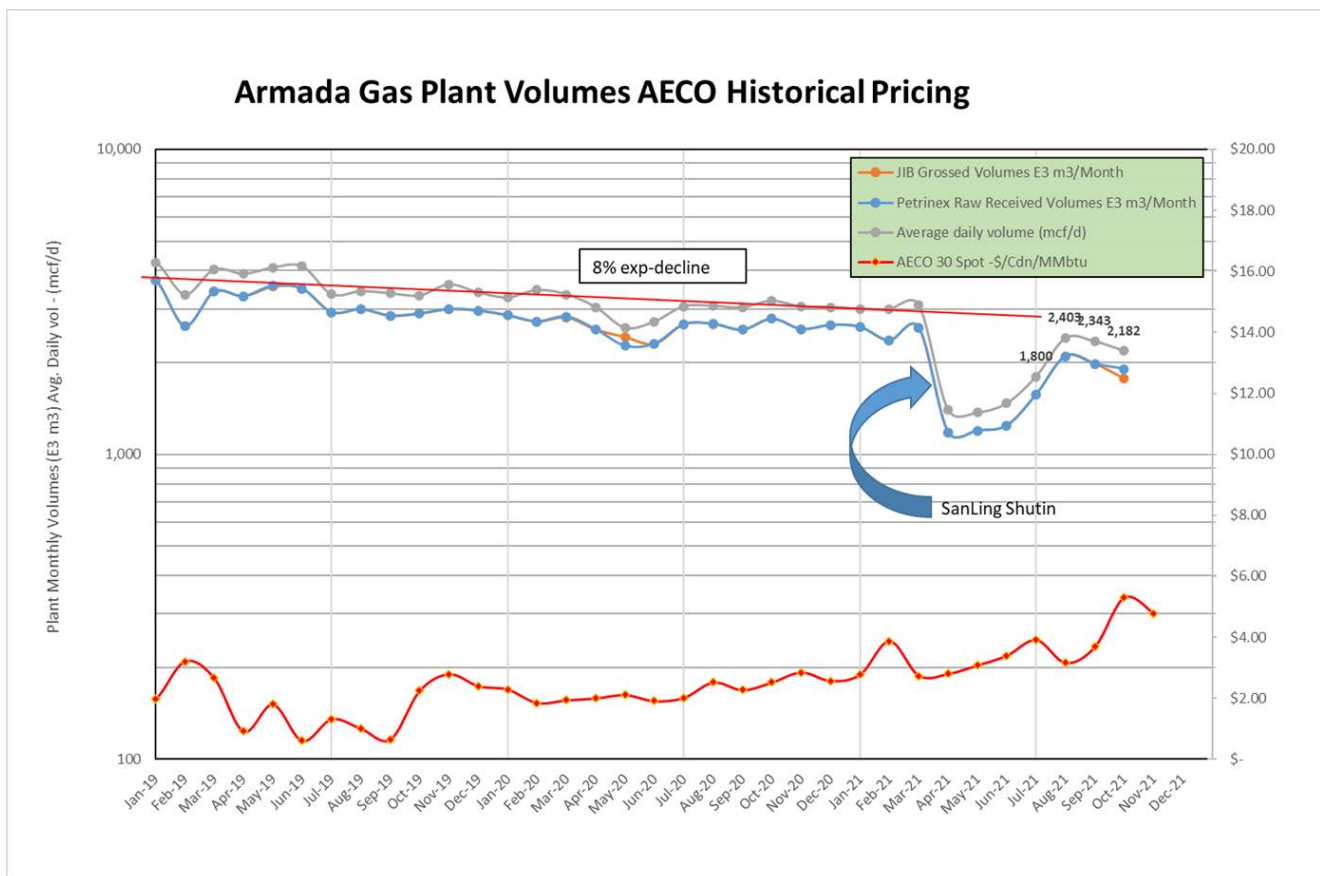


The Company's net operating income from the Armada Facilities for the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined below. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

The throughput at the Armada Gas Plant for the ten months ended October 31, 2021 was approximately 666 MMcf of natural gas. The Company forecasts throughput for 2022 to be approximately 777 MMcf.

The throughput volumes from Canadian Natural, **Revolution Oil & Gas Corporation** and **Sutton Energy Ltd.** make up approximately 88% of the throughput at the Armada Gas Plant. Additional volumes come from several operators including the **City of Medicine Hat**, **Nuova Strada Ventures Ltd.**, **Pure Oil & Gas Co. Ltd.**, **Razor Energy Corp.**, **Spartan Delta Corp**, **TAQA North**, **Torxen Energy Ltd.** and **Wilcox Energy Corp.**

Current throughput is 2.2 MMcf/d of natural gas. As shown on the following chart, current throughput is lower than in previous years due to the volumes of **SanLing Energy Ltd.** being shut-in when SanLing became insolvent in 2021. Certain SanLing assets were acquired through a Court-approved vesting order dated November 23, 2021. The Company estimates the acquired volume to be approximately 1.0-1.1 MMcf/d of natural gas. The potential additional volumes are pipeline connected to the Armada Facilities. These volumes have not been included in the 2022 budget and are not currently online.





### Armada Gas Plant 01-18-017-18W4



A required turnaround of the Armada Gas Plant is scheduled for 2022 with an estimated start date of May 2, 2022. The turnaround includes the following items:

- Overhaul on compressor Unit #3303 (100,000 hrs.)
- Regulatory driven PSV's Servicing
- Regulatory driven Vessel Inspections
- Regulator NGL Bullet Internal Inspection
- Glycol reboiler repair or replacement

The budgeted cost net to the Company for the turnaround is estimated to be approximately \$225,500.

