



# **OVERVIEW INFORMATION**

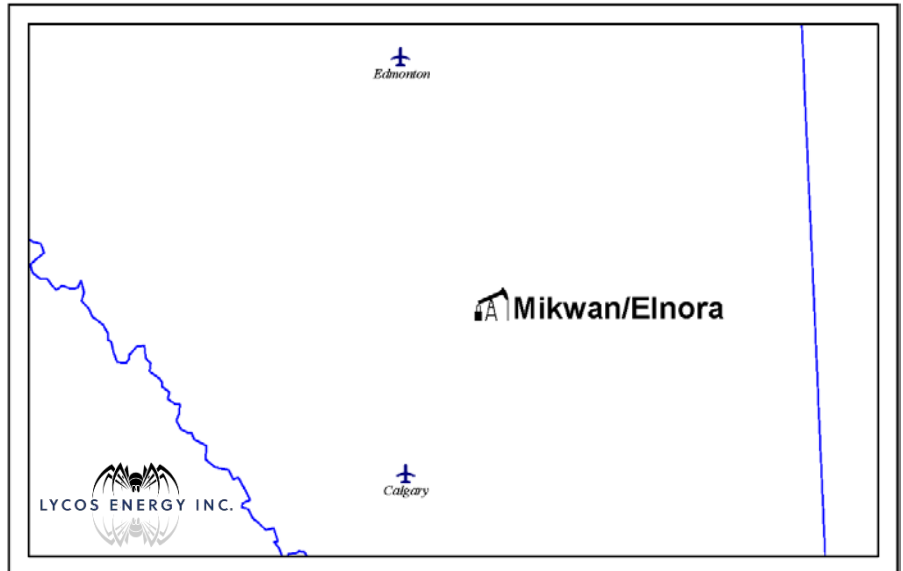
**Property Divestiture:  
Mikwan/Elnora, Alberta  
48 bbl/d of Oil**



**Lycos Energy Inc.** (“Lycos” or the “Company”) has engaged **Sayer Energy Advisors** to assist the Company with the sale of certain non-core oil and natural gas interests located in the *Mikwan/Elnora* area of Alberta (the “Property”).

The Property consists of operated, 100% working interest oil production from the Duvernay Formation and extensive prospective Duvernay acreage. Lycos is selling the Property in order to focus its operations in its core areas.

Average daily production net to Lycos from the Property for the first four months of 2023 was approximately 48 barrels of oil per day.



Operating income net to Lycos from the Property for the first four months of 2023 averaged approximately \$33,400 per month, or approximately \$400,000 on an annualized basis.

The Company has identified 230 million barrels of recoverable oil in place in the Lower and Upper Duvernay shales on its lands.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting cash offers to acquire the Property until **12:00 pm on Thursday August 10, 2023.**

Timeline		
Week of June 26, 2023		Preliminary Information Distributed
Week of June 26, 2023		Data Room Opens
<b>August 10, 2023</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
August 1, 2023		Effective Date
August/September 2023		Closing Date

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

**Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, August 10, 2023.**



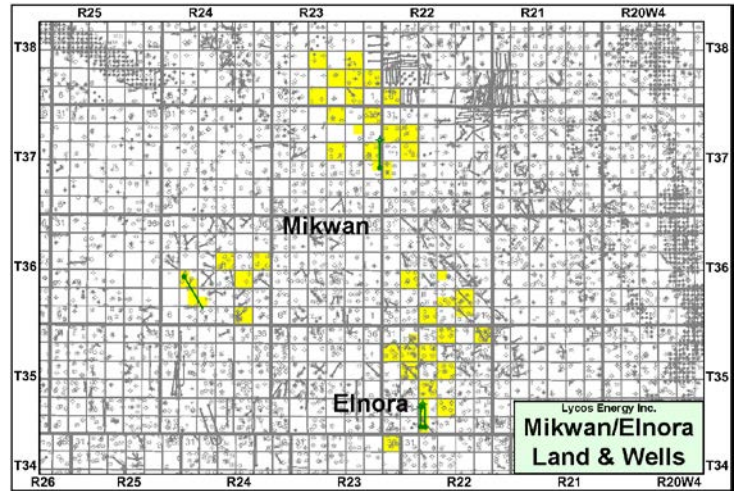
### Mikwan/Elnora Property

At *Mikwan/Elnora*, Lycos holds a 100% working interest in approximately 27,000 gross acres (42 sections) consisting of 39 sections of Crown land and three sections of Freehold land on which there are four wells currently producing oil from the Duvernay Formation.

Average daily production net to Lycos from the Property for the first four months of 2023 was approximately 48 barrels of oil per day.

Operating income net to Lycos from the Property for the first four months of 2023 averaged approximately \$33,400 per month, or approximately \$400,000 on an annualized basis.

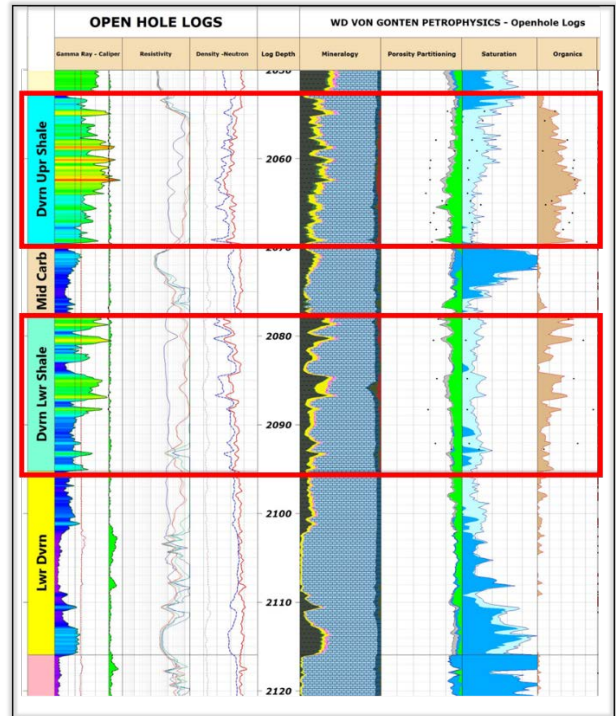
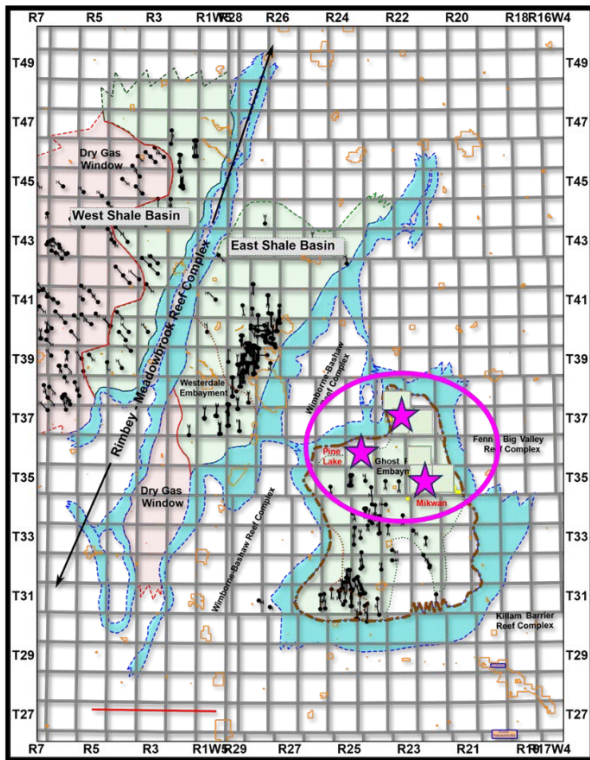
### Township 34-38, Range 22-24 W4



### Duvernay Geology

The Duvernay basin fill is regionally disconnected by large reef complexes which form several distinct embayments. The Property is located in the East Shale Basin within the Ghost Pine Embayment, as identified in pink on the following image.

The Duvernay pay intervals at *Mikwan/Elnora* include the upper shale with as much as 18 metres of net pay identified, and the lower shale which has up to 20 metres of net pay. The Upper and Lower Duvernay shales at *Mikwan/Elnora* are shown in the following well logs for the well *Chronos Elnora 12-09-035-22W4*.



The Duvernay reservoir at *Mikwan/Elnora* is normally pressured at 8-10 MPa and the Property falls within the Duvernay thermal maturity window. Further details on the regional geology including the Duvernay Formation in the Ghost Pine Embayment at *Mikwan/Elnora* will be made available to parties that execute a confidentiality agreement.



**Mikwan/Elnora Marketing**

The Company trucks its oil from *Mikwan/Elnora* to the **Secure Energy Services Inc.** Big Valley facility or the **Inter Pipeline Ltd.** Stettler facility.

**Mikwan/Elnora LMR as of June 3, 2023**

As of June 3, 2023, the Property had a deemed net asset value of \$1.6 million (deemed assets of \$2.7 million and deemed liabilities of \$1.1 million), with an LMR ratio of 2.49.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,710,961	\$1,087,729	\$1,623,232	2.49

**Mikwan/Elnora Reserves**

*Sproule Associates Limited* (“Sproule”) prepared an independent reserves evaluation of the Property (the “Sproule Report”). The Sproule Report is effective March 1, 2023 using Sproule’s February 28, 2023 forecast pricing.

Sproule estimates that, as at March 1, 2023, the *Mikwan* property contained remaining proved plus probable reserves of 8,000 barrels of oil, with an estimated net present value of \$41,000 using forecast pricing at a 10% discount.

	Sproule Associates Limited as at March 1, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>\$26</b>	<b>\$26</b>	<b>\$25</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>\$26</b>	<b>\$26</b>	<b>\$25</b>
Probable	2	0	0	2	\$16	\$15	\$15
<b>Total Proved Plus Probable</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>\$42</b>	<b>\$41</b>	<b>\$40</b>

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.

Sproule estimates that, as at March 1, 2023, the *Elnora* property contained remaining proved plus probable reserves of 45,000 barrels of oil, with an estimated net present value of \$967,000 using forecast pricing at a 10% discount.

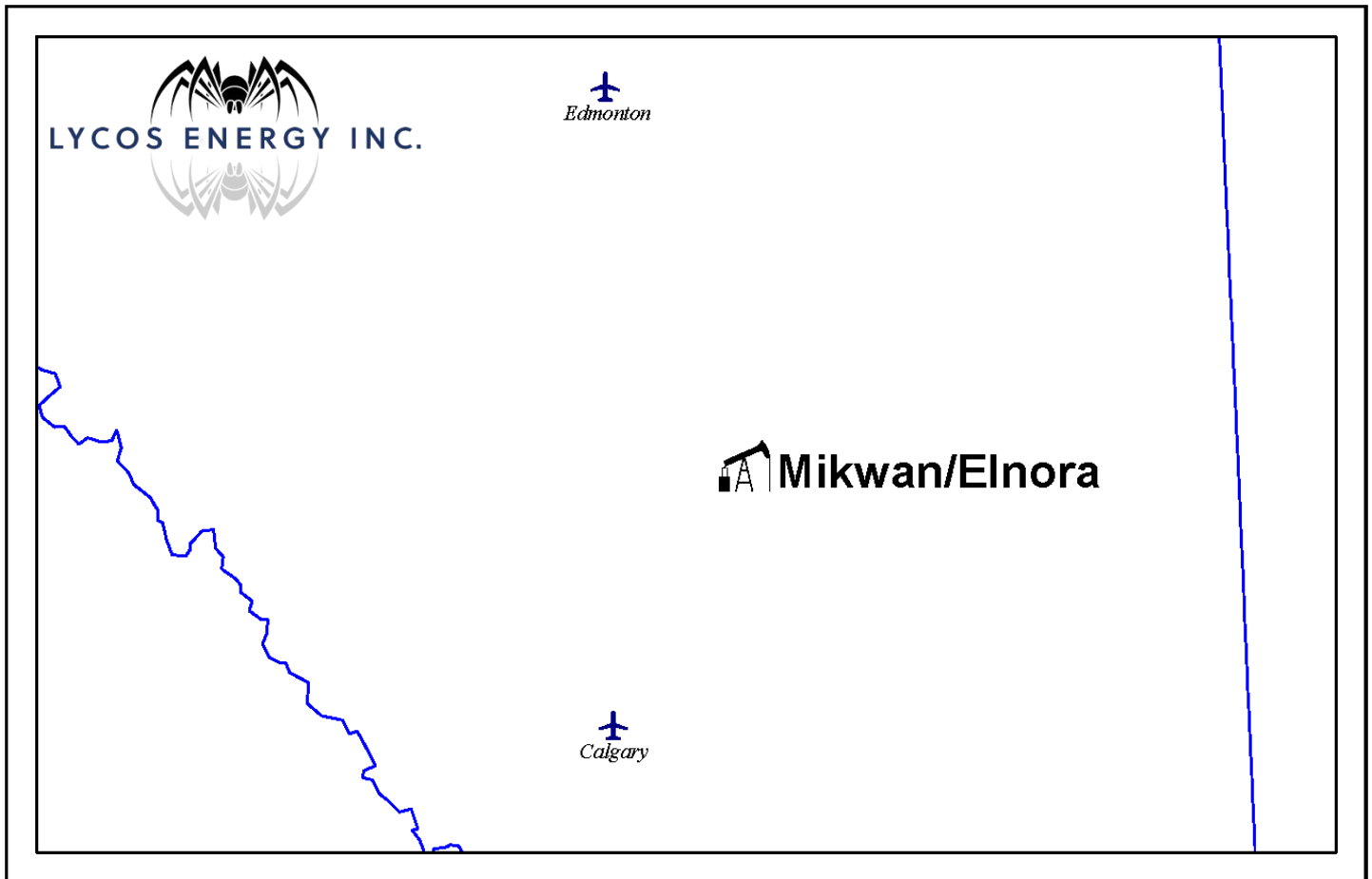
	Sproule Associates Limited as at March 1, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
<b>Proved Developed Producing</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>\$840</b>	<b>\$788</b>	<b>\$743</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>\$840</b>	<b>\$788</b>	<b>\$743</b>
Probable	12	0	0	12	\$207	\$179	\$157
<b>Total Proved Plus Probable</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>45</b>	<b>\$1,047</b>	<b>\$967</b>	<b>\$900</b>

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# Lycos Energy Inc. Property Divestiture Summer 2023



## CONTACT

Parties wishing to receive access to the confidential information with detailed 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 Sproule Report, LMR information, most recent net operations summary, detailed facilities information and other relevant geological and technical information.

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





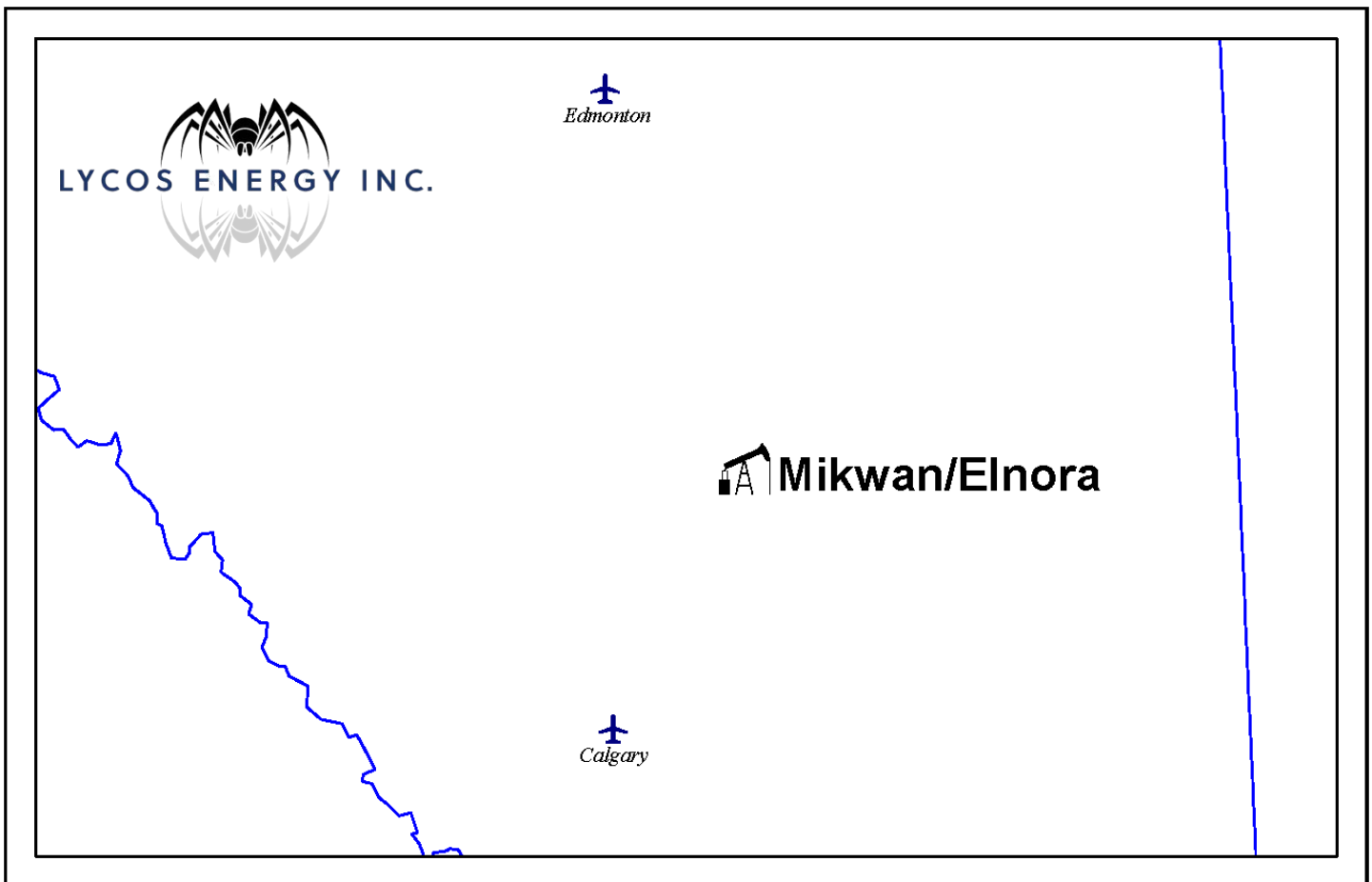
## Overview

**Lycos Energy Inc.** (“Lycos” or the “Company”) has engaged **Sayer Energy Advisors** to assist the Company with the sale of certain non-core oil and natural gas interests located in the *Mikwan/Elnora* area of Alberta (the “Property”). The Property consists of operated, 100% working interest oil production from the Duvernay Formation and extensive prospective Duvernay acreage. Lycos is selling the Property in order to focus its operations in its core areas.

Average daily production net to Lycos from the Property for the first four months of 2023 was approximately 48 barrels of oil per day.

Operating income net to Lycos from the Property for the first four months of 2023 averaged approximately \$33,400 per month, or approximately \$400,000 on an annualized basis.

### Overview Map Showing the Location of the Divestiture Property





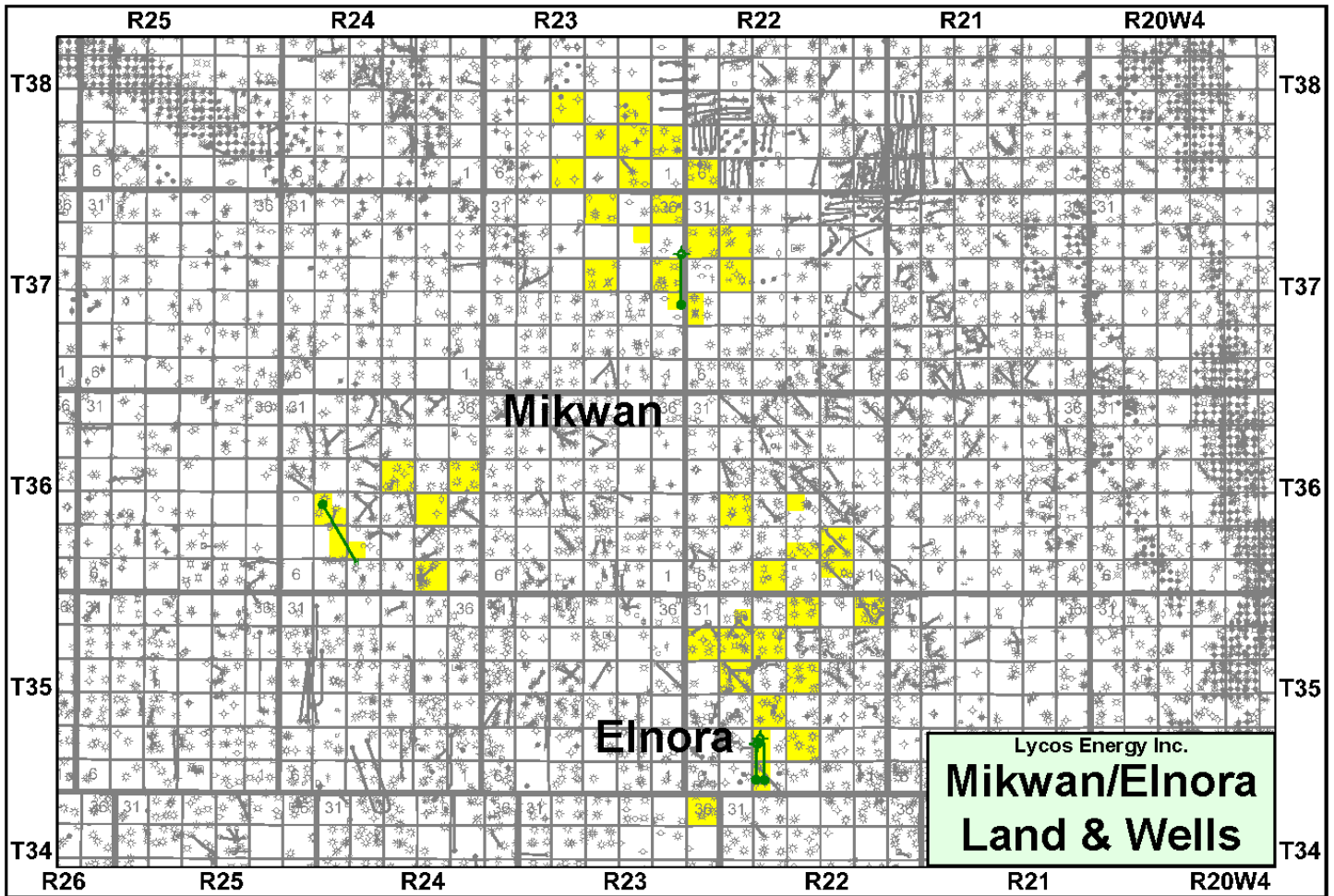
### Mikwan/Elnora Property

### Township 34-38, Range 22-24 W4

At Mikwan/Elnora, Lycos holds a 100% working interest in approximately 27,000 gross acres (42 sections) consisting of 39 sections of Crown land and three sections of Freehold land on which there are four wells currently producing oil from the Duvernay Formation.

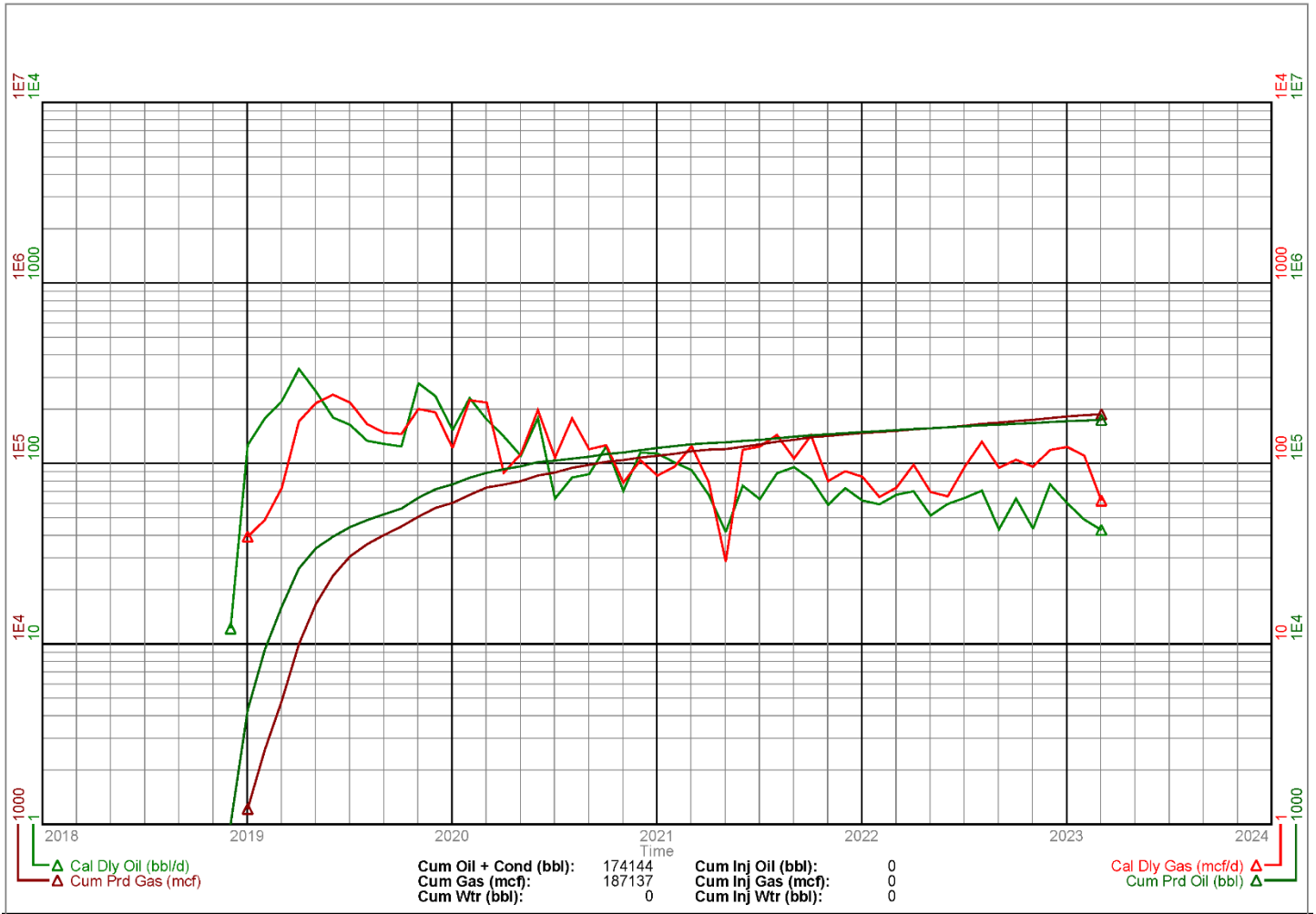
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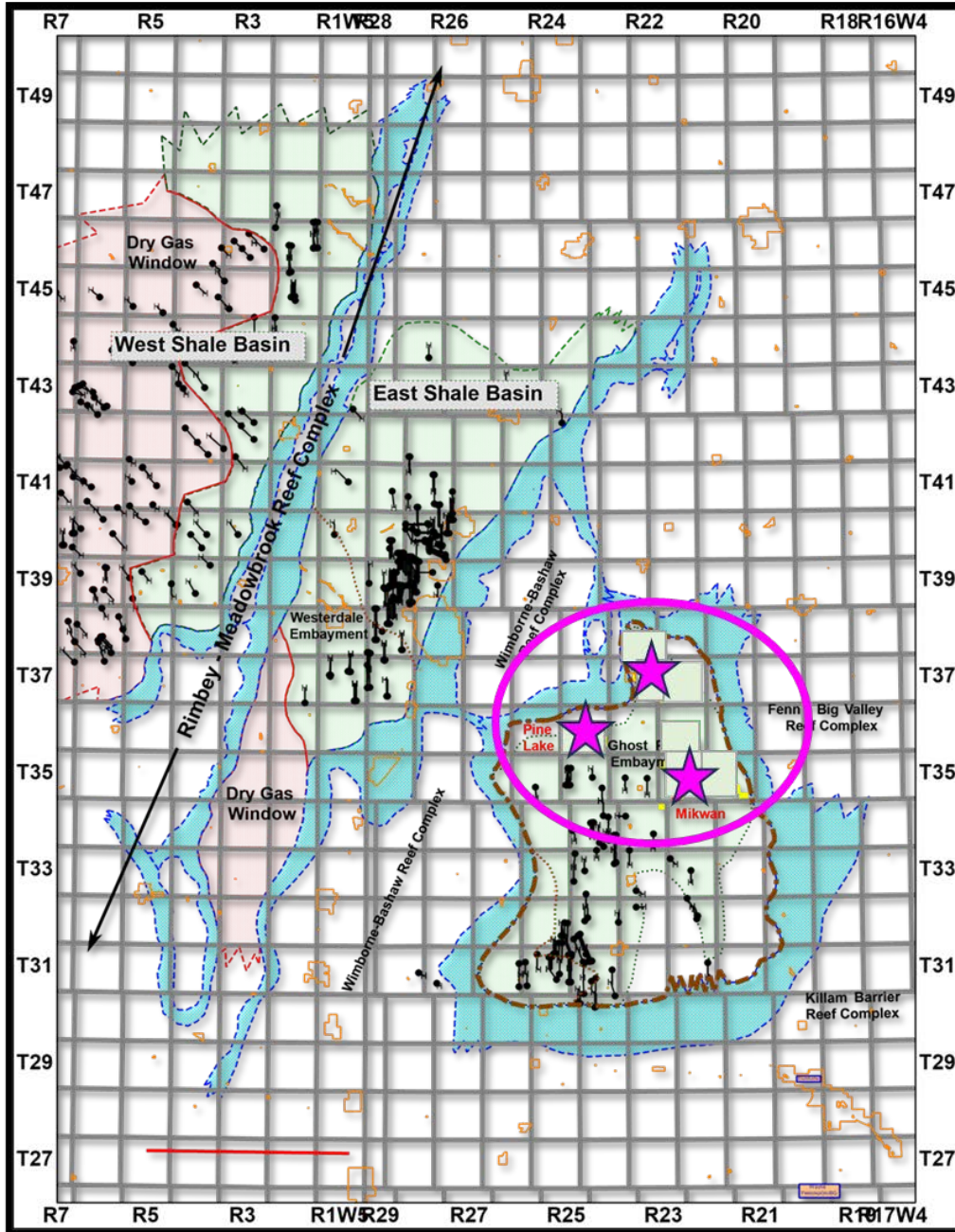
Mikwan/Elnora, Alberta – Gross Production Group Plot of Lycos’ Oil and Natural Gas Wells





## Duvernay Formation

The Duvernay basin fill is regionally disconnected by large reef complexes which form several distinct embayments. The Property is located in the East Shale Basin within the Ghost Pine Embayment, as identified in pink on the following image.

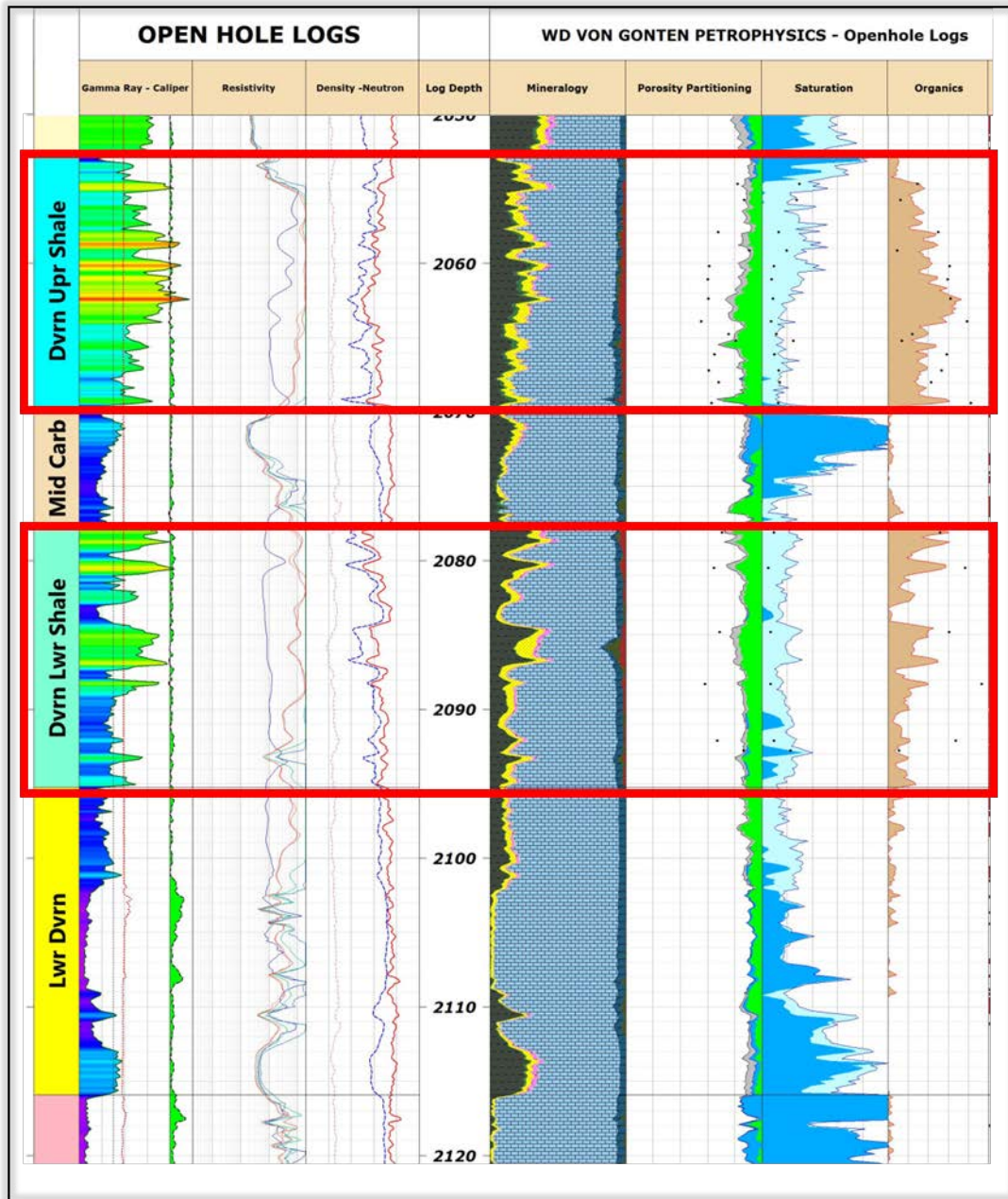


Further details on the regional geology including the Duvernay Formation in the Ghost Pine Embayment at Mikwan/Elnora will be made available to parties that execute a confidentiality agreement.



The Duvernay pay intervals at *Mikwan/Elnora* include the upper shale with as much as 18 metres of net pay identified, and the lower shale which has up to 20 metres of net pay. The Upper and Lower Duvernay shales at *Mikwan/Elnora* are shown in the following well logs for the well *Chronos Elnora 12-09-035-22W4*.

**Chronos Elnora 12-09-035-22W4 – Duvernay Formation Type Log**



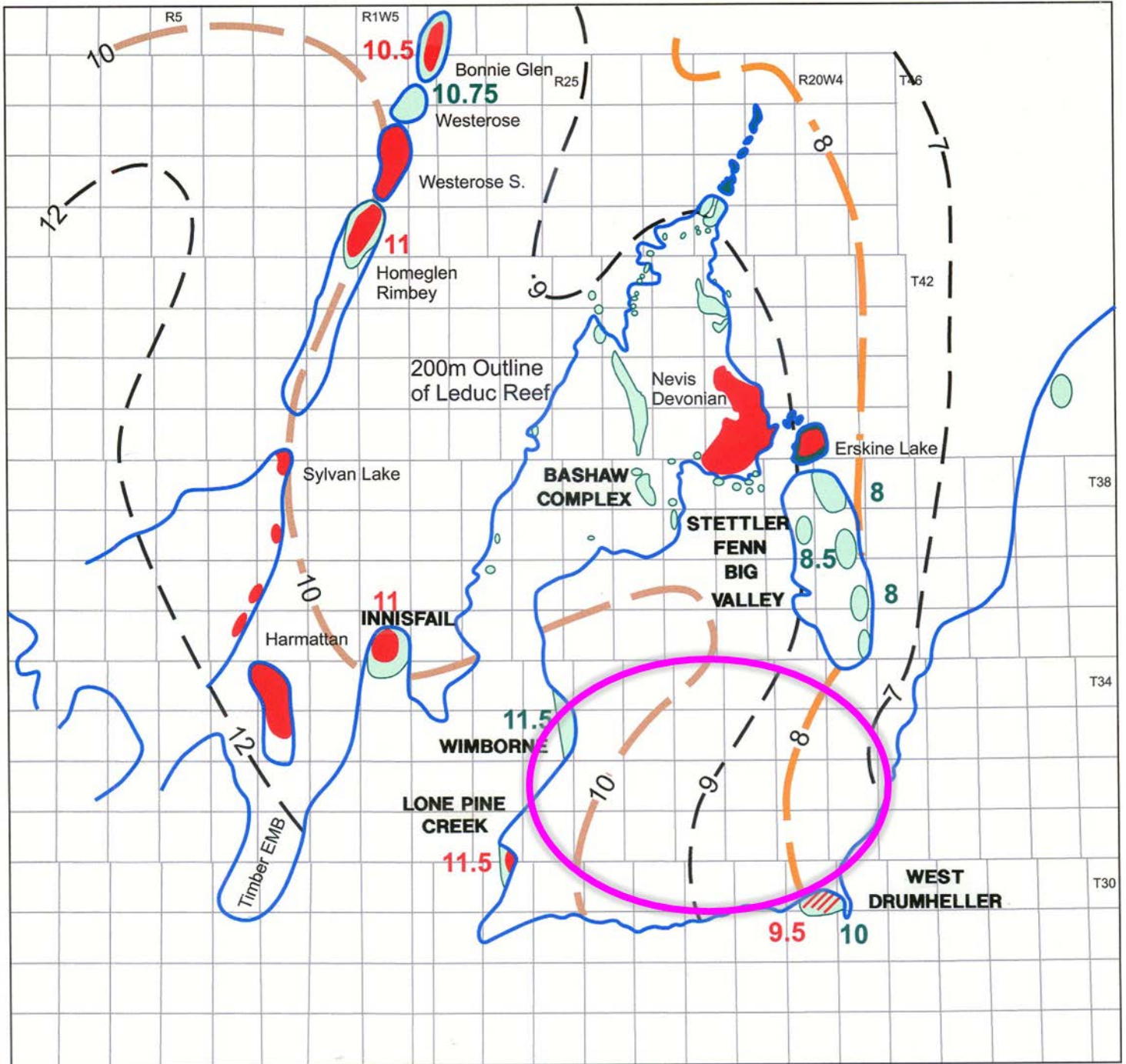
The Company has identified 230 million barrels of recoverable oil in place in the Lower and Upper Duvernay shales on its lands. Details of the parameters and oil in place calculations will be made available in the virtual data room for parties that sign a confidentiality agreement.







The Duvernay reservoir at *Mikwan/Elnora* is normally pressured at 8-10 MPa as outlined in pink on the following pressure gradient map.



## Mikwan Reserves

*Sproule Associates Limited* (“Sproule”) prepared an independent reserves evaluation of the Property (the “Sproule Report”). The Sproule Report is effective March 1, 2023 using Sproule’s February 28, 2023 forecast pricing.

Sproule estimates that, as at March 1, 2023, the *Mikwan* property contained remaining proved plus probable reserves of 8,000 barrels of oil, with an estimated net present value of \$41,000 using forecast pricing at a 10% discount.

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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.

## Elnora Reserves

*Sproule Associates Limited* (“Sproule”) prepared an independent reserves evaluation of the Property (the “Sproule Report”). The Sproule Report is effective March 1, 2023 using Sproule’s February 28, 2023 forecast pricing.

Sproule estimates that, as at March 1, 2023, the *Elnora* property contained remaining proved plus probable reserves of 45,000 barrels of oil, with an estimated net present value of \$967,000 using forecast pricing at a 10% discount.

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	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	8%	10% (000s)	15%
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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.





## Mikwan/Elnora Facilities

At *Mikwan/Elnora*, the Company's facilities are all single well batteries. In addition, Lycos holds a discontinued natural gas pipeline at 12-09-035-22W4 which is connected to the **Bornite Energy Ltd.** pipeline at 08-09-035-22W4. The Company believes the pipeline could be easily re-activated.

## Mikwan/Elnora Seismic

Lycos has trade 2D seismic data over its lands at *Mikwan/Elnora*. Interpretations of the data will be available for review for parties that execute a confidentiality agreement.

## Mikwan/Elnora Marketing

The Company trucks its oil from *Mikwan/Elnora* to the **Secure Energy Services Inc.** Big Valley facility or the **Inter Pipeline Ltd.** Stettler facility.

## Mikwan/Elnora LMR as of June 3, 2023

As of June 3, 2023, the Property had a deemed net asset value of \$1.6 million (deemed assets of \$2.7 million and deemed liabilities of \$1.1 million), with an LMR ratio of 2.49.

Deemed Assets	Deemed Liabilities	Net Deemed Assets	LMR
\$2,710,961	\$1,087,729	\$1,623,232	2.49

## Mikwan/Elnora Well List

See well list in Excel.



RECIPIENT COMPANY LETTERHEAD

\_\_\_\_\_, 20\_\_\_\_

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

Attention: Tom Pavic

Re: **Confidentiality Agreement**  
**Mikwan/Elnora, Alberta Property Divestiture**

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\_\_\_\_\_ (“Recipient”) has expressed an interest in the purchase of certain oil and natural gas interests owned by Lycos Energy Inc. (“Lycos”) in the Mikwan/Elnora area of Alberta (the “Property”). Lycos is prepared to provide the Recipient access to certain information relating to the Property, including but not limited to land schedules, financial results, marketing materials, geological and geophysical information and other documentation (“Confidential Information”). In consideration of Lycos providing the Confidential Information, Recipient agrees as follows:

1. Recipient acknowledges that all Confidential Information provided to Recipient is proprietary to Lycos 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 Lycos. 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 Lycos 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. 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 Lycos of such a request. Recipient shall consult with Lycos on the advisability of taking steps to resist or narrow such request or directive. If disclosure is deemed advisable, Recipient shall cooperate with Lycos in any attempt that Lycos 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 Lycos; or
  - (c) subject to disclosure required by law, rule or regulation provided that Lycos 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 Lycos under a confidentiality agreement.
  
6. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Lycos and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
  - (a) be liable to Lycos for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
  - (b) indemnify Lycos against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Lycos or which Lycos 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 Lycos, Recipient shall immediately return or cause to be returned to Lycos 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 Lycos, provide certification from an officer of the Recipient to Lycos 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 Lycos 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 Property shall be deemed to exist between the Recipient and Lycos unless and until a definitive offer to purchase has been accepted in writing by Lycos. 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 Lycos.
  
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, Lycos makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Lycos nor anyone representing Lycos 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 Lycos may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. Lycos 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) Lycos 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 Lycos 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 Lycos and then only against Lycos 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 Lycos' 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 Lycos, or with any customer, supplier, sales representative, or competitor of Lycos except with the express written permission of Lycos. Any such permission granted by Lycos 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 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 Lycos Energy Inc. this** \_\_\_ day of \_\_\_\_\_, 20\_\_\_

\_\_\_\_\_  
Jeff Rideout  
Vice President, Land