

**Royalty Divestiture:  
Wilson Creek, Alberta  
28 bbl/d oil & ngl's, 6 Mcf/d (29 boe/d)**

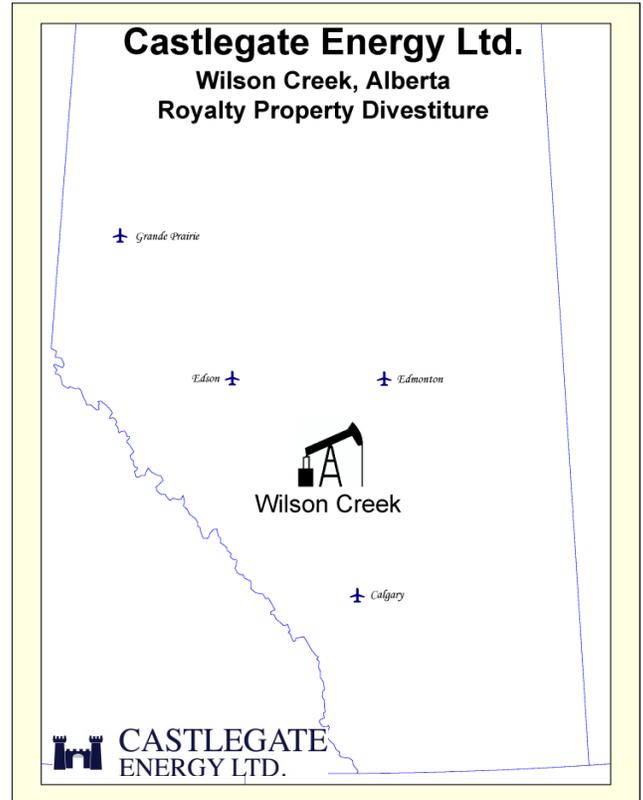


Sayer Energy Advisors has been engaged by Castlegate Energy Ltd. ("Castlegate" or the "Company") to assist it with the discrete sale of its royalty property in the *Wilson Creek* area of Alberta (the "Property"). Castlegate is selling the Property in order to raise funds to redeploy on its operated properties.

The Property consists of a sliding scale (1/125 (7.5%-15%)) overriding royalty on two horizontal oil wells which were drilled into the *Wilson Creek Basal Belly River N2N Pool* (the "Pool") late in 2018.

Recent royalty revenue net to the Company from the Property has averaged approximately \$47,000 per month or \$560,000 on an annualized basis. The realized oil price was a \$3.13 per barrel discount to the price of Edmonton Mixed Sweet in February 2021.

The Company's recent net royalty production from the Property was approximately 28 barrels of oil and ngl's per day along with approximately six Mcf/d of natural gas (29 boe/d) in February 2021.



**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting cash offers to acquire the Property until **12:00 pm on Thursday June 3, 2021**.

Timeline		
Week of May 3, 2021		Preliminary Information Distributed
Week of May 3, 2021		Data Room Opens
<b>June 3, 2021</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
June 1, 2021		Effective Date
June 2021		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, June 3, 2021.**

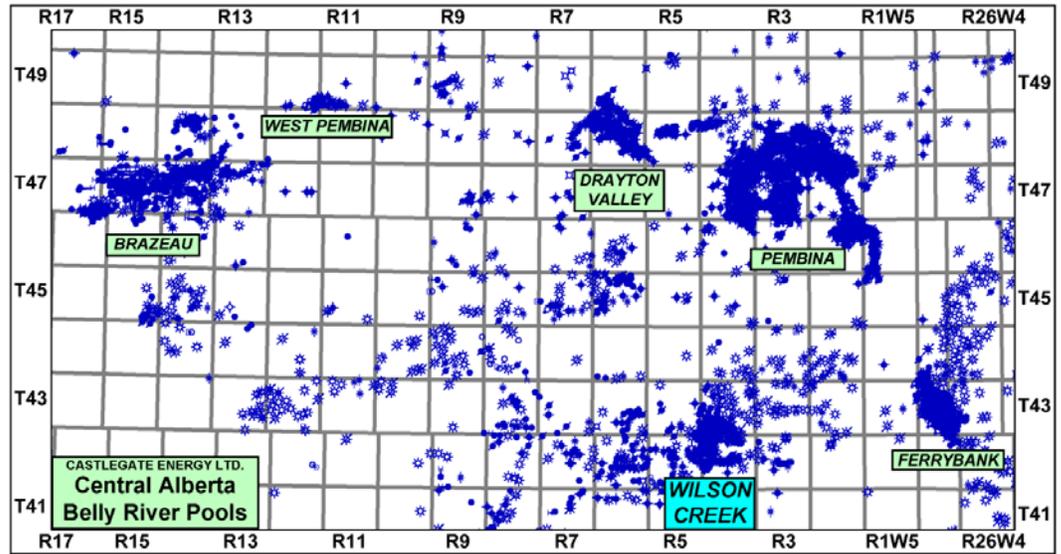


# Wilson Creek Property

# Township 43, Range 4 W5

The *Wilson Creek* area is located in central Alberta, in the heart of Alberta's major Belly River oil pools.

The Property consists of a sliding scale (1/125 (7.5%-15%)) overriding royalty on two horizontal oil wells which were drilled into the *Wilson Creek Basal Belly River N2N Pool* (the "Pool") late in 2018.

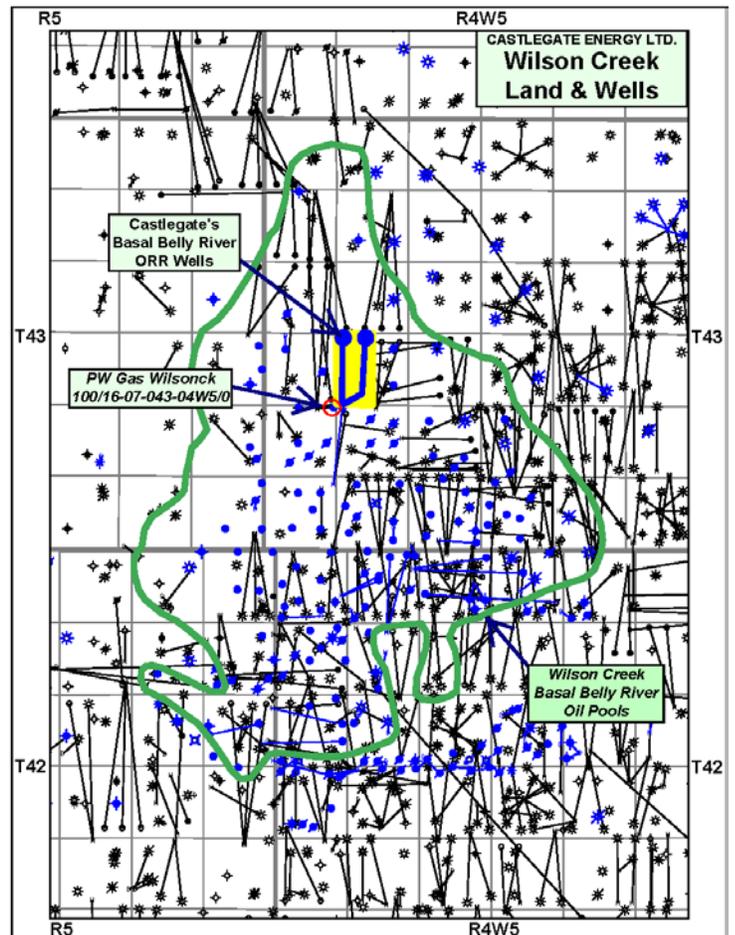
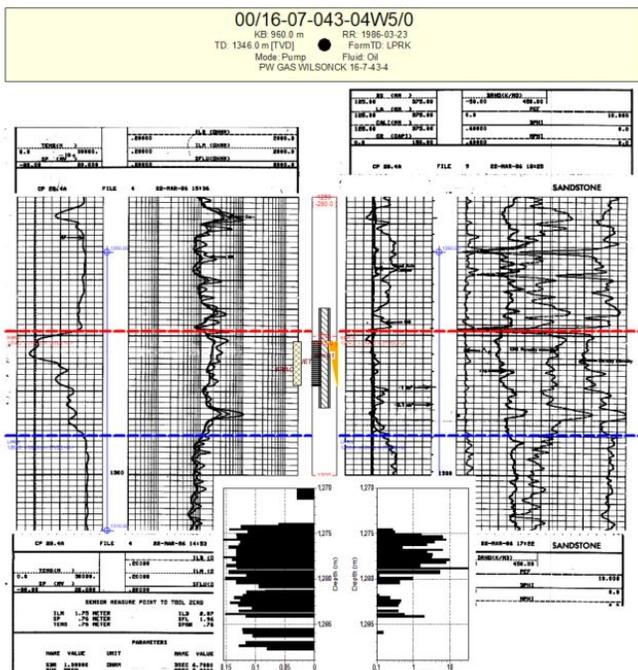


A typical Basal Belly River section is shown below in the logs from the vertical well *PW Gas WilsonCk 100/16-07-043-04W5/0*, which is located immediately adjacent to the Property.

## Wilson Creek

## Castlegate Land and Royalty Wells

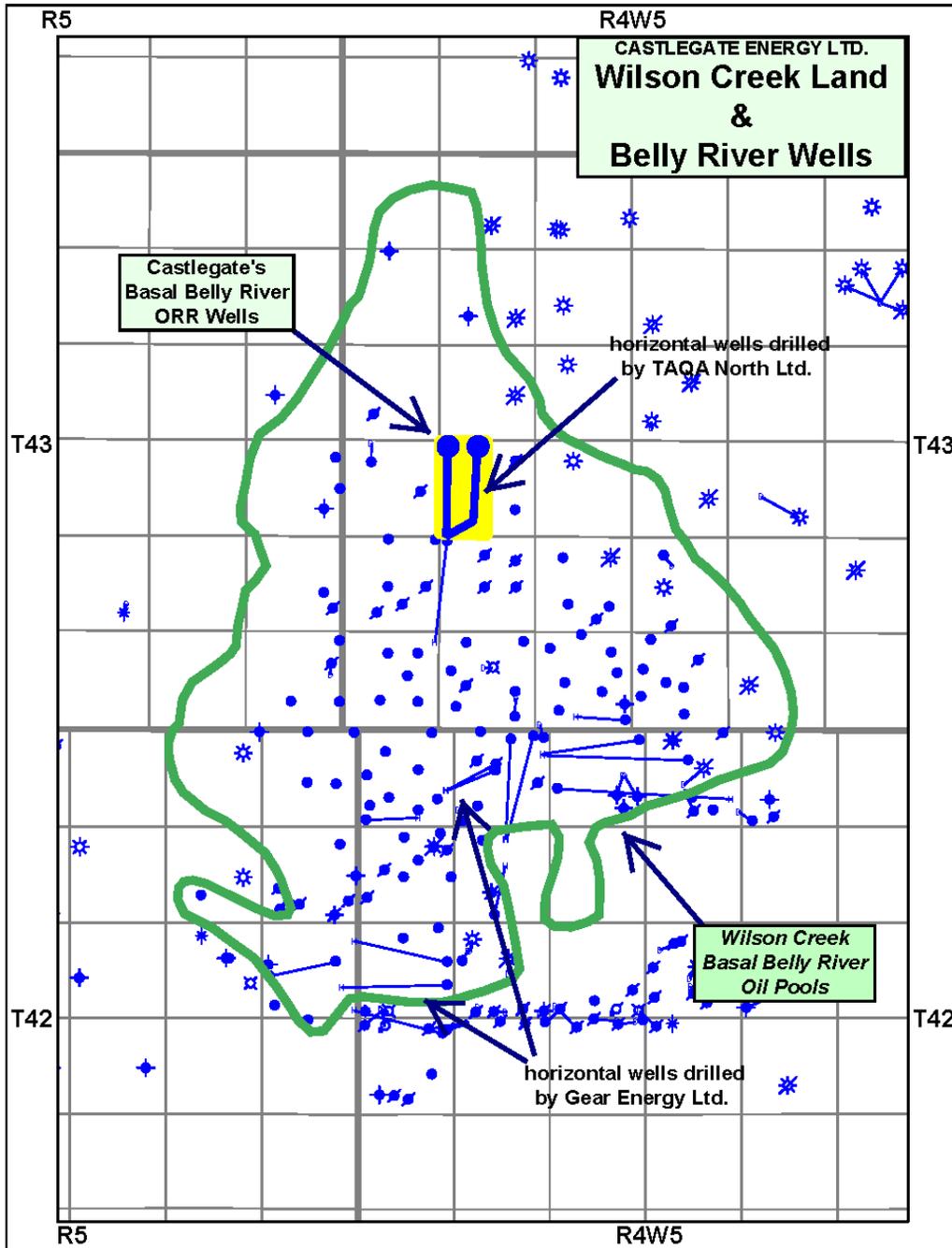
**Basal Belly River Type Log**  
***PW Gas WilsonCk 100/16-07-043-04W5/0***  
**Cumulative Oil Production 106,592 barrels**  
**Cumulative Natural Gas Production 158 MMcf**



Castlegate estimates that only approximately 4% of the oil has been recovered from the Pool in the west half of Section 17. The Company estimates that horizontal wells can increase this recovery to approximately 10%, with significant additional reserves to be recovered through implementing secondary recovery such as a waterflood.

Various operators, including **TAQA North Ltd.** ("TAQA"), **Gear Energy Ltd.** and Castlegate have recently been exploiting these unrecovered reserves with horizontal wells.

### Wilson Creek, Alberta Outline of Basal Belly River Oil Pools





On Castlegate's land, TAQA has drilled two horizontal Basal Belly River oil wells. The wells *TQN Hz Pembina 103/13-17-043-04W5/0* and *TQN Hz Pembina 100/14-17-043-04W5/0* were both drilled in September 2018.

The wells were drilled into a large deltaic sandstone reservoir, which covers approximately 25 sections of land, and which has been well-delineated with numerous vertical wells.

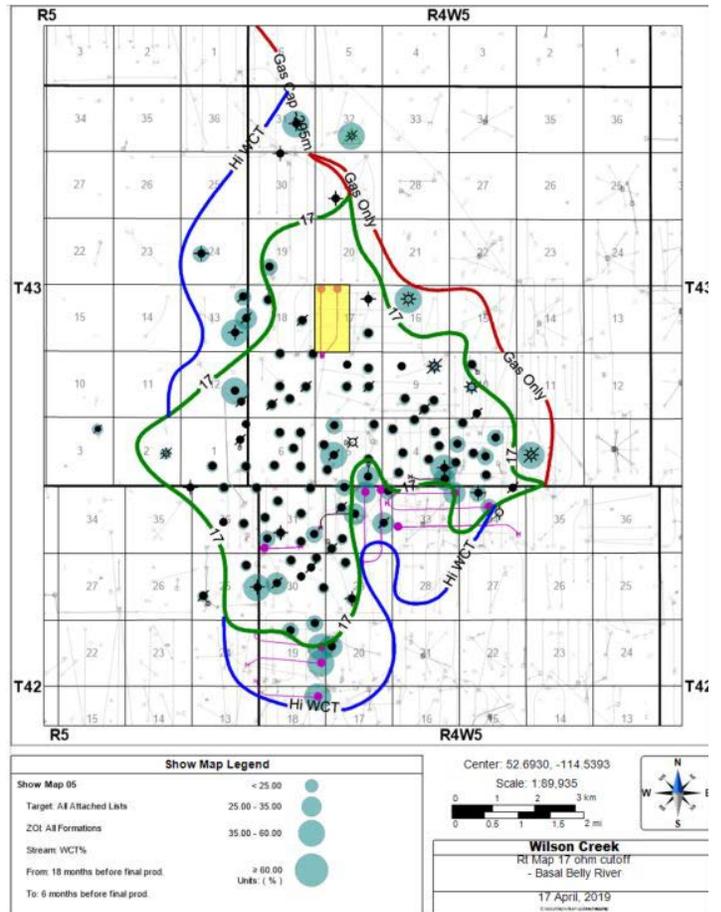
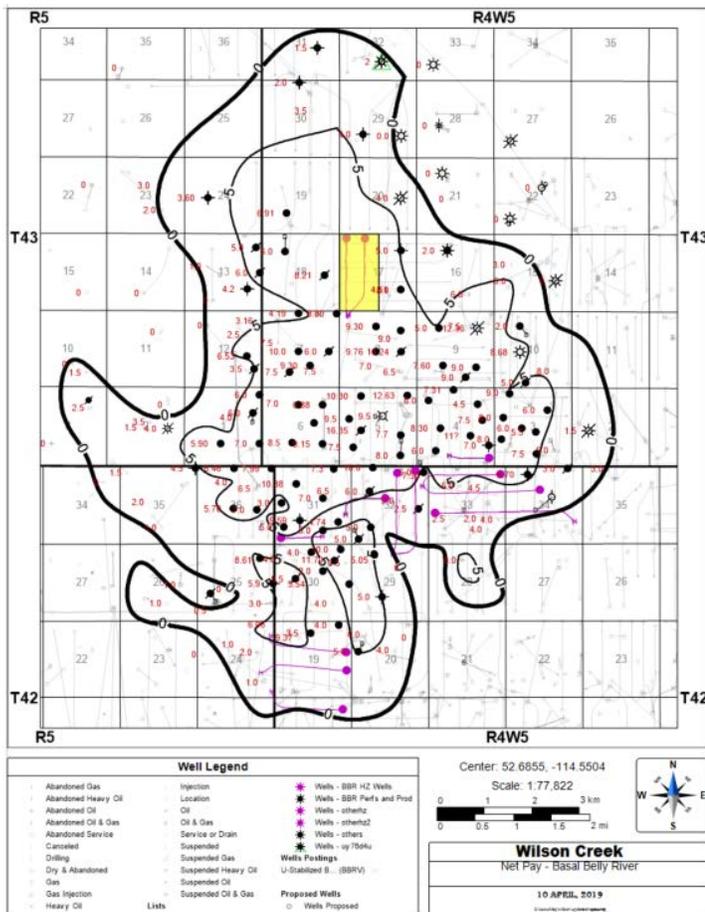
The average pay thickness in the Pool is eight metres, with average porosity of 12-13% and permeability of 0.2-20 mD.

TAQA's horizontal wells which were drilled on Castlegate's land were drilled in an area of the Pool from which the existing vertical wells have historically produced with lower water cuts, as shown on the following map.

Other operators have recently drilled horizontal wells near the southeastern and southern edges of the Pool, where the water cuts are higher.

**Basal Belly River Net Oil Pay  
C.I. = 5 metres**

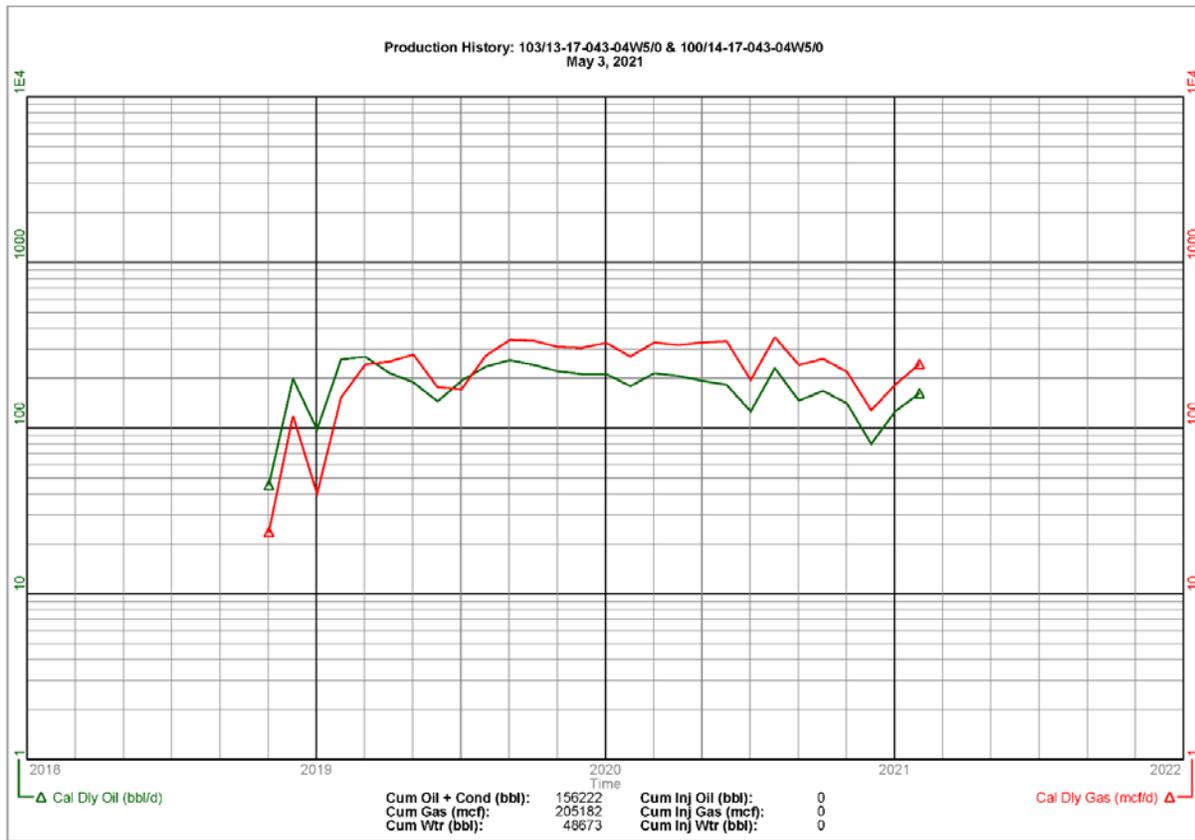
**Basal Belly River Resistivity  
Showing Gas/Oil/Water Phases**





## Wilson Creek Production

### Wilson Creek, Gross Production Group Plot



The 103/13-17 well is currently producing at a rate of 75 barrels of oil per day and 96 Mcf/d of natural gas from the Belly River Formation. The 100/14-17 well is currently producing at a rate of 73 barrels of oil per day and 154 Mcf/d of natural gas from the Belly River Formation.

## Wilson Creek Reserves

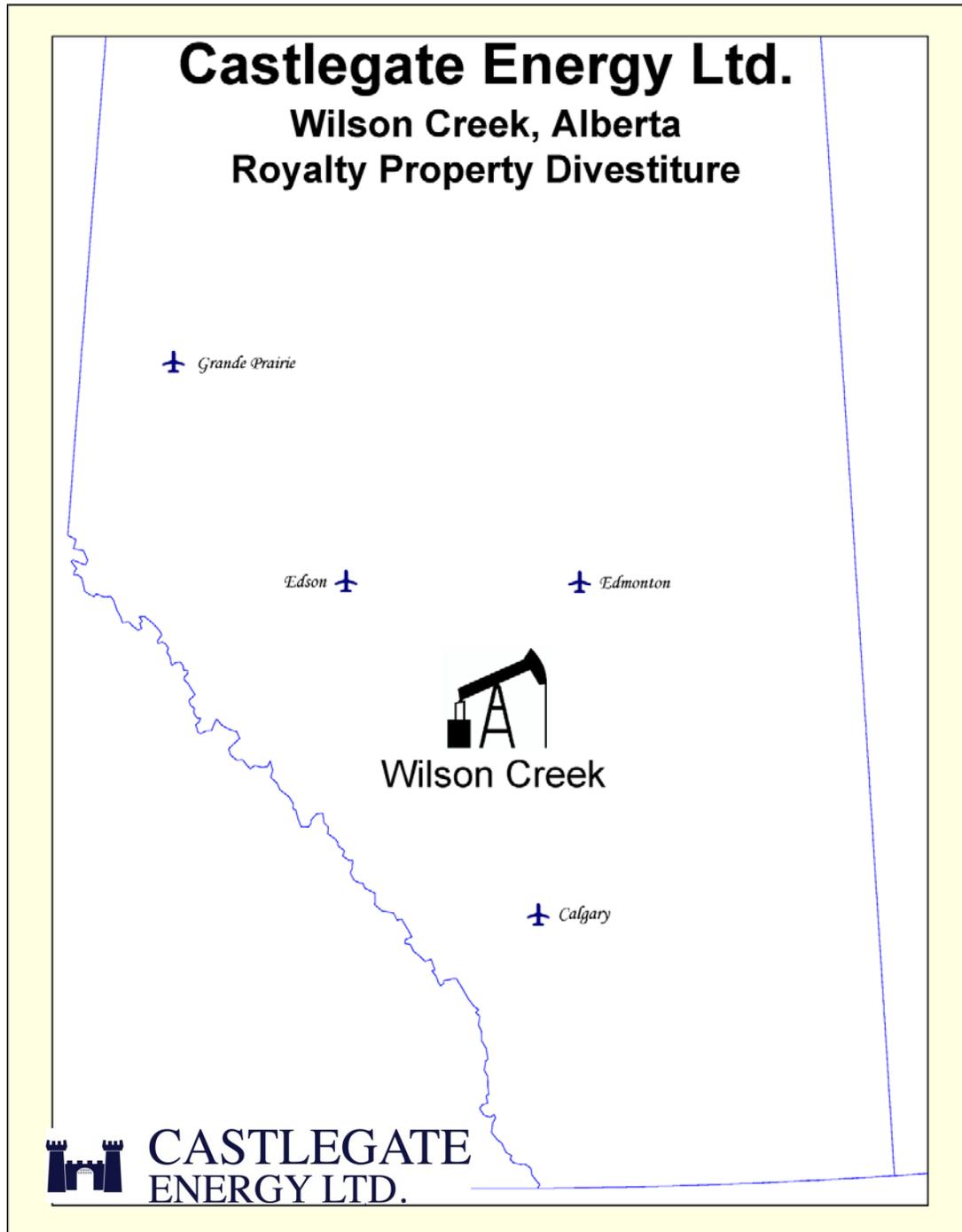
Castlegate does not have an independent evaluation of the reserves associated with the Property.

From a comparison with the production histories, including production rates, water cuts, etc. of other wells in the Pool, Castlegate estimates that the recoverable reserves from each of the two wells on the Property will be approximately 200,000 barrels.

## Wilson Creek Well List

	Location					Status	Formation	Operator	Castlegate Interest	
	lsd	sec	tpw	rge	mer					
103	13	17	043	04	5	0	oil	Belly River	TAQA	SS GORR
100	14	17	043	04	5	0	oil	Belly River	TAQA	SS GORR





Parties wishing to receive access to the Confidential Information with detailed technical information relating to this opportunity should execute the Confidentiality Agreement which is attached to this correspondence 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 and other relevant technical information.

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