



# **OVERVIEW INFORMATION**

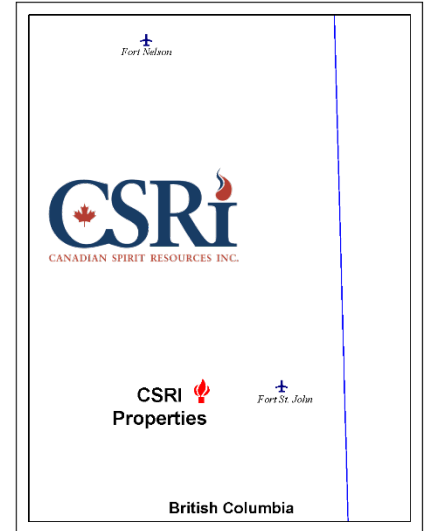
**Strategic Alternatives Process:  
Altares, Attachie & Farrell Creek areas, NE BC  
114 boe/d (685 Mcf/d of Natural Gas)**



**Canadian Spirit Resources Inc.** (“Canadian Spirit” or the “Company”) has engaged **Sayer Energy Advisors** to assist it with a strategic alternatives process. The Company is open to reviewing all alternatives including, but not limited to, a corporate transaction resulting in the direct or indirect sale or disposition of all or substantially all of the shares of the Company or the sale of the majority of Canadian Spirit’s oil and natural gas assets, in whole or in part, or a joint venture covering all or a majority of the assets of Canadian Spirit.

Canadian Spirit is a publicly-traded entity listed on the TSX-V under the ticker symbol **SPI**, with operated and non-operated working interests located in the *Altares, Attachie and Farrell Creek* areas of northeastern British Columbia (the “Properties”).

The Company holds various operated and non-operated working interests in approximately 77 sections of land. The Properties are prospective for the Montney and includes Montney rights in approximately 75 sections of land.



Canadian Spirit’s production was shut-in in June 2023 due to low natural gas prices at Station 2. Production was re-activated on November 17, 2023. Prior to shutting in production, Canadian Spirit’s average daily net sales production for the first four months of 2023 was approximately 1.1 MMcf/d of natural gas (179 boe/d). Current production since reactivation is approximately 685 Mcf/d of natural gas (114 boe/d).

As at September 30, 2023, the Company had a nominal working capital deficit of \$62,628. As at December 31, 2022, Canadian Spirit had total unused Canadian income tax pools of approximately \$107.4 million, including \$84.9 million of non-capital losses.

As of December 6, 2023, Canadian Spirit’s PCA score was calculated to be 35.04.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting proposals relating to this process until **12:00 pm on Thursday February 22, 2024**.

Timeline	
Week of January 15, 2024	Preliminary Information Distributed
Week of January 15, 2024	Data Room Opens
<b>February 22, 2024</b>	<b>12:00 noon</b>
March 1, 2024	<b>Bid Deadline</b>
March 2024	Effective Date
	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 proposals from interested parties until noon on Thursday February 22, 2024.**



## Corporate Overview

Canadian Spirit is a publicly-traded entity listed on the TSX-V under the ticker symbol **SPI**, with operated and non-operated working interests located in the *Altares*, *Attachie* and *Farrell Creek* areas of British Columbia.

As at September 30, 2023, the Company had a nominal working capital deficit of \$62,628. As at December 31, 2022, Canadian Spirit had total unused Canadian income tax pools of approximately \$107.4 million, including \$84.9 million of non-capital losses.

Additional corporate information relating to Canadian Spirit will be provided to parties upon execution of a confidentiality agreement.

<b>Officers</b>	President & Chief Executive Officer Chief Financial Officer	Louisa DeCarlo Greg Florence
<b>Board of Directors</b>	Chairman, Director Director Director Director	Louisa DeCarlo David C. Monroe Luigi Liberatore Sarah Hawco
<b>Capital Structure</b>	Common Shares Options (Weighted average exercise price of \$0.08) Warrants (exercise price of \$0.08)	278,177,583 16,675,000 10,000,000

## Royalty Credits

The Company has total royalty credits of approximately \$3.5 million.

## PCA Score as of December 6, 2023

On April 1, 2022, the BC Energy Regulator (“BCER”) implemented its requirements for the Permittee Capability Assessment (“PCA”) program as a replacement to the Liability Management Rating program. The PCA assesses each permit holder’s corporate health against the liability associated with their Dormant, Inactive, and Marginal sites (referred to as DIM Liability) to determine corrective action requirements.

As of December 6, 2023, Canadian Spirit’s PCA score was calculated to be 35.04.

The Company also has a cash deposit of approximately \$1.5 million with the BCER. Further details on the Company’s PCA score and asset retirement obligations will be available in the virtual data room for parties that execute a confidentiality agreement.

## Canadian Spirit Undeveloped Land

*Seaton-Jordan & Associates Ltd.* (“Seaton-Jordan”) prepared an independent evaluation of the undeveloped, non-reserve Montney lands held by Canadian Spirit (the “Seaton-Jordan Report”). The Seaton-Jordan Report is effective June 30, 2023.

Seaton-Jordan estimated that, as of June 30, 2023, the non-reserve properties held by the Company consisting of 10,399 net hectares (approximately 25,696 net acres) were assessed a value of \$40,282,969.



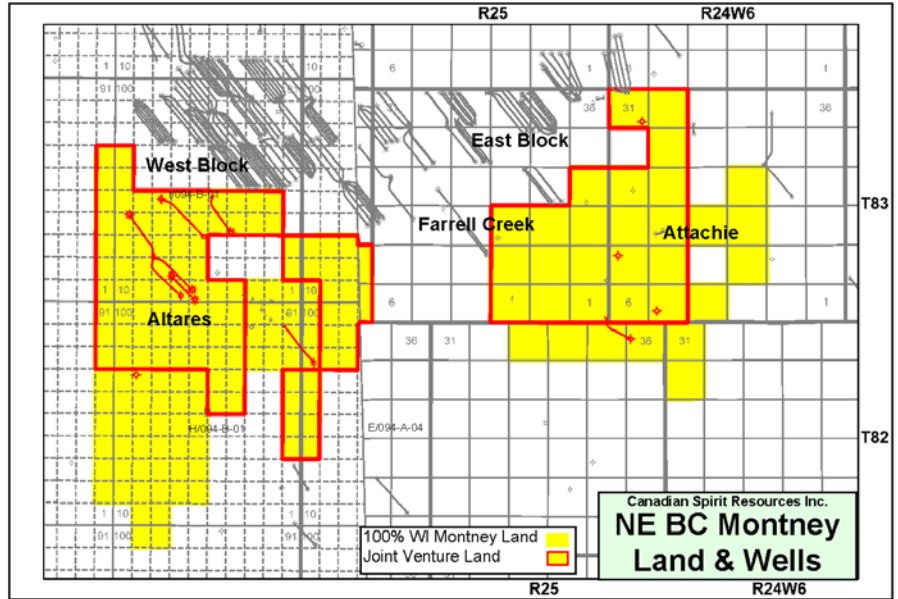


### NE BC Properties

### Township 81-83, Range 24 W6- NTS 94-B-01

In northeastern British Columbia, Canadian Spirit holds various operated and non-operated working interests in approximately 77 sections of land. The Properties are prospective in the Montney and includes Montney rights in approximately 75 sections of land.

The Company has a joint venture agreement in place with **Pacific Canbriam Energy Limited** which operates a portion of the *Altares* property as outlined in the offsetting map. The wells located in the northwestern portion of the Property are operated by Pacific Canbriam where Canadian Spirit holds a working interest of 35%.

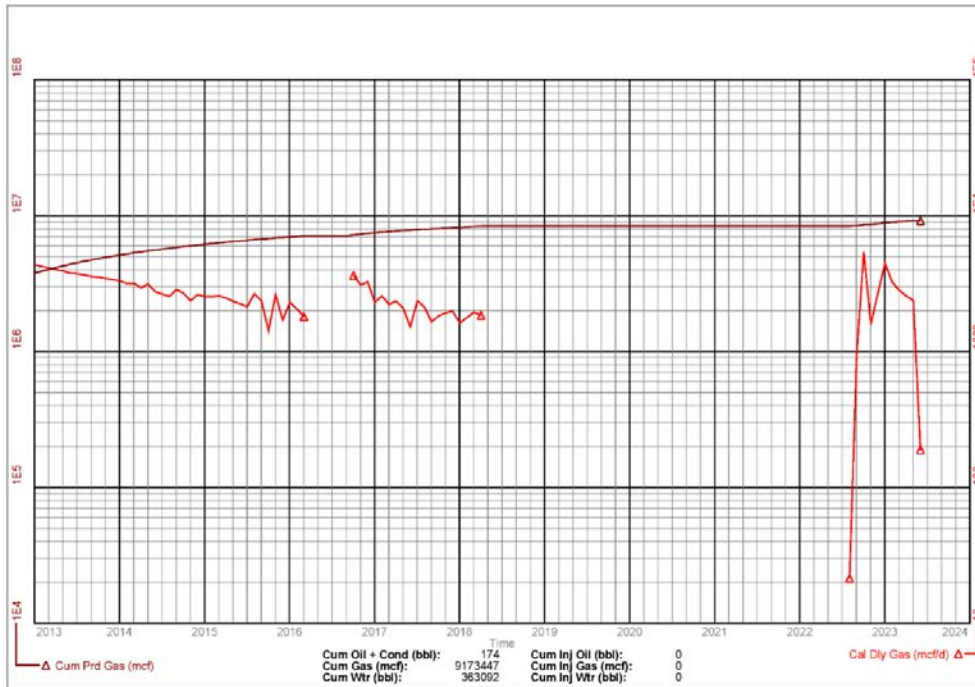


The joint venture lands are outlined in red on the previous map. Production from the *Altares* property is primarily from the Montney Formation.

Canadian Spirit’s production was shut-in in June 2023 due to low natural gas prices at Station 2. Production was re-activated on November 17, 2023.

Prior to shutting in production, Canadian Spirit’s average daily net sales production for the first four months of 2023 was approximately 1.1 MMcf/d of natural gas (179 boe/d). Current production since reactivation is approximately 685 Mcf/d of natural gas (114 boe/d).

### Gross Production Group Plot of Canadian Spirit’s Natural Gas Wells





## Canadian Spirit Upside

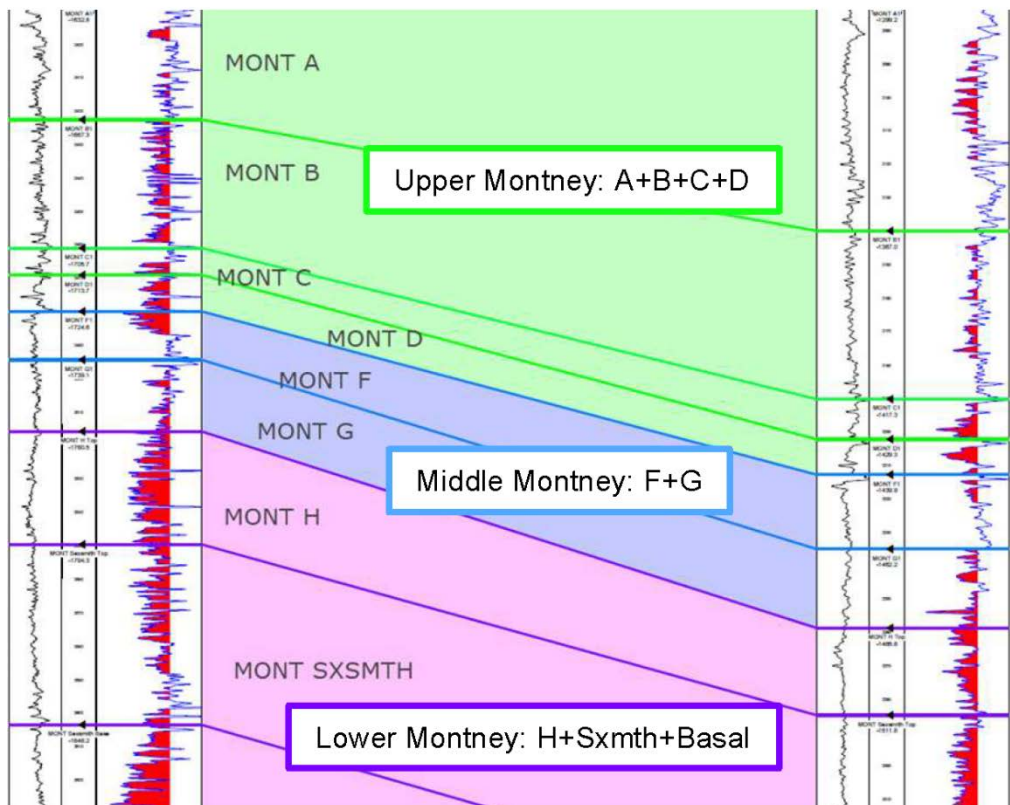
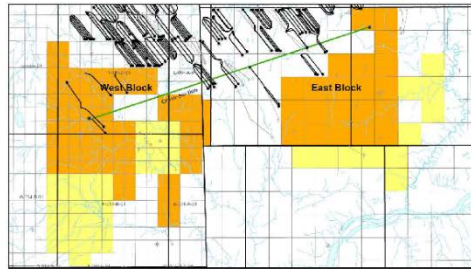
### Montney Formation

The Montney Formation is the main producing formation and consists of thick laminated packages of shale, sand and siltstones which were deposited in a shallow marine environment. The Montney is found at a depth of approximately 2,100 metres, unconformably overlying the Belloy Formation. The Montney is overlain by the Doig Formation. Canadian Spirit's lands are located in the thickest part of the regional Montney deposits.

The Montney is packaged into the Upper, Middle and Lower Montney intervals and is estimated to contain approximately 100 Bcf of original natural gas in place per section. The main targets are comprised of the Upper and Lower Montney zones.

The Upper Montney interval over Canadian Spirit's lands area is mapped as the Montney A, B, C and D with approximately 150 metres of combined thickness and porosity greater than five percent.

The Lower Montney zone is mapped as the Montney F, G, H and Sexsmith intervals with a combined 120 metres of thickness and porosity between three and five percent.

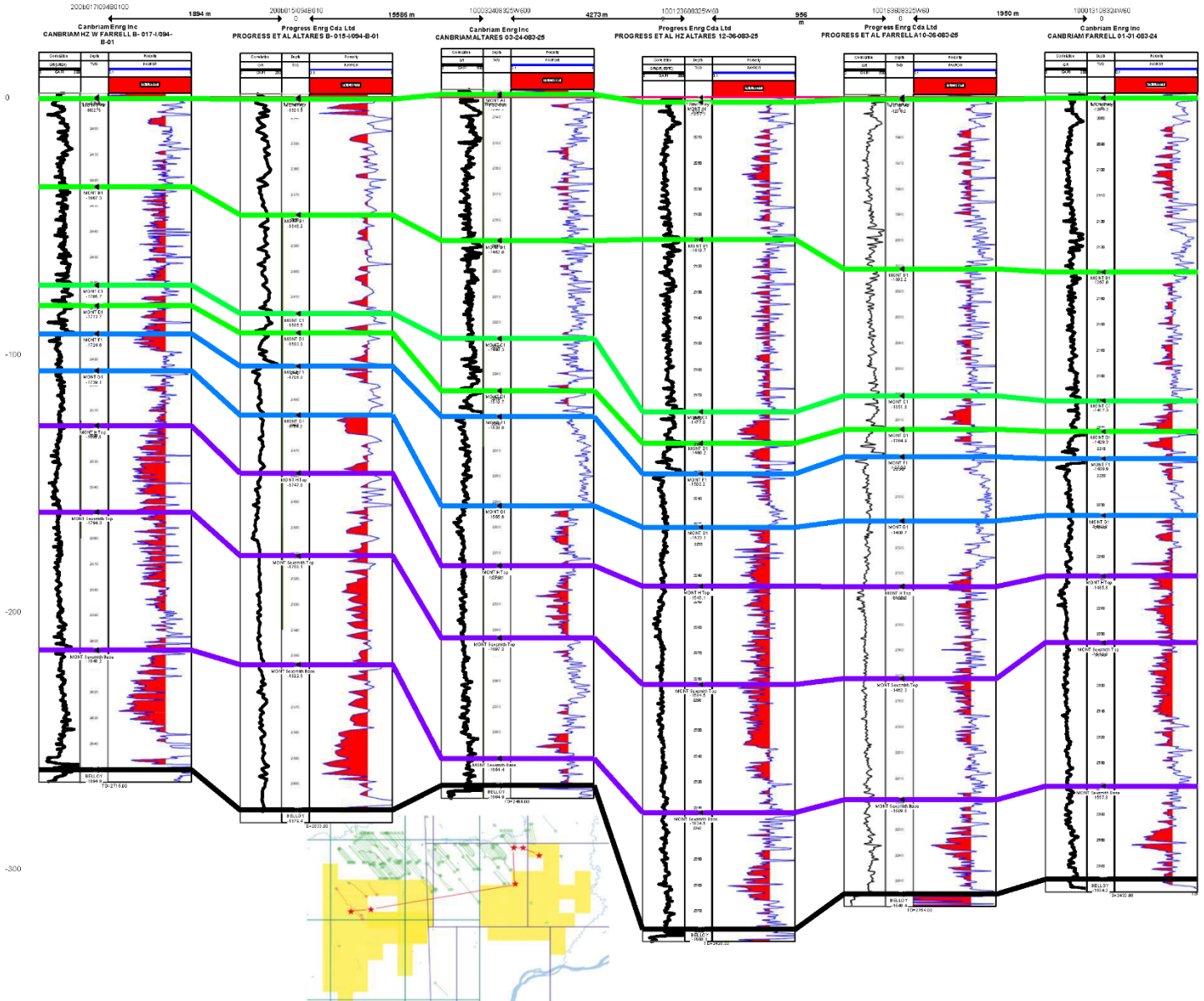






The following cross section of the Montney reservoir shows significant thickness and continuous net pay over the Company's acreage with development potential within multiple horizons.

### Montney Formation Cross Section – Altares, Attachie and Farrell Creek Areas



### Gething Formation

The Company also identified the Gething Formation as prospective for CBM on its lands.

Further geological details relating to the Gething and Montney potential will be available in the virtual data room for parties that execute a confidentiality agreement.



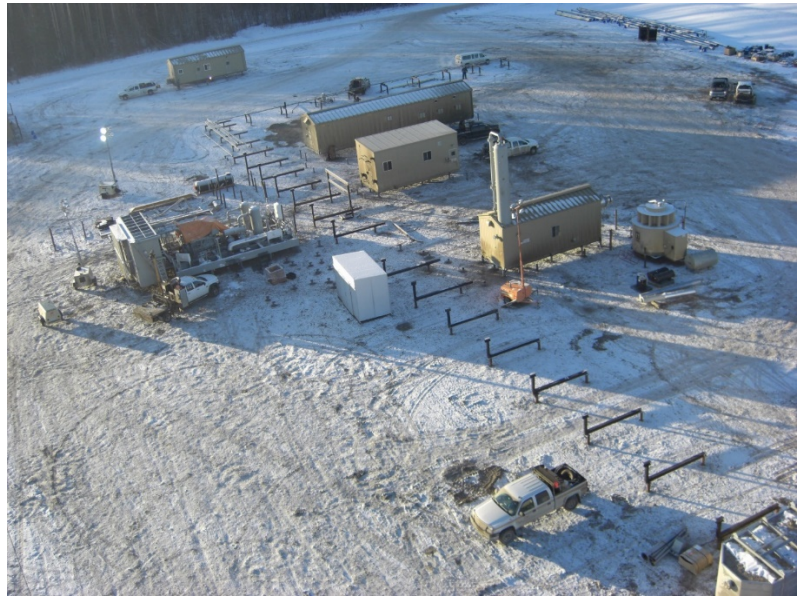


### Canadian Spirit Facilities

Canadian Spirit holds a 35% working interest in the sweet natural gas production facilities at B-017-/94-B-01 consisting of an inlet separator, dehydrator and compressor as well as a natural gas gathering system operated by Pacific Canbriam.

The capacity for dehydrator and compressor is 10 MMcf/d of natural gas and can be scaled up to 60 MMcf/d. The pipelines are for a high-pressure system.

Further details relating to Canadian Spirit's facilities and equipment will be available in the virtual data room for parties that execute a confidentiality agreement.



### Water License

The Company also holds a 25% working interest in a water pipeline and has a water license with **British Columbia Hydro and Power Authority** for fresh water supply. The water pipeline license allows for the withdrawal of a maximum of 10,000 m<sup>3</sup> per day of water from the Williston Reservoir for natural gas well stimulation and fracturing.

### Canadian Spirit Reserves

*McDaniel & Associates Consultants Ltd.* ("McDaniel") prepared an independent reserves evaluation of Canadian Spirit (the "McDaniel Report") as part of the Company's year-end reporting. The McDaniel Report is effective December 31, 2022 using an average of *GLJ Ltd., McDaniel and Sproule Associates Limited's* January 1, 2023 forecast pricing ("3C Average").

McDaniel estimated that, as of December 31, 2022, Canadian Spirit had remaining proved plus probable reserves of 1.4 Bcf of natural gas (228,000 boe), with an estimated net present value of \$746,000 using forecast pricing at a 10% discount.

	McDaniel & Associates Consultants Ltd. as of December 31, 2022				PV BEFORE TAX		
	COMPANY GROSS RESERVES				5%	10%	15%
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE		(000s)	
<b>Proved Developed Producing</b>	<b>0</b>	<b>1,132</b>	<b>0</b>	<b>189</b>	<b>(\$36)</b>	<b>\$528</b>	<b>\$802</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>0</b>	<b>1,132</b>	<b>0</b>	<b>189</b>	<b>(\$36)</b>	<b>\$528</b>	<b>\$802</b>
Probable	0	236	0	39	\$262	\$219	\$186
<b>Total Proved Plus Probable</b>	<b>0</b>	<b>1,367</b>	<b>0</b>	<b>228</b>	<b>\$226</b>	<b>\$746</b>	<b>\$988</b>

The reserve estimates and forecasts of production and revenues for the Property were prepared within the context of the Company's year-end evaluation, which was an evaluation 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.



## Canadian Spirit Resource Assessments

McDaniel prepared an independent resource assessment of the prospective and contingent resources associated with the Montney Formation held by Canadian Spirit (the "Resources Study"). The Resource Study has been mechanically updated by McDaniel to June 30, 2023 using 3C Average forecast pricing at January 1, 2023 forecast pricing.

McDaniel estimated that, as of June 30, 2023, Canadian Spirit had best case (3C) contingent unrisks resources of 445.4 Bcf of natural gas and 1.6 million barrels of natural gas liquids (75.9 million boe), with an estimated net present value of \$125.4 million using forecast pricing at a 10% discount.

Contingent Resources Unrisks	McDaniel & Associates Consultants Ltd. as of June 30, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
1C Resources	0	115,241	948	20,155	\$42,560	\$11,018	(\$4,349)
2C Resources	0	330,138	1,293	56,316	\$178,325	\$69,396	\$26,491
3C Resources	0	445,379	1,638	75,868	\$294,677	\$125,366	\$58,208

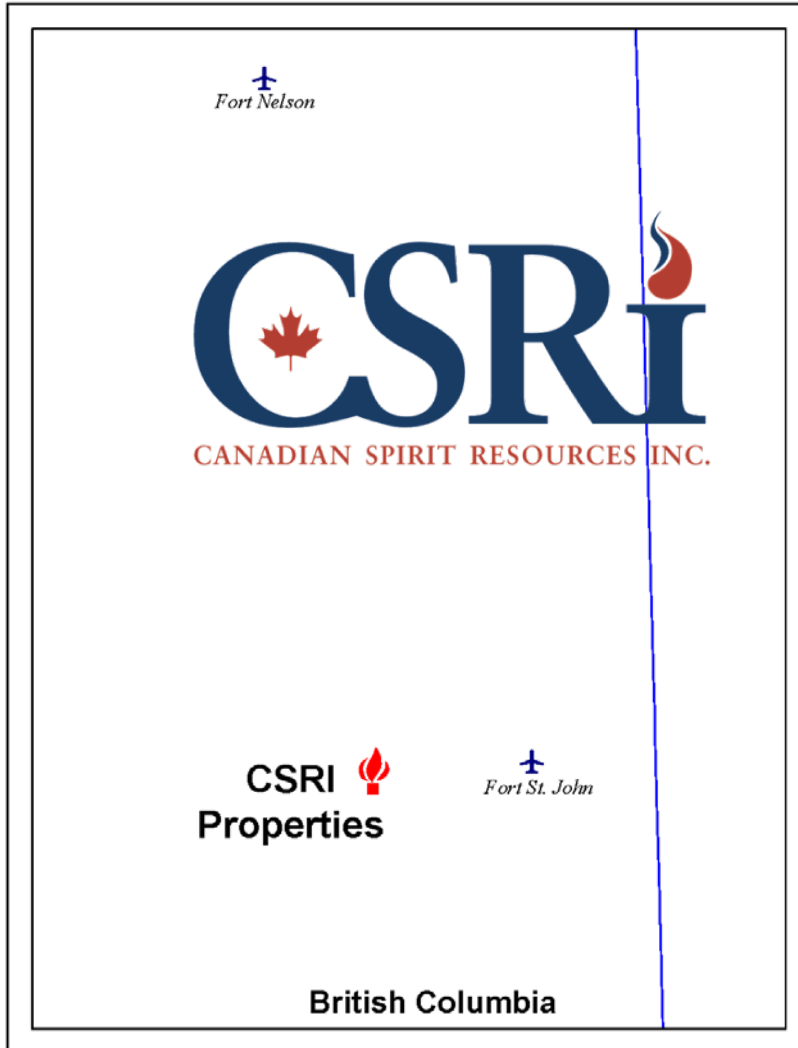
Contingent Resources Risks	McDaniel & Associates Consultants Ltd. as of June 30, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
1C Resources	0	69,145	569	12,093	\$25,236	\$6,611	(\$2,609)
2C Resources	0	198,083	776	33,790	\$106,995	\$41,638	\$15,895
3C Resources	0	250,227	983	42,687	\$176,806	\$75,220	\$34,925

Prospective Resources Unrisks	McDaniel & Associates Consultants Ltd. as of June 30, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
Low Case	0	137,556	3,437	26,363	\$65,524	\$22,587	\$4,168
Best Case	0	410,426	5,100	73,504	\$233,511	\$87,013	\$34,994
High Case	0	516,776	6,464	92,593	\$381,193	\$149,628	\$66,690

Prospective Resources Risks	McDaniel & Associates Consultants Ltd. as of June 30, 2023						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	5%	10% (000s)	15%
Low Case	0	69,145	569	12,093	\$33,417	\$11,519	\$2,126
Best Case	0	198,083	776	33,790	\$119,091	\$44,376	\$17,847
High Case	0	250,227	983	42,687	\$194,408	\$76,310	\$34,012



# Canadian Spirit Resources Inc. Strategic Alternatives Process Winter 2024



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

Included in the confidential information is the following: most recent net lease operating statements, the McDaniel Report, summary land information, PCA score and other relevant corporate and technical information.

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

## Overview

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The Company has total royalty credits of approximately \$3.5 million.

The Company also holds a 25% working interest in a water pipeline and has a water license with **British Columbia Hydro and Power Authority** for fresh water supply.

Additional corporate information relating to Canadian Spirit will be provided to parties upon execution of a confidentiality agreement.

Overview Map Showing the Location of Canadian Spirit's Properties



## Corporate Overview

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<b>Officers</b>	President & Chief Executive Officer	Louisa DeCarlo
	Chief Financial Officer	Greg Florence
<b>Board of Directors</b>	Chairman, Director	Louisa DeCarlo
	Director	David C. Monroe
	Director	Luigi Liberatore
	Director	Sarah Hawco
<b>Capital Structure</b>	Common Shares	278,177,583
	Options (Weighted average exercise price of \$0.08)	16,675,000
	Warrants (exercise price of \$0.08)	10,000,000

## Tax Pools

### As at December 31, 2022

Non-Capital Losses	\$84,903,387
Cumulative Canadian Oil and Gas Property Expenses	\$9,065,458
Cumulative Canadian Exploration Expenses	\$8,379,290
Cumulative Canadian Development Expenses	\$4,644,142
Capital Cost Allowance	\$280,991
Foreign Exploration & Development Expenses	\$57,829
Continuity of earned depletion base	\$39,909
Capital Losses	\$25,932
<b>Total</b>	<b>\$107,396,938</b>

**Bankers** ATB Financial

**Solicitors** Gowling WLG (Canada) LLP

**Street Address** Suite 900 - 140 4th Avenue SW Calgary, Alberta T2P 3N3



**NE BC Properties**

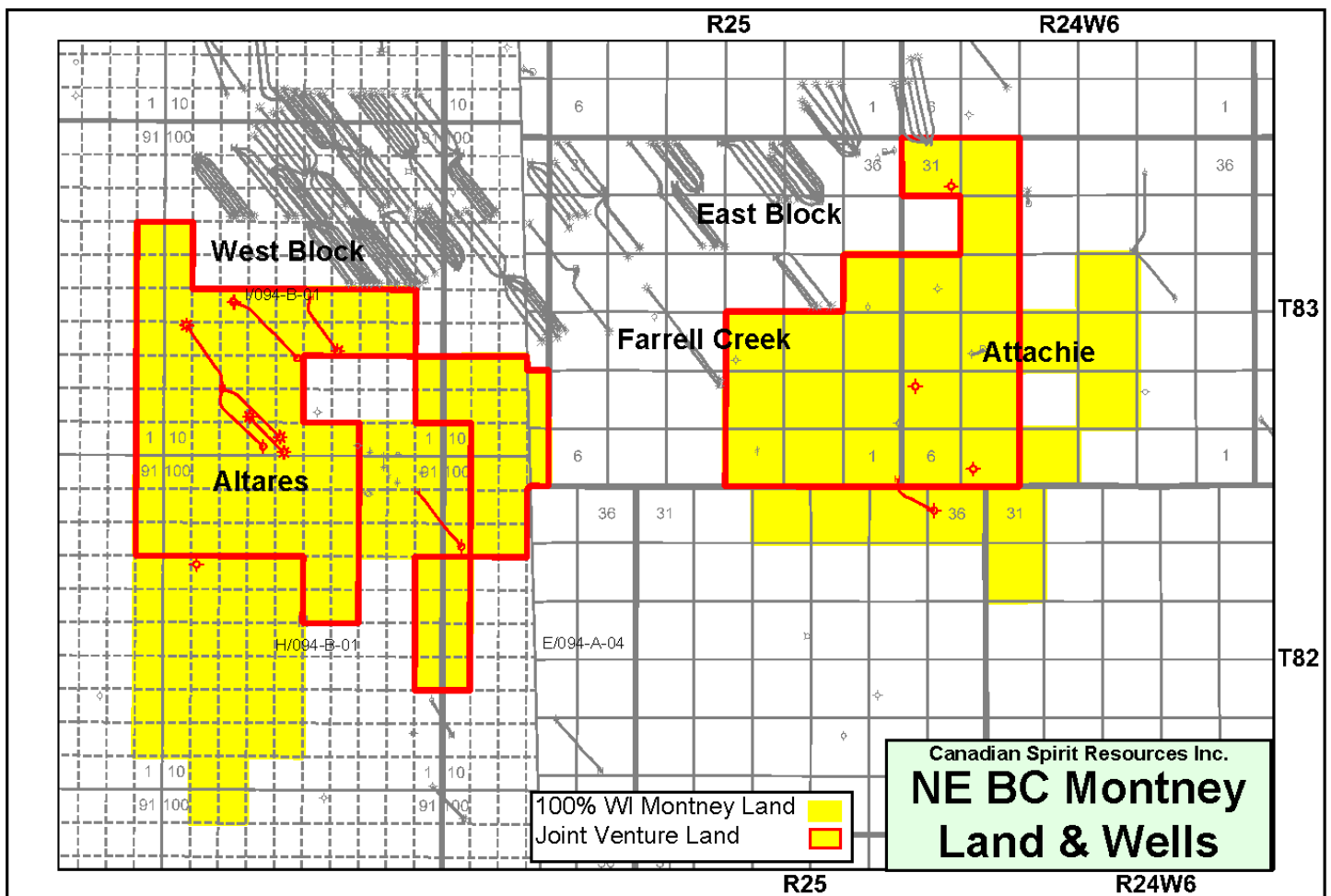
**Township 81-83, Range 24 W6- NTS 94-B-01**

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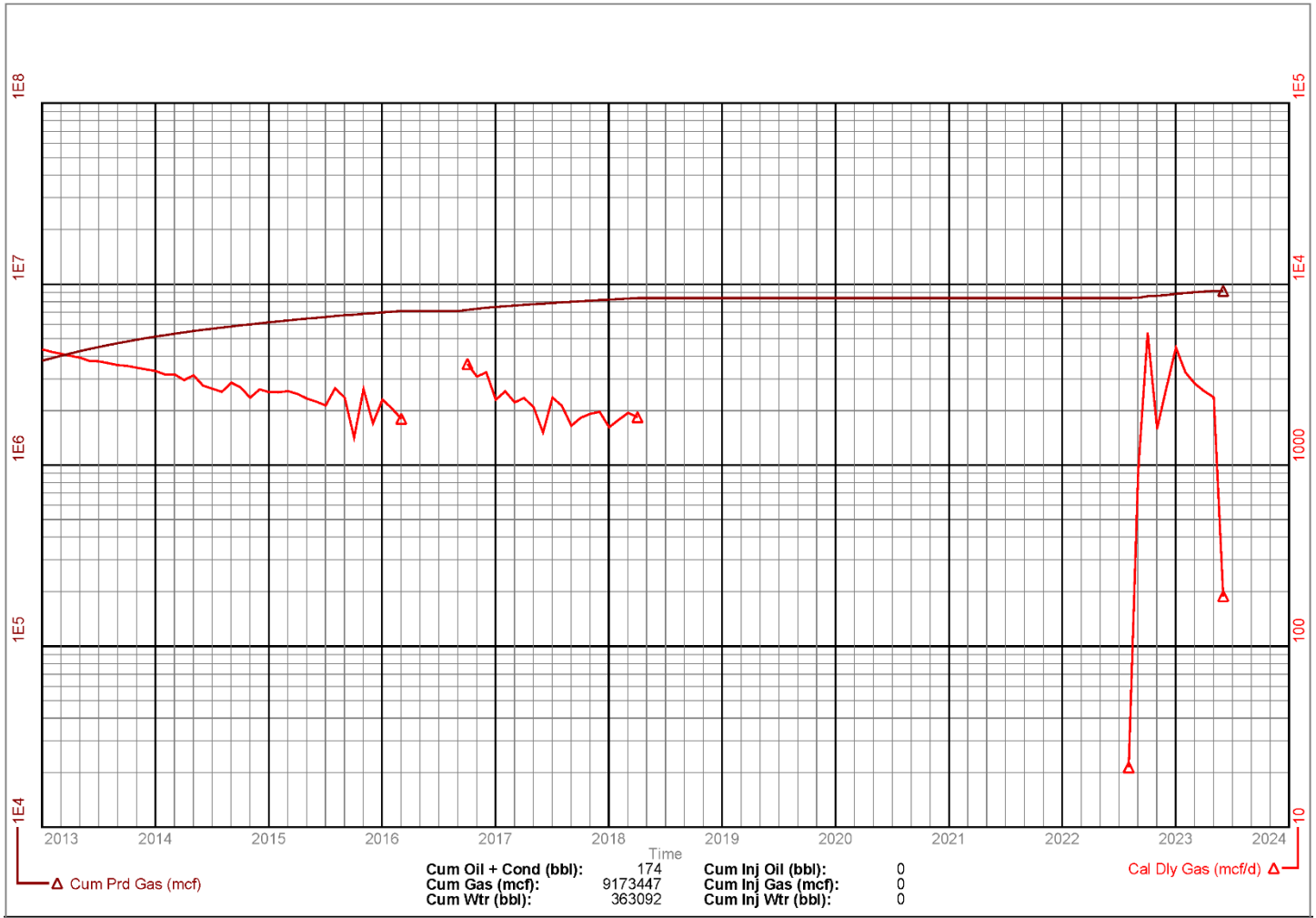
The Company has a joint venture agreement in place with **Pacific Canbriam Energy Limited** which operates a portion of the *Altares* property as outlined below. The wells located in the northwestern portion of *Altares* are operated by Pacific Canbriam where Canadian Spirit holds a working interest of 35%. The joint venture lands are outlined in red on the following map. Production from *Altares* is primarily from the Montney Formation.

Production at *Altares* was shut-in in June 2023 due to low natural gas prices at Station 2. Production was re-activated on November 17, 2023.

Prior to shutting in production, Canadian Spirit's average daily net sales production for the first four months of 2023 was approximately 1.1 MMcf/d of natural gas (179 boe/d). Current production since reactivation is approximately 685 Mcf/d of natural gas (114 boe/d).



### Gross Production Group Plot of Canadian Spirit's Natural Gas Wells



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## NE BC Upside

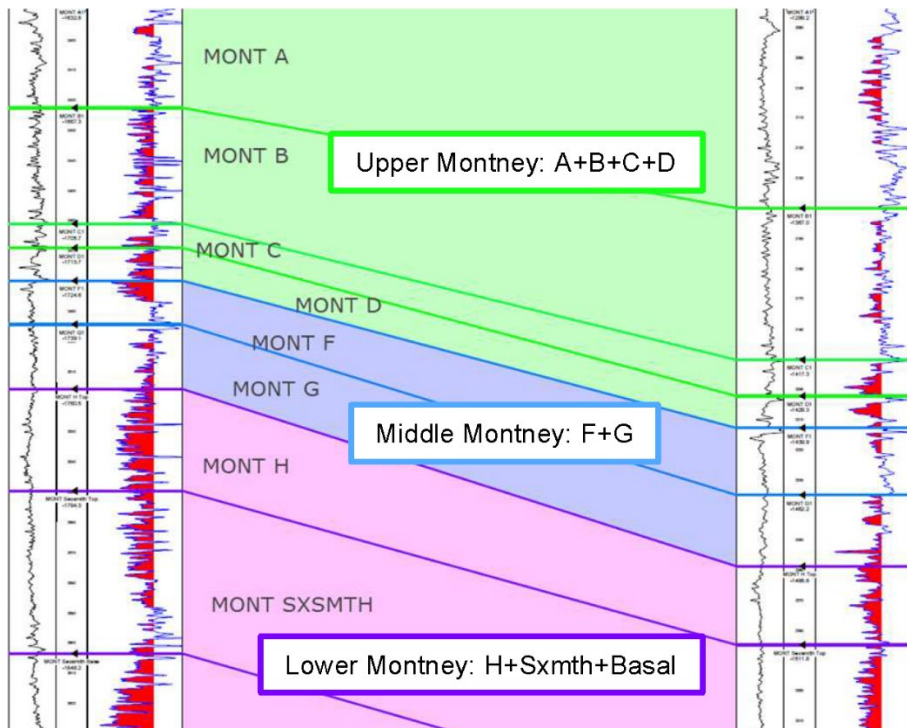
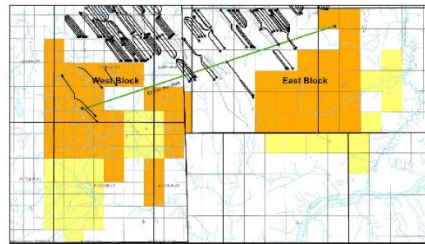
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The Montney is packaged into the Upper, Middle and Lower Montney intervals and is estimated to contain approximately 100 Bcf of original natural gas in place per section. The main targets are comprised of the Upper and Lower Montney zones.

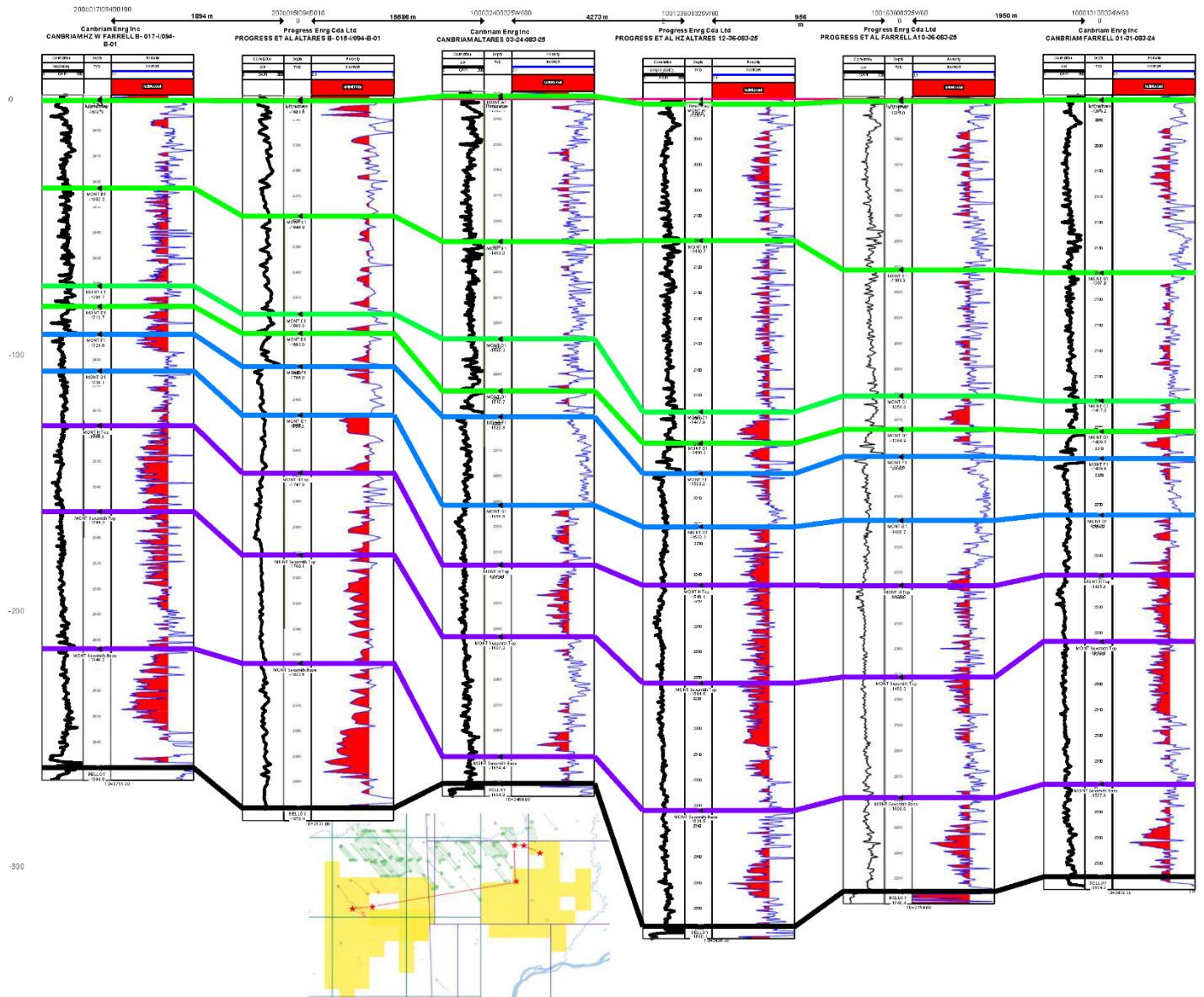
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The following cross section of the Montney reservoir shows significant thickness and continuous net pay over the Company's acreage with development potential within multiple horizons.

**Montney Formation Cross Section – Altares, Attachie and Farrell Creek Areas**



**Gething Formation**

The Company also identified the Gething Formation as prospective for CBM on its lands.

Further geological details relating to the Gething and Montney potential will be available in the virtual data room for parties that execute a confidentiality agreement.



## Canadian Spirit Facilities

Canadian Spirit holds a 35% working interest in the sweet natural gas production facilities at B-017-/94-B-01 consisting of an inlet separator, dehydrator and compressor as well as a natural gas gathering system operated by Pacific Canbriam. The Montney joint venture facilities are scalable to 60 MMcf/d.



The Company also holds a 25% working interest in a water pipeline and has a water license with **British Columbia Hydro and Power Authority** for fresh water supply. The water pipeline license allows for the withdrawal of a maximum of 10,000 m<sup>3</sup> per day of water from the Williston Reservoir for natural gas well stimulation and fracturing.

Further details relating to Canadian Spirit's facilities and equipment will be available in the virtual data room for parties that execute a confidentiality agreement.

## Canadian Spirit Marketing

Canadian Spirit has a natural gas purchase agreement in place with **BP Canada Energy Group ULC** for its operated production where the Company sells its natural gas into the **Westcoast Energy Inc.** (Enbridge) pipeline at the T-North delivery point.

## Canadian Spirit Reserves

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	McDaniel & Associates Consultants Ltd. as of December 31, 2022				PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	5%	10%	15%
	Mbbl	MMcf	Mbbl	MBOE		(000s)	
<b>Proved Developed Producing</b>	<b>0</b>	<b>1,132</b>	<b>0</b>	<b>189</b>	<b>(\$36)</b>	<b>\$528</b>	<b>\$802</b>
Proved Non-Producing/Undeveloped	0	0	0	0	\$0	\$0	\$0
<b>Total Proved</b>	<b>0</b>	<b>1,132</b>	<b>0</b>	<b>189</b>	<b>(\$36)</b>	<b>\$528</b>	<b>\$802</b>
Probable	0	236	0	39	\$262	\$219	\$186
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The reserve estimates and forecasts of production and revenues for the Property were prepared within the context of the Company’s year-end evaluation, which was an evaluation 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.

## Canadian Spirit Resource Assessments

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McDaniel estimated that, as of June 30, 2023, Canadian Spirit had best case (3C) contingent unrisks resources of 445.4 Bcf of natural gas and 1.6 million barrels of natural gas liquids (75.9 million boe), with an estimated net present value of \$125.4 million using forecast pricing at a 10% discount.

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High Case	0	516,776	6,464	92,593	\$381,193	\$149,628	\$66,690

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Low Case	0	69,145	569	12,093	\$33,417	\$11,519	\$2,126
Best Case	0	198,083	776	33,790	\$119,091	\$44,376	\$17,847
High Case	0	250,227	983	42,687	\$194,408	\$76,310	\$34,012

## Royalty Credits

The Company has total royalty credits of approximately \$3.5 million.

## Canadian Spirit Undeveloped Land

*Seaton-Jordan & Associates Ltd.* (“Seaton-Jordan”) prepared an independent evaluation of the undeveloped, non-reserve Montney lands held by Canadian Spirit (the “Seaton-Jordan Report”). The Seaton-Jordan Report is effective June 30, 2023.

Seaton-Jordan estimated that, as of June 30, 2023, the non-reserve properties held by the Company consisting of 10,399 net hectares (approximately 25,696 net acres) were assessed a value of \$40,282,969.

## PCA Score as of December 6, 2023

On April 1, 2022, the BC Energy Regulator (“BCER”) implemented its requirements for the Permittee Capability Assessment (“PCA”) program as a replacement to the Liability Management Rating program. The PCA assesses each permit holder’s corporate health against the liability associated with their Dormant, Inactive, and Marginal sites (referred to as DIM Liability) to determine corrective action requirements.

As of December 6, 2023, Canadian Spirit’s PCA score was calculated to be 35.04.

The Company also has a cash deposit of approximately \$1.5 million with the BCER.

Further details on the Company’s PCA score and asset retirement obligations will be available in the virtual data room for parties that execute a confidentiality agreement.

## Canadian Spirit Well List

See well list in Excel.



## CONFIDENTIALITY AGREEMENT

(the "Agreement")

### **PRIVATE AND CONFIDENTIAL**

\_\_\_\_\_, 2024

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, Province: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Attention: \_\_\_\_\_

**Re: Canadian Spirit Resources Inc.  
Strategic Alternatives Process**

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In connection with your possible interest in a transaction with Canadian Spirit Resources Inc. (the "**Corporation**") which may include but is not limited to the acquisition of the shares of the Corporation, an amalgamation, an arrangement or other form of business combination with the Corporation, or the acquisition of the Corporation's assets and/or operations upon a mutually agreeable basis (the "**Proposed Transaction**"), you acknowledge that we are providing you with certain information about the Corporation which is non-public, strictly confidential and proprietary in nature pursuant to the terms and conditions of this Agreement. All information furnished to you and your directors, officers, employees, agents or representatives, including without limitation, affiliates, attorneys, accountants, consultants and financial advisors (collectively herein referred to as "**Representatives**"), whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, together with any and all analyses, compilations, studies, records, data, reports, correspondence, memoranda, specifications, materials, applications, technical data, derivative works, reproductions, copies, extracts, summaries or other documents prepared by your Representatives (whether in paper form, electronic form or any other means of creating or storing information) containing or based upon, in whole or in part, any such furnished information or reflecting your view of or interest in the Corporation is hereafter referred to as the "**Information**". As a condition precedent to making available to you the Information, you hereby agree as follows:

1. The Information shall be kept strictly confidential by you and your Representatives and you and your Representatives will not:
  - (a) use the Information in any way materially detrimental to the Corporation;
  - (b) disclose, divulge, publish, transcribe or transfer the Information, in whole or in part, without the prior written consent of the Corporation, which consent may be arbitrarily withheld or delayed; or
  - (c) use the Information, directly or indirectly, for any purpose other than in connection with your evaluation of the Proposed Transaction.

Moreover, you agree to provide the Information only to those Representatives who need to know the Information for the purposes of evaluating the Proposed Transaction, are informed by you of

the confidential nature of the Information and who agree to be bound by the terms of this Agreement. You agree to keep a list of all Representatives to whom any Information has been delivered and to provide that list on request. You agree to be responsible and jointly and severally liable for any breach of this Agreement by you or your Representatives.

2. You will make all reasonable, necessary and appropriate efforts to safeguard the Information from disclosure to anyone other than as permitted hereby. The obligation to keep the Information confidential shall be limited to a period of one (1) year after the date of this Agreement or upon the consummation of a Proposed Transaction contemplated above, whichever is the first to occur.
3. Until our joint announcement of a Proposed Transaction as described above, you will direct your Representatives not to disclose to any other person that the Information has been made available, or that discussions and negotiations are taking place concerning a possible transaction, including the status thereof or the terms of this Agreement. The term “**person**” as used in this Agreement shall be broadly interpreted to include, without limitation, any individual, corporation, company, group, partnership or other entity of any kind. The restrictions contained in this Agreement shall not apply to approaches made by either of us or our Representatives, to government officials in Canada or the United States in connection with our preparation of a proposal for any Proposed Transaction as described above or disclosure required by law, provided that we mutually agree to limit such disclosure to the minimum Information required under applicable law and will use best efforts make such disclosure of Information subject to an obligation of confidentiality. Nothing in this Agreement will restrict either party from making a press release with respect to a Proposed Transaction if, in the reasonable opinion of such party's legal counsel, a material change in such party's affairs has occurred and such disclosure is required by applicable securities laws. In such event, the party intending to make a press release will use all commercially reasonable efforts to consult with the other party as to the intended contents of such press release prior to issuing such press release.
4. You agree to keep a record of each location of the Information. If either party hereto determines that it does not wish to enter into a Proposed Transaction as contemplated above, it will promptly advise the other party of that fact. In such case, or in the event that we do not effect a Proposed Transaction as contemplated above or if a party hereto requests for any reason whatsoever, you will promptly, upon receiving written request, deliver to the Corporation all Information in the possession of you or your Representatives, without retaining copies thereof. In such event, all other documents constituting the Information (whether in paper form, electronic form or any other means of creating or storing information) will be destroyed. Notwithstanding the foregoing or Section 2 above, if you or your Representatives' computer systems create copies of Information during back up procedures, you or your Representatives, as applicable, may retain such copies of Information in its archival or back up computer storage for the period that it normally backs up computer records, provided that such computer records shall be subject to the confidentiality provisions of this Agreement until the same are destroyed.
5. The term “Information” as used in this Agreement does not include information which:
  - (a) is or becomes generally available to the public other than as a result of the disclosure by you or anyone to whom you or any of your Representatives transmit any Information;
  - (b) is or becomes available to you or your Representatives from a source other than the Corporation or its Representatives on a non-confidential basis and not in contravention of applicable law or contractual restriction or obligation of confidentiality as evidenced by your or your Representatives' written records;

- (c) you can demonstrate is already in your possession, or in the possession of any of your Representatives, provided that such Information is not subject to another confidentiality or non-disclosure agreement with, or other obligation of confidentiality to, a third party; or
  - (d) becomes available to you or your Representatives under any joint operating or other agreement which you have with us.
6. During the period commencing on the date of this Agreement and terminating upon the date that is one (1) year after the date of this Agreement or the entering into of a definitive agreement for the Proposed Transaction, whichever is the first to occur, you will not, nor shall any person you are “affiliated with” as such term is interpreted in the *Securities Act* (Alberta), without the written consent of the board of directors or an officer of the Corporation:
- (a) acquire or agree to acquire, or make any proposal to acquire, in any manner, any securities or property of the Corporation;
  - (b) commence or tender an offer to acquire any securities of the Corporation;
  - (c) solicit proxies from the Corporation’s shareholders or form, join or in any way participate in a group that is a “control person” as such term is interpreted in the *Securities Act* (Alberta);
  - (d) engage in any discussions or negotiations, or enter into any agreement, in order to propose or effect any acquisition or business combination transaction with respect to the Corporation provided, however, that nothing in this Section 6 shall prohibit you from engaging in any discussions or negotiations with a third party concerning:
    - (i) financing with respect to the Proposed Transaction as contemplated herein; or
    - (ii) a joint proposal by us and such third party of any transaction involving the other which would be permitted to propose a loan in accordance with the terms of this Agreement;
  - (e) seek representation on the board of directors of the Corporation, or otherwise seek to control or influence the management, the board of directors or the policies of the Corporation;
  - (f) act jointly or in concert with any other person, or knowingly advise, assist or encourage any other person, in connection with any activity listed above in this Section 6;
  - (g) make any public disclosure of any consideration, intention or arrangement to do any activity listed above in this Section 6, or take any action that would reasonably be expected to require the Corporation to make any public disclosure with respect to any activity listed above in this Section 6;
  - (h) seek any amendment to or waiver of the prohibitions under this Section 6; or
  - (i) solicit, employ or engage, directly or indirectly, any person currently employed or engaged as an employee or consultant by the Corporation, provided, however, that there will be no breach of this Section 6(i) by virtue of making general solicitations of employment in the ordinary course of business.

7. You acknowledge that the Corporation does not, and the Corporation's Representatives do not, make any representation or warranty, whether express or implied, arising at law, by statute or in equity, as to the accuracy or completeness of the Information, whether express or implied, arising at law, by statute or in equity, or with respect to the merchantability, condition or fitness of the assets or property of the Corporation to which the Information makes reference. You further acknowledge that the Corporation and its Representatives will not have any liability to you or any of your Representatives relating to or resulting from the use by you or any of your Representatives of the Information, or any errors in or omissions from the Information, except in accordance with any specific representation or warranty made in any definitive agreement entered into in respect of the Proposed Transaction.
8. In the event that either you or any of your Representatives to whom you transmit the Information pursuant to this Agreement is required by applicable law to disclose any of the Information, you and your applicable Representatives will:
  - (a) to the extent legally permitted (i) immediately notify the Corporation of the existence and terms of, and circumstances surrounding, the requirement, (ii) consult with the Corporation on the advisability of taking legally available steps to resist or narrow the requirement, and (iii) if requested by the Corporation, cooperate with the Corporation to seek a protective order or other appropriate remedy at the expense of the Corporation; and
  - (b) disclose only that portion of the Information that, after complying with Section 8 and in the opinion of its legal counsel, is required to be disclosed and make reasonable efforts to preserve the confidentiality of the Information disclosed.
9. You and your Representatives will notify the Corporation immediately upon discovery of any unauthorized use or disclosure of Information or any breach of this Agreement.
10. You acknowledge and agree that irreparable harm would occur for which monetary damages alone would not be an adequate remedy if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Corporation will be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to obtain specific performance of the terms of this Agreement, in each case without any requirement to post bond or security in connection with obtaining that equitable relief. The right to equitable relief under this Section 10 is in addition to and not in substitution for any other rights or remedies available at law or in equity.
11. You acknowledge that the Information is confidential and proprietary to the Corporation and its affiliates, and further acknowledge that, except for the permitted purpose of evaluating the Proposed Transaction, neither you nor any of your Representatives has any right to use, or title to, or interest in, the Information.
12. You acknowledge that the Corporation has no obligation to disclose or continue to make available any Information, and neither party has any obligation to commence or continue any discussions or negotiations related to the Proposed Transaction, by virtue of this Agreement. If either party at any time determines not to proceed with the Proposed Transaction, it will promptly notify the other party of that determination.
13. You acknowledge that you are aware, and will advise your relevant Representatives, that the Information may include material non-public information, and that applicable securities laws

impose restrictions on trading securities when in possession of that information and on communicating that information to other persons.

14. You will implement appropriate security measures or otherwise take reasonable precautions to secure the Information and ensure that appropriate technical and organizational means are in place to protect the Information against unauthorized or unlawful access or processing and against accidental disclosure, loss, destruction or damage, including taking reasonable steps to ensure the reliability of any of your Representatives permitted by you to have access to the Information.
15. It is further understood and agreed that no failure or delay by the Corporation in exercising any of its rights, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise of any right, power or privilege hereunder.
16. This Agreement shall be governed and construed in accordance with the laws of the Province of Alberta, specifically to agreements made and to be performed within such Province, and the federal laws of Canada applicable in such Province and the parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta in respect of any matter relating in any way to this Agreement.

Yours very truly,

**CANADIAN SPIRIT RESOURCES INC.**

\_\_\_\_\_  
Louisa DeCarlo  
CEO

I certify that no changes have been made to this Confidentiality Agreement that have not been clearly marked and initialed.

\_\_\_\_\_  
RECIPIENT COMPANY NAME

\_\_\_\_\_  
OFFICER'S SIGNATURE

\_\_\_\_\_  
OFFICER'S PRINTED NAME & TITLE



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: