



RECEIVERSHIP SALE

Alberta Oil & Natural Gas Properties of
Cuda Oil & Gas Inc.

December 2021

BACKGROUND & DESCRIPTION OF THE PROCESS

ARCO Capital Partners Inc. (“ARCO”) has been engaged to assist FTI Consulting Canada Inc. (“FTI”), in its capacity as Court appointed receiver (the “Receiver”) of Cuda Oil and Gas Inc. (“Cuda” or the “Company”), with the sale of Company’s oil and natural gas assets located in Alberta (the “Properties”).

On November 18, 2021, FTI was appointed as Receiver pursuant to an Order of the Court of Queen’s Bench of Alberta of all the assets, undertakings and properties of Cuda pursuant to an application made by the Company’s senior and subordinate secured lenders.

The Receiver’s preference is to conclude the sale of Properties through a transfer of Company’s assets or through a corporate transaction with Cuda’s wholly-owned Canadian subsidiary, Cuda Energy Inc. (“CEI”).

The Properties include operated and producing gas weighted interests in Hussar, Retlaw and Carseland, all located in south Alberta. Sales volumes for the Properties averaged ~250 BOE/d during October 2021. Ryder Scott Company (“Ryder Scott”) has completed a NI 51-101 compliant reserves report on the Properties, with an effective date of July 1, 2021, utilizing Ryder Scott’s June 30, 2021 forecast pricing.

A Confidentiality Agreement (“CA”) is available to prospective parties by contacting ARCO directly. Parties that execute a CA will have access to confidential information via an online data room (the “Data Room”) which will be open in late December 2021.

The deadline for non-binding proposals is **January 27, 2022**, but such date may be subject to change by the Receiver. Parties that have executed the CA will be provided detailed bidding instructions, including the submission guideline for proposals.

The Receiver reserves the right to alter the process, close the Data Room, change the date for proposals and/or decline any or all offers. FTI and ARCO make no representation or warranty as to the accuracy or completeness of this document or the information contained herein. The Properties are being marketed on an “as is, where is” basis and without any existing or surviving representations, warranties, covenants or indemnities of any kind, nature or description by ARCO or the Receiver, or any of their respective agents, estates, or advisors.

PROCESS TIMELINE

December 2021						
S	M	T	W	R	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

January 2022						
S	M	T	W	R	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February 2022						
S	M	T	W	R	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March 2022						
S	M	T	W	R	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- Weekends
- Holidays
- Virtual Data Room Opens
- Bid Deadline

CONTACT INFORMATION

Interested parties should contact the below with respect to signing a CA and/or accessing the Data Room and for any other enquiries related to the process:

Dejan Kukic, CFA
 President
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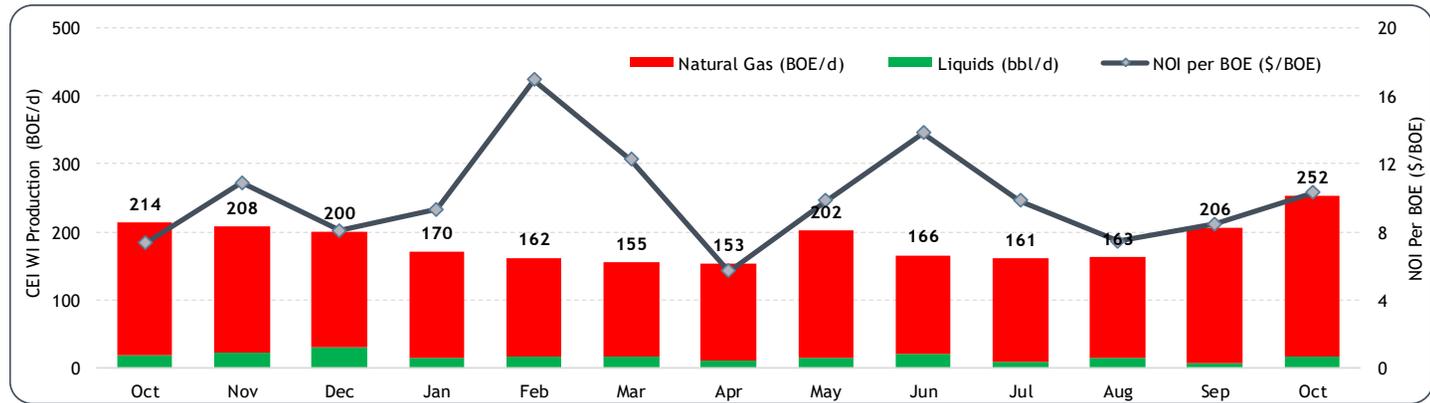
ASSET OVERVIEW & HIGHLIGHTS

- Cuda's E&P portfolio consists of operated shallow gas interests in conventional Glauco reservoirs in Hussar and Retlaw.
- The Properties averaged ~250 BOE/d in October 2021, consisting of ~1.4 MMcf/d of gas and ~15 bbl/d of natural gas liquids.
- The Properties generated \$0.56 MM of net operating income (\$10.28/BOE) during the first ten months of 2021, averaging ~180 BOE/d of sales volumes.
- Current production is sourced from two vertical gas wells in Hussar and a single fuel gas producer in Retlaw that was shut-in in mid November. In Carseland, Cuda has a PDNP well that tested +250 Mcf/d and requires a shallow gas set-up.
- Cuda has identified six gas recompletion prospects in the Glauco, Viking, Belly River and Edmonton Sands with 4.6 Bcf of potential reserves at \$0.67 MM capital cost.
- 5.9x LMR with deemed asset value of \$4.4 MM and \$0.7 MM of liabilities (\$0.3 MM expected pro forma SRP funding).
- CEI had \$28 MM of Canadian non-capital losses (December 31, 2020) that expire between 2035 and 2040, that may form part of the sales process.

Properties	Hussar	Retlaw	Carseland	Total
Operator	CEI	CEI	CEI	CEI
Working Interest	100%	100%	100%	100%
Well Overview	2 gas producers + 5 recompletions	1 gas producer (fuel gas supply to 3rd party)	1 PDNP gas well requires 200m tie-in	
Field Volumes (Nov 2021)	730 Mcf/d 13 bbl/d NGLs	430 Mcf/d (prior to Nov 14th shut-in)	None Flow test of 250-300 Mcf/d	1,160 Mcf/d 13 bbl/d NGLs (Prior to Retlaw shut-in)
Zones	Glauco, Viking, Belly River, Edmonton	Glauco	Viking	
Acreage / Royalty	Freehold	Freehold	Freehold	-3,800 acres; 5.0 - 17.5% rate
LMR (Oct 2021)				AER LMR: 5.95x Assets: \$4.4MM



Monthly Sales Volumes and Net Operating Income (\$/BOE) - Trailing Twelve Months



Properties	Production Volumes				Net Operating Income			Reserves Summary - Ryder Scott (June 30, 2021)							
	Oct. 2021 Sales (LOS)			2022E ⁽¹⁾	2021 Actuals (LOS)		2022E ⁽¹⁾	Total Proved				Total Proved + Probable			
	Liquids	Gas	Total		Oct. YTD	YTD Ann.		Liquids	Gas	Total	NPV10 BT	Liquids	Gas	Total	NPV10 BT
Field	bbl/d	Mcf/d	BOE/d	BOE/d	\$M	\$M	\$M	Mbbl	MMcf	Mboe	\$M	Mbbl	MMcf	Mboe	\$M
Hussar	15	605	116	93	550	660	521	17	755	143	1,446	23	1,033	196	1,830
Retlaw ⁽²⁾	2	808	136	56	10	12	78	2	600	102	557	2	836	141	762
Carseland	-	-	-	10	-	-	168	3	241	43	268	3	298	53	378
NRA Liability ⁽³⁾	-	-	-	-	-	-	-	-	-	-	(52)	-	-	-	(52)
Total	17	1,413	252	159	560	672	767	21	1,596	287	2,219	29	2,167	390	2,918

(1) 2022 estimates reflect Ryder Scott's forecast of production and net operating income as per June 30, 2021 reserve report.

(2) Retlaw property was placed on production in April 2021 and was shut-in on November 14, 2021. Production and net operating income reflects October's LOS numbers prior to shut-in.

(3) Liability reflects Ryder Scott's discounted value of abandonment and reclamation costs for wells with no reserves assigned (NRA).

CORPORATE RESERVES, PRODUCTION, FINANCIAL OVERVIEW

Cuda's production continues to exhibit a moderating conventional decline, specifically the 14-35 well in Hussar. The 02-23 well in Retlaw was placed on production in April 2021 under a gas supply agreement with a 3rd party power producer, but was recently shut-in and requires a tie-in to a nearby pipeline connection.

Actual & Financial Forecast (Proved Developed Reserve Category) ^(1,2)

Calendar Year Actual & Forecasts

		2020A	Oct YTD 2021A	2022F	2023F	2024F	2025F
Production Rates							
Oil	bbl/d	2	-	4	3	2	2
NGL	bbl/d	27	14	8	6	4	3
Gas	Mcf/d	1,399	988	825	608	460	356
Total WI Production	BOE/d	262	179	149	110	83	64
Producing Wells (Net)	#	3	3	3	3	3	3

Commodity Prices - Actual (2020 and 2021) & Ryder Scott Forecast as at Jun. 30, 2021

		2020A	2021A	2022F	2023F	2024F	2025F
WTI	US\$/bbl	39.40	66.46	66.50	61.50	60.00	61.20
Ed Light	\$/bbl	45.18	77.89	77.18	72.73	71.03	72.39
Aeco	\$/MMbtu	2.23	3.46	3.11	2.76	2.82	2.87

Operating Income

Revenue							
Oil Sales	\$M	33	-	100	71	54	43
NGL Sales	\$M	345	280	179	120	86	66
Gas Sales	\$M	1,284	916	863	743	574	449
Total Revenue	\$M	1,662	1,196	1,142	933	714	559
Less: Royalties	\$M	318	233	171	146	108	82
Less: Opex & Transport	\$M	784	403	372	304	259	229
Net Operating Income	\$M	560	560	599	484	347	248
Less: Capex	\$M	82	71	-	-	-	-
NOI Net of Capex	\$M	477	489	599	484	347	248

Per BOE Basis

		2020A	2021A	2022F	2023F	2024F	2025F
Revenue	\$/boe	17.35	21.97	20.97	23.31	23.59	23.80
Royalty Rate	%	19.2%	19.5%	15.0%	15.6%	15.2%	14.6%
Royalty Expense	\$/boe	3.32	4.28	3.14	3.64	3.58	3.48
Operating Expense	\$/boe	8.18	7.41	6.83	7.58	8.57	9.76
Field Level Netback	\$/boe	5.84	10.28	11.01	12.09	11.45	10.55

(1) Oct YTD 2021A reflects the first ten months of actual results as per lease operating statements.

(2) 2022F to 2025F based on NI 51-101 compliant report prepared by Ryder Scott, using PDP reserve category.

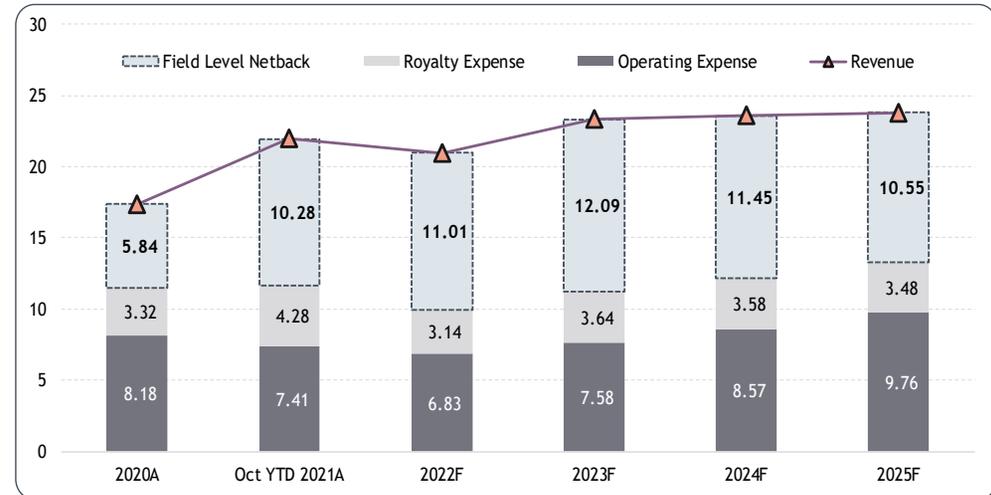
(3) Deemed liability of working interest wells that do not have reserves assigned (NRA).

Proved Developed Reserve Category by Well

Field	UWI	Reserve Category	Current Status	Prod'n ⁽¹⁾ BOE/d	Reserves Mboe	NPV10 BT \$M	Capital \$M
Hussar	102/14-35-024-22W4/00	PDP	Flowing gas	120	123	1,321	Nil
Hussar	102/14-36-024-22W4/02	PDP	Flowing gas	15	20	126	Nil
Retlaw	100/02-23-012-20W4/02	PDP	Shut-in Nov 14th	72	102	557	Nil
Carseland	102/14-36-022-26W4/00	PDNP	Req. 200m-tie in	-	43	268	100
Total				207	287	2,271	100

(1) November month field volumes, except for 02-23 well which reflects 13 producing days in November.

Actual & Forecast Net Operating Income (\$/BOE)

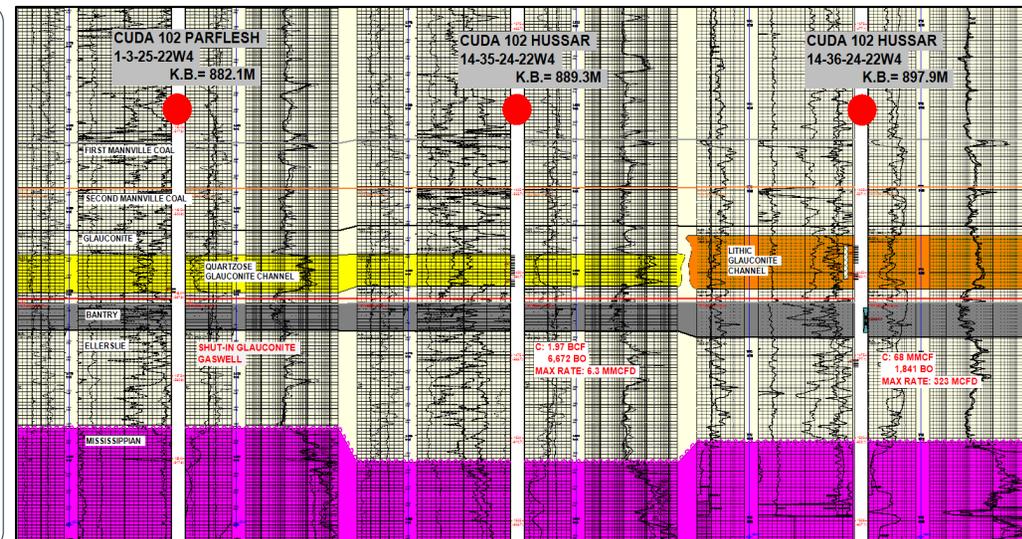
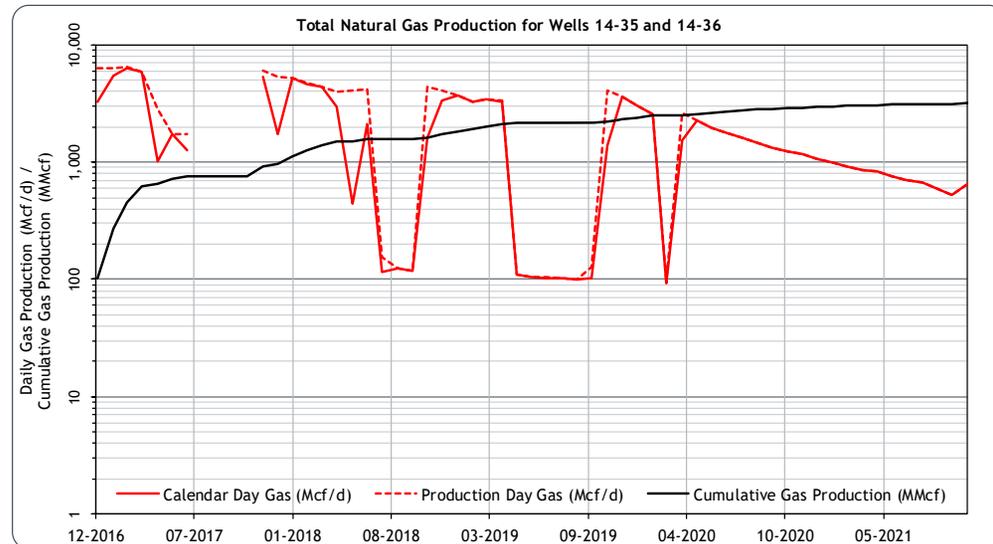
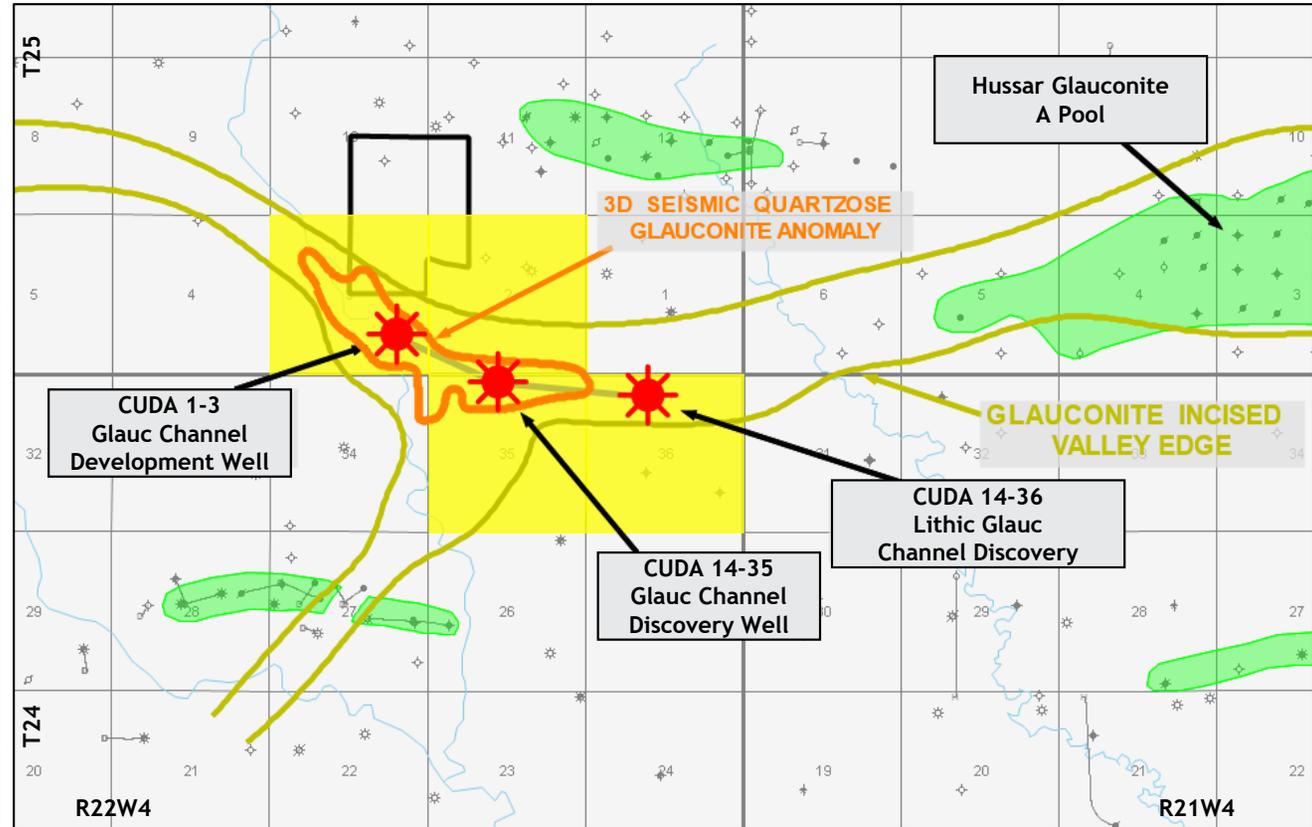


Reserves Summary (June 30, 2021)

Category	Company Working Interest Reserves					Discounted NPV (Before Tax)			
	Oil Mbbbl	Gas MMcf	NGL Mbbbl	Total Mboe	FDC \$M	0% \$M	5% \$M	10% \$M	15% \$M
Proved Producing	6	1,355	13	245	-	2,100	2,059	1,951	1,829
Proved Non-Producing	-	240	3	43	100	280	280	268	251
Proved Undeveloped	-	-	-	-	-	-	-	-	-
Total Proved	6	1,595	15	287	100	2,380	2,339	2,219	2,080
Total Probable	2	571	5	103	-	1,092	869	699	575
Proved Plus Probable	9	2,166	20	390	100	3,472	3,208	2,918	2,655
NRA Liability Included ⁽³⁾						233	108	52	13

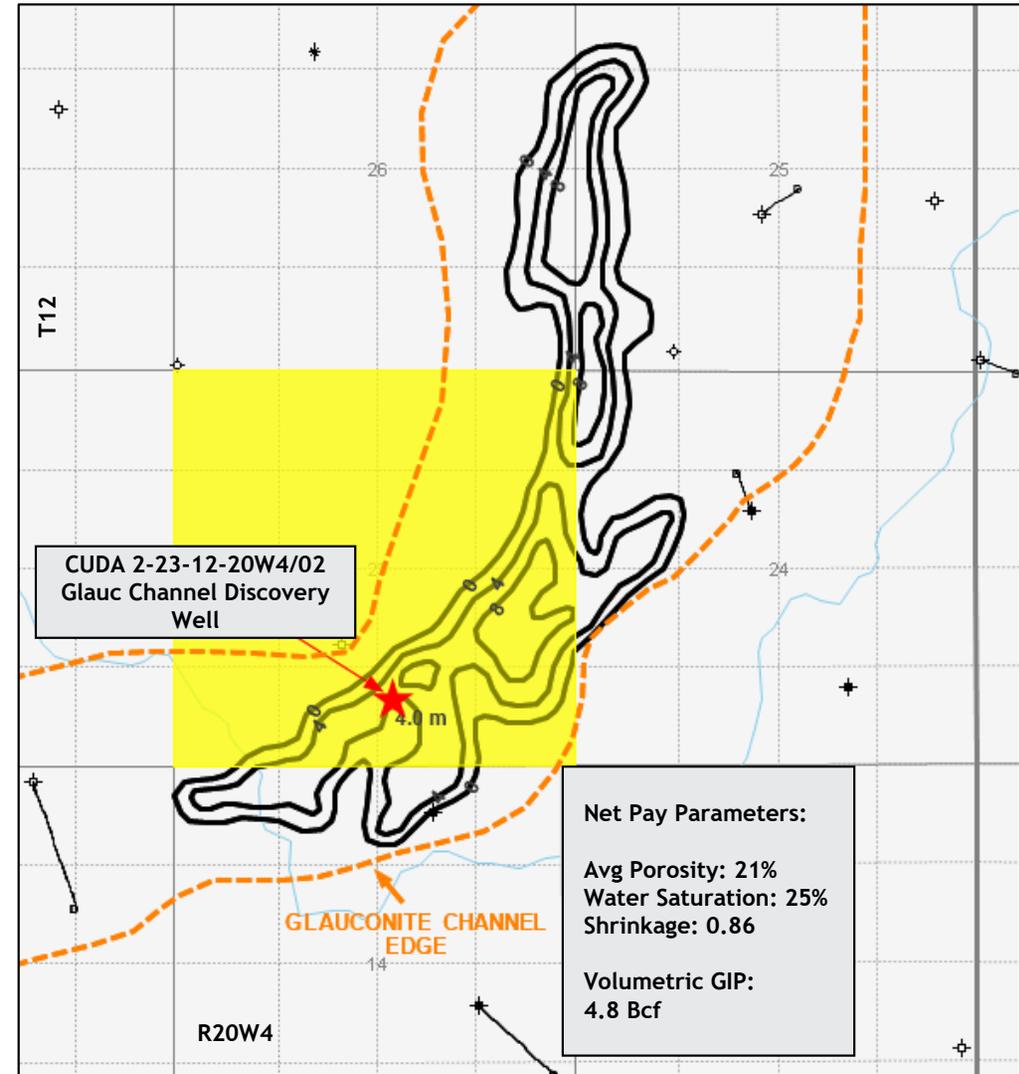
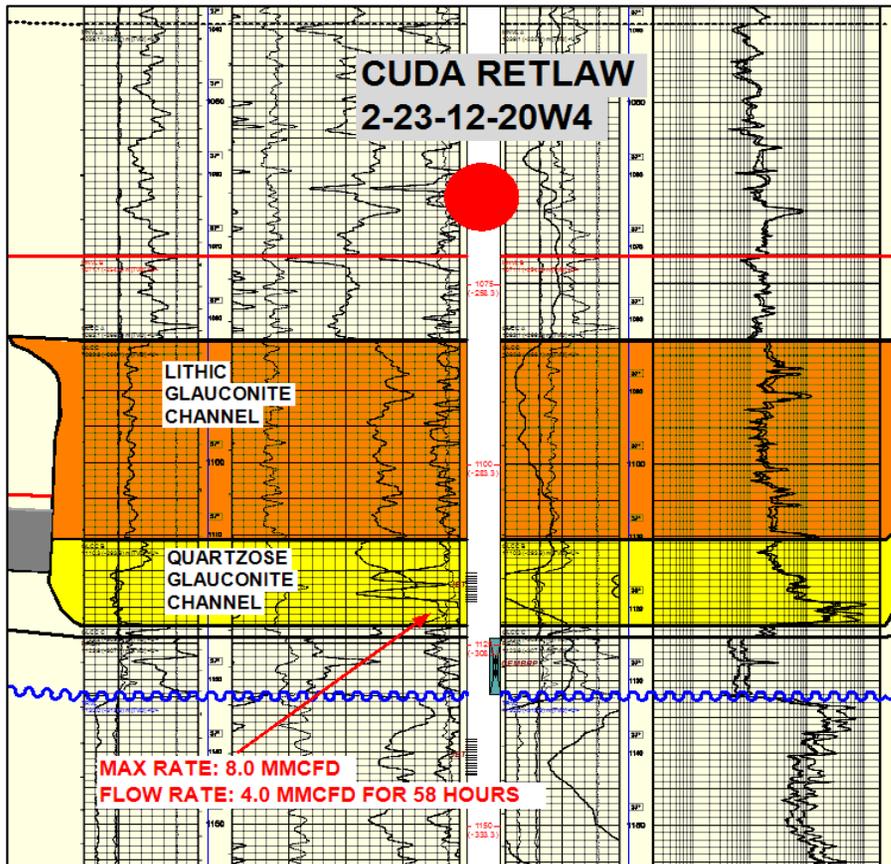
HUSSAR

- Cuda is the operator and holds 100% working interest in the Hussar property.
- In June 2016, Cuda drilled the 14-35-24-22W4/01 discovery well in the gas charged Glauconitic Quartz Channel, which has produced ~3 Bcf to date with ~1.5 Bcf estimated remaining recoverable.
- 14-35 has demonstrated strong deliverability with evidence of channel pressure support and moderating conventional decline in recent months suggesting a stabilization of production profile at 600 - 700 Mcf/d.
- In June 2017, Cuda drilled the 14-36 well targeting the nearby Lithic Glauc zone which is currently producing ~50 Mcf/d from a tighter gas reservoir.
- Hussar produces sweet gas with high BTU content (1,150 BTU) generating premium pricing to AECO benchmark.
- Gas production from Hussar is separated on site with condensate trucked to a 3rd party facility, while the remaining gas stream is transported via Cuda's 4-inch pipeline to a Lynx compressor station in 1-26, and further to Lynx's Hussar gas plant at 14-1-24-22W4.
- Cuda has identified 5 recompletion targets in Glauc, Viking, Belly River and Edmonton Sands, with unrisks potential of 2.5 MMcf/d and 3.6 Bcf at \$0.6MM capex.



RETLAW

- Cuda is the operator and holds a 100% working interest in the Retlaw property which has a single producing Glauc well that was drilled in October 2016.
- The 02-23-012-20W4/02 well recorded a test rate of 4 MMcf/d on initial completion, however it was never put on production as tie-in economics did not justify the cost of building a pipeline and third-party processing fees.
- In late 2020, Cuda entered into a gas supply agreement with a power company that financed the construction cost of the gas facility resulting in the well being brought on-line in April 2021 at ~400 Mcf/d.
- In November 2021, the power company relocated its power generation equipment from the Retlaw site forcing Cuda to shut-in the 02-23 well.
- Ryder Scott has booked 0.6 Bcf of Proved reserves with NPV10 (BT) of \$0.5 MM.
- Cuda has identified two perforation prospects in the Viking zone of 2-23.



RETLAW TIE-IN OPTIONS

- Retlaw 02-23-012-20W4/02 well was producing ~450 Mcf/d prior to being shut-in.
- The well is equipped with a separator / tank facility and could be tied-in to the Turin Vista Midstream plant which has spare capacity.
- The anticipated tie-in would connect to a 3-inch existing pipeline system which is ~500 metres south of the 02-23 well.