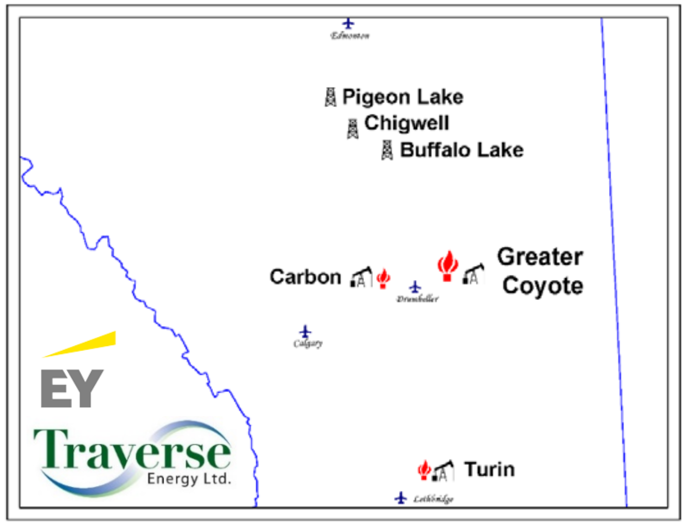
**Receivership Sale**

**BID DEADLINE: 12:00 pm March 26, 2020**

# Receivership Sale: Southern & Central Alberta 406 boe/d (1.3 MMcf/d, 183 bbl/d)

**Ernst & Young Inc.** in its capacity as Court-appointed receiver and manager (the "Receiver") of **Traverse Energy Ltd.** ("Traverse" or the "Company") has engaged **Sayer Energy Advisors** to assist with the sale of all of the Company's remaining oil and natural gas properties which are located primarily in southern and central Alberta.




The Court of Queen's Bench of Alberta approved the sales and investment solicitation process ("SISP") on February 14, 2020, along with the Receiver entering into a purchase and sale agreement (the "Stalking Horse APA") to sell all of the oil and natural gas assets (the "Properties") of Traverse to **Barrel Oil Corp.** for approximately $3.25 million. The purpose of the SISP is to determine whether a higher and better offer than the Stalking Horse APA may be obtained.

Further details regarding the SISP and Stalking Horse APA and the marketing process can be found on our website at www.sayeradvisors.com.

The Company's core assets are located in the *Carbon, Turin* and *Greater Coyote* areas of Alberta as well as a substantial prospective Duvernay land base located in the *Buffalo Lake, Chigwell* and *Pigeon Lake* areas of Alberta. The *Greater Coyote* area includes properties in the *Chain Lakes, Coyote, Hanna, Michichi,* and *Watts* areas of Alberta. The Company also has additional Minor Properties which include working interests and gross overriding royalty ("GORR") interests in various areas of Alberta.

## PROCESS & TIMELINE

Sayer Energy Advisors is accepting binding offers as outlined in the SISP until **12:00 pm on Thursday, March 26, 2020**.

| | Timeline | |
|---|---|---|
| **Week of February 17, 2020** | | **Preliminary Information Distributed** |
| **Week of February 24, 2020** | | **Data Room Opens** |
| **March 26, 2020** | **12:00 noon** | **Bid Deadline** |
| **January 1, 2020** | | **Effective Date** |
| **Second Quarter 2020** | | **Closing Date** |

***Sayer Energy Advisors does not conduct a "second-round" bidding process; the intention is to determine whether a higher or otherwise better offer than the Stalking Horse APA may be obtained in the SISP.***

**Sayer Energy Advisors is accepting binding offers as outlined in the SISP from interested parties until noon on Thursday, March 26, 2020.**

## PRODUCTION SUMMARY

Production net to the Company from the Properties in November 2019 was approximately 406 boe/d (1.3 MMcf/d of natural gas and 183 barrels of oil and natural gas liquids per day).

| PROPERTY | CURRENT NET PRODUCTION (November 2019) | | | |
|---|---|---|---|---|
| | Oil | Ngl | Nat. Gas | Total |
| | bbl/d | bbl/d | Mcf/d | boe/d |
| **Turin** | 60 | 5 | 530 | 153 |
| **Carbon** | 2 | 0.3 | 42 | 9 |
| **Coyote** | 89 | 5 | 526 | 181 |
| **Provost** | 1 | 0.2 | 5 | 2 |
| **Michichi** | 5 | 2 | 182 | 37 |
| **Watts** | 12 | 1 | 37 | 20 |
| **Minor GORR** | Trace | Trace | 17 | 3 |
| **Minor Working Interest** | 0 | 0 | 0 | 0 |
| **TOTAL** | **170** | **13** | **1,339** | **406** |

## RESERVES SUMMARY

*Sproule Associates Limited* ("Sproule") prepared an independent reserves evaluation of Traverse's Properties as part of the Company's year-end reporting (the "Sproule Report"). The Sproule Report is effective December 31, 2018 using Sproule's January 1, 2019 forecast pricing.

Sproule estimates that, as of December 31, 2018, the Properties contained remaining proved plus probable reserves of 1.0 million barrels of oil and natural gas liquids and 4.7 Bcf of natural gas (1.9 million boe), with an estimated net present value of $27.7 million using forecast pricing at a 10% discount.

| | Sproule Associates Limited as of December 31, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | COMPANY GROSS RESERVES | | | | PV BEFORE TAX | | |
| | Oil Mbbl | Natural Gas MMcf | Ngl Mbbl | Total MBOE | 5% | 10% (000s) | 15% |
| **Proved Developed Producing** | **386** | **2,413** | **28** | **816** | **$13,324** | **$11,980** | **$10,822** |
| Proved Undeveloped | 405 | 1,232 | 12 | 622 | $11,445 | $8,926 | $7,085 |
| **Total Proved** | **791** | **3,645** | **40** | **1,439** | **$24,769** | **$20,906** | **$17,907** |
| Probable | 227 | 1,100 | 12 | 422 | $8,922 | $6,754 | $5,320 |
| **Total Proved Plus Probable** | **1,018** | **4,745** | **52** | **1,861** | **$33,691** | **$27,660** | **$23,228** |

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

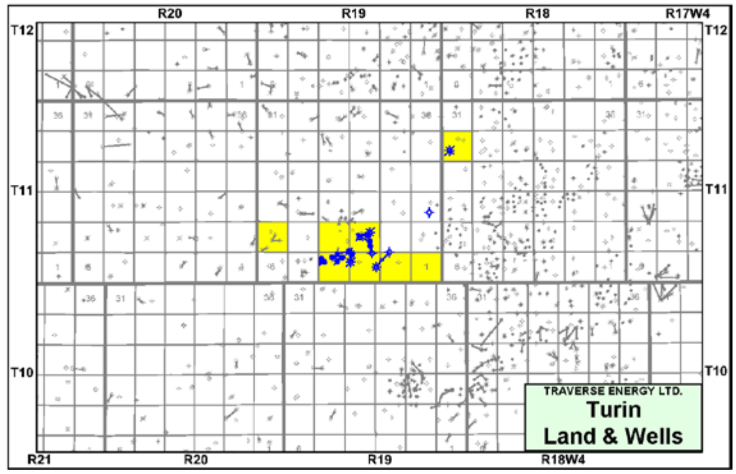
## LMR SUMMARY AS OF FEBRUARY 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $14,675,866 | $5,235,088 | $9,440,778 | 2.80 |

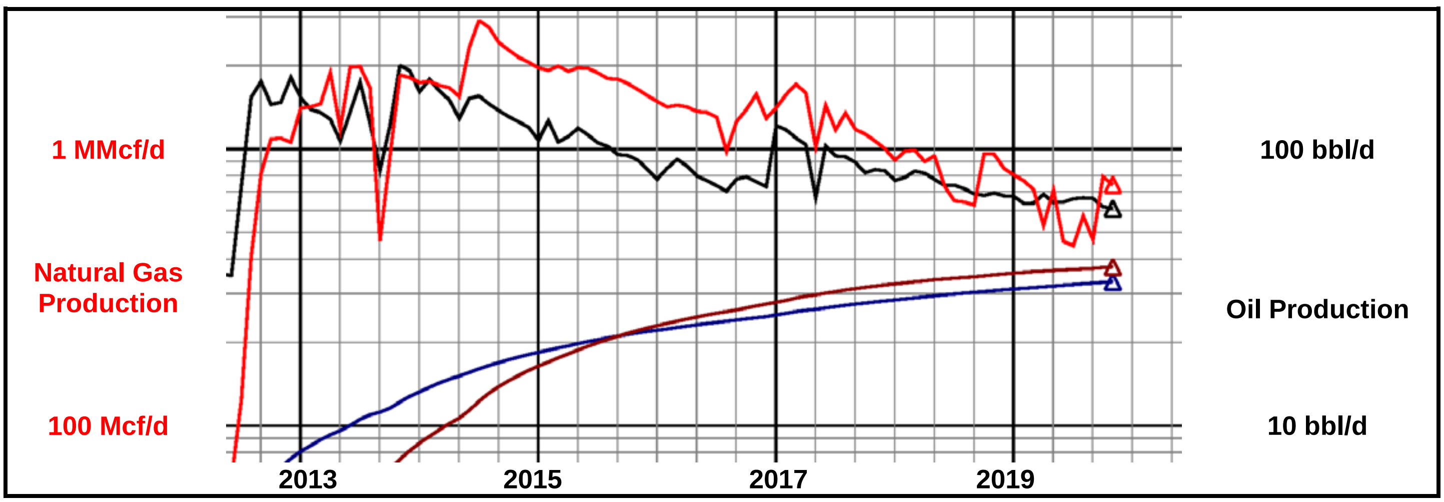
## Turin Property
## Township 11, Range 18-19 W4

At *Turin*, the Company holds a 100% working interest in eight sections of Crown rights. The Freehold rights in Sections 1 and 2-011-19W4 are not owned by the Company. Traverse's land at *Turin* targets the oil in the Mannville Group.

Production net to the Company from *Turin* in November 2019 was approximately 153 boe/d (65 barrels of oil and natural gas liquids per day and 530 Mcf/d of natural gas).

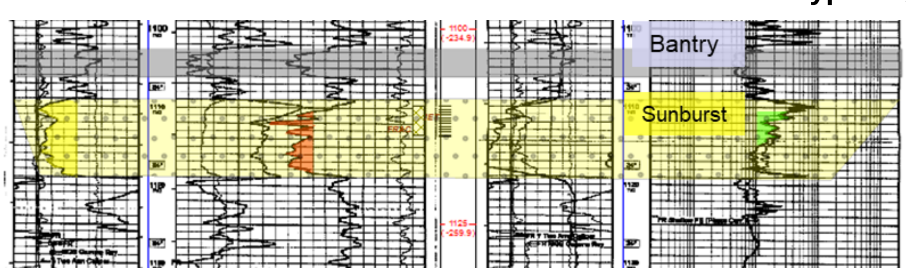



**_Turin_, Alberta – Group Plot of Traverse's Mannville Wells**




The Company has identified a Sunburst reactivation at 00/10-04-011-19W4 and a recompletion in the Sunburst at 00/01-09-011-19W4. The Sunburst reservoir at *Turin* contains 29°API oil, with 45% water saturation and has porosity of 17%, as shown in the well log below. **Alberta Energy Regulator** approval has also been received to commence a waterflood using the 00/14-04-011-19W4 wellbore.

***Traverse Turin 02/12-04-011-19W4/0*** **– Sunburst Member Type Log**




### Turin LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $5,194,715 | $1,728,101 | $3,466,614 | 3.01 |

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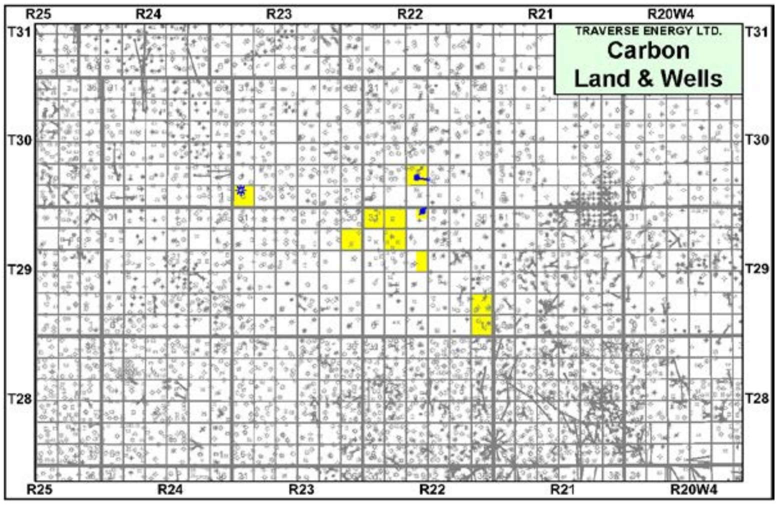
## Carbon Property

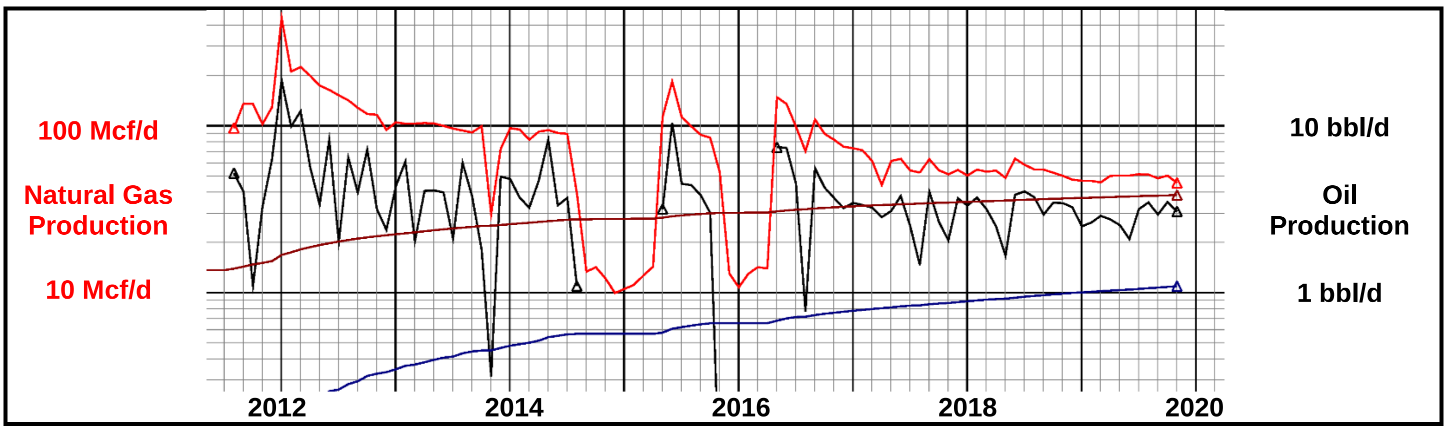
## Township 29-30, Range 22-23 W4




At *Carbon*, Traverse holds a 100% working interest in 7.75 sections of land as well as a GORR on one well in Section 06-030-2W4/0. Traverse's land at *Carbon* targets the Pekisko Formation. The Company also identified potential upside in the Nisku Formation.

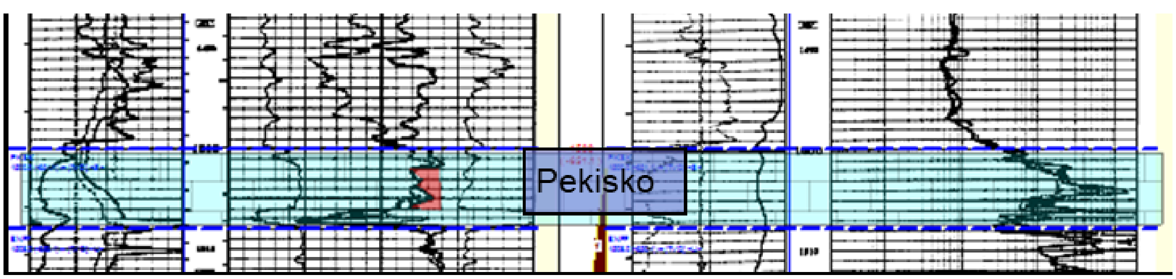
Production net to the Company from the horizontal Pekisko oil well *Traverse Hz Gpine 00/06-09-030-22W4/0* at *Carbon* in November 2019 was approximately nine boe/d (42 Mcf/d of natural gas and two barrels of oil and natural gas liquids per day).

***Carbon*, Alberta – Group Plot of Traverse's Pekisko Oil Wells**




The following well log shows the potential for natural gas production from the Pekisko at *Carbon.*

***Ranger Carbon 00/16-25-029-23W4/0* – Pekisko Formation**



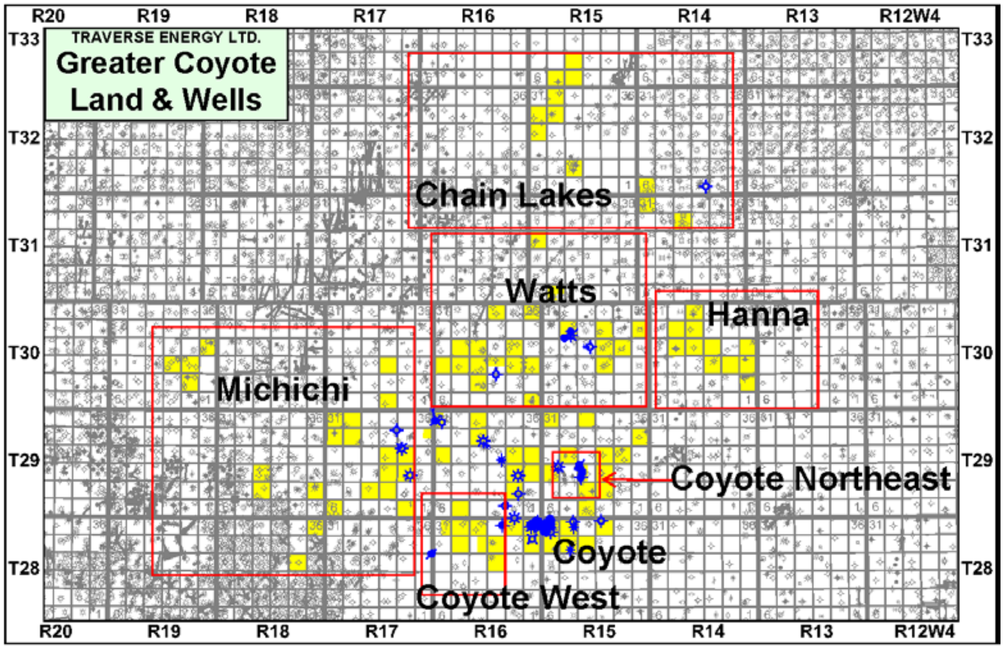

### Carbon LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LLR |
|---|---|---|---|
| $300,240 | $153,058 | $147,182 | 1.96 |

## Greater Coyote Area

## Township 28-33, Range 14-19 W4

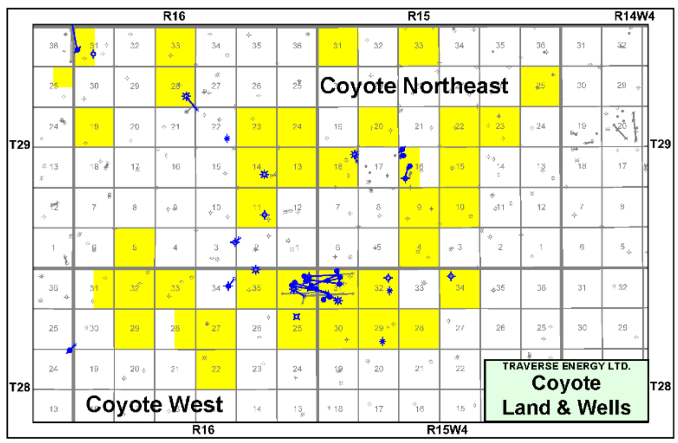
The Company's core assets are located in the *Greater Coyote* area which includes properties in the *Chain Lakes, Coyote, Coyote Northeast, Coyote West, Hanna, Michichi* and *Watts* areas.



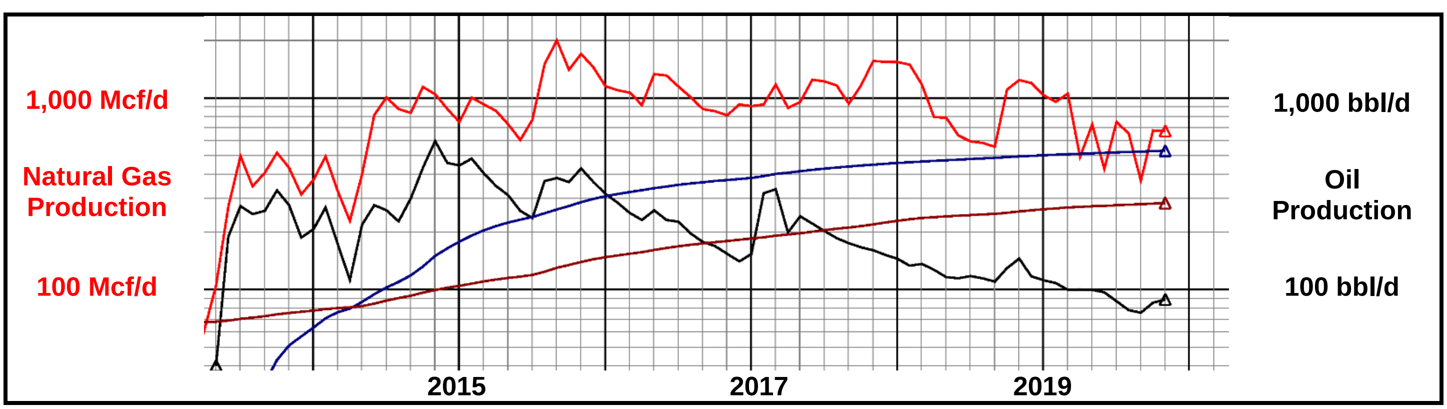

## Coyote Property
## Township 28-29, Range 15-17 W4

At *Coyote*, the Company has 36.25 sections of land prospective for Mannville oil and natural gas production with several wells producing from the Mannville Group.

Production net to the Company from *Coyote* in November 2019 was approximately 181 boe/d (94 barrels of oil and natural gas liquids per day and 526 Mcf/d of natural gas).




***Coyote*, Alberta – Group Plot of Traverse's Mannville Oil Wells**



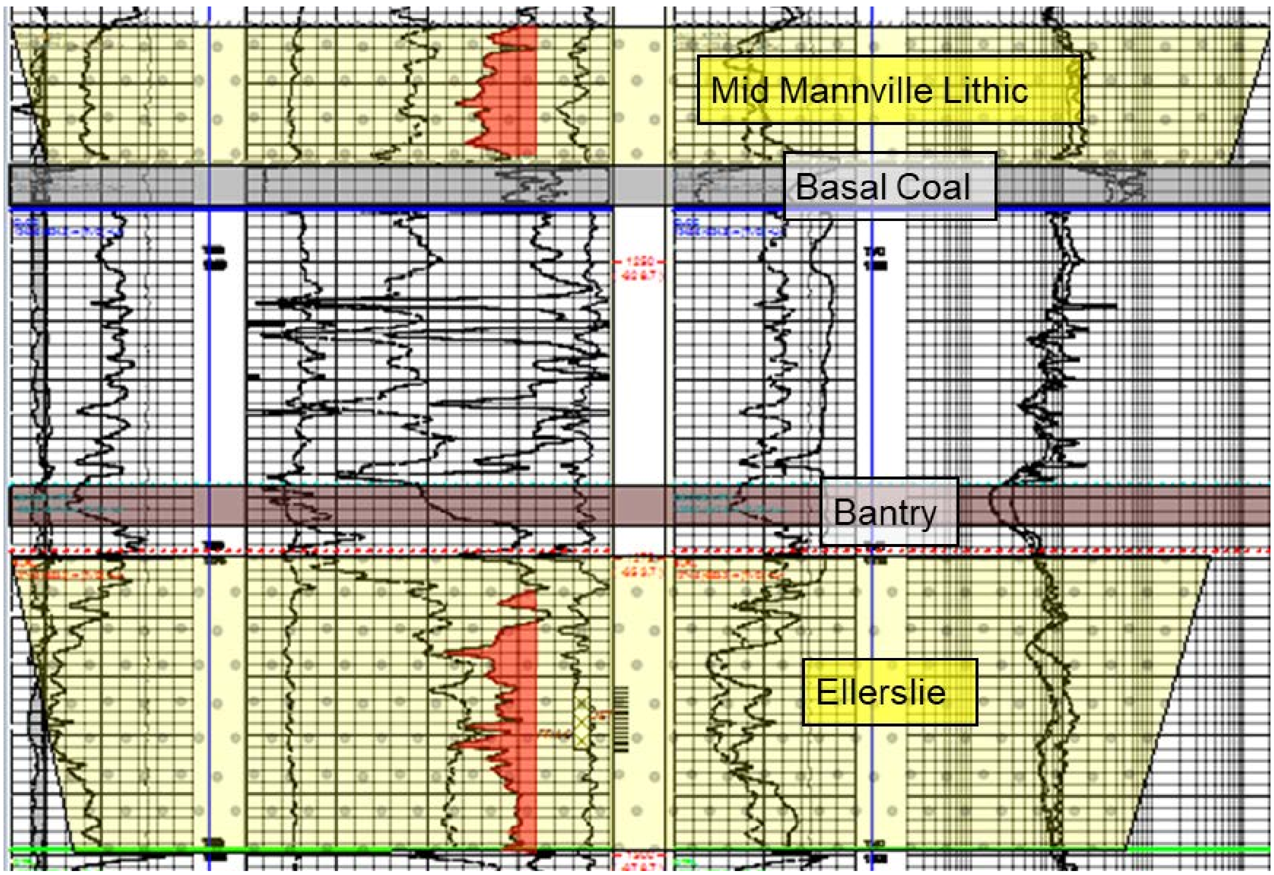
The Company has recognized that multiple Mid-Mannville lithic horizontal in-fill drilling locations are possible at *Coyote* with well paths that may exploit a possible reservoir sweet spot supported by increased production rates from 03/09-36-028-16W4 and 00/11-36-028-16W4.

Reservoir parameters for the Mid-Mannville Lithic zone include porosity ranging from 12% to 26% with average pay of seven metres.

The Company also recognized there is oil production potential in the Ellerslie Formation with porosity ranging from 12%-27% and average pay of 8.5 metres.

The following well log shows the Mid-Mannville Lithic and Ellerslie reservoirs at *Coyote*.

***Traverse Coyote 00/12-31-028-15W4/0* – Mid-Mannville Lithic/Ellerslie Type Log**




**Alberta Energy Regulator** approval has been received to commence a waterflood into the Ellerslie Formation using the 02/10-31-028-15W4 wellbore.

### Coyote LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $7,656,425 | $2,785,562 | $4,870,863 | 2.75 |

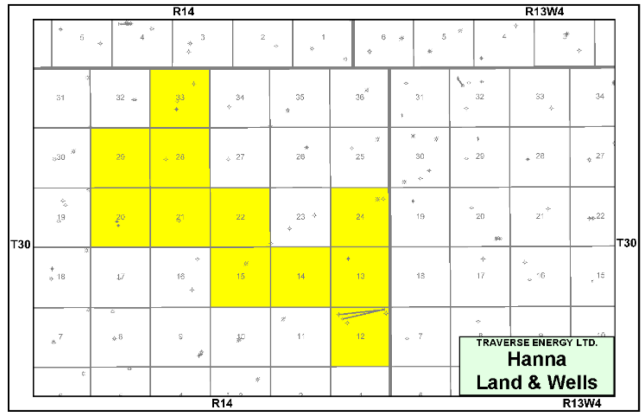
## Hanna Property

## Township 30, Range 14 W4

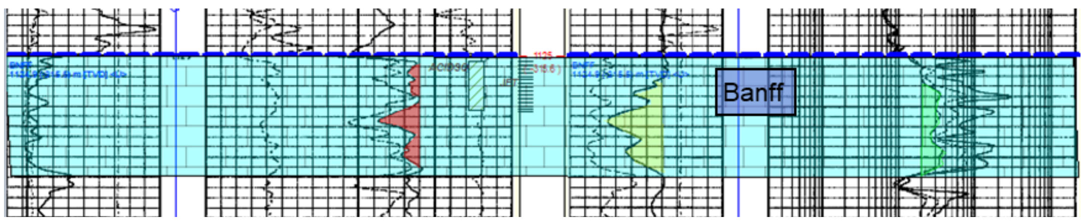
At *Hanna*, Traverse holds a 100% working interest in 11 sections of land prospective for Banff oil.

There is no production from the *Hanna* property.

The Banff Formation at *Hanna* has porosity ranging from 3%-11%. The Banff is overlain by the Cretaceous-Mississippian unconformity. The Banff Formation contains over 6% density porosity streaks on a limestone scale which are prevalent within the available well control.

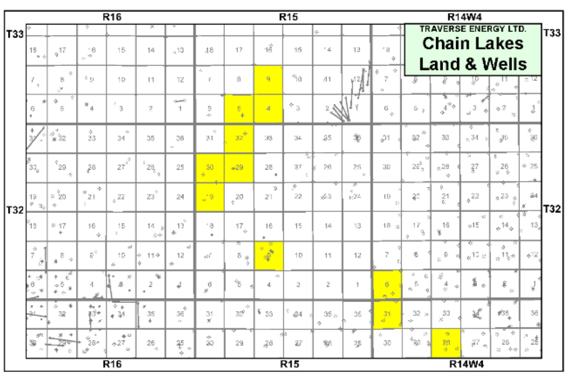



**_SOC Hanna 02/07-32-030-14W4/0_ – Banff Formation Type Log**




## Chain Lakes Property

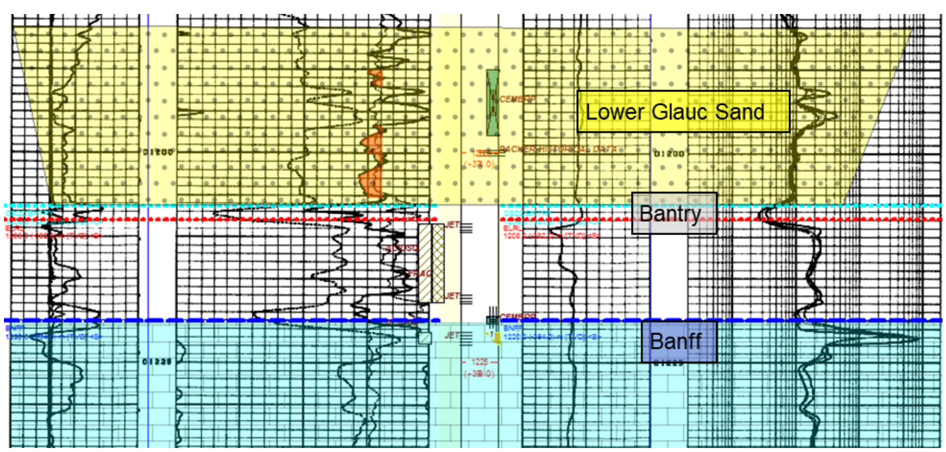
## Township 31-33, Range 14-15 W4




The Company has working interests in 11 sections of Crown land at *Chain Lakes.* There is no production from the *Chain Lakes* property.

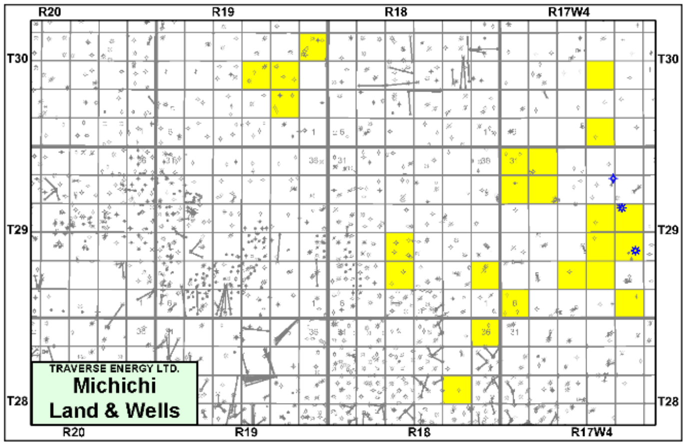
The Lower Glauconitic channel above in the well *Omers Chain 00/08-18-033-16W4*/0 incises the Bantry shale where present in the region. It is a stratigraphic analogue for a strong anomaly above the Bantry seismic marker. This sand is untested for hydrocarbons but there are oil shows above and below this sand within the Glauconitic Formation in the *Chain Lakes* area.

**_Omers Chain 00/08-18-033-16W4/0_ – Glauconitic Sandstone Formation Type Log**



## Michichi Property Township 28-30, Range 17-19 W4

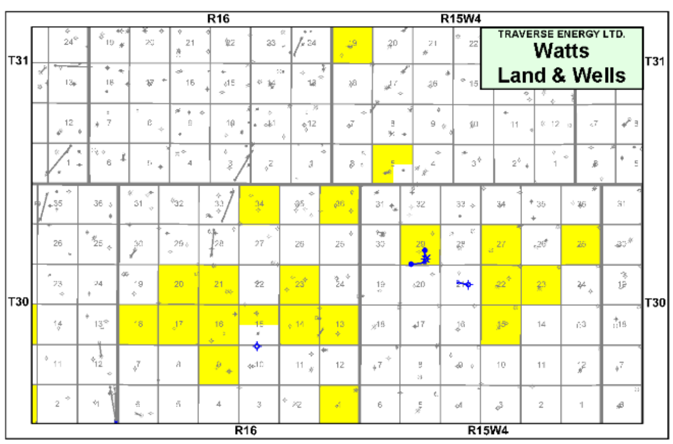
At *Michichi*, Traverse holds a 100% working interest in 23 sections of land. Production net to the Company from *Michichi* in November 2019 was approximately 37 boe/d (182 Mcf/d of natural gas and seven barrels of oil and natural gas liquids per day). The Michichi LMR is included in the *Coyote* property.




At *Michichi,* Traverse identified three Lower Mannville sands that have shown to be capable of production: the Mid-Mannville Lithic, with up to 22% porosity, the Lower Glauconitic sand with average pool porosity of 15% and average pay of 6 metres and the Ellerslie with 15% average pool porosity and average pay of 4 metres.

## Watts Property Township 30-31, Range 15-16 W4

At *Watts*, Traverse holds a 100% working interest in 20.25 sections of land. Production net to the Company from *Watts* in November 2019 was approximately 20 boe/d (14 barrels of oil and natural gas liquids per day and 37 Mcf/d of natural gas).



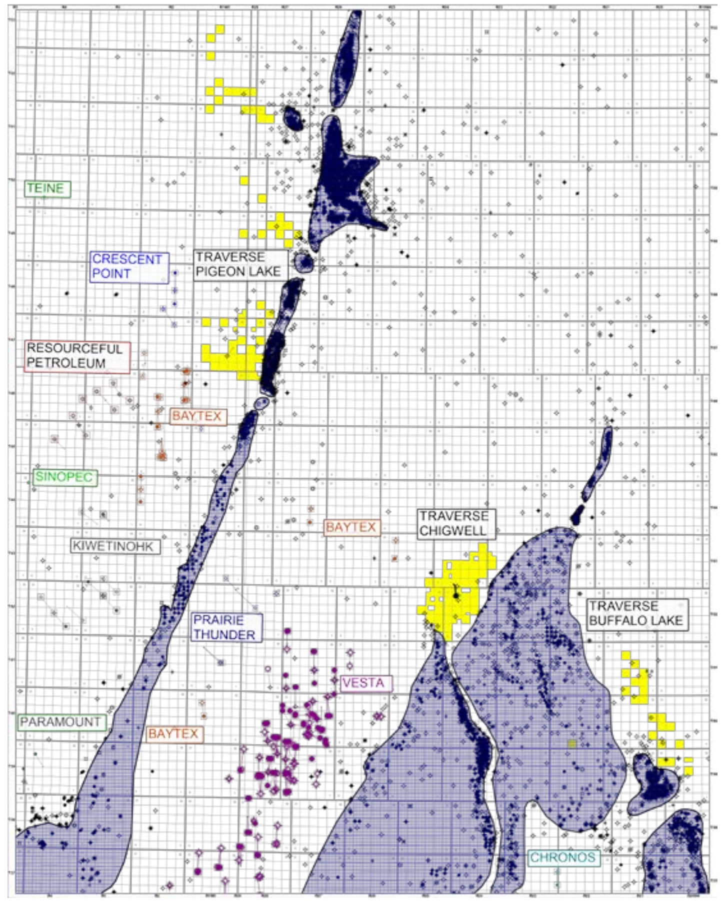

At *Watts*, the Company had a reservoir model completed by Sproule for the Ellerslie Member over Traverse's interest in Section 29-030-15W4.

### Watts LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $1,072,305 | $208,244 | $864,061 | 5.15 |

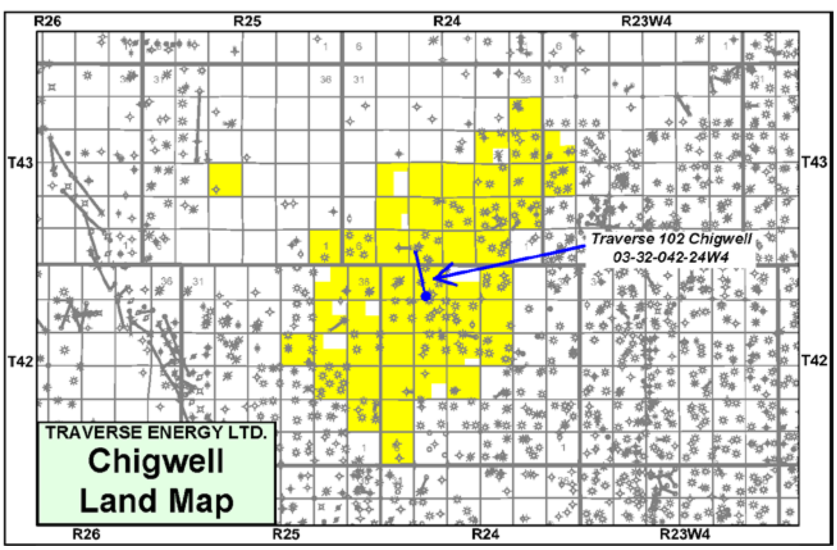
## Duvernay Properties

Traverse holds a 100% working interest in prospective Duvernay oil rights located in the *Buffalo Lake, Chigwell* and *Pigeon Lake* areas of Alberta.




## Chigwell Property

## Township 42-43, Range 24-25 W4




At *Chigwell*, the Company holds a 100% working interest in 46 sections of prospective Duvernay oil rights. The Duvernay rights are a mixture of Freehold and Crown rights. The Company also has 1,530 acres of Freehold land under option to lease.

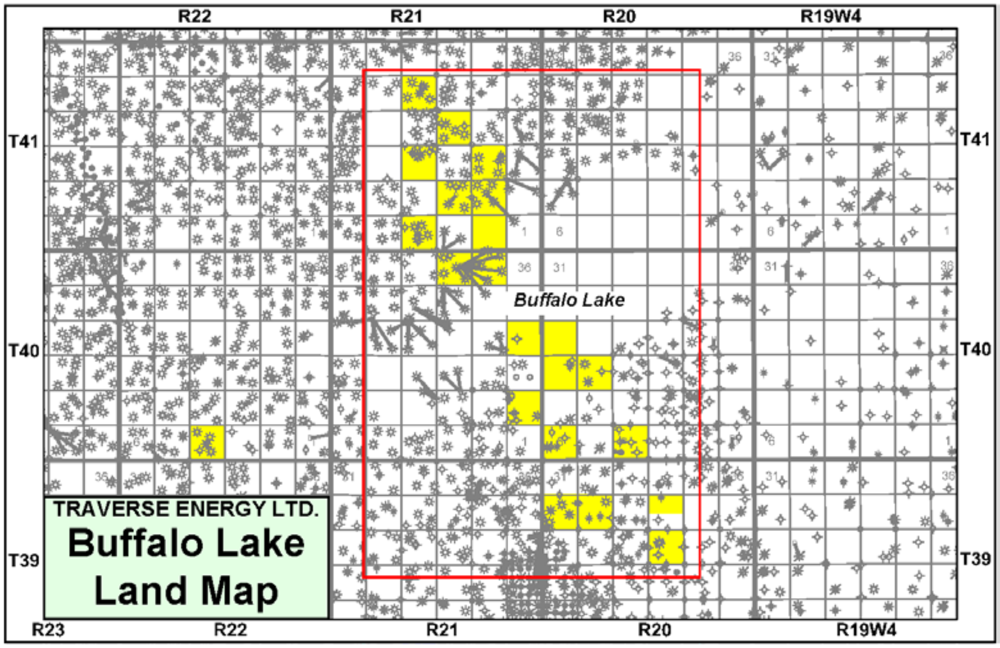
In 2017, the Company drilled a horizontal exploration well into the Duvernay Formation at *Chigwell*. The 100% working interest well *Traverse 102 Chigwell 102/03-32-042-24W4/0* produces via artificial lift to a single well facility. The well was shut-in on September 23, 2019.

Prior to being shut-in, the 102/03-32 well produced at an average rate of approximately nine barrels of 34° API oil per day with a water cut of approximately 88%. Based on the production history of East Duvernay Basin wells, the Company anticipates that the water cut will decline over time.

Additional opportunities have been identified in the Ellerslie and Ostracod formations within Traverse's lands. Details on this additional upside will be made available to parties that execute a Confidentiality Agreement.

## Buffalo Lake Property

## Township 39-41, Range 20-21 W4




In the *Buffalo Lake* area, Traverse holds a 100% working interest in 20.5 sections of prospective Duvernay oil rights consisting of 19 sections of Crown and 1.5 sections of Freehold rights.

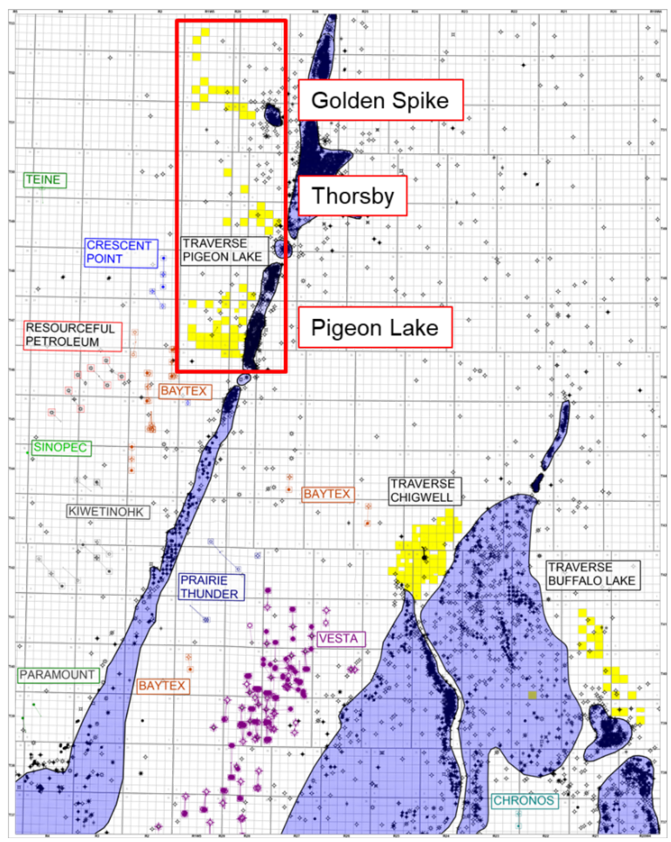
The Duvernay net pay at *Buffalo Lake* ranges from 10 to 25 metres using cut-offs of 3% for density limestone density porosity and resistivity greater than 100 ohm metres.

The Duvernay Formation at *Buffalo Lake* is a carbonate rich organic mudstone with interbedded limestone. Thin section analysis has identified evidence of fracturing and hydrocarbon generation within the Duvernay at *Buffalo Lake*.

## Pigeon Lake Property
## Township 46-53, Range 26 W4-1W5

In the *Pigeon Lake* area, Traverse holds a 100% working interest in approximately 58 sections of Duvernay rights. The Duvernay rights at *Pigeon Lake* are mainly Crown rights.

The net oil pay in the Duvernay Formation ranges from approximately 10-25 metres. The net pays are based on cut-offs of 3% limestone density porosity and greater than 100 ohm metres of resistivity.



## Minor Properties

Traverse holds additional minor working interests and GORR interests in various areas of Alberta including *Manyberries, Penny, Ladyfern, Cranberry, Hotchkiss*, *Niton, Acadia/Capron, Bindloss/Cavendish, Bowell, Chinchaga, Ewing Lake, Jayar, Karr, Little Bow, Lone Pine Creek, Marwayne, Pendant Doreille, Simonette, Stony Plain* and *Viking*.

Additional information on these minor working interests and royalty interests can be found in the data room by parties which execute a Confidentiality Agreement.

Production net to the Company from the GORR properties in November 2019 was approximately three boe/d (17 Mcf/d of natural gas with minor volumes liquids per day).

### Minor Properties LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $0 | $109,525 | ($109,525) | 0 |

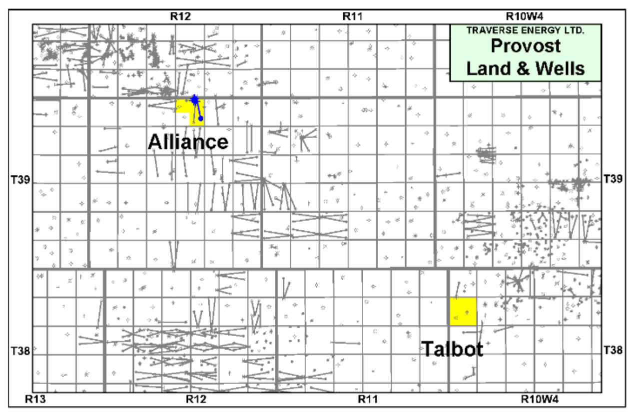
## Provost/Alliance Property

## Township 38-39, Range 10-12 W4

In the *Provost/Alliance* area, Traverse has various working interest in P&NG rights in three quarter sections of land with one well producing oil from the Viking Formation.

Production net to the Company from *Provost/Alliance* in November 2019 was approximately two boe/d (five Mcf/d of natural gas and one barrel of oil and natural gas liquids per day).

At *Talbot,* Traverse has a 50% working interest in one section of land from the base of the Viking Formation to the base of the Mannville Group.



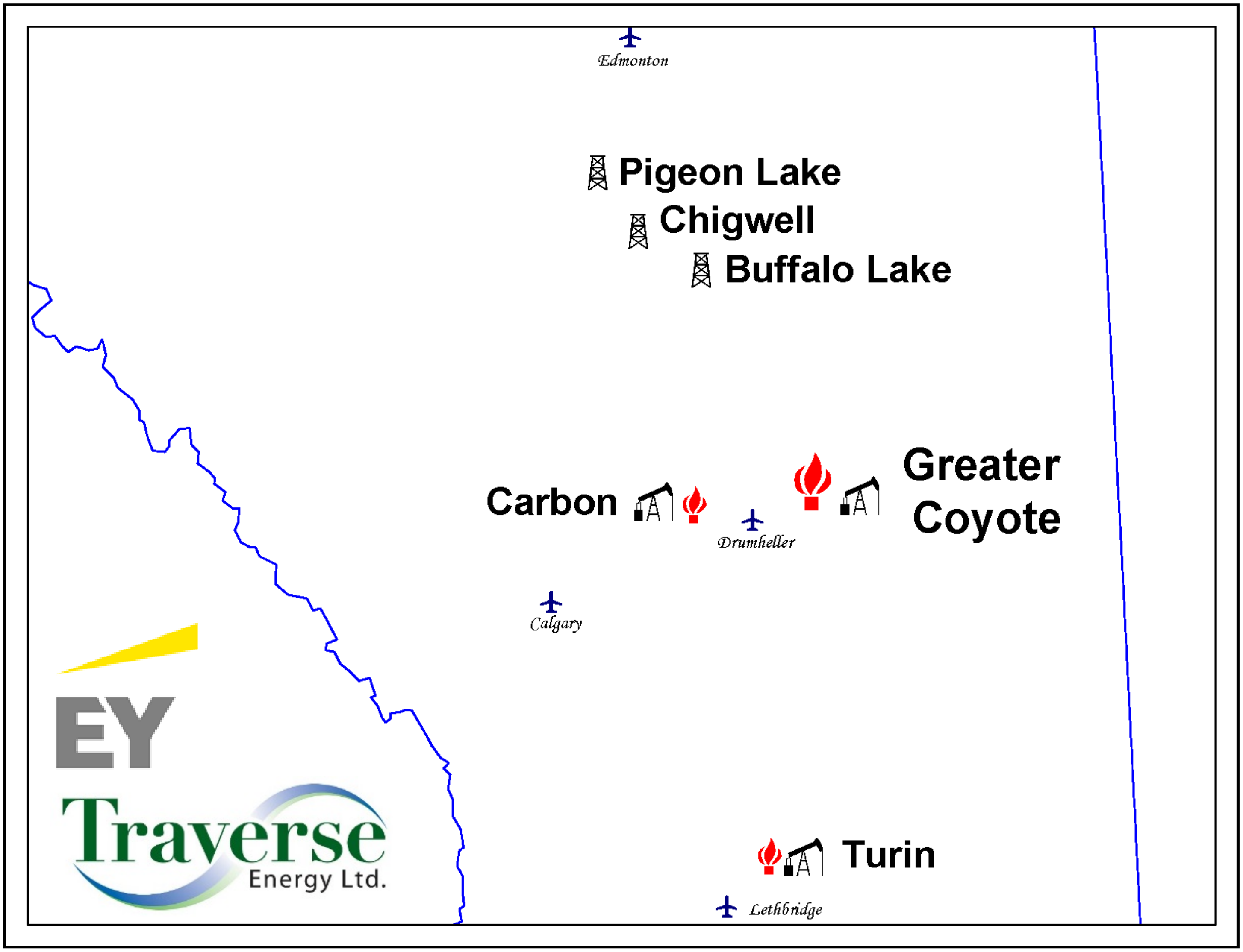

### Provost/Alliance LMR as of February 1, 2020

| Deemed Asset Amount | Deemed Liability Amount | Net Deemed Asset Value | LMR |
|---|---|---|---|
| $118,245 | $73,243 | $45,002 | 1.61 |

## Seismic

The Company has ownership in various proprietary 2D and 3D seismic data over several of the Properties. Information on the seismic ownership will be made available in the data room to parties that execute a Confidentiality Agreement.

# Ernst & Young Inc.
# Traverse Energy Ltd.
# Winter 2020
# Receivership Sale




Parties wishing to receive a Confidential Information Binder with detailed technical information relating to this opportunity should execute the Confidentiality Agreement which is available on Sayer Energy Advisors' website (www.sayeradvisors.com) and return one copy to Sayer Energy Advisors by courier, email (tpavic@sayeradvisors.com) or fax (403.266.4467).

Included in the Confidential Information Binder is the following: summary land information, most recent net operations summary, the Sproule Report, LLR information, geological upside presentations and other relevant technical information.

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