



Attention Shareholders:

**Take Action. Vote Today.**



The Boards of Rubellite Energy Inc. and Perpetual Energy Inc. have unanimously approved a strategic recombination that unlocks shareholder value through increased scale, improved access to capital and material synergies.

Both companies' shareholders are urged to support it by voting **YES** today.



**JOINT INFORMATION CIRCULAR – SEPTEMBER 25, 2024**

**SPECIAL MEETINGS – OCTOBER 29, 2024**

These materials are important and require your immediate attention. They require shareholders of Rubellite Energy Inc. ("Rubellite") and Perpetual Energy Inc. ("Perpetual") to make important decisions. If you have any doubt as to how to make such decisions, please contact your tax, financial, legal or other professional advisors or email Rubellite at [info@rubelliteenergy.com](mailto:info@rubelliteenergy.com) or Perpetual at [info@perpetualenergyinc.com](mailto:info@perpetualenergyinc.com). No securities regulatory authority in Canada or the United States has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities being offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.



## TABLE OF CONTENTS

### LETTER TO RUBELLITE AND PERPETUAL SHAREHOLDERS

### NOTICE OF SPECIAL MEETING OF RUBELLITE SHAREHOLDERS

### NOTICE OF SPECIAL MEETING OF PERPETUAL SHAREHOLDERS

### NOTICE OF ORIGINATING APPLICATION

### JOINT INFORMATION CIRCULAR

INTRODUCTORY INFORMATION .....	1
General .....	1
Forward-looking Statements.....	1
Oil and Gas Matters .....	3
Information for United States Shareholders .....	5
GLOSSARY OF TERMS.....	7
SUMMARY .....	15
The Meetings .....	15
The Recombination.....	15
Special Committee Review and Recommendations to the Boards .....	15
Formal Valuations and Fairness Opinions.....	16
Recommendations of the Boards of Directors .....	16
Details of the Recombination .....	17
Procedure for the Arrangement to Become Effective.....	17
Timing .....	19
Certain Canadian Federal Income Tax Considerations.....	19
Letter of Transmittal.....	19
Rights of Dissenting Shareholders.....	20
Trading Information .....	20
Risk Factors .....	20
THE RECOMBINATION .....	21
Overview .....	21
Background to the Recombination .....	21
Benefits of the Recombination .....	25
Deliberations and Recommendations of the Special Committees .....	26
Formal Valuations and Fairness Opinions.....	35
Recommendations by the Boards .....	44
DETAILS OF THE RECOMBINATION .....	45
The Plan of Arrangement .....	45
The Arrangement Agreement .....	49
Support Agreements.....	54
Treatment of Perpetual Convertible Securities .....	54
Treatment of Rubellite Convertible Securities.....	55
Procedure for the Arrangement to Become Effective.....	55
Key Approvals.....	56
Timing .....	59
TSX Approval Matters.....	59
Securities Law Matters.....	61

Procedure for Disposition of Perpetual Shares and Receipt of Newco Amalco Common Shares .....	64
Procedure for Disposition of Rubellite Shares and Receipt of Newco Amalco Common Shares .....	66
Dissent Rights for Perpetual Shareholders .....	67
Dissent Rights for Rubellite Shareholders.....	69
Costs of the Recombination.....	71
OTHER INFORMATION RELATING TO THE RECOMBINATION.....	71
Certain Canadian Federal Income Tax Considerations.....	71
Shareholders Resident in Canada.....	72
Shareholders Not Resident in Canada.....	79
Eligibility for Investment.....	82
Tax Considerations in Other Jurisdictions.....	82
Interests of Certain Persons or Companies in the Recombination.....	82
Interests of Directors and Officers in the Recombination.....	82
Risk Factors .....	86
Experts.....	88
INFORMATION RELATING TO RUBELLITE AND PERPETUAL .....	88
Rubellite .....	88
Perpetual.....	89
INFORMATION RELATING TO NEWCO AMALCO AFTER THE RECOMBINATION.....	89
General .....	89
Organizational Structure after the Recombination.....	89
Description of the Recombined Business .....	89
<i>Pro Forma</i> Consolidated Capitalization .....	90
Governance Matters.....	90
Corporate Offices .....	90
Outstanding Rubellite Shares and Principal Holders.....	90
MATTERS TO BE ACTED UPON AT THE RUBELLITE MEETING.....	91
Approval of the Rubellite Arrangement Resolution .....	91
Approval of the Rubellite Board Constitution Resolution.....	92
MATTERS TO BE ACTED UPON AT THE PERPETUAL MEETING.....	95
GENERAL PROXY MATTERS FOR RUBELLITE AND PERPETUAL .....	95
Rubellite .....	95
Perpetual.....	98
ADDITIONAL INFORMATION.....	101
QUESTIONS AND OTHER ASSISTANCE .....	102
APPROVALS.....	102
CONSENT OF DELOITTE LLP .....	103
Appendix A – Rubellite Energy Inc. Arrangement Resolution .....	A-1
Appendix B – Perpetual Energy Inc. Arrangement Resolution .....	B-1
Appendix C – Arrangement Agreement .....	C-1
Appendix D – Interim Order.....	D-1
Appendix E – Section 191 of the <i>Business Corporations Act</i> (Alberta).....	E-1
Appendix F – Rubellite Valuation Report and Rubellite Fairness Opinion .....	F-1
Appendix G – Perpetual Valuation Report and Perpetual Fairness Opinion .....	G-1
Appendix H – Information Concerning Rubellite Energy Inc. ....	H-1
Appendix I – Information Concerning Perpetual Energy Inc. ....	I-1

## LETTER TO SHAREHOLDERS

September 25, 2024

Dear Rubellite and Perpetual Shareholders,

I am pleased to provide you with notice of a special meeting of the shareholders of Rubellite Energy Inc. ("**Rubellite**") and notice of a special meeting of the shareholders of Perpetual Energy Inc. ("**Perpetual**"). At the meetings you will be asked to approve the proposed recombination of Rubellite and Perpetual. The recombination is to be effected by way of an arrangement under the *Business Corporations Act* (Alberta), pursuant to which, among other things, two wholly-owned subsidiaries of Rubellite and Perpetual will amalgamate to form "Rubellite Energy Corp." ("**Newco Amalco**"), Newco Amalco will ultimately own all of the shares of Rubellite and Perpetual and shareholders of Rubellite and Perpetual will ultimately hold one (1) Newco Amalco share for every one (1) Rubellite share held and one (1) Newco Amalco share for every five (5) Perpetual shares held.

The formal notices of special meetings and joint information circular of Rubellite and Perpetual accompany this letter. The information circular contains a detailed description of the proposed recombination, including the process involved in Rubellite and Perpetual agreeing to the recombination, the recommendations of the Rubellite and Perpetual boards of directors and the conditions required to be satisfied for the recombination to be completed. Please give this material your careful consideration.

**Please ensure that your shares are represented and voted at the respective meetings whether or not you are able to attend. Regardless of the number of shares you hold, your vote is important. If you have any questions with respect to the accompanying materials or the meetings, please contact your tax, financial, legal or other professional advisors or email Rubellite at [info@rubelliteenergy.com](mailto:info@rubelliteenergy.com) or Perpetual at [info@perpetualenergyinc.com](mailto:info@perpetualenergyinc.com).**

Special committees of independent directors of both Rubellite and Perpetual, with the support of financial, strategic and legal advisors, have determined that the recombination is a beneficial opportunity for both companies and their shareholders and I request your support for this transaction.

Sincerely,

(Signed) "*Susan L. Riddell Rose*"  
President and Chief Executive Officer  
Rubellite Energy Inc.  
- and -  
Perpetual Energy Inc.

**RUBELLITE ENERGY INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that a special meeting (the "**Rubellite Meeting**") of the holders ("**Rubellite Shareholders**") of common shares ("**Rubellite Shares**") of Rubellite Energy Inc. ("**Rubellite**") will be held at the Calgary Petroleum Club, 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5 on October 29, 2024, at 10:00 a.m. (Calgary time) for the following purposes:

- (a) to consider, pursuant to an interim order (the "**Interim Order**") of the Court of King's Bench of Alberta dated September 20, 2024, and, if deemed advisable, to approve, with or without variation, a special resolution to approve an arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") providing for the recombination of Rubellite and Perpetual Energy Inc., as more particularly described in the accompanying joint information circular (the "**Circular**");
- (b) conditional on the Arrangement becoming effective, to elect three additional directors of Rubellite; and
- (c) to transact such further and other business as may properly be brought before the Rubellite Meeting or any adjournment(s) or postponement(s) thereof.

The record date for determination of Rubellite Shareholders entitled to receive notice of and to vote at the Rubellite Meeting is September 25, 2024.

A registered Rubellite Shareholder may attend the Rubellite Meeting in person or may be represented by proxy. Registered Rubellite Shareholders who are unable to attend the Rubellite Meeting in person are requested to date, sign and return the accompanying form of proxy for use at the Rubellite Meeting. To be effective, the applicable form of the enclosed proxy must be received by Odyssey Trust Company (i) by mail using the enclosed return envelope or an envelope addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (ii) by hand delivery to Odyssey Trust Company, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (iii) by facsimile to 1-800-517-4553, or (iv) online at <https://login.odysseytrust.com/pxlogin> and following the instructions provided, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Rubellite Meeting or any adjournment(s) or postponement(s) thereof. In order for the Rubellite Shares held by beneficial Rubellite Shareholders to be voted at the Rubellite Meeting, such Rubellite Shareholders should complete and return the voting instruction form or other authorization form provided to them by their broker or intermediary in accordance with the instructions provided therein. Registered holders of Rubellite Shares have the right to dissent with respect to the Arrangement, and if the Arrangement is completed, to be paid the fair value of their Rubellite Shares in accordance with the provisions of Section 191 of the Act, as modified by the Interim Order. The right to dissent of a registered holder of Rubellite Shares is more particularly described in the Circular. **Failure to strictly comply with the requirements set forth in Section 191 of the Act, as modified by the Interim Order, may result in the loss of any right of dissent that a registered holder of Rubellite Shares may otherwise have.**

**Your vote is important. Please read the enclosed materials carefully. If you have any questions with respect to the accompanying materials or the meetings, please contact your tax, financial, legal or other professional advisors or email Rubellite at [info@rubelliteenergy.com](mailto:info@rubelliteenergy.com).**

Dated at Calgary, Alberta this 25<sup>th</sup> day of September, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
RUBELLITE ENERGY INC.**

(signed) "*Susan L. Riddell Rose*"  
Chair of the Board of Directors and  
President and Chief Executive Officer

PERPETUAL ENERGY INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a special meeting (the "**Perpetual Meeting**") of the holders ("**Perpetual Shareholders**") of common shares ("**Perpetual Shares**") of Perpetual Energy Inc. ("**Perpetual**") will be held at the Calgary Petroleum Club, 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5 on October 29, 2024, at 9:00 a.m. (Calgary time) for the following purposes:

- (a) to consider, pursuant to an interim order (the "**Interim Order**") of the Court of King's Bench of Alberta dated September 20, 2024, and, if deemed advisable, to approve, with or without variation, a special resolution to approve an arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") providing for the recombination of Perpetual and Rubellite Energy Inc., as more particularly described in the accompanying joint information circular (the "**Circular**"); and
- (b) to transact such further and other business as may properly be brought before the Perpetual Meeting or any adjournment(s) or postponement(s) thereof.

The record date for determination of Perpetual Shareholders entitled to receive notice of and to vote at the Perpetual Meeting is September 25, 2024.

Registered Perpetual Shareholders may attend the Perpetual Meeting in person or may be represented by proxy. Perpetual Shareholders who are unable to attend the Perpetual Meeting in person are requested to date, sign and return the accompanying form of proxy for use at the Perpetual Meeting. To be effective, the applicable form of the enclosed proxy must be received by Odyssey Trust Company (i) by mail using the enclosed return envelope or an envelope addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (ii) by hand delivery to Odyssey Trust Company, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (iii) by facsimile to 1-800-517-4553, or (iv) online at <https://login.odysseytrust.com/pxlogin> and following the instructions provided, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Perpetual Meeting or any adjournment(s) or postponement(s) thereof. In order for the Perpetual Shares held by beneficial Perpetual Shareholders to be voted at the Perpetual Meeting, such Perpetual Shareholders should complete and return the voting instruction form or other authorization form provided to them by their broker or intermediary in accordance with the instructions provided therein. Registered holders of Perpetual Shares have the right to dissent with respect to the Arrangement, and if the Arrangement is completed, to be paid the fair value of their Perpetual Shares in accordance with the provisions of Section 191 of the Act, as modified by the Interim Order. The right to dissent of a registered holder of Perpetual Shares is more particularly described in the Circular. **Failure to strictly comply with the requirements set forth in Section 191 of the Act, as modified by the Interim Order, may result in the loss of any right of dissent that a registered holder of Perpetual Shares may otherwise have.**

**Your vote is important. Please read the enclosed materials carefully. If you have any questions with respect to the accompanying materials or the meetings, please contact your tax, financial, legal or other professional advisors or email Perpetual at [info@perpetualenergyinc.com](mailto:info@perpetualenergyinc.com).**

Dated at Calgary, Alberta this 25<sup>th</sup> day of September, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
PERPETUAL ENERGY INC.**

(signed) "*Susan L. Riddell Rose*"  
Chair of the Board of Directors and  
President and Chief Executive Officer

IN THE COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA),  
R.S.A. 2000, C. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT IN RESPECT OF RUBELLITE ENERGY  
INC. AND ITS SHAREHOLDERS AND PERPETUAL ENERGY INC. AND ITS SHAREHOLDERS

NOTICE OF ORIGINATING APPLICATION

**NOTICE IS HEREBY GIVEN** that an originating application (the "**Application**") has been filed with the Court of King's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Rubellite Energy Inc. ("**Rubellite**") and Perpetual Energy Inc. ("**Perpetual**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**Act**"), in respect of Rubellite and the holders of common shares of Rubellite (the "**Rubellite Shareholders**") and Perpetual and the holders of common shares of Perpetual (the "**Perpetual Shareholders**"), which Arrangement is described in greater detail in the joint information circular dated September 25, 2024 accompanying this Notice of Originating Application. At the hearing of the Application, Rubellite and Perpetual intend to seek:

1. a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the Rubellite Shareholders, the Perpetual Shareholders and other affected persons, both from a substantive and procedural perspective;
2. an order approving the Arrangement pursuant to the provisions of Section 193 of the Act;
3. a declaration that the Arrangement will, upon the filing of Articles of Arrangement and the issuance of a proof of filing thereof pursuant to the provisions of Section 193 of the Act, be effective under the Act in accordance with its terms and shall be binding on and after the effective time of the Arrangement; and
4. such other and further orders, declarations or directions as the Court may deem just,

(collectively, the "**Final Order**").

**AND NOTICE IS FURTHER GIVEN** that the said Application is directed to be heard before a Justice of the Court, at the Calgary Court Centre, 601 – 5th Street, S.W., Calgary, Alberta, Canada, on October 30, 2024 at 3:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Rubellite Shareholder, Perpetual Shareholder or other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose provided such Rubellite Shareholder, Perpetual Shareholder or other interested party files with the Court and serves upon Rubellite or Perpetual on or before 5:00 p.m. (Calgary time) on October 22, 2024, a notice of intention to appear (the "Notice of Intention to Appear") setting out such Rubellite Shareholder's, Perpetual Shareholder's or interested party's address for service and indicating whether such Rubellite Shareholder, Perpetual Shareholder or interested party intends to support or oppose the Application or make submissions, together with any evidence or materials which are to be presented to the Court.** Service on Rubellite or Perpetual is to be effected by delivery to its solicitors at the address set forth below.

**AND NOTICE IS FURTHER GIVEN** that at the hearing and subject to the foregoing, Rubellite Shareholders, Perpetual Shareholders and any other interested persons will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve or refuse to approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court may deem fit, without any further notice.

**AND NOTICE IS FURTHER GIVEN** that the Court, by an interim order dated September 20, 2024 (the "**Interim Order**"), has given directions as to the calling and holding of a special meeting of the Rubellite Shareholders and Perpetual Shareholders for the purpose of such shareholders voting upon a special resolution to approve the



Arrangement and, in particular, has directed that registered holders of common shares of Rubellite and Perpetual have the right to dissent under the provisions of Section 191 of the Act, as modified by the terms of the Interim Order.

**AND NOTICE IS FURTHER GIVEN** that further notice in respect of these proceedings will only be given to those persons who have filed a Notice of Intention to Appear.

**AND NOTICE IS FURTHER GIVEN** that a copy of the said Application and other documents in the proceedings will be furnished to any Rubellite Shareholder, Perpetual Shareholder or other interested party requesting the same by the under-mentioned solicitors for Rubellite and Perpetual upon written request delivered to such solicitors as follows:

Solicitors for Rubellite and Perpetual:

Burnet, Duckworth & Palmer LLP  
Suite 2400, 525 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Paul G. Chiswell  
Facsimile: (403) 260-0332

**DATED** at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of September, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
RUBELLITE ENERGY INC.**

(signed) "*Susan L. Riddell Rose*"  
Chair of the Board of Directors and  
President and Chief Executive Officer

**BY ORDER OF THE BOARD OF DIRECTORS OF  
PERPETUAL ENERGY INC.**

(signed) "*Susan L. Riddell Rose*"  
Chair of the Board of Directors and  
President and Chief Executive Officer

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**JOINT INFORMATION CIRCULAR**

**September 25, 2024**

## INTRODUCTORY INFORMATION

See "*Glossary of Terms*" for the meaning assigned to certain capitalized terms in this Circular.

### General

**This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of each of Rubellite and Perpetual, for use at the Rubellite Meeting and the Perpetual Meeting, respectively, and any adjournment(s) or postponement(s) thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by either Rubellite or Perpetual.**

**Rubellite Shareholders and Perpetual Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial and other professional advisors or email Rubellite at [info@rubelliteenergy.com](mailto:info@rubelliteenergy.com) or Perpetual at [info@perpetualenergyinc.com](mailto:info@perpetualenergyinc.com).**

**The information concerning Perpetual contained or incorporated by reference in this Circular has been provided or publicly filed by Perpetual. Although Rubellite has no knowledge that would indicate that any of such information is untrue or incomplete, Rubellite does not assume any responsibility for the accuracy or completeness of such information or the failure by Perpetual to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Rubellite.**

**The information concerning Rubellite contained or incorporated by reference in this Circular has been provided or publicly filed by Rubellite. Although Perpetual has no knowledge that would indicate that any of such information is untrue or incomplete, Perpetual does not assume any responsibility for the accuracy or completeness of such information or the failure by Rubellite to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Perpetual.**

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the Arrangement Agreement, a copy of which is attached as Appendix C to this Circular, and the complete text of the Plan of Arrangement, a copy of which is attached as Schedule I to the Arrangement Agreement. **You are urged to carefully read the full text of this Circular, the Arrangement Agreement and the Plan of Arrangement.**

Information contained in this Circular is given as of September 25, 2024, unless otherwise specifically stated.

### Forward-looking Statements

The Recombination is a proposed transaction. Throughout this Circular, the description of the Recombination, its completion and its effect on Rubellite and Perpetual are made on a prospective basis and, in certain cases, are made as if the Recombination is completed. The completion of the Recombination is subject to a number of conditions which are described in this Circular and neither Rubellite nor Perpetual can give any assurances or guarantees that the Recombination will be completed even if Rubellite Shareholders and Perpetual Shareholders approve the Recombination. See the heading "*Risk Factors*" in this Circular.

This Circular, including documents incorporated by reference herein, contains forward-looking statements and information. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential" and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this Circular contains forward-looking statements and information concerning: the expected completion date of the Recombination and satisfaction of the conditions thereto, including obtaining approval of the Rubellite Shareholders and the Perpetual Shareholders, the anticipated timing of filing submissions for, and receipt of, the required regulatory approvals, receipt of the necessary stock exchange approvals for listing of the Newco Amalco Common Shares to be issued pursuant to the Recombination, and the receipt of the Final Order; the anticipated expenses of the Arrangement; the anticipated tax consequences of the Arrangement on Rubellite Shareholders and on Perpetual Shareholders; the stock exchange

delisting of the Perpetual Shares and Rubellite Shares following the Arrangement; the performance of Perpetual's and Rubellite's respective businesses; the prospects of Perpetual should it continue as a stand-alone entity or pursue an alternative transaction; certain combined operational, production and financial information of Rubellite and Perpetual; Newco Amalco's assets, cost structure, financial position, cash flow, strategy and growth prospects following the Recombination; future project development; the perceived benefits of the proposed Recombination and the ability of Newco Amalco to realize the anticipated benefits from the Recombination, including growth prospects, cost savings, improved capital efficiencies and integration opportunities; estimates of reserves and the net present value of such reserves; the board of directors and executive leadership team of Newco Amalco following the completion of the Arrangement and their ownership interest in Newco Amalco following the Arrangement; and other statements that are not historical facts.

Furthermore, the combined and/or pro forma information set forth in this Circular should not be interpreted as indicative of the financial position or other results of operations had Rubellite and Perpetual operated as a combined enterprise as at or for the periods presented, and such information does not purport to project Newco Amalco's results of operations for any future period. As such, undue reliance should not be placed on such combined and/or pro forma information.

The forward-looking statements and information included and incorporated by reference in this Circular are based on certain expectations and assumptions made by Rubellite and Perpetual, including expectations and assumptions concerning:

- the timely receipt of regulatory, shareholder and court approvals and the satisfaction of closing conditions for the completion of the Recombination;
- the expected benefits from the Recombination;
- future oil, natural gas and natural gas liquids prices;
- royalty rates, taxes and capital, operating, general and administrative and other costs;
- foreign currency exchange rates and interest rates;
- general economic and business conditions;
- the ability of Newco Amalco to obtain the required capital to finance its exploration, development and other operations and meet its commitments and financial obligations following the Recombination;
- the ability of Newco Amalco to obtain equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities following the Recombination;
- the ability of Newco Amalco to market its oil, natural gas and natural gas liquids successfully to current and new customers following the Recombination;
- the ability of Newco Amalco and its industry partners to obtain drilling success (including in respect of anticipated production volumes, reserves additions, liquids yields and resource recoveries) and operational improvements, efficiencies and results consistent with expectations following the Recombination;
- the timely receipt of required governmental and regulatory approvals;
- anticipated timelines and budgets being met in respect of drilling programs and other operations; and
- general business, economic and market conditions.

Although Rubellite and Perpetual believe that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on these forward-looking statements and information because Rubellite and Perpetual can give no assurance that they will prove to be correct.

Forward-looking statements and information are based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated due to a number of factors and risks. These material risks and uncertainties related to the Recombination include, but are not limited to:

- the Recombination may not be completed on the terms anticipated or at all;

- the conditions to and approvals for the completion of the Recombination not being satisfied and obtained;
- the Arrangement Agreement may be terminated in certain circumstances;
- if the Recombination is not completed, Rubellite's and Perpetual's future business and operations could be harmed;
- Rubellite and Perpetual will incur costs in connection with the Recombination even if the Recombination is not completed;
- declines in oil and/or natural gas prices;
- prior to the completion of the Recombination, the pending Recombination may divert the attention of Rubellite's and Perpetual's management;
- there are risks related to the integration of Rubellite's and Perpetual's existing businesses, including achieved expected synergies; and
- some or all of the expected benefits of the Recombination not being realized.

The foregoing list of material risks and uncertainties is not exhaustive and does not include the risks related to the business of Perpetual, Rubellite or the companies on a combined basis. See "*Risk Factors*" in this Circular. As a result, readers should not place undue reliance on the forward-looking statements and information contained in this Circular. For more information relating to the risks that Rubellite and Perpetual are subject to, see the Rubellite AIF and the Perpetual AIF, copies of which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) under each of their respective SEDAR+ profiles.

The forward-looking statements and information contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements and information included in this Circular are made as of the date of this Circular and Rubellite and Perpetual undertake no obligation to publicly update such information to reflect new information, subsequent events or otherwise, except as required by applicable securities law.

## **Oil and Gas Matters**

### ***Abbreviations***

The following are abbreviations and definitions used in this Circular and the Appendixes attached hereto:

bbl	barrel
bbls	barrels
bbls/d	barrels per day
BOE / Boe	barrels of oil equivalent
BOE/d / Boe/d	barrels of oil equivalent per day
Liquids	condensate (C5+), ethane, propane and butane
MBOE / MBoe	thousand barrels of oil equivalent
MMBOE / MMBoe	million barrels of oil equivalent
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
NGLs	natural gas liquids

### ***Reserves Terminology***

The following definitions and assumptions form the basis of classification for reserves presented in this Circular and the Appendixes attached hereto:

- (a) Reserves are classified according to the degree of certainty associated with the estimates:
  - (i) Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- (ii) Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- (b) Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories:
  - (i) Developed Reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
  - (ii) Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
  - (iii) Developed Non-producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
  - (iv) Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

- (a) Gross Reserves are defined as a company's working interest reserves before deduction of any royalties and without including royalty interests.
- (b) Net Reserves are defined as a company's working interest reserves after deduction of royalties and including royalty interests.

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. See the sections entitled "Risk Factors" and "Forward-looking Statements" in this Circular.

### ***BOE Equivalency***

Natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.

## ***Oil and Gas Measures***

This Circular uses the oil and gas measure "netback", which does not have a prescribed meaning and may not be comparable to similar measures used by other issuers. Netback equals petroleum and natural gas sales less royalties, operating costs and transportation and NGLs processing costs. Netback is commonly used by the management of Rubellite and Perpetual and investors to compare the results of the Companies' oil and gas operations between periods.

## ***Estimated Drilling Locations***

Unbooked drilling locations are the internal estimates of Rubellite and Perpetual based on their combined prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources (including contingent and prospective). Unbooked locations have been identified by management as an estimation of the recombined company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the recombined company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which the recombined company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While a certain number of the unbooked drilling locations have been de-risked by Rubellite and Perpetual drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management of Rubellite and Perpetual has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

## **Information for United States Shareholders**

The PEI Newco Common Shares, RBY Newco Common Shares and Newco Amalco Common Shares issuable to current Perpetual Shareholders and Rubellite Shareholders, as applicable, in exchange for their Rubellite Shares and Perpetual Shares pursuant to the Arrangement, have not been and will not be registered under the 1933 Act or any state securities laws, and will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof and exemptions under applicable state securities laws. The Newco Amalco Common Shares to be issued under the Arrangement will be freely transferable under United States federal securities laws, except that the 1933 Act imposes restrictions on the resale of Newco Amalco Common Shares received pursuant to the Arrangement by persons who are, become after the consummation of the Arrangement or within 90 days of the Effective Time have been, "affiliates" of Rubellite. See "*Details of the Recombination – Securities Law Matters*" in this Circular.

Both Rubellite and Perpetual are companies existing under the laws of Alberta, Canada. The solicitation of proxies and the transactions contemplated in this Circular involve securities of Alberta issuers that are being effected in accordance with applicable securities laws of Alberta and Canada. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to either Rubellite or this solicitation and therefore this solicitation is not being effected in accordance with U.S. securities laws. Rubellite Shareholders and Perpetual Shareholders residing in the United States should be aware that this Circular has been prepared in accordance with the disclosure requirements under applicable Canadian securities laws, which may be different from such requirements under U.S. securities laws. Similarly, Rubellite Shareholders and Perpetual Shareholders residing in the United States should also be aware that requirements under the corporate and securities laws of Alberta and Canada may differ from the requirements under U.S. corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that both Rubellite and Perpetual exist under the laws of Alberta, that most of their respective officers and directors are not residents of the United States and that all or a substantial portion of each of their assets are located outside the United States. Rubellite Shareholders and Perpetual Shareholders residing in the United States may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel a Canadian company and its affiliates to be subject to a judgment by a U.S. court.



Rubellite Shareholders and Perpetual Shareholders should be also aware that the transactions contemplated herein may have tax consequences both in Canada and in the United States. Rubellite Shareholders and Perpetual Shareholders who are subject to United States federal taxation should be aware that the United States tax consequences that may apply to them for participating in the Arrangement are not described in this Circular. Certain information concerning the Canadian tax consequences of the Arrangement for Rubellite Shareholders and Perpetual Shareholders who are residents of the United States is set forth under the heading "*Certain Canadian Federal Income Tax Considerations*" in this Circular, but such consequences may not be described fully herein. All Rubellite Shareholders and Perpetual Shareholders should consult with their legal, tax, financial and accounting advisors to determine the particular tax consequences to them of the transactions contemplated by the Arrangement.

Financial statements of Rubellite and Perpetual included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. IFRS differs in certain material respects from U.S. generally accepted accounting principles ("**U.S. GAAP**") and, as such, our financial statements and the financial information derived therefrom may not be comparable to the financial statements and financial information of U.S. companies prepared in accordance with U.S. GAAP. As the SEC has adopted rules to accept financial statements prepared in accordance with IFRS without reconciliation to U.S. GAAP from foreign private issuers such as Rubellite and Perpetual, this Circular does not include an explanation of the principal differences between, or any reconciliation of, IFRS and U.S. GAAP. The audited financial statements included or incorporated by reference herein were audited in accordance with Canadian auditor independence standards, which differ from United States auditor independence standards.

**THE SECURITIES CONTEMPLATED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

## GLOSSARY OF TERMS

"**112Co**" or "**PEI Newco**" means 1121838 Alberta Ltd., a corporation incorporated under the Act;

"**1933 Act**" means the *United States Securities Act of 1933*, including the rules and regulations promulgated thereunder, as amended from time to time;

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a Party or its shareholders from any person or group of persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 —*Take-Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition from such Party of 20% or more of the voting securities of such Party or its subsidiaries; (b) any acquisition of a substantial amount of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of a substantial amount of assets) of such Party and its subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, or consolidation involving such Party or its subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such Party or its subsidiaries; or (e) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to a Party under the Arrangement Agreement or the Arrangement;

"**Act**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended from time to time;

"**Advance Ruling Certificate**" or "**ARC**" means an advance ruling certificate issued by the Commissioner pursuant to Section 102 of the *Competition Act* with respect to the Arrangement;

"**Arrangement**" means the arrangement under the provisions of Section 193 of the Act on the terms and conditions set forth in the Plan of Arrangement as modified or amended in accordance with the terms of the Arrangement Agreement or the direction of the Court in the Final Order, a copy of which is attached as Schedule I to Appendix C of this Circular;

"**Arrangement Agreement**" means the arrangement agreement dated September 16, 2024 between Rubellite and Perpetual, a copy of which is attached as Appendix C to this Circular;

"**Articles of Arrangement**" means the articles of arrangement of Perpetual in respect of the Arrangement required by the Act to be filed with the Registrar after the Final Order has been granted;

"**BMEC**" means Buffalo Mission Energy Corp.;

"**BMEC Acquisition**" means the acquisition by Rubellite of BMEC completed on August 2, 2024;

"**Boards**" means the Rubellite Board and the Perpetual Board;

"**Broadridge**" means Broadridge Financial Solutions, Inc.;

"**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the Act giving effect to the Arrangement;

"**Circular**" means this joint information circular of Rubellite and Perpetual dated September 25, 2024 to be sent to the Rubellite Shareholders and Perpetual Shareholders, respectively, in connection with the Meetings;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook which is published by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Petroleum Society of Canada;

"**Commissioner**" means the Commissioner of Competition appointed under the *Competition Act* or any person authorized to exercise the powers and perform the duties of the Commissioner of Competition;

"**Company**" means Rubellite or Perpetual, as the context may require, and "**Companies**" means Rubellite and Perpetual;

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

"**Competition Act Approval**" means, in respect of the Arrangement, the occurrence of one of the following: (a) the Commissioner shall have issued an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to closing of the Arrangement; or (b) the Commissioner shall have issued a No Action Letter and either: (A) waived the obligation to submit a notification under Part IX of the Competition Act pursuant to Section 113(c) of the Competition Act; or (B) the applicable waiting period under Section 123(1) of the Competition Act, shall have expired or shall have been terminated early under Section 123(2) of the Competition Act; and such No Action Letter shall not have been rescinded prior to closing of the Arrangement;

"**Completion Deadline**" means December 15, 2024;

"**Confidentiality Agreement**" means together, the mutual confidentiality agreement and common interest privilege agreement between Rubellite and Perpetual dated July 2, 2024;

"**Court**" means the Court of King's Bench of Alberta;

"**Deemed Exchange Ratio**" means one (1) Newco Amalco Common Share for every five (5) Perpetual Shares and one (1) Newco Amalco Common Share for every one (1) Rubellite Share;

"**Deloitte**" means Deloitte LLP, the independent valuator retained by the Special Committees;

"**Depository**" means Olympia Trust Company;

"**Dissent Perpetual Shares**" means the Perpetual Shares in respect of which rights of dissent are exercised as provided in section 3.1 of the Plan of Arrangement and in respect of which the holders thereof are ultimately entitled to be paid fair value;

"**Dissent Rights**" means the rights of dissent described in Article 3 of the Plan of Arrangement;

"**Dissent Rubellite Shares**" means the Rubellite Shares in respect of which rights of dissent are exercised as provided in section 3.1 of the Plan of Arrangement and in respect of which the holders thereof are ultimately entitled to be paid fair value;

"**Dissenting Perpetual Shareholder**" means any registered Perpetual Shareholder who has duly and validly exercised its Dissent Rights in respect of the holder's Perpetual Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Dissenting Rubellite Shareholder**" means any registered Rubellite Shareholder who has duly and validly exercised its Dissent Rights in respect of the holder's Rubellite Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Dissenting Shareholders**" means collectively the registered holders of Rubellite Shares, the registered holders of Perpetual Shares who exercise, and do not prior to the Effective Date withdraw or otherwise relinquish, the Dissent Rights;

"**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party interest or encumbrance of any kind whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Effective Date**" means the date on which the Arrangement becomes effective under the Act;

"**Effective Time**" means the time at which the Plan of Arrangement becomes effective on the Effective Date pursuant to the Act;

"**Fairness Opinions**" means the Rubellite Fairness Opinion and the Perpetual Fairness Opinion;

"**Final Order**" means the final order of the Court approving the Arrangement under subsection 193(9) of the Act to be applied for following the Perpetual Meeting and the Rubellite Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Governmental Entity**" means any applicable: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, and where applicable, includes the Canadian securities authorities; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Interim Order**" means the interim order of the Court concerning the Arrangement pursuant to subsection 193(4) of the Act, providing for, among other things, the calling and holding of the Perpetual Meeting and the Rubellite Meeting, a copy of which is attached as Appendix D to this Circular;

"**Letter of Transmittal**" means, together, the letter of transmittal sent by Perpetual to the Perpetual Shareholders to be used by the Perpetual Shareholders to surrender the certificates representing their Perpetual Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement, and the letter of transmittal sent by Rubellite to the Rubellite Shareholders to be used by the Rubellite Shareholders to surrender the certificates representing their Rubellite Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement;

"**Manual**" means the TSX Company Manual;

"**Material Adverse Change**" or "**Material Adverse Effect**" with respect to a Party means any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence which is, or would reasonably be expected to be, individually or in the aggregate, material and adverse to the business, operations, results of operations, assets, capitalization, financial condition, liabilities (whether absolute, accrued, conditional, contingent or otherwise), prospects or properties of such Party (on a consolidated basis), other than any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence resulting from:

- (i) a matter that has been publicly disclosed by such Party or otherwise expressly disclosed in writing by such Party to the other Party prior to the date of the Arrangement Agreement;
- (ii) conditions affecting the oil and gas exploration, exploitation, development and production industry as a whole, and not specifically relating to such Party;
- (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
- (iv) any decline in the market price for crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (v) compliance with the terms of the Arrangement Agreement or any action or inaction taken by such Party that is consented to by the other Party expressly in writing or that is a result therefrom;
- (vi) the announcement of the execution of the Arrangement Agreement or the transactions contemplated thereby;

- (vii) any change in the market price or trading volume of the Rubellite Shares, with respect to Rubellite, or the Perpetual Shares, with respect to Perpetual;
- (viii) changes in laws (including laws related to taxes), GAAP or interpretation, application or non-application of laws by Governmental Entities and not specifically related to such Party; or
- (ix) any natural disaster, act of terrorism or military action, or any outbreak of hostilities or war (whether or not declared), or any escalation or worsening of such acts;

"**McDaniel**" means McDaniel & Associates Consultants Ltd.;

"**Meetings**" means the Rubellite Meeting and the Perpetual Meeting;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**MSA**" means the management and operating services agreement entered into on July 15, 2021 between Perpetual and Rubellite, as amended;

"**Newco Amalco**" means the corporation resulting from the amalgamation of RBY Newco and PEI Newco pursuant to the Plan of Arrangement;

"**Newco Amalco Common Shares**" means the common shares of Newco Amalco;

"**No Action Letter**" means written confirmation from the Commissioner stating that the Commissioner does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the Arrangement;

"**Note Conversion Price**" means \$2.25 per Newco Amalco Common Share;

"**Notice of Originating Application**" means the notice of originating application by Perpetual to the Court for the Final Order which accompanies this Circular;

"**Party**" means either Rubellite or Perpetual, and "**Parties**" means both of them;

"**PEI Newco Common Shares**" means the common shares of PEI Newco;

"**PEI Newco Non-Voting Common Shares**" means the non-voting common shares of PEI Newco;

"**PEP**" means Perpetual Energy Partnership, a partnership formed under the laws of Alberta;

"**Perpetual**" or "**PEI**" means Perpetual Energy Inc., a corporation incorporated under the Act;

"**Perpetual AIF**" means the annual information form of Perpetual for the year ended December 31, 2023 dated March 25, 2024, incorporated by reference into this Circular;

"**Perpetual Annual MD&A**" means the management's discussion and analysis of Perpetual for the year ended December 31, 2023;

"**Perpetual Arrangement Resolution**" means the special resolution of the Perpetual Shareholders approving the Arrangement to be considered at the Perpetual Meeting, the full text of which is attached as Appendix B to this Circular;

"**Perpetual Board of Directors**" or "**Perpetual Board**" means the board of directors of Perpetual as it may be comprised from time to time;

**"Perpetual Deferred Option Agreements"** means the agreements entered into between Perpetual and certain of its employees, from time to time, whereby such employees are entitled to receive Perpetual Shares;

**"Perpetual Deferred Share Agreements"** means the agreements entered into between Perpetual and certain of its directors and employees, from time to time, whereby such individuals are entitled to receive Perpetual Restricted Rights;

**"Perpetual Fairness Opinion"** means the fairness opinion of Deloitte dated September 16, 2024 delivered to the Perpetual Special Committee, a copy of which is attached as Appendix G to this Circular;

**"Perpetual Incentive Awards"** means all outstanding grants, awards or other entitlements under the (i) Perpetual Option Plan, (ii) Perpetual Restricted Rights Plan, (iii) Perpetual Performance Plans, (iv) Perpetual Deferred Option Agreements, and (v) Perpetual Deferred Share Agreements;

**"Perpetual Interested Parties"** means Perpetual, Rubellite, Susan L. Riddell Rose (and all entities controlled by her), the directors and senior officers of Perpetual and Rubellite and any other person who is an "interested party" in relation to Perpetual with respect to the Recombination within the meaning of MI 61-101;

**"Perpetual Interim MD&A"** means the management's discussion and analysis for the three and six month period ended June 30, 2024;

**"Perpetual Meeting"** means the special meeting of the Perpetual Shareholders (including any adjournment(s) or postponement(s) thereof) to be called and held to consider and, if thought fit, to approve the Arrangement;

**"Perpetual Option Plan"** means the share option plan of Perpetual in place as of the date hereof;

**"Perpetual Optionholders"** means the holders of Perpetual Options;

**"Perpetual Options"** means the outstanding options to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Option Plan;

**"Perpetual Performance Award Holders"** means the holders of Perpetual Performance Awards;

**"Perpetual Performance Awards"** means the outstanding performance incentive awards and performance share rights to acquire Perpetual Restricted Rights pursuant to the Perpetual Performance Plans;

**"Perpetual Performance Plans"** means, together, the performance-based long-term incentive award plan and the performance share plan to acquire Perpetual Restricted Rights pursuant to such plans;

**"Perpetual Restricted Rights"** means the outstanding restricted rights to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Restricted Rights Plan;

**"Perpetual Restricted Rights Holders"** means the holders of Perpetual Restricted Rights;

**"Perpetual Restricted Rights Plan"** means the restricted rights plan of Perpetual in place as of the date hereof;

**"Perpetual Rubellite Share Purchase Warrants"** means the 4,000,000 share purchase warrants held by Perpetual which are exercisable into Rubellite Shares at an exercise price of \$3.00 per Rubellite Share at any time prior to their expiry;

**"Perpetual Senior Notes"** means the \$26,180,798 aggregate principal amount of Perpetual's 8.75% senior secured third-lien notes due January 23, 2025;

**"Perpetual Shareholders"** means the holders of Perpetual Shares;

"**Perpetual Shares**" means the common shares of Perpetual;

"**Perpetual Special Committee**" means the special committee of independent directors of the Perpetual Board, consisting of Geoffrey C. Merritt (Chair), Linda A. Dietsche and Steven L. Spence;

"**Perpetual Valuation**" means the formal valuation of the Perpetual Shares prepared by Deloitte;

"**Perpetual Valuation Report**" means the written valuation report of Deloitte dated September 16, 2024 regarding the Perpetual Valuation with a valuation effective date as of June 30, 2024, a copy of which is attached as Appendix G to this Circular;

"**person**" means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority, or other entity;

"**Plan of Arrangement**" means the plan of arrangement as set out in Schedule I to the Arrangement Agreement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement or the direction of the Court in the Final Order;

"**PUC**" means "paid-up capital", as that term is defined in subsection 89(1) of the Tax Act;

"**RBY Newco**" means Ukalta LP Inc., a corporation incorporated under the Act;

"**RBY Newco Common Shares**" means the common shares of RBY Newco;

"**Recombination**" means the recombination of Rubellite and Perpetual pursuant to the Arrangement;

"**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations for the Province of Alberta, duly appointed under the Act;

"**Rubellite**" or "**RBY**" means Rubellite Energy Inc., a corporation incorporated under the Act;

"**Rubellite AIF**" means the annual information form of Rubellite for the year ended December 31, 2023 dated March 14, 2024 incorporated by reference into this Circular;

"**Rubellite Annual MD&A**" means the managements' discussion and analysis of Rubellite for the year ended December 31, 2023;

"**Rubellite Arrangement Resolution**" means the special resolution of the Rubellite Shareholders to authorize and approve the Arrangement, including the issuance by Newco Amalco of the Newco Amalco Common Shares to the Perpetual Shareholders and the Rubellite Shareholders pursuant to the Arrangement in the form set out in Appendix A to this Circular;

"**Rubellite Board Constitution Resolution**" means the ordinary resolution of the Rubellite Shareholders to approve, conditional on the Arrangement becoming effective, the election of the individuals outlined under the heading "*Matters to be Acted Upon at the Rubellite Meeting – Approval of the Rubellite Board Constitution Resolution*" as additional members of the Rubellite Board in the form set out in Appendix A to this Circular;

"**Rubellite Board of Directors**" or "**Rubellite Board**" means the board of directors of Rubellite as it may be comprised from time to time;

"**Rubellite Fairness Opinion**" means the fairness opinion of Deloitte dated September 16, 2024 delivered to the Rubellite Special Committee, a copy of which is attached as Appendix F to this Circular;

"**Rubellite Incentive Awards**" means all outstanding grants, awards or other entitlements under the Rubellite Incentive Plan;

**"Rubellite Incentive Plan"** means the omnibus share incentive plan of Rubellite in place as of the date hereof;

**"Rubellite Interested Parties"** means Rubellite, Perpetual, Susan L. Riddell Rose (and all entities controlled by her), the directors and senior officers of Rubellite and Perpetual and any other person who is an "interested party" in relation to Rubellite with respect to the Recombination within the meaning of MI 61-101;

**"Rubellite Interim MD&A"** means the management's discussion and analysis of Rubellite for the three and six month period ended June 30, 2024;

**"Rubellite Meeting"** means the special meeting of the Rubellite Shareholders (including any adjournment(s) or postponement(s) thereof) to be called and held to consider and, if thought fit, to approve the Rubellite Arrangement Resolution and the Rubellite Board Constitution Resolution;

**"Rubellite Share Percentage Formula"** means the percentage of Rubellite Shares that is equal to the following: [50% of {(the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5) *plus* (the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time)} *less* the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time] *divided by* [the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5];

**"Rubellite Shareholders"** means the holders of Rubellite Shares;

**"Rubellite Shares"** means the common shares of Rubellite;

**"Rubellite Special Committee"** means the special committee of independent directors of the Rubellite Board, consisting of Tamara L. MacDonald (Chair), Holly A. Benson and Bruce C. Shultz;

**"Rubellite Spinout Arrangement"** means the plan of arrangement under the Act involving Perpetual, the Perpetual Shareholders and Rubellite completed on September 3, 2021;

**"Rubellite Valuation"** means the formal valuation of the Rubellite Shares prepared by Deloitte;

**"Rubellite Valuation Report"** means the written valuation report of Deloitte dated September 16, 2024 regarding the Rubellite Valuation with a valuation effective date as of June 30, 2024, a copy of which is attached as Appendix F to this Circular;

**"Sequoia"** means Sequoia Resources Corp.;

**"Sequoia Disposition"** mean the disposition by Perpetual of shallow conventional natural gas assets in Eastern Alberta to Sequoia which was completed on October 1, 2016;

**"Sequoia Litigation"** means the litigation arising from a Statement of Claim that was received by Perpetual on August 3, 2018 and filed by the Trustee of Sequoia, with the Alberta Court of King's Bench, against Perpetual and relating to the Sequoia Disposition;

**"Sequoia Settlement Agreement"** means the agreement that was entered into with the Trustee which provided for the resolution of the Sequoia Litigation;

**"Shareholders"** means the Rubellite Shareholders and the Perpetual Shareholders;

**"Special Committees"** means, collectively, the Rubellite Special Committee and the Perpetual Special Committee;

**"Superior Proposal"** means a written bona fide Acquisition Proposal, that did not result from or involve a breach of Section 5.1(a) of the Arrangement Agreement, which the board of directors of the Party subject to the Acquisition Proposal determines (upon recommendation by the Perpetual Special Committee, in the case of Perpetual, and the



Rubellite Special Committee, in the case of Rubellite) in good faith: (1) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (2) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of such Party to the transaction contemplated by the Arrangement Agreement; (3) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (4) after receiving the advice of outside counsel, as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors of the Party subject to the Acquisition Proposal to act in a manner consistent with its fiduciary duties under applicable laws;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Trustee**" means PricewaterhouseCoopers Inc., LIT in its capacity as trustee in bankruptcy of Sequoia;

"**TSX**" means the Toronto Stock Exchange;

"**Valuation Reports**" means the Rubellite Valuation Report and the Perpetual Valuation Report; and

"**Valuations**" means the Rubellite Valuation and the Perpetual Valuation.

Other terms are defined in the sections of this Circular in which they are used.

All dollar amounts in this Circular are expressed in Canadian dollars, unless otherwise noted.

## SUMMARY

*The following is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information contained in this Circular including the appendices which are incorporated herein and form part of this Circular. Certain terms used herein and not otherwise defined are defined in the "Glossary of Terms".*

### **The Meetings**

The Perpetual Meeting will be held at the Calgary Petroleum Club, 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5 on October 29, 2024, at 9:00 a.m. (Calgary time). The Rubellite Meeting will be held at the Calgary Petroleum Club, 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5 on October 29, 2024, at 10:00 a.m. (Calgary time).

The Perpetual Meeting has been called to consider and, if thought appropriate, to pass the Perpetual Arrangement Resolution. The Rubellite Meeting has been called to consider, and if thought appropriate, to pass the Rubellite Arrangement Resolution and the Rubellite Board Constitution Resolution.

### **The Recombination**

The Recombination is to be effected by way of the Arrangement. If the Rubellite Arrangement Resolution is approved by the requisite majority of Rubellite Shareholders, and if the Perpetual Arrangement Resolution is approved by the requisite majority of Perpetual Shareholders, and if the Arrangement is approved by the Court, and, subject to the other conditions described under "*Details of the Recombination – Procedure for the Arrangement to Become Effective*", the Arrangement will be implemented pursuant to the terms of the Plan of Arrangement and the Arrangement Agreement. The Plan of Arrangement is set out as Schedule I to the Arrangement Agreement, which is attached as Appendix C to this Circular.

Pursuant to the Arrangement, among other things, two wholly-owned subsidiaries of Rubellite and Perpetual will amalgamate to form Newco Amalco, Newco Amalco will ultimately own all of the Rubellite Shares and the Perpetual Shares and the Rubellite Shareholders and the Perpetual Shareholders will ultimately hold one (1) Newco Amalco Common Share for every one (1) Rubellite Share held and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares held.

### **Special Committee Review and Recommendations to the Boards**

The Recombination constitutes a "business combination" for Perpetual and a "related party transaction" for Rubellite under MI 61-101. See "*Details of the Recombination – Securities Law Matters*". The Rubellite Board and the Perpetual Board established special committees of independent directors to review the potential recombination of Rubellite and Perpetual and to make recommendations to their respective boards with respect to the Recombination.

### ***Rubellite***

For details of the process followed by the Rubellite Special Committee prior to it making its recommendations to the Rubellite Board with respect to the Recombination, see "*The Recombination – Deliberations and Recommendations of the Special Committees – Rubellite Special Committee*". At a Rubellite Board meeting held on September 13, 2024, the Rubellite Special Committee, having taken into account the verbal formal valuation and fairness opinion conclusions of Deloitte, advice of its independent financial and legal advisors and other relevant matters, recommended to the Rubellite Board that it approve the Arrangement Agreement.

In making its determination that the Recombination is fair, from a financial point of view, to the Rubellite Shareholders and is in the best interests of Rubellite and the Rubellite Shareholders and in making its recommendations to the Rubellite Board, the Rubellite Special Committee considered and relied upon a number of factors. See "*The Recombination – Deliberations and Recommendations of the Special Committees – Rubellite Special Committee – Reasons for the Rubellite Special Committee Recommendations*".

## ***Perpetual***

For details of the process followed by the Perpetual Special Committee prior to it making its recommendations to the Perpetual Board with respect to the Recombination, see "*The Recombination – Deliberations and Recommendations of the Special Committees – Perpetual Special Committee*". At a Perpetual Board meeting held on September 13, 2024, the Perpetual Special Committee, having taken into account the verbal formal valuation and fairness opinion conclusions of Deloitte, advice of its independent financial and legal advisors and other relevant matters, recommended to the Perpetual Board that it approve the Arrangement Agreement.

In making its determination that the Recombination is fair, from a financial point of view, to the Perpetual Shareholders and is in the best interests of Perpetual and the Perpetual Shareholders and in making its recommendations to the Perpetual Board, the Perpetual Special Committee considered and relied upon a number of factors. See "*The Recombination – Deliberations and Recommendations of the Special Committees – Perpetual Special Committee – Reasons for the Perpetual Special Committee Recommendations*".

Each of the Special Committees considered the benefits of the Recombination to their respective Shareholders described under "*The Recombination – Benefits of the Recombination*" and also considered a number of the potential risks and negative factors relating to the Recombination.

After considering the recommendations and the factors considered by the respective Special Committees, the boards of directors of Rubellite and Perpetual adopted the recommendations of their Special Committees and approved the Arrangement Agreement.

## **Formal Valuations and Fairness Opinions**

The Special Committees jointly retained Deloitte as independent valuator to provide certain financial advisory services, including the preparation of formal valuations of the Rubellite Shares and the Perpetual Shares in accordance with MI 61-101 and to provide its opinions on the fairness of the consideration under the Arrangement, from a financial point of view, to both the Rubellite Shareholders and the Perpetual Shareholders.

In the Valuations, Deloitte determined that the fair market value of the Rubellite Shares and the Perpetual Shares as at June 30, 2024, being the effective date of the Valuations, was in the range of \$3.64 to \$3.99 per Rubellite Share and \$0.77 to \$0.89 per Perpetual Share, which implies an exchange ratio (the number of Rubellite Shares for every Perpetual Share) range of between 0.19 and 0.24. The Valuations are subject to the assumptions, restrictions, and qualifications as set out in the Valuation Reports. Deloitte provided its fairness opinions to the Special Committees to the effect that the consideration under the Arrangement of one (1) Newco Amalco Common Share for every one (1) Rubellite Share and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares, is fair, from a financial point of view, to the Rubellite Shareholders and the Perpetual Shareholders, respectively. The full text of the Fairness Opinions and Valuations are attached to this Circular as Appendix F and G. See "*The Recombination – Formal Valuations and Fairness Opinions*".

Deloitte provided the Valuations and Fairness Opinions exclusively for the use of the Special Committees and the Boards in connection with their consideration of the Arrangement and they are not to be used or relied upon except in accordance with Deloitte's prior written consent, which has been obtained for the purposes of the inclusion of the Fairness Opinions and the summary of the Valuations in this Circular. The Valuations and Fairness Opinions are not a recommendation as to how a Rubellite Shareholder or a Perpetual Shareholder should vote with respect to the Recombination, the Arrangement or any other matter. The Rubellite Board and the Perpetual Board urges the Rubellite Shareholders and the Perpetual Shareholders to read the Valuations and Fairness Opinions carefully and in their entirety.

## **Recommendations of the Boards of Directors**

**The Rubellite Board unanimously recommends that the Rubellite Shareholders vote FOR the Rubellite Arrangement Resolution.**

**The Perpetual Board unanimously recommends that the Perpetual Shareholders vote FOR the Perpetual Arrangement Resolution.**

#### **Details of the Recombination**

**The following is a summary only of the Recombination and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix C to this Circular, including Schedule I thereto.**

The Arrangement will be effected pursuant to the terms and conditions of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Rubellite and Perpetual and various conditions precedent, both mutual and for the sole benefit of each of Rubellite and Perpetual. See "*Details of the Recombination – The Arrangement Agreement*".

Pursuant to the Plan of Arrangement, no fractional Newco Amalco Common Shares will be outstanding 5 minutes after completion of the Arrangement. Where the aggregate number of Newco Amalco Common Shares issued to a former registered Perpetual Shareholder or Rubellite Shareholder results in a fraction of a Newco Amalco Common Share being issued, 5 minutes after completion of the Arrangement, the entitlement to the fraction of a Newco Amalco Common Share of such registered Perpetual Shareholder or Rubellite Shareholder shall be rounded up or down to the nearest whole number of Newco Amalco Common Shares, as applicable. For greater certainty, where such fractional interest is greater than or equal to 0.5, the number of Newco Amalco Common Shares ultimately to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5, the number of Newco Amalco Common Shares ultimately to be issued will be rounded down to the nearest whole number.

As of September 16, 2024, there were 67,592,701 Rubellite Shares and 68,615,484 Perpetual Shares outstanding. Accordingly, Newco Amalco will issue 92,951,708 Newco Amalco Common Shares (subject to rounding) to acquire all of the outstanding Rubellite Shares and Perpetual Shares and after giving effect to the conversion of the Perpetual Senior Notes into Newco Amalco Common Shares.

Rubellite and Perpetual agreed in the Arrangement Agreement that neither Party will solicit an Acquisition Proposal. However, either Party may, subject to the terms of the Arrangement Agreement with respect to Superior Proposals, and prior to the receipt of required approvals of the Rubellite Arrangement Resolution or Perpetual Arrangement Resolution, as applicable, enter into or participate in discussions or negotiations, or enter into a definitive agreement, with a third party who, without any solicitation, seeks to initiate such discussions or negotiations. The Arrangement Agreement provides that either Rubellite or Perpetual must reimburse the other Party for expenses incurred in connection with the Arrangement in certain circumstances if the Recombination is not completed, including in the case of the termination of the Arrangement Agreement by either Party to accept or enter into an agreement regarding a Superior Proposal.

#### **Procedure for the Arrangement to Become Effective**

##### ***Procedural Steps***

The following procedural steps must be concluded for the Arrangement to become effective:

- (a) the Perpetual Arrangement Resolution must be approved by the Perpetual Shareholders at the Perpetual Meeting in the manner set forth in the Interim Order;
- (b) the Rubellite Arrangement Resolution must be approved by the Rubellite Shareholders at the Rubellite Meeting in the manner set forth in the Interim Order;
- (c) the Arrangement must be approved by the Court pursuant to the Final Order;

- (d) the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable under the Arrangement, subject to compliance with the normal listing requirements of the TSX;
- (e) the Competition Act Approval and all other material consents, orders and approvals, including any regulatory or judicial approvals or orders, that are necessary to effect the Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances on terms and conditions acceptable to Rubellite and Perpetual, each acting reasonably;
- (f) all conditions precedent to the Arrangement as set forth in the Arrangement Agreement must be satisfied or waived by the appropriate parties; and
- (g) the Final Order and Articles of Arrangement, in the form prescribed by the Act, must be filed with the Registrar.

The Arrangement will become effective on the Effective Date.

#### ***Perpetual Shareholder Approval***

In order for the Arrangement to be implemented, the Perpetual Arrangement Resolution approving the Arrangement must be passed by the required majority of Perpetual Shareholders. The Interim Order provides that the majorities necessary to pass the Perpetual Arrangement Resolution shall be: (a) two-thirds of the votes cast at the Perpetual Meeting by all Perpetual Shareholders; and (b) a majority of the votes cast at the Perpetual Meeting by the Perpetual Shareholders other than the Perpetual Interested Parties. See "*Details of the Recombination – Key Approvals*" and "*Details of the Recombination – Securities Law Matters*".

#### ***Rubellite Shareholder Approval***

In order for the Arrangement to be implemented, the Rubellite Arrangement Resolution approving the Arrangement must be passed by the required majority of Rubellite Shareholders. The Interim Order provides that the majorities necessary to pass the Rubellite Arrangement Resolution shall be: (a) two-thirds of the votes cast at the Rubellite Meeting by all Rubellite Shareholders; and (b) a majority of the votes cast at the Rubellite Meeting by the Rubellite Shareholders other than: (a) the Rubellite Interested Parties; and (b) Rubellite directors and senior officers who hold Perpetual Shares. See "*Details of the Recombination – Key Approvals*" and "*Details of the Recombination – Securities Law Matters*".

#### ***Court Approval***

Pursuant to the Act, the implementation of the Arrangement is subject to approval by the Court. Prior to the mailing of this Circular, Rubellite and Perpetual obtained the Interim Order providing for the calling and holding of the Rubellite Meeting and the Perpetual Meeting and other procedural matters. Subject to approval of the Arrangement by the Rubellite Shareholders and the Perpetual Shareholders at the Rubellite Meeting and the Perpetual Meeting, the hearing in respect of the Final Order is scheduled to take place on October 30, 2024 at 3:00 p.m. (Calgary time) in the Court or as soon thereafter as counsel may be heard. All Rubellite Shareholders and Perpetual Shareholders and other interested parties have the right to participate in, be represented at or to present evidence or arguments at the hearing in respect of the Final Order subject to serving and filing a Notice of Intention to Appear as set out in the Notice of Originating Application for the Final Order and satisfying any other applicable requirements. At the hearing of the application in respect of the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the Rubellite Shareholders and Perpetual Shareholders. The Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

## **Timing**

If the Meetings are held as scheduled and are not adjourned or postponed and the other necessary conditions of the Arrangement are satisfied or waived, Rubellite and Perpetual will apply to the Court for the Final Order approving the Arrangement on October 30, 2024. If the Final Order is obtained in form and substance satisfactory to Rubellite and Perpetual, and all other conditions specified are satisfied or waived, Rubellite and Perpetual expect the Recombination will be completed on or about October 30, 2024. However, it is not possible to state conclusively when the Recombination will be completed.

## **Certain Canadian Federal Income Tax Considerations**

This Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Rubellite Shareholders and Perpetual Shareholders who, under the Arrangement, dispose of one or more Rubellite Shares or Perpetual Shares. See the discussion under the section titled "*Certain Canadian Federal Income Tax Considerations*". Rubellite Shareholders and Perpetual Shareholders should consult their own tax advisors for advice with respect to the Canadian federal income tax consequences to them in respect of the Arrangement.

This Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. Rubellite Shareholders and Perpetual Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of receiving and holding Newco Amalco Common Shares. Rubellite Shareholders and Perpetual Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement or of receiving and holding Newco Amalco Common Shares.

## **Letter of Transmittal**

Enclosed with this Circular is a Letter of Transmittal, which, when properly completed and returned together with the direct registration statement advice(s) or certificate(s) representing Rubellite Shares or Perpetual Shares and all other required documents, will enable each Rubellite Shareholder and Perpetual Shareholder to obtain the certificates representing the Newco Amalco Common Shares to which they are entitled under the Arrangement. Additional copies of the Letter of Transmittal are available by contacting the Depositary at the numbers listed thereon. The Letter of Transmittal is also filed under Rubellite's and Perpetual's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

Any certificates formerly representing Rubellite Shares or Perpetual Shares that are not deposited with all other documents as required by the Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or a claim of any kind or nature as a shareholder of Newco Amalco. On such date, the Newco Amalco Common Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to Newco Amalco, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares.

**Rubellite Shareholders whose Rubellite Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact such person for instructions and assistance in delivering certificates representing their Rubellite Shares to the Depositary.**

**Perpetual Shareholders whose Perpetual Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee must contact such person for instructions and assistance in delivering certificates representing their Perpetual Shares to the Depositary.**

## **Rights of Dissenting Shareholders**

Under the Plan of Arrangement and pursuant to the Interim Order, a registered Rubellite Shareholder or registered Perpetual Shareholder is entitled to dissent in respect of the Rubellite Arrangement Resolution or Perpetual Arrangement Resolution and, if the Arrangement is completed, to be paid by Rubellite or Perpetual the fair value of that Dissenting Shareholder's shares as determined by the Court, if Rubellite or Perpetual, as applicable has received from that Dissenting Shareholder a written objection to the Perpetual Arrangement Resolution addressed to Perpetual at Suite 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Paul G. Chiswell by 5:00 p.m. on October 25, 2024, being the second business day immediately preceding the date of the Meetings, or the second business day immediately preceding the date of any adjournment(s) or postponement(s) of the Meetings and that Dissenting Shareholder has otherwise complied with the procedures set forth in Section 191 of the Act. Provided that the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid by Rubellite or Perpetual, as applicable, the fair value of the shares in respect of which that Dissenting Shareholder dissents in accordance with the procedures set forth in Section 191 of the Act. The Arrangement Agreement provides that each of Rubellite and Perpetual's obligation to complete the Arrangement is subject to Shareholders holding not more than 5% of the issued and outstanding Perpetual Shares or Rubellite Shares having exercised their rights of dissent. See "*Details of the Recombination – Dissent Rights for Perpetual Shareholders*" and "*Details of the Recombination – Dissent Rights for Rubellite Shareholders*".

## **Trading Information**

The Perpetual Shares are listed on the TSX. The last price at which Perpetual Shares traded on the TSX prior to the announcement of the proposed recombination was \$0.40. The Rubellite Shares are listed on the TSX. The last price at which Rubellite Shares traded on the TSX prior to the announcement of the proposed recombination was \$2.28. See Appendix H – "*Information Concerning Rubellite Energy Inc.*" and Appendix I – "*Information Concerning Perpetual Energy Inc.*" for the twelve month trading history of each of Rubellite and Perpetual.

## **Risk Factors**

There are risks associated with the Arrangement and in holding Newco Amalco Common Shares following the Arrangement. Rubellite Shareholders and Perpetual Shareholders should carefully consider the risk factors listed under "*Other Information Relating to the Recombination – Risks Factors*" in this Circular and the risk factors contained in the Rubellite AIF, the Rubellite Annual MD&A, the Rubellite Interim MD&A, the Perpetual AIF, the Perpetual Annual MD&A and the Perpetual Interim MD&A, each of which are incorporated herein by reference.

## THE RECOMBINATION

### Overview

On September 16, 2024, Rubellite and Perpetual entered into the Arrangement Agreement, which provides for the recombination of Rubellite and Perpetual by way of the Arrangement. The purpose of the Recombination is to recombine the businesses of Rubellite and Perpetual.

Pursuant to the Arrangement, among other things, Rubellite Shareholders and Perpetual Shareholders will dispose of their Rubellite Shares and Perpetual Shares to two wholly-owned subsidiaries of Rubellite and Perpetual (which will amalgamate to form Newco Amalco). Newco Amalco will ultimately own all of the Rubellite Shares and the Perpetual Shares and Rubellite Shareholders and Perpetual Shareholders will ultimately hold one (1) Newco Amalco Common Share for every one (1) Rubellite Share held and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares held.

The Arrangement Agreement, a copy of which is attached as Appendix C to this Circular, sets out the steps to be taken by the parties to the Arrangement Agreement to prepare for and implement the Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of the parties to the Arrangement Agreement, and contains various closing conditions which must be satisfied or waived in order for the Arrangement to be completed. The steps in the Arrangement are set forth in the Plan of Arrangement which is attached to the Arrangement Agreement as Schedule I. The description in this Circular of the Recombination and the Arrangement Agreement is qualified in its entirety by reference to the full text of the Plan of Arrangement and the Arrangement Agreement.

### Background to the Recombination

#### *Perpetual's Relationship with Rubellite*

On July 12, 2021, Perpetual incorporated Rubellite as a wholly-owned subsidiary of Perpetual for the purposes of completing the Rubellite Spinout Arrangement. The Rubellite Spinout Arrangement resulted in the disposition of all of Perpetual's Clearwater lands and associated wells, roads and facilities in northeast Alberta for consideration of \$65.5 million, consisting of \$53.6 million in promissory notes, paid in cash on October 5, 2021, and the assumption of \$5.8 million of promissory notes due to 1974918 Alberta Ltd. (a company controlled by Perpetual's President and Chief Executive Officer), the issuance of 680,485 Rubellite Shares valued at \$1.4 million to a then second lien creditor of Perpetual, the return to Perpetual of 8.2 million Perpetual Shares exchanged in the Rubellite Spinout Arrangement valued at \$2.8 million, and the issuance to Perpetual of 4.0 million Perpetual Rubellite Share Purchase Warrants valued at \$2.0 million.

Pursuant to the Rubellite Spinout Arrangement, among other things, each Perpetual Shareholder received Rubellite Shares and warrants to purchase Rubellite Shares at an exercise price of \$2.00 per Rubellite Share ("**Arrangement Warrants**"). As a result of the Rubellite Spinout Arrangement, Susan L. Riddell Rose, who was then (and still is), directly and through companies controlled by her, the principal shareholder of Perpetual, also became the principal shareholder of the Rubellite.

Upon completion of the Rubellite Spinout Arrangement, the Rubellite Shares and Arrangement Warrants were listed for trading on the TSX and Rubellite began operations as a separate entity.

The officers of Rubellite are the same officers as Perpetual and the Perpetual employees provide services to Rubellite pursuant to the terms of the MSA. The MSA was entered into in connection with the Rubellite Spinout Arrangement. Pursuant to the MSA, Perpetual provides all management and operating services to Rubellite. These services include, but are not limited to, regulatory reporting and submissions, administering land records, geological and geophysical support, executing drilling operations, marketing (arranging transport and risk management contracts), accounting



and tax filing, office administration and investor relations. In consideration of Perpetual providing such services to Rubellite, Perpetual receives a payment from Rubellite based on a relative production basis split. On June 1, 2024, the MSA was amended to split shared costs on a 80% Rubellite and 20% Perpetual basis. Upon completion of the Recombination the MSA will be terminated at no cost owing to either Rubellite or Perpetual.

During the three and six months ended June 30, 2024, Perpetual billed and/or incurred on behalf of Rubellite net transactions, which are considered to be normal course of oil and gas operations, totaling \$5.9 million and \$8.3 million (2023 - \$1.6 million and \$3.1 million), respectively. Included within this amount are \$4.3 million and \$5.7 million (2023 - \$0.9 million and \$1.6 million), respectively, of costs billed under the MSA.

Rubellite and Perpetual have the same officers and senior management. In addition, Susan L. Riddell Rose is the Chair of both the Rubellite Board and the Perpetual Board and Ryan A. Shay is a director of both Rubellite and Perpetual. Ms. Riddell Rose is also a controlling shareholder (as defined under applicable Canadian securities laws) of each of Rubellite and Perpetual as she currently beneficially owns or controls, directly or indirectly, approximately 32.22% of the outstanding Rubellite Shares and approximately 39.08% of the outstanding Perpetual Shares.

As a result of these relationships, the Recombination constitutes a "business combination" for Perpetual and a "related party transaction" for Rubellite under MI 61-101. See "*Details of the Recombination – Securities Law Matters*".

### ***Events Leading to the Recombination***

In light of the relationship among Susan L. Riddell Rose, Rubellite and Perpetual, at various times subsequent to the Rubellite Spinout Arrangement, the Rubellite Board and the Perpetual Board independently discussed the possibility that the two companies be recombined. In addition, at times certain shareholders and various capital market participants suggested to directors or officers of Rubellite and/or Perpetual that, in light of the changing investment climate, the growth of Rubellite and the evolution of the business of both Companies, the two Companies be recombined.

Further, as part of its continual consideration of potential opportunities in the changing business environment, and given the evolution of the businesses, opportunities and access to capital considerations, the senior management of Rubellite and Perpetual periodically considered the possibility of a recombination of Rubellite and Perpetual and explored the means by which such a transaction could be accomplished and the process that would be needed to be undertaken, given the relationship between Rubellite and Perpetual. From time to time, Susan L. Riddell Rose and Ryan A. Shay had discussions with the other directors of Rubellite and Perpetual about the possibility of Rubellite and Perpetual being recombined.

On October 20, 2023, the Perpetual Board held its annual strategy session meeting. At this strategy session the Perpetual Board discussed a number of matters relating to the strategic direction of Perpetual, which included the 2024 strategic priorities of Perpetual involving, among other things, establishing a strong balance sheet, optimizing carrying costs and managing risk. Subsequent to the strategy session the Perpetual Board met on numerous occasions thereafter to discuss Perpetual's strategic priorities. At Perpetual Board meetings held on March 6, 2024 and May 7, 2024, the Perpetual Board received presentations from management on Perpetual's recent business development initiatives which included, amongst other items, potential strategic transactions or initiatives Perpetual could potentially pursue jointly with Rubellite. At the Perpetual Board meeting held on May 7, 2024, the Perpetual Board received presentations from management on Perpetual's "Road Map to PMT's Future" and on a number of recent business development initiatives which involved a number of various potential strategic transactions or initiatives Perpetual could potentially pursue jointly with Rubellite and which could ultimately result in a recombination with Rubellite.

On November 9, 2023, the Rubellite Board held its annual strategy session meeting. At this strategy session the Rubellite Board discussed a number of matters relating to the strategic direction of Rubellite, which included the 2024 strategic priorities of Rubellite involving, among other things, "delivering a robust organic and M&A-driven production growth profile". Subsequent to the strategy session the Rubellite Board met on numerous occasions

thereafter to discuss Rubellite's strategic priorities. At Rubellite Board meetings held on March 8, 2024, March 14, 2024 and May 13, 2024, the Rubellite Board received presentations from management on Rubellite's recent business development initiatives which involved potential strategic transactions or initiatives Rubellite could potentially pursue, several of which could involve Perpetual.

Until early May 2024, none of these activities or discussions led to any formal consideration of a recombination by either the Rubellite Board or the Perpetual Board, as the circumstances at those times were not considered to be conducive to such a transaction.

In late May, 2024, the senior management of Rubellite and Perpetual consulted with Burnet, Duckworth & Palmer LLP, corporate counsel for Rubellite and Perpetual, about the process and means for effecting a recombination of Rubellite and Perpetual in conjunction with the acquisition of BMEC.

On July 2, 2024, the Perpetual Board and Rubellite Board met to discuss the joint acquisition of BMEC which could also lead to the potential recombination of Rubellite and Perpetual. However, due to timing, complexities relating to financing the BMEC Acquisition and other considerations, the decision was subsequently made by the Perpetual Board to not pursue the acquisition, and by the Rubellite Board to pursue the BMEC Acquisition further.

#### *Rubellite Developments*

On August 2, 2024 Rubellite completed the BMEC Acquisition for a total purchase price of approximately \$97.5 million, inclusive of \$23.5 million of BMEC's assumed net debt, which consisted of \$62.7 million in cash and the issuance of 5 million common shares of Rubellite to certain shareholders of BMEC having a deemed value of \$11.3 million.

Rubellite funded the cash portion of the BMEC Acquisition through (a) expanded bank credit facilities; and (b) a new senior second-lien term loan placed, directly or indirectly, with certain directors and officers, and certain of their affiliates, of Rubellite and Rubellite's significant shareholder for \$20 million (the "**Rubellite Second-Lien Term Loan**"), all on favorable terms to Rubellite. At that time Rubellite's borrowing base was increased to \$100 million, an increase from \$60 million. In addition, Rubellite's lenders provided a \$20 million bank syndicated term loan that matures on or before December 15, 2024. The Rubellite Second-Lien Term Loan bears interest at 11.5% with interest to be paid quarterly, and matures in five years from the date of issue, and can be repaid by Rubellite without penalty at any time.

#### *Perpetual Developments*

In connection with Perpetual's strategic priority to improve its balance sheet and liquidity, Perpetual has, for a significant period of time, been reviewing and evaluating potential options, alternatives and transactions to improve its capital structure, reduce its debt and interest payment levels, extend the maturity of various debt instruments (including the Perpetual Senior Notes), improve its liquidity and strengthen its financial position in order to achieve its business objectives and maximize value for all stakeholders.

On November 22, 2023, Perpetual completed the disposition of certain assets at Mannville in Eastern Alberta to Canadian private operator Pointbreak Resources Inc. for gross proceeds of \$35.8 million in cash, prior to customary purchase price adjustments with a September 1, 2023 effective date.

On March 22, 2024, Perpetual announced the resolution of the Sequoia Litigation, repayment of its then existing \$2.7 million second lien term loan and the early redemption of its secured third lien senior notes, with the opportunity for noteholders to elect to continue to hold such notes subject to certain amendments. Entities controlled or directed by the President and Chief Executive Officer, holding \$26.2 million of the third lien senior notes, elected to be continuing holders resulting in the ownership of 100% of the remaining third lien senior notes.

After several years of litigation, Perpetual entered into the Sequoia Settlement Agreement with the Trustee to resolve the Sequoia Litigation without any party admitting liability, wrongdoing or violation of law, regulations, public policy or fiduciary duties. Pursuant to the Sequoia Settlement Agreement, Perpetual agreed to make an aggregate payment of \$30 million (the "**Settlement Principal**") spread out over several years, consisting of an initial payment of \$10 million, and annual installments of \$3.75 million until the total amount of the Settlement Principal is paid. Subject to the payment of all amounts under the Sequoia Settlement Agreement, no notional interest prior to March 27, 2026 will be payable. As of March 28, 2026, notional interest will accrue and be payable on the outstanding Settlement Principal at a notional rate equal to the applicable Bank of Canada prime rate on the date of payment. Perpetual is able to pre-pay all, or any portion, of the outstanding balance of the Settlement Principal at any time without bonus or penalty. The certainty brought by the execution of the Sequoia Settlement Agreement, and subsequent Court approval on May 16, 2024, terminated what was, and would otherwise continue to be, a lengthy litigation process and allowed Perpetual to advance its business plans with significantly improved access to capital, affording the financial flexibility to pursue value enhancing opportunities. With the resolution of the Sequoia Litigation, Perpetual regained the ability to unlock the inherent value potential of its asset base.

### ***Proposed Recombination***

At meetings of each of the Rubellite Board and Perpetual Board held on July 2, 2024, the senior management of Rubellite and Perpetual outlined to their respective boards the rationale and process for Rubellite and Perpetual to recombine. Both the Rubellite Board and the Perpetual Board were advised of the potential BMEC Acquisition at this time.

At this time, the Rubellite Board and Perpetual Board received advice on the duties of directors in these circumstances and the requirements of MI 61-101 that would apply to a recombination transaction and a potential joint acquisition.

It was suggested to the Boards that the combination of Rubellite and Perpetual could be accomplished by way of an arrangement. No exchange ratio was suggested at that time. Susan L. Riddell Rose advised both Boards that she was supportive in principle of such a transaction. Ms. Riddell Rose also advised the Perpetual Board that she was open to considering an alternative transaction for Perpetual but expressed the view that, based on Perpetual's prior activities and the current market environment for junior energy companies focused on natural gas, Perpetual conducting any process to seek an offer from a third party to acquire Perpetual was unlikely to result in an offer at a price that she and Perpetual were prepared to accept.

On July 2, 2024 the Rubellite Board appointed the Rubellite Special Committee and the Perpetual Board appointed the Perpetual Special Committee. At this time, each of the Rubellite Special Committee and the Perpetual Special Committee were provided with their respective mandates to, among other things, consider and make a recommendation with respect to the proposed recombination. The steps taken by and the deliberations of the Special Committees are described below under "*Deliberations and Recommendations of the Special Committees*".

Following the appointment of the Special Committees, both Companies took steps to consider and prepare for a potential recombination in conjunction with the potential BMEC Acquisition. Among other steps taken, due diligence was conducted on BMEC by both Companies, financial advisors began their work with respect to the BMEC Acquisition, Rubellite and Perpetual's lenders were advised of the potential BMEC Acquisition and Deloitte began to conduct their work on a preliminary value analysis for the Special Committees. However, due to timing, complexities relating to financing the BMEC Acquisition and other considerations, the decision was subsequently made by the Perpetual Board to not pursue the acquisition, and by the Rubellite Board to pursue the BMEC Acquisition further.

While Deloitte continued its preliminary value analysis, Rubellite shifted its focus to its pursuit of the acquisition of BMEC, which included extensive due diligence investigations and protracted negotiations with BMEC.

Following the completion of the BMEC Acquisition on August 2, 2024, Rubellite and Perpetual, the Special Committees and their respective advisors took steps for the Special Committees to be in a position to present their

determinations and recommendations to their respective Boards with a view to Rubellite and Perpetual being able to announce a potential recombination transaction in September and to complete a potential recombination transaction as soon as practical thereafter. Completing a potential recombination transaction as soon as practical is important for each of Rubellite and Perpetual because each Company has certain near-term upcoming debt maturities to address. In particular, Rubellite's \$20 million bank syndicated term loan matures on December 15, 2024 and the Perpetual Senior Notes, which mature on January 23, 2025, are required by Perpetual's lending syndicate to be re-financed on or before November 30, 2024.

On September 16, 2024, each of the Rubellite Board and the Perpetual Board, after receiving the recommendation of their respective Special Committees, approved the entering into of the Arrangement Agreement, conditional upon receiving certain credit facility approvals, and finalizing the Arrangement Agreement and the press release with respect to the Recombination. The Arrangement Agreement was finalized between Rubellite and Perpetual on September 16, 2024, following which Rubellite and Perpetual entered into the Arrangement Agreement. Rubellite and Perpetual then issued a joint news release announcing the Recombination prior to market open on September 17, 2024.

### **Benefits of the Recombination**

The Recombination will have significant benefits for both Rubellite and Perpetual shareholders as well as all other stakeholders.

The recombined company is forecast to realize material administrative, operating and financial synergies in the order of \$40 to \$50 million over the next four years. With increased size, scale, greater financial liquidity, enhanced flexibility and operations carried on by its subsidiaries, the recombined company will be well positioned to execute on the development of its high quality drilling inventory with significant optionality to efficiently realize the value of the combined assets through its growth-focused business plan.

The Recombination will result in Newco Amalco having:

- Large scale exposure to operated heavy oil assets in the Clearwater and Mannville Stack plays
  - Over 7,000 boe/d (100% oil) of conventional heavy oil production
  - Access to over 580 net sections of prospective lands
  - Multiple exploration prospects captured with material upside location inventory potential if successful
  - Significant heavy oil resource captured beyond primary recovery in core development assets representing future enhanced recovery potential
- Strategic exposure to high quality natural gas assets in the Deep Basin
  - Approximately 4,000 boe/d (~90% natural gas) of conventional natural gas and liquids production
  - Predictable base production profile, attractive half cycle economics, operated by JV partner Tourmaline Oil Corp.
  - Infrastructure in place to increase sales production to >6,500 boe/d when natural gas prices improve
- Significant drilling inventory supporting long-term growth
  - Defined development drilling inventory of over 355 net development / step-out locations<sup>(1)</sup> (115.6 net booked<sup>(2)</sup> / 239.4 net unbooked) to organically grow production by 10% to 15% per year through 2028 and beyond
  - Reserve recognition of Total Proved Plus Probable ("TPP") volumes of 48 MMboe, TPP RLI of ~10 years, with ~\$710 million TPP NPV(10%) before tax<sup>(2)</sup>

- Strong financial position
  - Approximately \$100 million drawn at closing on an expanded \$140 million syndicated first lien credit facility and continuation of the existing \$20 million five year Rubellite Second-Lien Term Loan due in 2029
  - Fully-funded growth focused 2025 drilling program supported by both Rubellite and Perpetual's hedging risk management programs
  - Meaningful synergies to enhance free funds flow through lower combined G&A and interest costs, along with over \$550 million in combined resource tax pools and non-capital losses
- Portfolio of high impact new venture opportunities
  - Land capture strategy advancing on several new exploration plays
  - Substantial bitumen resource potential
  - Helium exploration joint venture
- Experienced and aligned management team and board of directors
  - Existing Rubellite and Perpetual management team
  - Board of directors will be eight (8) members comprised of the existing Rubellite and Perpetual's directors
  - Directors and officers of the recombined company will own 44.3% of the total Newco Amalco Common Shares

Notes:

- (1) Net locations are internally estimated.
- (2) Total Proved Plus Probable (TPP) reserves (Gross Working Interest before royalties) as per Year End 2023 McDaniel Reserve Reports plus internally generated TPP reserve estimate for Buffalo Mission assets in accordance with COGE Handbook as at August 1, 2024. Reserves and present value are adjusted to an effective date of October 1, 2024 at Three Consultant Average July 1, 2024 prices.

Rubellite Shareholders and Perpetual Shareholders will also both benefit from the Newco Amalco Common Shares being more widely held following the Recombination, which is expected to result in more active market trading.

In addition to the foregoing benefits, the Recombination addresses certain upcoming debt maturities for each Company without the need of raising additional capital. This includes the Perpetual Senior Notes, which are required by Perpetual's bank syndicate to be re-financed on or before November 30, 2024, and Rubellite's \$20 million bank syndicated term loan that matures on December 15, 2024.

## **Deliberations and Recommendations of the Special Committees**

### ***Rubellite Special Committee***

#### *Committee Process*

On July 2, 2024, the Rubellite Board formed the Rubellite Special Committee, consisting of three directors who are independent of Rubellite and Perpetual within the meaning of MI 61-101, and ratified and confirmed its mandate. Those directors are Tamara L. MacDonald, Holly A. Benson and Bruce C. Shultz. Ms. MacDonald was appointed as the Chair of the Rubellite Special Committee. Since being formed, the Rubellite Special Committee has met formally 13 times, and additionally has had numerous separate discussions amongst themselves, management and with legal counsel and its independent financial advisors.

The mandate of the Rubellite Special Committee was:

- (a) to direct, supervise, review and evaluate potential transactions (which could involve certain "identified parties" such as Perpetual and BMEC) in order to be able to achieve its business objectives, including its 2024 strategic priorities, and maximize value for all stakeholders (including its shareholders, creditors and other stakeholders) which may involve a number of transactions including a potential corporate acquisition and a statutory plan of arrangement involving Rubellite and its shareholders and other stakeholders (a "**Potential Transaction**") including, among other things, a potential acquisition, merger, business combination or similar transaction or transactions involving one or more potential identified or to be identified parties, including BMEC and Perpetual;
- (b) for the purpose of discharging the mandate referred to above, but not in limitation thereof, instruct and supervise one or more financial and strategic advisors or independent valuers in connection with the conduct of a Potential Transaction (including obtaining any "fairness opinion" or "formal valuation" with respect to a Potential Transaction) as the Rubellite Special Committee considers appropriate including reviewing, considering and evaluating the qualifications and credentials of one or more financial advisors or independent valuers and in connection with an independent valuator make a determination that such valuator is independent of all "interested parties" in connection with the Potential Transactions;
- (c) to review, assess and evaluate a Potential Transaction, including the terms and conditions and structure thereof, to determine whether a Potential Transaction may be in the best interests of Rubellite and all of its stakeholders;
- (d) subject to the final approval of the Rubellite Board, if determined appropriate by the Rubellite Special Committee, to negotiate and settle on behalf of Rubellite the terms and conditions of a Potential Transaction to the extent that the Rubellite Special Committee considers that such Potential Transaction would be in the best interests of Rubellite and all of its stakeholders;
- (e) subject to the final approval of the Rubellite Board, if determined appropriate by the Rubellite Special Committee, to negotiate and settle any agreements or other documents relating to a Potential Transaction;
- (f) to report its conclusions with respect to the foregoing to the Rubellite Board; and
- (g) to make such recommendations to the Rubellite Board with respect to the foregoing as the Rubellite Special Committee considers appropriate.

The mandate of the Rubellite Special Committee provided the Rubellite Special Committee with the ability to retain, at the expense of Rubellite, such legal, financial and other advisors, including an independent valuator or independent joint valuator to provide a formal valuation of the Rubellite Shares and the Perpetual Shares as required by applicable law, as the Rubellite Special Committee considered necessary or desirable to perform its mandate.

On July 2, 2024, the Rubellite Special Committee met with its legal counsel to review various preliminary matters, including the mandate of the Rubellite Special Committee, the independence of the members of the Rubellite Special Committee and the duties and responsibilities of the Rubellite Special Committee. The Rubellite Special Committee also reviewed with legal counsel the potential transaction structures for the proposed recombination, as well as Rubellite's proposed acquisition of BMEC and the anticipated timing thereof. The Rubellite Special Committee reviewed with its legal counsel the implications that MI 61-101 would have on the proposed recombination, including the requirement for a formal valuation of the Rubellite Shares and Perpetual Shares, as well as minority securityholder approval requirements and thresholds and the possibility of the reliance on any exemptions. The Rubellite Special

Committee also considered the qualifications of a number of potential joint valuers and whether such valuers would be independent within the meaning of MI 61-101. Following such considerations and deliberations, the Rubellite Special Committee authorized management on their behalf to contact Deloitte to have Deloitte provide a summary of its qualifications and credentials. A list of potential financial advisors was also developed by the Rubellite Special Committee, having regard to the experience, expertise and credentials of each firm. Subsequent to this meeting and after further consideration by the Rubellite Special Committee, the Rubellite Special Committee determined to retain Deloitte as its formal valuator and ATB Capital Markets as financial advisor, and BMO Capital Markets as strategic advisor, with respect to the BMEC Acquisition. BMO Capital Markets also acted as financial advisor to the Rubellite Special Committee with respect to the Rubellite Second-Lien Term Loan.

On July 2, 2024, Rubellite and Perpetual entered into the Confidentiality Agreement.

Over the following weeks, the Rubellite Special Committee, together with the Perpetual Special Committee, reviewed and negotiated the engagement letter to be entered into with Deloitte as joint valuator to provide the formal valuations and fairness opinions. Legal counsel to the Rubellite Special Committee then held several telephone calls with Deloitte to obtain further information on Deloitte's qualifications and credentials. On July 29, 2024, the Rubellite Special Committee and its legal advisors met with Deloitte to receive an initial presentation from Deloitte and to discuss, among other things, the status of Deloitte's review of the information that had been provided to Deloitte by each of Rubellite and Perpetual, the status and methodology of Deloitte's valuation models and various inputs, pricing scenarios to be utilized by Deloitte and various other matters. Effective August 6, 2024, Rubellite and Perpetual entered into an engagement agreement with Deloitte pursuant to which Deloitte was retained as the joint independent valuator.

Following closing of the BMEC Acquisition on August 2, 2024, the Rubellite Special Committee negotiated an engagement letter to be entered into with Peters & Co. Limited pursuant to which Peters & Co. Limited would provide financial advice and related assistance to the Rubellite Special Committee in evaluating the proposed recombination.

On August 7, 2024, Rubellite entered into an engagement agreement with Peters & Co. Limited pursuant to which Peters & Co. Limited was retained as the independent financial advisor of the Rubellite Special Committee.

In the ensuing weeks, the Rubellite Special Committee, its legal and financial advisors and Deloitte met on a number of occasions with Rubellite management and Perpetual management to receive detailed presentations regarding Rubellite's operations, inclusive of the assets related to the BMEC Acquisition, and Perpetual's operations, including a review of their respective assets, performance, production, cash flow and prospects as a stand-alone entity and the potential synergies to be realized by the combined entity following completion of the proposed recombination.

The Rubellite Special Committee and its advisors conducted due diligence and considered the financial, operational and other information provided by Rubellite management.

On August 7, 2024, the Rubellite Special Committee, its legal and financial advisors and Rubellite management met with Deloitte to receive a presentation regarding Deloitte's valuation methodology and basis for comparison and its observations on the respective values of each company having regard to a variety of measures. The group discussed, among other things, the current production (including the oil and gas reserves assessed by McDaniel) and growth case scenarios of Rubellite, inclusive of the assets related to the BMEC Acquisition, certain of Perpetual's attributes and the respective obligations of the Companies.

As part of its review process, the Rubellite Special Committee considered and reviewed a substantial amount of information in consultation with its legal and financial advisors, including potential alternatives to the proposed recombination, including maintaining the status quo.

On August 15, 2024, the Rubellite Special Committee met with Peters & Co. Limited to receive a presentation from Peters & Co. Limited, including the views of Peters & Co. Limited of Rubellite on a standalone basis, as well as its

views on Perpetual. A detailed review of the current financial and operating metrics of each of Rubellite, inclusive of the assets of BMEC, and Perpetual was provided by Peters & Co. Limited as well as the anticipated pro forma metrics of the combined entity. The attributes and potential risks and challenges of the proposed recombination were also reviewed and discussed by the Rubellite Special Committee, its legal counsel and Peters & Co. Limited.

On August 22, 2024, the Rubellite Special Committee met with Peters & Co. Limited to receive an updated presentation and to discuss various matters pertaining to the Recombination.

On August 28, 2024, management of Rubellite and Perpetual met with Peters & Co. Limited to discuss the range of acceptable exchange ratios for the Recombination based on indications from Deloitte's preliminary value analysis work.

On August 30, 2024, the Rubellite Special Committee met with Peters & Co. Limited and its legal advisor and after further consideration determined to propose a range of acceptable exchange ratios for the Recombination. Management also presented its business case for the proposed recombination to the Rubellite Special Committee and also reviewed its updated development plans for the assets of Rubellite and Perpetual.

On September 2, 2024, the Rubellite Special Committee received a proposed exchange ratio for the proposed recombination from Rubellite Management which was within the range proposed by the Rubellite Special Committee.

During the week of September 2, 2024, the Rubellite Special Committee negotiated with the Perpetual Special Committee through its financial advisors with a view to settling on a share exchange ratio that the Rubellite Special Committee believed it could recommend to the Rubellite Shareholders and, in consultation with its financial and legal advisors, ultimately agreed that the exchange ratio for the proposed recombination would be one (1) Newco Amalco Common Share for every one (1) Rubellite Share and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares.

Commencing September 6, 2024 and continuing through to September 16, 2024, a draft arrangement agreement was prepared and negotiated between the parties. The Rubellite Special Committee and its legal and financial advisors reviewed the document and determined and negotiated for the position of the Rubellite Special Committee on various matters dealt with therein.

On September 13, 2024, BMO Capital Markets was engaged as financial advisor to management of Rubellite and met with the Rubellite Special Committee.

On September 13, 2024, the Rubellite Special Committee received the verbal opinion of Deloitte that, based on its valuation conclusions at that time, among other things, the proposed exchange ratio one (1) Newco Amalco Common Share for every one (1) Rubellite Share and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares is fair, from a financial point of view, to the Rubellite Shareholders. At this meeting, the Rubellite Special Committee, having taken into account Deloitte's valuation conclusions and fairness opinion conclusions and the advice of Peters & Co. Limited and legal counsel and such other matters as it considered relevant and having determined that the Recombination is fair, from a financial point of view, to the Rubellite Shareholders and is in the best interests of Rubellite and the Rubellite Shareholders, recommended to the Rubellite Board that it approve the Arrangement Agreement.

On September 16, 2024, Cormark Securities Inc. was engaged as strategic advisor to management of Rubellite.

Deloitte subsequently delivered to the Rubellite Special Committee the Valuation Reports, containing Deloitte's final valuation conclusions, and the Rubellite Fairness Opinion, and the Rubellite Special Committee confirmed its recommendations to the Rubellite Board.



### *Reasons for the Rubellite Special Committee Recommendation*

In determining that the Recombination is fair, from a financial point of view, to the Rubellite Shareholders and is in the best interests of Rubellite and the Rubellite Shareholders and in making its recommendations to the Rubellite Board, the Rubellite Special Committee considered and relied upon a number of factors, including the following:

- The Rubellite Fairness Opinion.
- The Rubellite Special Committee was satisfied that further negotiations with the Perpetual Special Committee would not result in an exchange ratio which was more favourable for the Rubellite Shareholders.
- The ability of the Rubellite Board, in the circumstances described in the Arrangement Agreement, to consider, accept and enter into a definitive agreement with respect to a Superior Proposal with no termination fee payable to Rubellite, provided that Rubellite complies with the terms of the Arrangement Agreement and pays to Perpetual an expense reimbursement.
- Rubellite Shareholders will have an opportunity to vote on the Arrangement, which requires approval by: (i) at least 66⅔% of the votes cast by the Rubellite Shareholders present in person or represented by proxy at the Rubellite Meeting; and (ii) a majority of the votes cast by the Rubellite Shareholders present in person or represented by proxy at the Rubellite Meeting, after excluding the votes cast by persons whose votes may not be included in determining minority approval pursuant to MI 61-101.
- The Recombination is subject to a determination by the Court that the Arrangement is fair, both procedurally and substantively, to the Rubellite Shareholders.
- The terms and conditions of the Arrangement Agreement, including the fact that the representations, warranties and covenants of each of Rubellite and Perpetual and the conditions to completion of the Recombination are, in the judgment of the Rubellite Special Committee, after consultation with its legal and financial advisors, reasonable.
- The obligations of Rubellite to complete the Arrangement are subject to a limited number of conditions, which the Rubellite Special Committee believes are reasonable under the circumstances.
- The Rubellite Special Committee's belief that the Recombination is likely to be completed in accordance with its terms and within a reasonable time, with closing of the Recombination currently expected on or about October 30, 2024.
- Registered Rubellite Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise dissent rights and, if ultimately successful, receive fair value from Rubellite for their Rubellite Shares as determined by the Court.
- The fact that, in the Rubellite Special Committee's view, the terms of the Arrangement Agreement treat the Rubellite Shareholders equitably and fairly.

The Rubellite Special Committee considered the benefits to the Rubellite Shareholders set forth under "*The Recombination – Benefits of the Recombination*" and also considered a number of the potential risks and negative factors relating to the proposed recombination.

The foregoing discussion of the information and factors considered and given weight by the Rubellite Special Committee is not intended to be exhaustive. In reaching the determination to recommend the Recombination, the Rubellite Special Committee did not assign any relative or specific weights to the foregoing factors, and individual directors may have given different weights to different factors.

### ***Perpetual Special Committee***

#### *Committee Process*

On July 2, 2024, the Perpetual Board formed the Perpetual Special Committee, consisting of three directors who are independent of Rubellite and Perpetual within the meaning of MI 61-101, and ratified and confirmed its mandate. Those directors are Geoffrey C. Merritt, Linda A. Dietsche and Steven L. Spence. Mr. Merritt was appointed the Chair of the Perpetual Special Committee. Since being formed, the Perpetual Special Committee has met formally 11 times, and additionally has had separate discussions amongst themselves, management and with legal counsel and its financial advisors.

The mandate of the Perpetual Special Committee was:

- (a) to direct, supervise, review and evaluate potential transactions (which could involve certain "identified parties" such as Rubellite) including capital restructuring options, and other alternatives and transactions to improve Perpetual's capital structure and efficiency, extend the maturity of, or convert all or a portion, of the Perpetual Senior Notes, improve its liquidity and strengthen its financial position in order to be able to achieve its business objectives and maximize value for all stakeholders (including its shareholders, creditors, debt holders and other stakeholders) which may involve a number of transactions including a potential corporate acquisition and a statutory plan of arrangement involving Perpetual and its shareholders, creditors, debt holders and other stakeholders which may involve, among other things, a potential corporate acquisition, maturity extension and/or conversion of the Perpetual Senior Notes and a potential merger or consolidation transaction involving one or more potential identified or to be identified parties, including BMEC and Rubellite;
- (b) for the purpose of discharging the mandate referred to above, but not in limitation thereof, instruct and supervise one or more financial advisors or independent valutors in connection with the conduct of a Potential Transaction (including obtaining any "fairness opinion" or "formal valuation" with respect to a Potential Transaction) as the Perpetual Special Committee considers appropriate including reviewing, considering and evaluating the qualifications and credentials of one or more financial advisors or independent valutors and in connection with an independent valuator make a determination that such valuator is independent of all "interested parties" in connection with the Potential Transactions;
- (c) to review, assess and evaluate a Potential Transaction, including the terms and conditions and structure thereof, to determine whether a Potential Transaction may be in the best interests of Perpetual and all of its stakeholders;
- (d) subject to the final approval of the Perpetual Board, if determined appropriate by the Perpetual Special Committee, to negotiate and settle on behalf of Perpetual the terms and conditions of a Potential Transaction to the extent that the Perpetual Special Committee considers that such Potential Transaction would be in the best interests of Perpetual and all of its stakeholders;
- (e) subject to the final approval of the Perpetual Board, if determined appropriate by the Perpetual Special Committee, to negotiate and settle any agreements or other documents relating to a Potential Transaction;

- (f) to report its conclusions with respect to the foregoing to the Perpetual Board; and
- (g) to make such recommendations to the Perpetual Board with respect to the foregoing as the Perpetual Special Committee considers appropriate.

The mandate of the Perpetual Special Committee provided the Perpetual Special Committee with the ability to retain, at the expense of Perpetual, such legal, financial and other advisors, including an independent valuator or joint valuator to provide a formal valuation of the Perpetual Shares and the Rubellite Shares as required by applicable law, as the Perpetual Special Committee considered necessary or desirable to perform its mandate.

On July 2, 2024, the Perpetual Special Committee met with its legal counsel to review various preliminary matters, including the mandate of the Perpetual Special Committee, the independence of the members of the Perpetual Special Committee and the duties and responsibilities of the Perpetual Special Committee. The Perpetual Special Committee also reviewed with legal counsel the potential transaction structures for the proposed recombination, as well as Rubellite's proposed acquisition of BMEC and the anticipated timing thereof. The Perpetual Special Committee reviewed with its legal counsel the implications that MI 61-101 would have on the proposed recombination, including the requirement for a formal valuation of the Rubellite Shares and Perpetual Shares, as well as minority securityholder approval requirements and thresholds and the possibility of the reliance on any exemptions. The Perpetual Special Committee also considered the qualifications of a number of potential joint valutors and whether such valutors would be independent within the meaning of MI 61-101. Following such considerations and deliberations, the Perpetual Special Committee authorized management on their behalf to contact Deloitte to have Deloitte provide a summary of its qualifications and credentials. A list of potential financial advisors was also developed by the Perpetual Special Committee, having regard to the experience, expertise and credentials of each firm. Subsequent to this meeting and after further consideration by the Perpetual Special Committee, the Perpetual Special Committee determined to retain ATB Capital Markets as its financial advisor and Deloitte as its formal valuator with respect to the Recombination.

On July 2, 2024, Rubellite and Perpetual entered into the Confidentiality Agreement.

Over the following weeks, the Perpetual Special Committee, together with the Rubellite Special Committee, reviewed and negotiated the engagement letter to be entered into with Deloitte as joint valuator to provide the formal valuations and fairness opinions. Legal counsel to the Perpetual Special Committee then held several telephone calls with Deloitte to obtain further information on Deloitte's qualifications and credentials. On July 30, 2024, the Perpetual Special Committee and its legal advisors met with Deloitte to receive an initial presentation from Deloitte and to discuss, among other things, the status of Deloitte's review of the information that had been provided to Deloitte by each of Rubellite and Perpetual, the status and methodology of Deloitte's valuation models and various inputs, pricing scenarios to be utilized by Deloitte and various other matters. Effective August 6, 2024, Rubellite and Perpetual entered into an engagement agreement with Deloitte pursuant to which Deloitte was retained as the joint independent valuator.

The Perpetual Special Committee also negotiated the engagement letter to be entered into with ATB Capital Markets pursuant to which ATB Capital Markets would provide financial advice and related assistance to the Perpetual Special Committee in evaluating the proposed recombination.

On July 30, 2024, Perpetual entered into an engagement agreement with ATB Capital Markets pursuant to which ATB Capital Markets was retained as the independent financial advisor of the Perpetual Special Committee.

In the ensuing weeks, the Perpetual Special Committee, its legal and financial advisors and Deloitte met on several occasions with Perpetual management and Rubellite management to receive detailed presentations regarding Perpetual's and Rubellite's respective operations, assets, performance, production, cash flow and prospects inclusive of the assets of BMEC, and the potential synergies to be realized by the combined entity following completion of the proposed recombination.

The Perpetual Special Committee and its advisors conducted due diligence and considered the financial, operational and other information provided by Rubellite and Perpetual management, respectively.

On August 7, 2024, the Perpetual Special Committee, its legal and financial advisors and Perpetual management met with Deloitte to receive a presentation regarding Deloitte's valuation methodology and basis for comparison and its observations on the respective values of each company having regard to a variety of measures. The group discussed, among other things, the current production (including the oil and gas reserves assessed by McDaniel) and growth case scenarios of the Rubellite, inclusive of the assets of BMEC, and Perpetual and the respective obligations of the Companies.

As part of its review process, the Perpetual Special Committee considered and reviewed a substantial amount of information in consultation with its legal and financial advisors, including potential alternatives to the proposed recombination, including maintaining the status quo.

On August 15, 2024, the Perpetual Special Committee met with ATB Capital Markets to receive a presentation from ATB Capital Markets, including the views of ATB Capital Markets of Perpetual on a standalone basis, as well as its views on Rubellite. A detailed review of the current financial and operating metrics of each of Rubellite, inclusive of the assets of BMEC and Perpetual was provided by ATB Capital Markets as well as the anticipated pro forma metrics of the combined entity. The attributes and potential risks and challenges of the proposed recombination were also reviewed and discussed by the Perpetual Special Committee, its legal counsel and ATB Capital Markets.

On August 20, 2024, the Perpetual Special Committee met with ATB Capital Markets to receive an updated presentation and to discuss various matters pertaining to the Recombination.

On August 28, 2024, management of Rubellite and Perpetual met with ATB Capital Markets to discuss the range of acceptable exchange ratios for the Recombination based on indications from Deloitte's preliminary value analysis work.

On August 30, 2024, the Perpetual Special Committee met with ATB Capital Markets and its legal advisor and after further consideration determined to propose a range of acceptable exchange ratios for the Recombination. Management also presented its business case for the proposed recombination to the Perpetual Special Committee and also reviewed its updated development plans for the assets of Rubellite and Perpetual.

On September 2, 2024, the Perpetual Special Committee received a proposed exchange ratio for the proposed recombination from Perpetual Management which was within the range proposed by the Perpetual Special Committee.

During the week of September 2, 2024, the Perpetual Special Committee negotiated with the Rubellite Special Committee through its financial advisors with a view to settling on a share exchange ratio that the Perpetual Special Committee believed it could recommend to the Perpetual Shareholders and, in consultation with its financial and legal advisors, ultimately agreed that the exchange ratio for the proposed recombination would be one (1) Newco Amalco Common Share for every one (1) Rubellite Share and one (1) Newco Amalco Common Share for every five (5) Perpetual Shares.

Commencing September 6, 2024 and continuing through to September 16, 2024, a draft arrangement agreement was prepared and negotiated between the parties. The Perpetual Special Committee and its legal and financial advisors reviewed the document and determined and negotiated for the position of the Perpetual Special Committee on various matters dealt with therein.

On September 13, 2024, the Perpetual Special Committee received the verbal opinion of Deloitte that, based on its valuation conclusions at that time, among other things, the proposed exchange ratio of one (1) Newco Amalco Common Share for every one (1) Rubellite Share and one (1) Newco Amalco Common Share for every five (5)

Perpetual Shares is fair, from a financial point of view, to the Perpetual Shareholders. At this meeting, the Perpetual Special Committee, having taken into account Deloitte's valuation and fairness conclusions and the advice of ATB Capital Markets and legal counsel and such other matters as it considered relevant and having determined that the Recombination is fair, from a financial point of view, to the Perpetual Shareholders and is in the best interests of Perpetual and the Perpetual Shareholders, recommended to the Perpetual Board that it approve the Arrangement Agreement.

Deloitte subsequently delivered to the Perpetual Special Committee the Valuation Reports, containing Deloitte's final valuation conclusions, and the Perpetual Fairness Opinion, and the Perpetual Special Committee confirmed its recommendations to the Perpetual Board.

#### *Reasons for the Perpetual Special Committee Recommendation*

In determining that the Recombination is fair, from a financial point of view, to the Perpetual Shareholders and is in the best interests of Perpetual and the Perpetual Shareholders and in making its recommendations to the Perpetual Board, the Perpetual Special Committee considered and relied upon a number of factors, including the following:

- It was deemed unlikely that an asset sale in the current market was not expected to result in greater value to the Perpetual Shareholders than the Recombination.
- The Perpetual Fairness Opinion.
- Based on the 2-day, 5-day, 10-day, 20-day and 30 day volume weighted average trading prices of the Perpetual Shares and the Rubellite Shares for the period ended September 16, 2024, and the closing prices of the Perpetual and the Rubellite Shares on September 16, 2024, the exchange ratio imputed a premium for the Perpetual Shares.
- The Perpetual Special Committee was satisfied that further negotiations with the Rubellite Special Committee would not result in an exchange ratio which was more favourable for the Perpetual Shareholders.
- The ability of the Perpetual Board, in the circumstances described in the Arrangement Agreement, to consider, accept and enter into a definitive agreement with respect to a Superior Proposal with no termination fee payable to Rubellite, provided that Perpetual complies with the terms of the Arrangement Agreement and pays to Rubellite an expense reimbursement.
- Perpetual Shareholders will have an opportunity to vote on the Arrangement, which requires approval by: (i) at least 66⅔% of the votes cast by the Perpetual Shareholders present in person or represented by proxy at the Perpetual Meeting; and (ii) a majority of the votes cast by the Perpetual Shareholders present in person or represented by proxy at the Perpetual Meeting, after excluding the votes cast by persons whose votes may not be included in determining minority approval pursuant to MI 61-101.
- The Recombination is subject to a determination by the Court that the Arrangement is fair, both procedurally and substantively, to the Perpetual Shareholders.
- The terms and conditions of the Arrangement Agreement, including the fact that the representations, warranties and covenants of each of Rubellite and Perpetual and the conditions to completion of the Recombination are, in the judgment of the Perpetual Special Committee, after consultation with its legal and financial advisors, reasonable.

- The obligations of Rubellite to complete the Arrangement are subject to a limited number of conditions, which the Perpetual Special Committee believes are reasonable under the circumstances.
- The Perpetual Special Committee's belief that the Recombination is likely to be completed in accordance with its terms and within a reasonable time, with closing of the Recombination currently expected on or about October 30, 2024.
- Registered Perpetual Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise dissent rights and, if ultimately successful, receive fair value from Rubellite for their Perpetual Shares as determined by the Court.
- The fact that, in the Perpetual Special Committee's view, the terms of the Arrangement Agreement treat the Perpetual Shareholders equitably and fairly.

The Perpetual Special Committee considered the benefits to Perpetual Shareholders described under "*The Recombination – Benefits of the Recombination*" and also considered a number of the potential risks and negative factors relating to the Recombination.

The foregoing discussion of the information and factors considered and given weight by the Perpetual Special Committee is not intended to be exhaustive. In reaching the determination to recommend the Recombination, the Perpetual Special Committee did not assign any relative or specific weights to the foregoing factors, and individual directors may have given different weights to different factors.

## **Formal Valuations and Fairness Opinions**

### *Engagement of Deloitte as Independent Valuator*

In accordance with the provisions of MI 61-101, Rubellite and Perpetual were required to obtain, at their own expense, a formal valuation of the Rubellite Shares and the Perpetual Shares respectively prepared in accordance with MI 61-101 by a valuator who is independent of Rubellite and Perpetual any other "interested party" for the purposes of Section 6.1 of MI 61-101 and who is qualified to provide such a valuation. MI 61-101 is designed to provide protection to securityholders in certain transaction when there is a concern that an "interested party" may have an informational advantage relative to other securityholders. MI 61-101 is intended to ensure that all securityholders are treated in a manner that is fair and is perceived to be fair.

The Special Committees engaged Deloitte to act as joint independent financial advisor to the Special Committees and provide formal valuations of the Rubellite Shares and the Perpetual Shares in accordance with MI 61-101 and opinions concerning the fairness of the consideration under the proposed recombination from a financial point of view. The Special Committees determined that Deloitte was independent of each of Rubellite and Perpetual and any other "interested party" within the meaning of MI 61-101 and qualified to prepare the formal valuations and provide its fairness opinions.

Under the terms of the engagement letter entered into with Deloitte, Deloitte is to be paid a fee that is not contingent or success-based and is to be reimbursed for reasonable out-of-pocket expenses and indemnified by Rubellite and Perpetual in respect of certain liabilities, which may arise in connection with the provision of Deloitte's services. The fees received by Deloitte in connection with the Valuations and Fairness Opinions are not material to Deloitte. No part of Deloitte's fee is contingent upon the successful completion of the Recombination. The principal individual and other staff of Deloitte involved in the preparation of the Valuations and the Fairness Opinions acted independently and objectively in completing the engagement.

### *Qualifications of Deloitte*

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges.

Deloitte's professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other things.

As a global market leader with over 1,200 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Deloitte's valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser (ASA).

### *Independence of Deloitte*

Deloitte has represented to the Special Committees that they have disclosed to the Special Committees all information of which Deloitte is aware, after due inquiry, pertaining to the Special Committees assessment of Deloitte's independence within the meaning of MI 61-101.

Deloitte is independent of Rubellite, Perpetual, and any other "interested party" for the purposes of Section 6.1 of MI 61-101. Neither Deloitte nor any of its affiliates:

- is an associated or affiliated entity or issuer insider of any "interested party," as each such term is defined in MI 61-101, in respect of the Recombination;
- is acting as an advisor to any "interested party" in respect of the Recombination (except to provide the Valuations and the Fairness Opinions, as contemplated by its engagement by the Special Committees);
- is subject to any circumstances whereby the compensation of Deloitte depends in whole or in part on an agreement, arrangement, or understanding that gives Deloitte a financial incentive in respect of the conclusions reached in the Valuations and the Fairness Opinions of the outcome of the Recombination;
- is or will be (i) a manager or co-manager of a soliciting dealer group for the Recombination, or (ii) a member of a soliciting dealer group for the Recombination whereby, in its capacity as a soliciting dealer, it would perform services beyond the customary soliciting dealer's function or would receive more than the per security of per security holder fees payable to other members of the group;
- is an external auditor of the Companies or of an "interested party";
- has any material financial interest in the completion of the Recombination;
- has any interest or relationship with any "interested party," which is set out in Section 5.2(a) or (c) of Companion Policy 61-101; and/or
- during the twenty-four (24) months prior to the date Deloitte was first contacted for the purposes of the Valuations and the Fairness Opinions, had any relationship with any "interested party," which is set out in Section 5.2(b) of Companion Policy 61-101.

There are no understandings, agreements, or commitments between Deloitte and any of the "interested parties" with respect to future business dealings. Deloitte may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the "interested parties", from time to time.

For additional information regarding the qualifications and independence of Deloitte, please see the Rubellite Valuation Report and the Perpetual Valuation Report appended to this Circular as Appendices F and G, respectively.

### *Nature of Summary*

The following summaries are qualified by the full text of the Valuations and the Fairness Opinions which set forth the assumptions made, matters considered and limitations on the review undertaken by Deloitte and which are attached as Appendix F and G to this Circular. **Rubellite Shareholders and Perpetual Shareholders are urged to read the Valuations and Fairness Opinions in their entirety.**

### *Scope of Review*

In preparing the Valuations and Fairness Opinions, Deloitte reviewed, among other things, certain publicly available information and non-public information relating to the Companies as well as information relating to the internal financial, operating, corporate and other information provided by management of the Companies relating to the business, operations and financial conditions of the Companies. Deloitte also reviewed public information with respect to other transactions of a comparable nature which were considered relevant by Deloitte as well as various institutional analyst research reports related to the Companies and such other corporate, industry and financial market information, investigations, and analyses as Deloitte considered necessary or appropriate in the circumstances, all as more specifically described in the Valuations and Fairness Opinions.

Deloitte has not, to the best of its knowledge, been denied access to any information that Deloitte has requested. Deloitte has not audited or otherwise verified the information relied upon in completing the Valuations and the Fairness Opinions. Deloitte did not meet with the auditors of the Companies and have assumed the accuracy, completeness, and fair presentation of, and have relied upon, without independent verification, the financial statements of the Companies and any reports of the auditors thereon.

For additional information regarding the scope of review conducted by Deloitte, please see the Rubellite Valuation Report and the Perpetual Valuation Report appended to this Circular as Appendices F and G respectively.

### *Restrictions, Limitations and Assumptions*

Deloitte relied upon the completeness, accuracy and fair presentation of all the financial and other information, data, advice, opinions or representations obtained by Deloitte from public sources or provided to Deloitte by management of the Companies or other advisors to the Companies (collectively referred to as the "**Information**"). The Valuations and the Fairness Opinions are conditional upon the completeness, accuracy, and fair presentation of such Information. Deloitte did not attempt to independently verify the completeness, accuracy, or fair presentation of the Information.

No opinion, counsel or interpretation is intended in matters that require legal, regulatory or tax analysis or other appropriate professional advice. Deloitte assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources by the Companies or the Special Committees. To the extent that there are legal issues relating to assets, properties or business interests, or issues relating to compliance with applicable laws, regulations and policies, Deloitte assumed no responsibility, in connection with such matters, other than as specifically disclosed to Deloitte, that:

- the title to all such assets, properties, or business interests purportedly owned by the Companies and their subsidiaries is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets,



properties or business interests are free and clear of any and all liens, encumbrances or encroachments other than as disclosed to Deloitte;

- there is compliance with all applicable federal, local and national regulations and laws, in all material respects, as well as the policies of all applicable regulators and that all required licenses, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency or organization have been or can be obtained or renewed for the operation of the Companies and their subsidiaries in their ordinary course of business;
- there are no material legal proceedings regarding the business, assets, or affairs of the Companies and their subsidiaries other than as disclosed to Deloitte;
- there are no material contingent or unrecorded liabilities, environmental liabilities, and litigation pending or threatened in the ordinary course of business other than as disclosed to Deloitte;
- the financial information provided by management of the Companies is fairly presented in accordance with generally accepted accounting principles and would not require any significant adjustments, if it was subject to audit;
- the net book values of the assets and liabilities of the Companies approximate their fair market values, as at the Valuation Date, on a going concern basis, unless otherwise indicated in the Valuations;
- the forecast cash flows in the reserve reports provided by management of the Companies are considered reasonable and representative of management's best estimates of future operating results, as at June 30, 2024;
- based on discussions with management of the Companies, aside from the BMEC Acquisition, the impact of which is included in the Rubellite Valuation, there have been no material events or changes between June 30, 2024 and September 16, 2024 that would impact the values presented in Valuations; and
- other than the Recombination, as described in the Arrangement Agreement, and other than as disclosed to Deloitte by management of the Companies, management of the Companies have represented to Deloitte that, to the best of its knowledge, information, and belief after reasonable inquiry, there have been no valuations or appraisals relating to the Companies or any of its subsidiaries or any of their respective material assets or liabilities made in the preceding 24 months and in its possession or control.

The Valuations were given as at June 30, 2024 (the "**Valuation Date**") on the basis of securities markets, economic, financial and general business conditions prevailing, as at that date, and the condition and prospects, financial and otherwise, of the Companies, their subsidiaries and their affiliates, as they were reflected in the Information and as they have been represented to Deloitte in discussions with management of the Companies. In Deloitte's analyses and in preparing the Valuations, it made numerous assumptions with respect to industry performance, general business and economic conditions, all of which Deloitte believes to be reasonable and appropriate and many of which are beyond the control of any party involved in the Recombination.

The Valuations rely, in part, on publicly available information and other information provided by management of the Companies, which includes forecasts prepared by management of the Companies, and other assumptions and limiting conditions. Changes to market conditions could substantively affect the Companies and the Valuations.

Subject to the requirements of MI 61-101, Deloitte disclaimed any undertaking or obligation to advise any person of any change in any facts or matter affecting the Valuations, which may come or be brought to its attention after the Valuation Date. Without limiting the foregoing, in the event that there is any material change in any facts or matter

affecting the Valuations after the Valuation Date, Deloitte reserves the right to change, modify, or withdraw the Valuations in accordance with the terms of the engagement letter between Deloitte and the Special Committees.

Deloitte believes that the Valuations and the Fairness Opinions each should be considered as a whole and that selecting portions of the analyses or the factors considered by each, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuations or the Fairness Opinions, respectively. The preparation of a valuation and fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Valuations should be read in their entirety.

The Valuations and the Fairness Opinions are not to be construed as a recommendation to the Special Committees, the Rubellite Board, the Perpetual Board or any Rubellite or Perpetual Shareholder to support or reject the Recombination. Deloitte was not retained to comment on the investment or strategic merit of the Recombination or the future operations of Newco Amalco. Future business conditions are subject to change and are beyond Deloitte's control and the control of the parties involved in the Recombination.

### ***Fair Market Value***

In providing the Valuations and the Fairness Opinions, Deloitte was guided by the definition of fair market value outlined in MI 61-101. For purposes of the Valuations, "fair market value" is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Consistent with MI 61-101, Deloitte made no downward adjustment to the fair market value of the Rubellite Shares or Perpetual Shares to reflect the liquidity of the Rubellite Shares or Perpetual Shares or the effect of the Recombination on the Rubellite Shares or Perpetual Shares or the fact some shares do not form part of a controlling interest. As a result, the Valuations provide a conclusion on a per share basis with respect to each of Rubellite and Perpetual's "en bloc" fair market value, being the price at which all of the Rubellite Shares or Perpetual Shares could be sold to one or more buyers at the same time.

### ***Valuation Methodology***

There are generally three approaches to value for businesses that have commercial value as a going concern. These include the asset-based approach, the income approach and the market approach.

#### ***Asset-based Approach***

The two most common asset-based approaches are the cost method and the adjusted net asset value method.

The cost method is based on the premise that a prudent third party purchaser would pay no more for an asset than its replacement cost. The cost to replace an asset would include all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction. To the extent that the assets being valued provide less utility than a newly constructed asset, the reproduction or replacement value would consider appropriate physical deterioration, functional obsolescence, and economic obsolescence.

Under the adjusted net asset value approach, the businesses' tangible assets and liabilities are adjusted to their current fair market values, with the resultant net equity representing the going concern value of the business. This approach is generally used where a company is properly valued as a going concern and the going concern value is closely related to the value of the underlying assets.

### *Income Approach*

The income approach measures the value of a business or an asset by the present value of its future net economic benefits to be enjoyed over the life of the business or asset. These benefits may include earnings, cost savings, tax deductions and proceeds from disposition. The steps followed in applying this approach include estimating the expected cash flows attributable to the business or asset over its life and converting these cash flows to present value through discounting or capitalizing. The discount rate or capitalization rate selected incorporates an appropriate return for time value of money, the expected rate of inflation and any specific risks associated with the particular business or asset. The discount rate or capitalization rate selected is generally based on rates of return from alternative investments of similar type and quality, as at the valuation date.

### *Market Approach*

The market approach measures the value of a business or an asset based on what other purchasers in the marketplace have paid for businesses or assets, which can be considered reasonably similar to those being valued. When the market approach is applied, data on guideline public companies or assets are collected on the prices paid for reasonably comparable companies or assets, whether through the traded price of the guideline public company shares or the asset transaction prices. Considerations and adjustments are made to the comparable companies or assets, as necessary, to compensate for differences in financial condition, operating performance, economic, environmental and political factors. Application of the market approach results in an estimate of the price the owner might reasonably expect to receive from the sale of the subject business or asset in the notional marketplace.

### *Selected Approaches and Methodologies*

Based upon Deloitte's review of the assets and business operations of the Companies, Deloitte determined the following approaches and methodologies to be appropriate in determining various indicative fair market value ranges of each of the Rubellite Shares and the Perpetual Shares, as at the Valuation Date:

- the adjusted net asset value method ("ANAV") (an asset approach);
- the guideline public company multiples method (a market approach); and
- the precedent transactions multiples method (a market approach).

Deloitte considered the results of these various valuation approaches and methods, and then selected a single value range for each of the Rubellite Shares and the Perpetual Shares on a per share basis.

### Adjusted Net Asset Value Method

In order to calculate each of Rubellite's and Perpetual's net equity value per share under the ANAV method, Deloitte selected an appropriate valuation method to determine the fair market value of each asset and liability, as presented on each of Rubellite's and Perpetual's balance sheets, as at the Valuation Date. Under the ANAV method, each of Rubellite's and Perpetual's tangible and intangible assets and liabilities were adjusted to their fair market values, as at the Valuation Date, with the resultant net equity representing the going concern value of the business.

Deloitte's ANAV analysis for Rubellite is set forth in Schedule 3 to the Rubellite Valuation Report attached hereto at Appendix F. Deloitte's ANAV analysis for Perpetual is set forth in Schedule 3 to the Perpetual Valuation Report attached hereto at Appendix G.

### Guideline Public Company Multiples Method

The guideline public company multiples method involves reviewing the trading multiples of guideline public companies, as at the Valuation Date, to calculate ranges of fair market value of each of the Rubellite Shares and the Perpetual Shares. In selecting the guideline public companies, Deloitte placed emphasis on companies focused on the exploration and production of oil and gas assets in Canada, with assets in similar geographies and with similar characteristics to those of the Companies.

The guideline public companies for Rubellite included Cardinal Energy Ltd., Gear Energy Ltd., Hemisphere Energy Corporation, International Petroleum Corporation, Surge Energy Inc., Strathcona Resources Ltd., Tamarack Valley Energy Ltd., Lycos Energy Inc. and Headwater Exploration Inc.

The guideline public companies for Perpetual included Advantage Energy Ltd., Birchcliff Energy Ltd., Kelt Exploration Ltd., Petrus Resources Ltd., Peyto Exploration & Development Corp., Pieridae Energy Limited, Pine Cliff Energy Ltd., Spartan Delta Corp. and Tourmaline Oil Corp.

In performing this analysis for each of the Companies, Deloitte considered the following multiples: enterprise value / earnings before interest, tax, depreciation and amortization; enterprise value / debt adjusted cash flow; enterprise value / boe/d; enterprise value / proved plus probable reserves; enterprise value / proved reserves; and enterprise value / proved developed producing reserves.

Deloitte then applied a range within the selected multiples to the relevant financial metrics for the Companies to estimate indicative fair market value ranges for each of Rubellite and Perpetual on an enterprise value basis, to which Deloitte made adjustments for net debt and other assets and liabilities, to arrive at estimates of the fair market values of the Rubellite Shares and the Perpetual Shares.

Deloitte's analysis regarding the guideline public company value multiples for Rubellite are set forth in Schedules 12 and 13 of the Rubellite Valuation Report attached hereto as Appendix F. Deloitte's analysis regarding the guideline public company value multiples for Perpetual are set forth in Schedules 13 and 14 of the Perpetual Valuation Report attached hereto as Appendix G.

### Guideline Precedent Transaction Multiples Method

The guideline precedent transaction multiples method involves reviewing the implied multiples from corporate and asset transactions in the E&P sector of the oil and gas industry to calculate the value relationships implicit to those transactions that can be used to determine an indicative fair market value ranges of each of the Rubellite Shares and Perpetual Shares. Precedent transactions, from January 1, 2020 to the Valuation Date, were selected based on the similarity of the assets involved to the assets of each of Rubellite and Perpetual. Deloitte did not review precedent transaction which occurred prior to January 1, 2020 as they concluded that any transactions prior to that date are not representative of market transactions on or around the Valuation Date, as a result of economic conditions and other salient factors changing during these periods. In determining the list of precedent transactions, Deloitte considered the geographic locations and the formations where the Company's assets are located, as well as the product weighting (oil, gas and NGLs) of each of Rubellite and Perpetual as compared to the assets involved in the transactions.

Using publicly available information, the following multiples were calculated and analyzed by Deloitte: enterprise value / proved plus probable reserves; and enterprise value / boe/d.

Deloitte then applied a range within the selected multiples to the relevant financial metrics for the Companies to estimate indicative fair market value ranges for each of Rubellite and Perpetual on an enterprise value basis, to which Deloitte made adjustments for net debt and other assets and liabilities, to arrive at estimates of the fair market values of the Rubellite Shares and the Perpetual Shares.

The list of identified transactions considered in the Rubellite Valuation can be found on Schedule 14 of the Rubellite Valuation Report attached hereto as Appendix F. The list of identified transactions considered in the Perpetual Valuation can be found on Schedule 15 of the Perpetual Valuation Report attached hereto as Appendix G.

#### *Material Benefits*

A material benefit is any distinctive material benefit that might accrue to an interested party as a consequence of a transaction, including increased revenues, reduced general and administrative costs, lower income taxes, or the earlier use of available tax losses.

Deloitte has determined that Rubellite stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Deep Basin of West Central Alberta, and potential administrative, operating, financial and tax synergies, as well as the availability of additional financing.

Deloitte has determined that Perpetual stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Clearwater and Mannville Stack Formations in Eastern Alberta, potential administrative, operating, and financial synergies, as well as the availability of additional financing.

#### *Rubellite Valuation Conclusions*

In the Rubellite Valuation Report, Deloitte has advised that, based upon the scope of Deloitte's review and Deloitte's research, analysis and experience, and subject to the assumptions, restrictions, and qualifications set out in the Rubellite Valuation Report, the fair market value of the Rubellite Shares on a fully diluted basis, as at the Valuation Date, is in a range of \$3.64 to \$3.99 per Rubellite Share, with a mid-point of \$3.82 per Rubellite Share.

The Rubellite Valuation Report is attached as Appendix F and will be available for inspection at the offices of Rubellite at Suite 3200, 605 – 5th Avenue S.W., Calgary, Alberta, T2P 3H5. A copy of the Rubellite Valuation Report will be sent free of charge to any Rubellite Shareholder or Perpetual Shareholder upon request.

#### *Perpetual Valuation Conclusions*

In the Perpetual Valuation Report, Deloitte has advised that, based upon the scope of Deloitte's review and Deloitte's research, analysis and experience, and subject to the assumptions, restrictions, and qualifications set out in the Perpetual Valuation Report, the fair market value of the Perpetual Shares on a fully diluted basis, as at the Valuation Date, is in a range of \$0.77 to \$0.89 per Perpetual Share, with a mid-point of \$0.83 per Perpetual Share.

The Perpetual Valuation Report is attached as Appendix G and will be available for inspection at the offices of Perpetual at Suite 3200, 605 – 5th Avenue S.W., Calgary, Alberta, T2P 3H5. A copy of the Perpetual Valuation Report will be sent free of charge to any Perpetual Shareholder or Rubellite Shareholder upon request.

#### *Implied Exchange Ratio Range*

Based on the low end of the Perpetual Share valuation range relative to the high end of the Rubellite Share valuation range and the high end of the Perpetual Share valuation range relative to the low end of the Rubellite Share valuation range, the range of exchange ratio implied from the Rubellite Valuation Report and the Perpetual Valuation Report is between 0.19 and 0.24 Rubellite Shares for every one (1) Perpetual Share.

#### *Fairness Opinions*

Deloitte verbally delivered the Fairness Opinions to the Special Committees on September 13, 2024. Deloitte subsequently delivered the written Fairness Opinions. In arriving at its fairness conclusions in each of the Rubellite Fairness Opinion and the Perpetual Fairness Opinion, Deloitte considered and relied upon its methodology,

information and analysis set forth in the Valuation Reports. Readers are encouraged to read the Valuation Reports in their entirety.

### ***Rubellite Fairness Opinion***

In the Rubellite Fairness Opinion, Deloitte determined, subject to the assumptions and limitations contained in the Rubellite Fairness Opinion, that the consideration contemplated to be paid and received by Rubellite Shareholders in connection with the Recombination is fair, from a financial point of view, to the Rubellite Shareholders.

The full text of the Rubellite Fairness Opinion which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken in rendering the Rubellite Fairness Opinion, is attached as Appendix F to this Circular. The summary of the Rubellite Fairness Opinion in this Circular is qualified in its entirety by reference to the full text of the Rubellite Fairness Opinion. The Rubellite Fairness Opinion addresses the fairness, from a financial point of view, of the consideration to be paid and received by Rubellite Shareholders pursuant to the Recombination and does not address any other aspect of the Recombination or any related transaction, including any legal, tax or regulatory aspects of the Recombination that may be relevant to Rubellite or the Rubellite Shareholders. Deloitte provided the Rubellite Fairness Opinion to the Rubellite Special Committee for their exclusive use only in consideration of the Recombination. The Rubellite Fairness Opinion may not be relied upon by any other person or in any other circumstance. The Rubellite Fairness Opinion does not address the relative merits of the Recombination as compared to any other strategic alternatives that may be available to Rubellite. The Rubellite Fairness Opinion does not constitute a recommendation to any Rubellite Shareholder as to how such Rubellite Shareholder should act or vote on any matters relating to the Recombination.

Neither Deloitte nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the Securities Act) of Rubellite or Perpetual. Neither Deloitte nor any of its affiliates is acting as an advisor to Rubellite or Perpetual in connection with any matter, other than acting as a joint independent valuator.

The terms of the engagement letter with Deloitte provide that Deloitte will be paid a fixed fee for rendering the Rubellite Fairness Opinion that is not contingent, in whole or in part, upon the completion of the Recombination or any alternative transaction. Rubellite has also agreed to reimburse Deloitte for its reasonable out-of-pocket expenses and to indemnify Deloitte in respect of certain liabilities that might arise out of its engagement. The fees received by Deloitte in connection with the Rubellite Fairness Opinion are not material to Deloitte.

**Rubellite Shareholders are urged to read the Rubellite Fairness Opinion in its entirety. This summary of the Rubellite Fairness Opinion is qualified in its entirety by the full text of such opinion.**

**The full text of the written Rubellite Fairness Opinion, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix F. Deloitte provided the Rubellite Fairness Opinion for the benefit of the Rubellite Special Committee, in connection with, and for the purpose of, its consideration of the Recombination. The Rubellite Fairness Opinion is not to be construed as a recommendation to any Rubellite Shareholder as to whether to vote in favour of the Recombination.**

### ***Perpetual Fairness Opinion***

In the Perpetual Fairness Opinion, Deloitte determined, subject to the assumptions and limitations contained in the Perpetual Fairness Opinion, that the consideration contemplated to be received by Perpetual Shareholders in connection with the Recombination is fair, from a financial point of view, to the Perpetual Shareholders.

The full text of the Perpetual Fairness Opinion which sets forth, among other things, assumptions made, information reviewed, matters considered and limitations on the scope of the review undertaken in rendering the Perpetual Fairness Opinion, is attached as Appendix G to this Circular. The summary of the Perpetual Fairness Opinion in this

Circular is qualified in its entirety by reference to the full text of the Perpetual Fairness Opinion. The Perpetual Fairness Opinion addresses the fairness, from a financial point of view, of the consideration to be received by the Perpetual Shareholders pursuant to the Recombination and does not address any other aspect of the Recombination or any related transaction, including any legal, tax or regulatory aspects of the Recombination that may be relevant to Perpetual or the Perpetual Shareholders. Deloitte provided the Perpetual Fairness Opinion to the Perpetual Special Committee for their exclusive use only in consideration of the Recombination. The Perpetual Fairness Opinion may not be relied upon by any other person or in any other circumstance. The Perpetual Fairness Opinion does not address the relative merits of the Recombination as compared to any other strategic alternatives that may be available to Perpetual. The Perpetual Fairness Opinion does not constitute a recommendation to any Perpetual Shareholder as to how such Perpetual Shareholder should act or vote on any matters relating to the Recombination.

Neither Deloitte nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the Securities Act) of Perpetual or Rubellite. Neither Deloitte nor any of its affiliates is acting as an advisor to Perpetual or Rubellite in connection with any matter, other than acting as a joint independent valuator.

The terms of the engagement letter with Deloitte provide that Deloitte will be paid a fixed fee for rendering the Perpetual Fairness Opinion that is not contingent, in whole or in part, upon the completion of the Recombination or any alternative transaction. Perpetual has also agreed to reimburse Deloitte for its reasonable out-of-pocket expenses and to indemnify Deloitte in respect of certain liabilities that might arise out of its engagement. The fees received by Deloitte in connection with the Perpetual Fairness Opinion are not material to Deloitte.

**Perpetual Shareholders are urged to read the Perpetual Fairness Opinion in its entirety. This summary of the Perpetual Fairness Opinion is qualified in its entirety by the full text of such opinion.**

**The full text of the written Perpetual Fairness Opinion, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix G. Deloitte provided the Perpetual Fairness Opinion for the benefit of the Perpetual Special Committee, in connection with, and for the purpose of, its consideration of the Recombination. The Perpetual Fairness Opinion is not to be construed as a recommendation to any Perpetual Shareholder as to whether to vote in favour of the Recombination.**

#### **Recommendations by the Boards**

After considering the reports and recommendations and the factors considered by their respective Special Committees, including the Valuations and the Fairness Opinions of Deloitte, the boards of directors of Rubellite and Perpetual unanimously adopted the recommendations of their Special Committees and approved the Arrangement Agreement. In the case of Rubellite, Susan L. Riddell Rose and Ryan A. Shay abstained from voting but concurred with the decision of the Rubellite Board. In the case of Perpetual, Susan L. Riddell Rose and Ryan A. Shay abstained from voting but concurred with the decision of the Perpetual Board.

**The Rubellite Board unanimously recommends that the Rubellite Shareholders vote FOR the Rubellite Arrangement Resolution.**

**The Perpetual Board unanimously recommends that the Perpetual Shareholders vote FOR the Perpetual Arrangement Resolution.**

## DETAILS OF THE RECOMBINATION

The following is a summary only of the Recombination and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix C to this Circular.

### **The Plan of Arrangement**

Pursuant to the Plan of Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further act or formality except as otherwise provided herein (provided that none of the following shall occur unless all of the following occur):

#### ***Dissenting Perpetual Shareholders***

- (a) the Dissent Perpetual Shares held by Dissenting Perpetual Shareholders shall be transferred to Perpetual (free of any Encumbrances) and such Dissenting Perpetual Shareholders shall cease to have rights as Perpetual Shareholders, other than the right to be paid by Perpetual (or an entity directed by Perpetual to pay in lieu of Perpetual paying) the fair value of their Perpetual Shares in accordance with the Dissent Rights.

#### ***Dissenting Rubellite Shareholders***

- (b) the Dissent Rubellite Shares held by Dissenting Rubellite Shareholders shall be transferred to Rubellite (free of any Encumbrances) and such Dissenting Rubellite Shareholders shall cease to have rights as Rubellite Shareholders, other than the right to be paid by Rubellite (or an entity directed by Rubellite to pay in lieu of Rubellite paying) the fair value of their Rubellite Shares in accordance with the Dissent Rights.

#### ***Transfer of Perpetual Shares to PEI Newco***

- (c) all of the issued and outstanding Perpetual Shares (other than the Dissent Perpetual Shares) shall be transferred to PEI Newco (free of any Encumbrances) and PEI Newco shall issue to each Perpetual Shareholder whose Perpetual Shares have been so transferred to PEI Newco one PEI Newco Common Share for every one Perpetual Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Common Shares.

#### ***Transfer of a Fraction of each Rubellite Share to PEI Newco***

- (d) the fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares) calculated based on the Rubellite Share Percentage Formula shall be transferred to PEI Newco (the "**Rubellite Share Transfer Percentage**") (free of any Encumbrances) and PEI Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred that number of PEI Newco Non-Voting Common Shares that is equal to the Rubellite Share Transfer Percentage multiplied by 5 for each fraction of a Rubellite Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Non-Voting Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Non-Voting Common Shares.

#### ***Transfer of the Remaining Fraction of each Rubellite Share to RBY Newco***

- (e) the remaining fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares and for greater certainty the fractions held by PEI Newco) shall be transferred to RBY Newco (free of any Encumbrances) and for every fractional Rubellite Share so transferred RBY Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred one fractional



RBY Newco Common Share in an equal fraction to the fractional Rubellite Share so transferred and the maximum amount that may be added to the PUC of the RBY Newco Common Shares under the Tax Act will be added to the stated capital account maintained by RBY Newco in respect of the RBY Newco Common Shares.

***Amalgamation of RBY Newco and PEI Newco***

- (f) RBY Newco and PEI Newco shall be amalgamated and continued as one corporation under the Act to form Newco Amalco in accordance with the following:
- (i) *Name.* The name of Newco Amalco shall be "Rubellite Energy Corp." or such other name as the board of directors of RBY Newco and PEI Newco may approve;
  - (ii) *Registered Office.* The registered office of Newco Amalco shall be the same as the registered office of both RBY and PEI;
  - (iii) *Share Provisions.* Newco Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;
  - (iv) *Other Provisions.* The other provisions forming part of the articles of Newco Amalco shall be those of RBY, *mutatis mutandis*;
  - (v) *Directors and Officers.*
    - (A) Minimum and Maximum. The directors of Newco Amalco shall, until otherwise changed in accordance with the Act, consist of a minimum number of three directors and a maximum number of fifteen directors;
    - (B) Initial Directors. The initial directors of Newco Amalco shall be the same as the directors of RBY and PEI; and
    - (C) Initial Officers. The initial officers of Newco Amalco shall be the same as the officers of RBY and PEI;
  - (vi) *Business and Powers.* There shall be no restrictions on the business Newco Amalco may carry on or on the powers it may exercise;
  - (vii) *Stated Capital.* The aggregate stated capital of Newco Amalco will be an amount equal to the aggregate of the PUC for the purposes of the Tax Act of the RBY Newco Common Shares, the PEI Newco Common Shares and the PEI Newco Non-Voting Common Shares immediately before the amalgamation;
  - (viii) *By-laws.* The by-laws of Newco Amalco shall be the by-laws of RBY, *mutatis mutandis*;
  - (ix) *Effect of Amalgamation.* The provisions of subsections 186(b), (c), (d), (e) and (f) of the Act shall apply to the amalgamation with the result that:
    - (A) all of the property of each of RBY Newco and PEI Newco shall continue to be the property of Newco Amalco;
    - (B) Newco Amalco shall continue to be liable for all of the obligations of each of RBY Newco and PEI Newco;

- (C) any existing cause of action, claim or liability to prosecution of RBY Newco or PEI Newco shall be unaffected;
  - (D) any civil, criminal or administrative action or proceeding pending by or against RBY Newco or PEI Newco may be continued to be prosecuted by or against Newco Amalco; and
  - (E) a conviction against, or ruling, order or judgment in favour of or against, RBY Newco or PEI Newco may be enforced by or against Newco Amalco;
- (x) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Newco Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the Act which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Newco Amalco;
  - (xi) *Inconsistency with Laws.* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
  - (xii) *Exchange and Cancellation of Securities.* On the amalgamation:
    - (A) each issued and outstanding PEI Newco Common Share and PEI Newco Non-Voting Common Share (including, for greater certainty, a fraction of a PEI Newco Non-Voting Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held such PEI Newco Common Share or PEI Newco Non-Voting Common Share one (1) Newco Amalco Common Share for each one (1) PEI Newco Common Share or PEI Newco Non-Voting Common Share held (or, for greater certainty, an equal fraction of a Newco Amalco Common Shares for every fractional PEI Newco Non-Voting Common Share);
    - (B) each issued and outstanding RBY Newco Common Share (including, for greater certainty, a fraction of a RBY Newco Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held RBY Newco Common Shares five (5) Newco Amalco Common Share for each one (1) RBY Newco Common Share held (or, for greater certainty, such number of Newco Amalco Common Shares as is equal to five (5) times the fraction of the fraction of a RBY Newco Common Share); and
    - (C) immediately following the issuance of the Newco Amalco Common Shares in (A) and (B) above, the issued and outstanding Newco Amalco Common Shares shall be consolidated on the basis of one (1) post-consolidated Newco Amalco Common Share for every five (5) pre-consolidated New Amalco Common Shares.

***Conversion of Perpetual Senior Notes***

- (g) in accordance with the terms of the Perpetual Senior Notes, as amended, Perpetual shall force the conversion of all of the principal amount of the outstanding Perpetual Senior Notes including the amount of any PIK Interest (as such term is defined in the terms of the Perpetual Senior Notes) but excluding any accrued and unpaid interest up to the Effective Date which will be paid to the holders of the Perpetual Senior Notes by Perpetual in cash at the Effective Time at the Note Conversion Price into an aggregate of 11,635,910 Newco Amalco Common Shares.

### ***Repurchase of PEI and RBY's Newco Amalco Common Shares***

- (h) all of the issued and outstanding Newco Amalco Common Shares held by PEI and RBY will be repurchased for fair market value consideration.

### ***Treatment of Perpetual Incentive Awards***

- (i) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Perpetual Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Perpetual Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Perpetual Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Perpetual Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to (i) Perpetual Optionholders upon exercise of Perpetual Options, (ii) Perpetual Restricted Rights Holders upon exercise of Perpetual Restricted Rights, (iii) Perpetual Performance Award Holders upon exercise of Perpetual Performance Awards, (iv) holders of Deferred Shares (as defined in the Perpetual Deferred Share Agreements) upon exercise of Deferred Shares, and (v) holders of Deferred Options (as defined in the Perpetual Deferred Option Agreements) upon exercise of Deferred Options following the Effective Time.

### ***Treatment of Rubellite Incentive Awards***

- (j) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Rubellite Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Rubellite Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Rubellite Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Rubellite Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to any holder of Rubellite Incentive Awards upon the exercise of such Rubellite Incentive Awards following the Effective Time.

### ***Reduction of Stated Capital of Newco Amalco Common Shares***

- (k) Newco Amalco shall reduce the stated capital account maintained for the Newco Amalco Common Shares to \$0.01 and Newco Amalco's contributed surplus account shall be credited by the amount that is equal to this reduction of stated capital, with no amount to be distributed to the shareholders of Newco Amalco.

### ***Fractional Shares***

Pursuant to the Plan of Arrangement, no fractional Newco Amalco Common Shares will be outstanding 5 minutes after completion of the Arrangement. Where the aggregate number of Newco Amalco Common Shares to be issued to a former Perpetual Shareholder or Rubellite Shareholder would result in a fraction of a Newco Amalco Common Share being issued, effective 5 minutes after the completion of the Plan of Arrangement, the entitlement of such Perpetual Shareholder or Rubellite Shareholder to such fractional share shall be rounded up or down to the nearest whole number. For greater certainty where such fractional interest is greater than or equal to 0.5, of the shareholder will be issued one Newco Amalco Common Shares and where such fractional interest is less than 0.5, the shareholder will not be issued any Newco Amalco Common Shares for that fractional interest.

As at September 16, 2024, there were 68,615,484 Perpetual Shares issued and outstanding. To the knowledge of Perpetual and its directors and senior officers after reasonable inquiry, the Perpetual Interested Parties own an aggregate of 29,759,668 Perpetual Shares, which represent approximately 43.37% of the issued and outstanding Perpetual Shares. See "*Details of the Recombination – Securities Law Matters*".

The respective obligations of Rubellite and Perpetual to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions which must be satisfied in order for the Recombination to become effective. Upon all of the conditions being fulfilled or waived, Perpetual is required to file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Recombination.

## **The Arrangement Agreement**

### ***General***

The Recombination will be effected pursuant to the terms and conditions of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Rubellite and Perpetual and various conditions precedent, both mutual and for the sole benefit of each of Rubellite and Perpetual.

Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Recombination will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

**The following is a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, set forth in Appendix C to this Circular. Shareholders are urged to read the Arrangement Agreement in its entirety.**

### ***Representations and Warranties and Covenants Relating to the Conduct of Business of Rubellite and Perpetual***

The Arrangement Agreement contains certain customary representations and warranties of each of Rubellite and Perpetual relating to, among other things, their respective organization, capitalization, operations, compliance with laws and regulations and other matters, including their authority to enter into the Arrangement Agreement and to consummate the Recombination. For the complete text of the applicable provisions, see Sections 3.1, 3.2 and 3.3 of the Arrangement Agreement.

In addition, pursuant to the Arrangement Agreement, each of the parties has covenanted, among other things, to do and perform all acts and things to facilitate and carry out the intent and purpose of the Arrangement Agreement, in the case of Perpetual, to apply for the Interim Order and Final Order and to call the Perpetual Meeting, and in the case of Rubellite, to call the Rubellite Meeting and apply for the listing of the Newco Amalco Common Shares issuable under the Recombination on the TSX and in each case to use commercially reasonable efforts to obtain Competition Act Approval and to maintain its business in the usual and ordinary course and refrain from taking certain actions outside the ordinary course. For the complete text of the applicable provisions, see Sections 4.1, 4.2 and 4.4 of the Arrangement Agreement.

### ***Mutual Conditions***

The respective obligations of Rubellite and Perpetual to complete the transactions contemplated by the Arrangement Agreement are subject to the satisfaction of the following conditions on or before the Effective Date, any of which may be waived by the mutual consent of Rubellite and Perpetual:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;

- (b) the Perpetual Arrangement Resolution shall have been approved by the Perpetual Shareholders at the Perpetual Meeting in accordance with the Interim Order;
- (c) the Rubellite Arrangement Resolution shall have been passed by the Rubellite Shareholders at the Rubellite Meeting in accordance with the Arrangement Agreement;
- (d) the Final Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;
- (e) the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable under the Arrangement, subject to compliance with the normal listing requirements of the TSX;
- (f) the Competition Act Approval and all other material consents, orders and approvals, including any regulatory or judicial approvals or orders, that are necessary to effect the Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances on terms and conditions acceptable to the Parties, each acting reasonably;
- (g) the requisite consents under each Party's credit agreements shall have been obtained;
- (h) no order or decree restraining or enjoining the consummation of the Arrangement shall be in force at the time for filing the Articles of Arrangement required to give effect to the Arrangement;
- (i) the Arrangement Agreement shall not have been terminated in accordance with its terms;
- (j) Perpetual Shareholders holding no more than 5% of the Perpetual Shares shall have exercised Dissent Rights; and
- (k) Rubellite Shareholders holding no more than 5% of the Rubellite Shares shall have exercised Dissent Rights.

### ***Conditions in Favour of Rubellite***

The Arrangement Agreement provides that Rubellite is not required to complete the Recombination unless each of the following conditions is satisfied on or before the Effective Date, which conditions are for the exclusive benefit of Rubellite and may only be waived, in whole or in part, by Rubellite, in its sole discretion. These additional conditions provide that:

- (a) the representations and warranties made by Perpetual in the Arrangement Agreement shall be true and correct in all material respects (or, if qualified by Material Adverse Effect or materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date) and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date;
- (b) Perpetual shall have complied in all material respects with its covenants in the Arrangement Agreement, and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date; and
- (c) since the date of the Arrangement Agreement there shall not have occurred a Material Adverse Change with respect to Perpetual.

### ***Conditions in Favour of Perpetual***

The Arrangement Agreement provides that Perpetual is not required to complete the Recombination unless each of the following conditions is satisfied on or before the Effective Date, which conditions are for the exclusive benefit of Perpetual and may only be waived, in whole or in part, by Perpetual, in its sole discretion. These additional conditions provide that:

- (a) the representations and warranties made by Rubellite in the Arrangement Agreement shall be true and correct in all material respects (or, if qualified by materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date), and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date;
- (b) Rubellite shall have complied in all material respects with its covenants in the Arrangement Agreement, and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date; and
- (c) since the date of the Arrangement Agreement there shall not have occurred a Material Adverse Change with respect to Rubellite.

### ***Mutual Covenants Regarding Non-Solicitation***

Under the Arrangement Agreement, Rubellite and Perpetual have agreed to certain non-solicitation covenants as follows:

- (a) Neither Party shall, directly or indirectly, do or authorize or permit any of its representatives to do, any of the following:
  - (i) solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal in respect of such Party; or
  - (ii) subject to the provisions described under paragraph (b) below, accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.
- (b) Notwithstanding the provisions described under paragraph (a) above or any other provision of the Arrangement Agreement, each Party and its officers, directors and advisers may, prior to the approval of the Rubellite Arrangement Resolution at the Rubellite Meeting in respect of Rubellite or the Perpetual Arrangement Resolution at the Perpetual Meeting in respect of Perpetual:
  - (i) enter into or participate in discussions or negotiations with a third party who after the date of the Arrangement Agreement and without any solicitation, initiation or encouragement, directly or indirectly, by such Party or any of its representatives, seeks to initiate such discussions or negotiations and may furnish to such third party information concerning such Party and its business, properties and assets, with respect to an Acquisition Proposal, provided that prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the Party shall (1) provide prompt notice to the other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such third party, and, if not previously provided to such other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, (2) notify the other Party orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include a copy of

any such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to the other Party and copies of all information provided to the third party), within 24 hours of the receipt thereof, and (3) keep the other Party informed of the status and details of any such inquiry, offer or proposal and answer the other Party's reasonable questions with respect thereto;

- (ii) comply with National Instrument 62-104 —*Take-Over Bids and Issuer Bids* and similar provisions under applicable securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
- (iii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (1) the board of directors of the Party subject to the Superior Proposal concludes in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for such board of directors to act in a manner consistent with its fiduciary duties under applicable laws and (2) such Party terminates the Arrangement Agreement in accordance with its terms, and concurrently therewith pays the expense reimbursement provided for under the Arrangement Agreement.

### ***Termination***

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual written consent of each of the Parties;
- (b) by Rubellite if any of the conditions in Section 2.6 (Mutual Conditions Precedent) or Section 2.7 (Conditions in Favour of Rubellite) of the Arrangement Agreement has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Rubellite is then not in breach of the Arrangement Agreement so as to cause any of the conditions set forth in Section 2.6 of the Arrangement Agreement not to be satisfied;
- (c) by Perpetual if any of the conditions in Section 2.6 (Mutual Conditions Precedent) or Section 2.8 (Conditions in Favour of Perpetual) of the Arrangement Agreement has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Perpetual is then not in breach of the Arrangement Agreement so as to cause any of the conditions set forth in Section 2.6 of the Arrangement Agreement not to be satisfied;
- (d) by Rubellite if the Perpetual Board shall have made a change in, or withdrawal of, its recommendation to Perpetual Shareholders that they vote in favour of the Perpetual Arrangement Resolution;
- (e) by Perpetual if the Rubellite Board shall have made a change in, or withdrawal of, its recommendation to Rubellite Shareholders that they vote in favour of the Rubellite Arrangement Resolution;
- (f) by either Rubellite or Perpetual if the Perpetual Meeting shall have been held and completed and the requisite Perpetual Shareholder approval pursuant to the Interim Order shall not have been obtained;

- (g) by either Rubellite or Perpetual if the Rubellite Meeting shall have been held and completed and the requisite Rubellite Shareholder approval in respect of the Rubellite Arrangement Resolution shall not have been obtained;
- (h) by either Rubellite or Perpetual if the Arrangement shall not have been completed by the Completion Deadline, provided that a Party shall not be entitled to terminate the Arrangement Agreement if the non-completion is primarily due to the acts or omissions of such Party or the breach of such Party's covenants under the Arrangement Agreement; and
- (i) by either Rubellite or Perpetual in order to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with subsection 5.1(b)(iii) (Mutual Covenant Regarding Non-Solicitation) of the Arrangement Agreement, provided that such Party (i) has complied with its obligations set forth in Section 5.1 of the Arrangement Agreement, and (ii) reimburses the other Party for its expenses in accordance with subsection 7.1(b) or 7.1(c) (Expenses) of the Arrangement Agreement, as applicable.

Where a Party terminates the Arrangement Agreement in accordance with the provision described in paragraphs (b) or (c) above, the non-terminating Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five business days after receipt of notice of termination (except that no cure period shall be provided for a breach or other matter which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Completion Deadline). In the event of any such termination, subject to the obligations of a Party to reimburse the other Party's expenses pursuant to the Arrangement Agreement, each Party shall be deemed to have released, remised and forever discharged the other Party in respect of any and all claims arising in respect of the Arrangement Agreement, except as otherwise provided under the Arrangement Agreement. Notwithstanding the foregoing, no Party shall be relieved from liability for any breach of any provision of the Arrangement Agreement or preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in the Arrangement Agreement or the Confidentiality Agreement between the Parties or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting bond or security in connection therewith.

### *Expenses*

Subject to the expense reimbursement noted below and as fully set forth in subsections 7.1(b) and 7.1(c) of the Arrangement Agreement, all out-of-pocket expenses incurred in connection with the Recombination will be paid by the Party incurring such expense. For the complete text of the applicable provision, see Section 7.1 of the Arrangement Agreement.

In the event that:

- (a) the Arrangement Agreement is terminated by Rubellite pursuant to subsection 6.2(b) thereof because one or more conditions in favour of Rubellite in subsections 2.7(a), 2.7(b) or 2.7(c) thereof were not satisfied;
- (b) the Arrangement Agreement is terminated by Rubellite pursuant to (A) subsection 6.2(d) thereof or (B) subsection 6.2(h) thereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);
- (c) the Arrangement Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(f) thereof where, prior to the Perpetual Meeting, an Acquisition Proposal had been made to Perpetual and made known to Perpetual Shareholders generally or had been made directly to Perpetual Shareholders or any person shall have publicly announced an intention to make an



Acquisition Proposal in respect of Perpetual, the Perpetual Board fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Perpetual Meeting and such announced intention shall not have been publicly withdrawn prior to the Perpetual Meeting and, thereafter, the Perpetual Shareholders do not approve the Perpetual Arrangement Resolution at the Perpetual Meeting; or

- (d) the Arrangement Agreement is terminated by Perpetual pursuant to subsection 6.2(i) thereof,

then Perpetual shall reimburse Rubellite for all reasonable out-of-pocket expenses incurred by Rubellite in connection with the Arrangement Agreement and the Recombination.

In the event that:

- (a) the Arrangement Agreement is terminated by Perpetual pursuant to subsection 6.2(c) thereof because one or more conditions in favour of Perpetual in Section 2.8 thereof were not satisfied;
- (b) the Arrangement Agreement is terminated by Perpetual pursuant to (A) subsection 6.2(e) or (B) subsection 6.2(h) thereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);
- (c) the Arrangement Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(g) thereof where, prior to the Rubellite Meeting, an Acquisition Proposal had been made to Rubellite and made known to Rubellite Shareholders generally or had been made directly to Rubellite Shareholders or any person shall have publicly announced an intention to make an Acquisition Proposal in respect of Rubellite, the Rubellite Board fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Rubellite Meeting and such announced intention shall not have been publicly withdrawn prior to the Rubellite Meeting and, thereafter, the Rubellite Shareholders do not approve the Rubellite Arrangement Resolution at the Rubellite Meeting; or
- (d) the Arrangement Agreement is terminated by Rubellite pursuant to subsection 6.2(i) thereof,

then Rubellite shall reimburse Perpetual for all reasonable out-of-pocket expenses incurred by Perpetual in connection with the Arrangement Agreement and the Recombination.

### **Support Agreements**

All directors and officers of Rubellite and Perpetual have entered into agreements pursuant to which they have agreed, among other things and on the terms and conditions specified therein, to support the Recombination.

### **Treatment of Perpetual Convertible Securities**

#### ***Perpetual Incentive Awards***

Concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Perpetual Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Perpetual Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Perpetual Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Perpetual Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to (i) Perpetual

Optionholders upon exercise of Perpetual Options, (ii) Perpetual Restricted Rights Holders upon exercise of Perpetual Restricted Rights, (iii) Perpetual Performance Award Holders upon exercise of Perpetual Performance Awards, (iv) holders of Deferred Shares (as defined in the Perpetual Deferred Share Agreements) upon exercise of Deferred Shares, and (v) holders of Deferred Options (as defined in the Perpetual Deferred Option Agreements) upon exercise of Deferred Options following the Effective Time.

In accordance with the terms of the Perpetual Incentive Plan and the Plan of Arrangement, effective concurrently with the amalgamation of RBY Newco and PEI Newco, holders of Perpetual Incentive Awards will be entitled to purchase the number of Newco Amalco Common Shares rather than Perpetual Shares, at an adjusted number and exercise price, as applicable, based on the exchange ratio under the Arrangement.

### ***Perpetual Senior Notes***

In accordance with the terms of the Perpetual Senior Notes, as amended, at the time set out in the Plan of Arrangement, all of the principal amount of the outstanding Perpetual Senior Notes including the amount of any PIK Interest (as such term is defined in the terms of the Perpetual Senior Notes), but excluding any accrued and unpaid interest up to the Effective Date which will be paid to the holders of the Perpetual Senior Notes by Perpetual in cash at the Effective Time, will be converted at the Note Conversion Price, into an aggregate of 11,635,910 Newco Amalco Common Shares.

### **Treatment of Rubellite Convertible Securities**

Concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Rubellite Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Rubellite Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Rubellite Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Rubellite Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to any holder of Rubellite Incentive Awards upon the exercise of such Rubellite Incentive Awards following the Effective Time.

In accordance with the terms of the Rubellite Incentive Plan and the Plan of Arrangement, effective concurrently with the amalgamation of RBY Newco and PEI Newco holders of Rubellite Incentive Awards will be entitled to purchase the number of Newco Amalco Common Shares rather than Rubellite Shares, at an adjusted number and exercise price, as applicable, based on the exchange ratio under the Arrangement.

### **Procedure for the Arrangement to Become Effective**

The Arrangement is proposed to be carried out pursuant to Section 193 of the Act. The following procedural steps must be taken for the Arrangement to become effective, subject to further order of the Court:

- (a) the Perpetual Arrangement Resolution must be approved by the Perpetual Shareholders at the Perpetual Meeting in the manner set forth in the Interim Order;
- (b) the Rubellite Arrangement Resolution must be approved by the Rubellite Shareholders at the Rubellite Meeting in the manner set forth in the Interim Order;
- (c) the Arrangement must be approved by the Court pursuant to the Final Order;
- (d) the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable under the Arrangement, subject to compliance with the normal listing requirements of the TSX;

- (e) Competition Act Approval and all other material consents, orders and approvals, including any regulatory or judicial approvals or orders that are necessary to effect the Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances on terms and conditions acceptable to Rubellite and Perpetual, each acting reasonably;
- (f) all conditions precedent to the Arrangement as set forth in the Arrangement Agreement must be satisfied or waived by the appropriate parties; and
- (g) the Final Order and Articles of Arrangement, in the form prescribed by the Act, must be filed with the Registrar.

**There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis.** Upon the conditions precedent set forth in the Arrangement Agreement being satisfied, or waived, Perpetual intends to file a copy of the Final Order and Articles of Arrangement with the Registrar together with such other materials as may be required by the Registrar, in order to give effect to the Arrangement.

### **Key Approvals**

#### ***Perpetual Shareholder Approval***

For the Arrangement to be implemented (subject to further order of the Court), the Perpetual Arrangement Resolution approving the Arrangement must be approved by:

- (a) at least 66 $\frac{2}{3}$ % of the votes cast by all Perpetual Shareholders present in person or by proxy at the Perpetual Meeting; and
- (b) by a majority of the votes cast by all Perpetual Shareholders present in person or by proxy at the Perpetual Meeting after excluding the votes attached to Perpetual Shares that, to the knowledge of Perpetual and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by the Perpetual Interested Parties.

As at September 16, 2024, there were 68,615,484 Perpetual Shares issued and outstanding. To the knowledge of Perpetual and its directors and senior officers after reasonable inquiry, the Perpetual Interested Parties own an aggregate of 29,759,668 Perpetual Shares, which represent approximately 43.37% of the issued and outstanding Perpetual Shares. See "*Details of the Recombination – Securities Law Matters*".

In order for Perpetual Shareholders to have their Perpetual Shares represented at the Perpetual Meeting, Perpetual Shareholders should complete the enclosed form of proxy, or return the voting instruction form or other authorization form provided to them by their broker or intermediary in accordance with the instructions provided therein. See "*General Proxy Matters for Rubellite and Perpetual*".

#### ***Rubellite Shareholder Approval***

For the Arrangement to be implemented (subject to further order of the Court), the Rubellite Arrangement Resolution must be approved by:

- (a) at least 66 $\frac{2}{3}$ % of the votes cast by all Rubellite Shareholders present in person or by proxy at the Rubellite Meeting; and
- (b) by a majority of the votes cast by all Rubellite Shareholders present in person or by proxy at the Rubellite Meeting after excluding the votes attached to Rubellite Shares that, to the knowledge of

Rubellite and its directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by (a) the Rubellite Interested Parties, and (b) Rubellite directors and senior officers who hold Perpetual Shares.

As at September 16, 2024, there were 67,592,701 Rubellite Shares issued and outstanding. To the knowledge of Rubellite and its directors and senior officers after reasonable inquiry, the Rubellite Interested Parties own an aggregate of 23,541,163 Rubellite Shares, which represent approximately 34.83% of the issued and outstanding Rubellite Shares. Rubellite directors and senior officers who hold Perpetual Shares hold an aggregate of 23,031,080 Rubellite Shares, which, together with the Rubellite Shares held by the Rubellite Interested Parties, represent approximately 34.83% of the issued and outstanding Rubellite Shares. See "*Details of the Recombination – Securities Law Matters*".

In order for Rubellite Shareholders to have their Rubellite Shares represented at the Rubellite Meeting, Rubellite Shareholders should complete the enclosed form of proxy, or return the voting instruction form or other authorization form provided to them by their broker or intermediary in accordance with the instructions provided therein. See "*General Proxy Matters for Rubellite and Perpetual*".

### ***Court Approval***

The Act provides that the Arrangement requires approval of the Court. Prior to the mailing of this Circular, Rubellite and Perpetual were granted the Interim Order providing for the calling and holding of the Rubellite Meeting and Perpetual Meeting and other procedural matters. A copy of the Interim Order is set forth in Appendix D to this Circular.

As provided in the Notice of Originating Application (a copy of which accompanies this Circular), the hearing in respect of the Final Order is scheduled to take place on October 30, 2024 at 3:00 p.m. At the hearing, any Perpetual Shareholder, Rubellite Shareholder or other interested party who wishes to participate or to be represented or to present evidence or argument may do so, subject to filing a Notice of Intention to Appear on or before October 22, 2024 at 5:00 p.m. (Calgary time), and satisfying other requirements. See "*Notice of Originating Application*".

Rubellite and Perpetual have been advised by their counsel, Burnet, Duckworth & Palmer LLP, that the Court has broad discretion under the Act when making orders in respect of the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement to Rubellite Shareholders and Perpetual Shareholders. The Court is not bound by the affirmative vote of the Rubellite Shareholders or Perpetual Shareholders. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. However, if any amendments are made to the Arrangement, it is a condition of the completion of the Arrangement that the Final Order be, in form and substance, reasonably satisfactory to Rubellite and Perpetual.

The Court has been informed that if the Final Order is granted, Rubellite and Perpetual intend to rely upon the Final Order as the basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof, with respect to the PEI Newco Common Shares, RBY Newco Common Shares and Newco Amalco Common Shares issuable to current Rubellite Shareholders and Perpetual Shareholders pursuant to the Arrangement.

### ***Stock Exchange Approval***

Rubellite is a reporting issuer under the securities laws in each of the provinces of Canada. The Rubellite Shares are listed and posted for trading on the TSX under the symbol "RBY". On September 16, 2024, the last trading day on which the Rubellite Shares traded prior to announcement of the Recombination, the closing price of the Rubellite Shares on the TSX was \$2.28. On September 25, 2024, the closing price of the Rubellite Shares on the TSX was \$2.27. See also "*Matters to be Acted upon at the Rubellite Meeting – Approval of the Rubellite Arrangement Resolution*".

Perpetual is a reporting issuer under the securities laws in each of the provinces and territories of Canada. The Perpetual Shares are listed and posted for trading on the TSX under the symbol "PMT". On September 16, 2024, the last trading day on which the Perpetual Shares traded prior to announcement of the Recombination, the closing price of the Perpetual Shares on the TSX was \$0.40. On September 25, 2024, the closing price of the Perpetual Shares on the TSX was \$0.45.

The TSX has conditionally approved the substitutional listing of the Newco Amalco Common Shares to be issued in connection with the Arrangement, subject to Newco Amalco fulfilling the requirements of the TSX as soon as possible after the Effective Time. The Newco Amalco Common Shares will be listed on the TSX under the trading symbol "RBY" two to three days following the completion of the Recombination and upon the TSX receiving all required information.

It is anticipated that the Perpetual Shares will be delisted from the TSX two to three days following the completion of the Recombination and upon the TSX receiving all required information.

For information with respect to the trading history of the Rubellite Shares and the Perpetual Shares, see Appendix H – "*Information Concerning Rubellite Energy Inc.*" and Appendix I – "*Information Concerning Perpetual Energy Inc.*", respectively.

It is a mutual condition to the completion of the Recombination that the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable pursuant to the Arrangement on the TSX. The TSX has conditionally approved the substitutional listing of the Newco Amalco Common Shares on the TSX, subject to Newco Amalco fulfilling all of the TSX listing requirements.

### ***Competition Act Approval***

The Recombination is a "notifiable transaction" for the purposes of Part IX of the Competition Act. When a transaction is a notifiable transaction under the Competition Act, certain prescribed information must be provided to the Commissioner under Part IX of the Competition Act and the transaction may not be completed until the expiry, waiver or termination of the applicable waiting period. Where a notification is made, the waiting period is 30 calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not notified the parties that he requires additional information that is relevant to the Commissioner's assessment of the transaction (a Supplementary Information Request). If the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete their transaction until 30 calendar days after compliance with such Supplementary Information Request, provided that there is no order in effect prohibiting completion at the relevant time.

Where a transaction does not raise substantive issues under the Competition Act, the Commissioner may, upon application, issue an ARC under subsection 102(1) of the Competition Act. Where an ARC is issued, the parties to the transaction are not required to file a notification. Further, if the notifiable transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction solely on the basis of information that is the same or substantially the same as the information on which the ARC was based. Alternatively,

the Commissioner may issue a No Action Letter along with a waiver to file a notification indicating that the Commissioner is of the view that grounds do not currently exist to initiate proceedings under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction, while preserving the authority to do so for one year following completion of the transaction should circumstances change.

Under the Competition Act, the Commissioner may decide to challenge the transaction or prevent its closing if the Commissioner is of the view that the transaction prevents or lessens or is likely to prevent or lessen competition substantially in the industry.

It is a mutual condition to completion of the Recombination that the Competition Act Approval shall have been obtained. Competition Act Approval will be obtained if one or more of the following shall have occurred: (i) the receipt of an ARC in respect of the transactions contemplated by the Arrangement Agreement; or (ii) both of (A) the waiting period, including any extension thereof, under Section 123 of the Competition Act shall have expired or been terminated or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act shall have been waived in accordance with subsection 113(c) of the Competition Act, and (B) the Parties shall have received a No Action Letter.

Rubellite and Perpetual have requested that the Commissioner issue an ARC in respect of the transactions contemplated by the Arrangement Agreement or a No Action Letter, under Part IX of the Competition Act.

### **Timing**

If the Meetings are held on October 29, 2024 as scheduled, and not adjourned or postponed, and the Perpetual Shareholders and the Rubellite Shareholders each approve their respective resolutions by the requisite majorities, and provided that no condition exists which would prevent completion of the Recombination, Rubellite and Perpetual anticipate that October 30, 2024 will be the date on which Perpetual will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained and the other conditions contained in the Arrangement Agreement are satisfied or waived, Rubellite and Perpetual expect that the Recombination will close on or about October 30, 2024. However, it is not possible to state conclusively when the closing will be completed.

### **TSX Approval Matters**

The TSX has conditionally approved the substitutional listing of the Newco Amalco Common Shares to be issued in connection with the Arrangement, subject to Newco Amalco fulfilling the requirements of the TSX as soon as possible after the Effective Time. The Newco Amalco Common Shares will be listed on the TSX under the trading symbol "RBY" two to three days following the completion of the Recombination and upon the TSX receiving all required information.

It is anticipated that the Perpetual Shares will be delisted from the TSX two to three days following the completion of the Recombination and upon the TSX receiving all required information.

The number of Newco Amalco Common Shares anticipated to be issued and reserved for issuance in connection with the Arrangement consists of the following:

- (i) 13,723,097 Newco Amalco Common Shares to be issued to the holders of Perpetual Shares;
- (ii) 67,592,701 Newco Amalco Common Shares to be issued to the holders of Rubellite Shares;
- (iii) 11,635,910 Newco Amalco Common Shares to be issued to the holders of the Perpetual Senior Notes following the conversion of the Perpetual Senior Notes;

- (iv) 906,534 Newco Amalco Common Shares to be reserved for issuance upon the exercise of 901,750 Perpetual Options and 4,784 Perpetual Restricted Rights; and
- (v) 3,813,500 Newco Amalco Common Shares to be reserved for issuance upon the exercise of Rubellite Incentive Awards.

It is anticipated that the Perpetual Rubellite Share Purchase Warrants will be cancelled or terminated following the completion of the Arrangement.

The TSX regulates the issuance or potential issuance of listed securities, such as the potential issuance of the Newco Amalco Common Shares pursuant to the terms of the Plan of Arrangement.

Section 611(b) of the Manual requires securityholder approval where the number of securities issued or issuable to insiders as a group, together with any securities issued or made issuable to insiders as a group for acquisitions during the preceding six months, in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a non-diluted basis, prior to the date of closing of the transaction.

Section 611(c) of the Manual requires securityholder approval where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

Pursuant to the Plan of Arrangement:

- (i) an aggregate of 25,359,007 Newco Amalco Common Shares (equaling approximately 37.5% of the currently issued and outstanding Rubellite Shares), will be issued to the Perpetual Shareholders and upon conversion of the Perpetual Senior Notes; and
- (ii) an aggregate of 17,587,844 Newco Amalco Common Shares (equaling approximately 26.0% of the currently issued and outstanding Rubellite Shares) will be issued to insiders as a group, which includes the Newco Amalco Common Shares to be issued to such insiders in consideration for their Perpetual Shares and upon conversion of the Perpetual Senior Notes.

Accordingly, the Arrangement triggers the requirement under the TSX rules for approval of the Rubellite Arrangement Resolution from a majority of the votes cast by Rubellite Shareholders present in person or represented by proxy at the Rubellite Meeting as the Arrangement will result in the issuance of Newco Amalco Common Shares (i) that is greater than 25% of the number of Rubellite Shares currently issued and outstanding, (ii) to insiders of Rubellite that is greater than 10% of the number of Rubellite Shares currently issued and outstanding. In addition, while the Note Conversion Price of \$2.25 per share was established in accordance with the terms of the Perpetual Senior Notes and represents the five day volume weighted average price of the Rubellite Shares on the TSX prior to announcement of the Recombination since the conversion of the Perpetual Senior Notes involves an insider of Rubellite and is not eligible for the pricing exception principles described in TSX Staff Notice 2016 0006, the TSX also requires that the Rubellite Shareholders ratify and approve the Note Conversion Price. Pursuant to the TSX rules, the votes of insiders who hold Rubellite Shares will be excluded from voting on the Rubellite Arrangement Resolution.

At the Rubellite Meeting and as part of the Rubellite Arrangement Resolution, the Rubellite Shareholders will be asked to consider the approval of an ordinary resolution for the issuance of up to 30,000,000 Newco Amalco Common Shares which will result in the issuance of Newco Amalco Common Shares: (i) that is greater than 25% of the number of Rubellite Shares currently issued and outstanding; and (ii) to insiders of Rubellite that is greater than 10% of the number of Rubellite Shares currently issued and outstanding, which includes the issuance of 11,635,910 Newco Amalco Common Shares upon the conversion of the Perpetual Senior Notes at a conversion price of \$2.25 per Newco Amalco Common Share which was established based on the five-day volume weighted average trading price of the

Rubellite Shares on the TSX prior to the Announcement of the Arrangement. The TSX will generally not require further Rubellite Shareholder approval for the issuance of up to an additional 7,500,000 Newco Amalco Common Shares, such number being 25% of the up to 30,000,000 Newco Amalco Common Shares described above.

The number of Rubellite Shares and Perpetual Shares which are beneficially owned, controlled or directed by insiders is set forth below under the headings "*Securities Law Matters*" and "*Interests of Certain Persons or Companies in the Recombination*".

## **Securities Law Matters**

The following discussion is only a general overview of certain requirements of Canadian and United States securities laws applicable to the resale of Rubellite Shares receivable pursuant to the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

### ***Canada***

The Newco Amalco Common Shares to be issued to the Rubellite Shareholders and Perpetual Shareholders pursuant to the Arrangement will be issued in reliance on exemptions from the prospectus requirements of applicable Canadian securities laws, will generally be "freely tradable" and the resale of such Newco Amalco Common Shares will be exempt from the prospectus requirements (and not subject to any "restricted period" or "hold period") under applicable Canadian securities laws if the following conditions are met: (a) the trade is not a control distribution (as defined in applicable securities legislation); (b) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (d) if the selling shareholder is an insider or an officer of Newco Amalco, the selling shareholder has no reasonable grounds to believe that Newco Amalco is in default of securities legislation.

**Rubellite Shareholders and Perpetual Shareholders are urged to consult their legal advisors to determine the applicability to them of the resale restrictions prescribed by applicable Canadian securities laws.**

Both Rubellite and Perpetual are subject to the provisions of MI 61-101 as each is a reporting issuer in the provinces of Alberta, Manitoba, Ontario, Québec and New Brunswick (among others). MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 apply to "business combinations" which terminate the interests of securityholders without their consent and to "related party transactions".

### ***Perpetual***

For Perpetual, the Arrangement constitutes a "business combination" under MI 61-101 and consequently completion of the Arrangement is subject to obtaining minority approval of the Perpetual Arrangement Resolution. Furthermore, formal valuations of Perpetual Shares and Rubellite Shares prepared in accordance with MI 61-101 were required to be prepared. The Valuations were prepared by Deloitte to satisfy this requirement. See "*The Recombination — Formal Valuations and Fairness Opinions*" in this Circular and the full text of the Rubellite Valuation Report and the Perpetual Valuation Report attached hereto as Appendix F and Appendix G, respectively.

In determining minority approval for a business combination, Perpetual is required to exclude the votes attached to Perpetual Shares that, to the knowledge of Perpetual and its directors and senior officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all "interested parties" and their "related parties" and "joint actors", all as defined in MI 61-101. The Perpetual Shares held by the Perpetual Interested Parties will be excluded in determining whether minority approval of the Perpetual Arrangement Resolution for the purposes of MI 61-101 is obtained. To the knowledge of Perpetual and its directors and senior officers after reasonable inquiry and



for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 29,759,668 Perpetual Shares, which represent approximately 43.37% of the issued and outstanding Perpetual Shares, are held by the Perpetual Interested Parties and will be excluded in determining whether approval of the Arrangement by the disinterested Perpetual Shareholders has been obtained. Details of the shareholdings of the Perpetual Interested Parties as at September 16, 2024 are as follows:

<b>Name of the Perpetual Shareholder</b>	<b>Perpetual Shares Beneficially Owned or Controlled or Directed</b>
Susan L. Riddell Rose	26,816,175 (39.08%)
Ryan A. Shay	1,659,759 (2.42%)
Ryan M. Goosen	484,327 (0.71%)
Jeffrey R. Green	531,262 (0.77%)
Marcello M. Rapini	125,072 (0.18%)
Karl H. Rumpf	29,900 (0.04%)
Linda A. Dietsche	11,500 (0.02%)
Geoffrey C. Merritt	101,673 (0.15%)
Steven L. Spence	-

#### *Prior Valuations*

MI 61-101 requires Perpetual to disclose any "prior valuations" (as defined in MI 61-101) of Perpetual or its material assets or securities made within the 24-month period preceding the date of this Circular. After reasonable inquiry, neither Perpetual nor any director or senior officer of Perpetual has knowledge of any such "prior valuation" other than the Valuations and reserves reports prepared by McDaniel in respect of Perpetual's oil and gas assets as at December 31, 2023 and December 31, 2024. Disclosure is also required for any bona fide prior offer for the Perpetual Shares or that is otherwise relevant to the Recombination during the 24 months before the Arrangement Agreement was agreed to. There has not been any such offer during the 24 months before the Arrangement Agreement was agreed to.

#### *Rubellite*

For Rubellite, the Arrangement constitutes a "related party transaction" under MI 61-101 and consequently completion of the Arrangement is subject to obtaining minority approval of the Rubellite Arrangement Resolution, as well as disinterested shareholder approval pursuant to the rules of the TSX. Furthermore, formal valuations of Rubellite Shares and Perpetual Shares prepared in accordance with MI 61-101 were required to be prepared. The Valuations were prepared by Deloitte to satisfy this requirement.

In determining minority approval for a related party transaction, Rubellite is required to exclude the votes attached to Rubellite Shares that, to the knowledge of Rubellite and its directors and senior officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all "interested parties" and their "related parties" and "joint actors", all as defined in MI 61-101. The Rubellite Shares held by the Rubellite Interested Parties will be excluded in determining whether minority approval of the Rubellite Arrangement Resolution for the purposes of MI 61-101 is obtained. To the knowledge of Rubellite and its directors and senior officers after reasonable inquiry and for the purposes of MI 61-101, it is expected that the votes in respect of an aggregate of 23,541,163 Rubellite Shares which represent approximately 34.83% of the issued and outstanding Rubellite Shares held by the Rubellite Interested Parties will be excluded in determining whether approval of the Arrangement by the disinterested Rubellite Shareholders has been obtained. Details of the shareholdings of the Rubellite Interested Parties as at September 16, 2024 are as follows:

<b>Name of the Rubellite Shareholder</b>	<b>Rubellite Shares Beneficially Owned or Controlled or Directed</b>
Susan L. Riddell Rose	21,776,132 (32.22%)
Ryan A. Shay	977,081 (1.45%)
Ryan M. Goosen	38,231 (0.06%)
Jeffrey R. Green	92,318 (0.14%)
Marcello M. Rapini	122,358 (0.18%)
Karl H. Rumpf	24,960 (0.04%)
Holly A. Benson	170,920 (0.25%)
Tamara L. MacDonald	89,027 (0.13%)
Bruce C. Shultz	250,136 (0.37%)

In addition, pursuant to the rules of the TSX, disinterested shareholder is required. For the purposes of the TSX, in determining the disinterested vote, Rubellite must exclude, in addition to the Rubellite Interested Parties listed above, the votes attached to the Rubellite Shares held by insiders of Rubellite that hold Perpetual Shares. It is expected that the votes in respect of an aggregate of 23,031,080 Rubellite Shares which represent approximately 34.07% of the issued and outstanding Rubellite Shares held by the Rubellite Interested Parties will be excluded in determining whether approval of the Arrangement by the disinterested Rubellite Shareholders has been obtained for the purposes of the TSX. Details of the shareholdings of the Rubellite insiders that hold Perpetual Shares (other than Rubellite Interested Parties listed above) as at September 16, 2024 are as follows:

<b>Name of the Rubellite Shareholder who holds Perpetual Shares</b>	<b>Rubellite Shares Beneficially Owned or Controlled or Directed</b>
Susan L. Riddell Rose	21,776,132 (32.22%)
Ryan A. Shay	977,081 (1.45%)
Ryan M. Goosen	38,231 (0.06%)
Jeffrey R. Green	92,318 (0.14%)
Marcello M. Rapini	122,358 (0.18%)
Karl H. Rumpf	24,960 (0.04%)

#### *Prior Valuations*

MI 61-101 requires Rubellite to disclose any "prior valuations" (as defined in MI 61-101) of Rubellite or its material assets or securities made within the 24-month period preceding the date of this Circular. After reasonable inquiry, neither Rubellite nor any director or senior officer of Rubellite has knowledge of any such "prior valuation" other than the Valuations and reserves reports prepared by McDaniel in respect of Rubellite's oil and gas assets as at December 31, 2023 and December 31, 2024. Disclosure is also required for any bona fide prior offer for the Rubellite Shares or that is otherwise relevant to the Recombination during the 24 months before the Arrangement Agreement was agreed to. There has not been any such offer during the 24 months before the Arrangement Agreement was agreed to.

#### *United States*

The PEI Newco Common Shares, RBY Newco Common Shares and Newco Amalco Common Shares issuable to current Perpetual Shareholders and Rubellite Shareholders, as applicable, in exchange for their Rubellite Shares and Perpetual Shares pursuant to the Arrangement, have not been and will not be registered under the 1933 Act or any

state securities laws, and will be issued in reliance upon the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof and exemptions under applicable state securities laws. Section 3(a)(10) of the 1933 Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on September 20, 2024 and, subject to the approval of the Arrangement by Rubellite Shareholders and Perpetual Shareholders and satisfaction of certain other conditions, a hearing on the Arrangement will be held on October 30, 2024 by the Court. The Court has been informed of this effect of the Final Order. All Rubellite Shareholders and Perpetual Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute the basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the PEI Newco Common Shares, RBY Newco Common Shares and Newco Amalco Common Shares to be issued and distributed to Rubellite Shareholders and Perpetual Shareholders pursuant to the Arrangement. See "*Details of the Recombination - Procedure for the Arrangement to Become Effective*" and "*Details of the Recombination – Key Approvals*" in this Circular.

The Newco Amalco Common Shares issuable to Rubellite Shareholders and Perpetual Shareholders pursuant to the Arrangement will be, following completion of the Arrangement, freely tradable under the 1933 Act, except by persons who will be "affiliates" of Newco Amalco after the Effective Date or were affiliates of Newco Amalco within 90 days before the Effective Date. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer.

Any resale of such Newco Amalco Common Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the 1933 Act and applicable state securities laws, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Newco Amalco Common Shares outside the United States without registration under the 1933 Act pursuant to Regulation S under the 1933 Act. Such Newco Amalco Common Shares may also be resold in transactions completed in accordance with Rule 144 under the 1933 Act, if available.

Any Rubellite Shareholder or Perpetual Shareholder who is an affiliate of Rubellite or Perpetual at the time of the proposed resale, became an affiliate of Rubellite or Perpetual after consummation of the Arrangement or has been an affiliate within 90 days of the Effective Time, is urged to consult its own legal advisor to ensure that any proposed resale of Rubellite Shares or Perpetual Shares issued to them under the Arrangement complies with the applicable requirements under the 1933 Act.

#### **Procedure for Disposition of Perpetual Shares and Receipt of Newco Amalco Common Shares**

Registered Perpetual Shareholders (other than the Dissenting Perpetual Shareholders) must duly complete and return a Letter of Transmittal together with the certificate(s) representing their Perpetual Shares and all other required documents to the Depositary at one of the offices specified in the Letter of Transmittal. In the event that the Arrangement is not completed, such certificates will be promptly returned to the Perpetual Shareholder who provided such certificates to the Depositary.

**Enclosed with this Circular is a Letter of Transmittal which, when properly completed and returned together with the certificate or certificates representing Perpetual Shares and all other required documents, will enable each registered Perpetual Shareholder to ultimately obtain the Newco Amalco Common Shares that the Perpetual Shareholder is entitled to receive under the Arrangement.**

The Letter of Transmittal contains complete instructions on how to exchange your Perpetual Shares and ultimately receive Newco Amalco Common Shares. Please review the Letter of Transmittal carefully and complete in accordance with the instructions set forth therein.

**From and after the Effective Time, certificates formerly representing Perpetual Shares shall represent only the right to receive the consideration to which the former Perpetual Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to the Plan of Arrangement, to receive the fair value of the Perpetual Shares represented by such certificates. As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Perpetual Shares of a duly completed Letter of Transmittal and the certificates representing such Perpetual Shares and all other required documents, the Depositary shall either: (a) forward by first class mail to such former holder at the address specified in the Letter of Transmittal; or (b) if requested by such Perpetual Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Perpetual Shareholder the certificates representing the number of Newco Amalco Common Shares issued to such Perpetual Shareholder under the Arrangement.**

**Any certificate formerly representing Perpetual Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or a claim of any kind or nature as a shareholder of Perpetual. On such date, the Newco Amalco Common Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to Newco Amalco, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares. In the event any certificate that immediately prior to the Effective Time represented one or more outstanding Perpetual Shares that were transferred to Perpetual in accordance with subsection 2.1(a) of the Plan of Arrangement, shall have been lost, stolen or destroyed, Perpetual Shareholders must follow the procedures set forth in the Letter of Transmittal.**

**Perpetual Shareholders whose Perpetual Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should immediately contact such person for instructions and assistance in delivering certificates representing their Perpetual Shares to the Depositary.**

**The method used to deliver the Letter of Transmittal and any accompanying certificates representing Perpetual Shares is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary at its office specified on the back page of the Letter of Transmittal. It is recommended that the necessary documentation be hand delivered to the Depositary, at its office specified on the back page of the Letter of Transmittal, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained and a return receipt requested.**

Notwithstanding the provisions of the Letter of Transmittal, certificates representing Newco Amalco Common Shares will not be mailed if Newco Amalco determines that delivery thereof by mail may be delayed. Persons entitled to certificates which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary in which the deposited certificates representing Perpetual Shares were originally deposited until such time that it is determined that the delivery by mail will no longer be delayed.

Perpetual Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal together with the relevant share certificate(s) to the Depositary as soon as possible.

**None of Perpetual, Newco Amalco or the Depositary are liable for failure to notify Perpetual Shareholders, nor do they have any obligation to notify Perpetual Shareholders, who make a deficient deposit with the Depositary.**

## **Procedure for Disposition of Rubellite Shares and Receipt of Newco Amalco Common Shares**

Registered Rubellite Shareholders (other than the Dissenting Rubellite Shareholders) must duly complete and return a Letter of Transmittal together with the certificate(s) representing their Rubellite Shares and all other required documents to the Depositary at one of the offices specified in the Letter of Transmittal. In the event that the Arrangement is not completed, such certificates will be promptly returned to the Rubellite Shareholder who provided such certificates to the Depositary.

**Enclosed with this Circular is a Letter of Transmittal which, when properly completed and returned together with the certificate or certificates representing Rubellite Shares and all other required documents, will enable each registered Rubellite Shareholder to ultimately obtain the Newco Amalco Common Shares that the Rubellite Shareholder is entitled to receive under the Arrangement.**

The Letter of Transmittal contains complete instructions on how to exchange your Rubellite Shares and ultimately receive Newco Amalco Common Shares. Please review the Letter of Transmittal carefully and complete in accordance with the instructions set forth therein.

**From and after the Effective Time, certificates formerly representing Rubellite Shares shall represent only the right to receive the consideration to which the former Rubellite Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to the Plan of Arrangement, to receive the fair value of the Rubellite Shares represented by such certificates. As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Rubellite Shares of a duly completed Letter of Transmittal and the certificates representing such Rubellite Shares and all other required documents, the Depositary shall either: (a) forward by first class mail to such former holder at the address specified in the Letter of Transmittal; or (b) if requested by such Rubellite Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Rubellite Shareholder the certificates representing the number of Newco Amalco Common Shares issued to such Rubellite Shareholder under the Arrangement.**

**Any certificate formerly representing Rubellite Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or a claim of any kind or nature as a shareholder of Rubellite. On such date, the Newco Amalco Common Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to Newco Amalco, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such shares. In the event any certificate that immediately prior to the Effective Time represented one or more outstanding Rubellite Shares that were transferred to Rubellite in accordance with subsection 2.1(b) of the Plan of Arrangement, shall have been lost, stolen or destroyed, Rubellite Shareholders must follow the procedures set forth in the Letter of Transmittal.**

**Rubellite Shareholders whose Rubellite Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should immediately contact such person for instructions and assistance in delivering certificates representing their Rubellite Shares to the Depositary.**

**The method used to deliver the Letter of Transmittal and any accompanying certificates representing Rubellite Shares is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depositary at its office specified on the back page of the Letter of Transmittal. It is recommended that the necessary documentation be hand delivered to the Depositary, at its office specified on the back page of the Letter of Transmittal, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained and a return receipt requested.**

Notwithstanding the provisions of the Letter of Transmittal, certificates representing Newco Amalco Common Shares will not be mailed if Newco Amalco determines that delivery thereof by mail may be delayed. Persons entitled to certificates which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary in which the deposited certificates representing Rubellite Shares were originally deposited until such time that it is determined that the delivery by mail will no longer be delayed.

Rubellite Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal together with the relevant share certificates(s) to the Depositary as soon as possible.

**None of Rubellite, Newco Amalco or the Depositary are liable for failure to notify Rubellite Shareholders, nor do they have any obligation to notify Rubellite Shareholders, who make a deficient deposit with the Depositary.**

### **Dissent Rights for Perpetual Shareholders**

**The following description of the right to dissent to which registered Perpetual Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Perpetual Shareholder who seeks payment of the fair value of such Dissenting Perpetual Shareholder's Perpetual Shares and is qualified in its entirety by reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 191 of the Act, which is attached to this Circular as Appendix E. A Dissenting Perpetual Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of the Act, as modified by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Dissenting Perpetual Shareholder who might desire to exercise Dissent Rights should consult his or her own legal advisor.**

A Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Perpetual Shareholders are entitled, in addition to any other right such Dissenting Perpetual Shareholder may have, to dissent and to be paid by Perpetual the fair value of the Perpetual Shares held by such Dissenting Perpetual Shareholder, determined as of the close of business on the last day of business before the day on which the Perpetual Arrangement Resolution from which such Dissenting Perpetual Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such shareholder. **A Dissenting Perpetual Shareholder may dissent only with respect to all of the Perpetual Shares held by such Dissenting Perpetual Shareholder. Only registered Perpetual Shareholders may dissent. Persons who are beneficial owners of Perpetual Shares (i.e. the shares registered in the name of a broker, dealer, bank, trust company or other nominee) and who wish to dissent should be aware that they may only do so through the registered owner of such Perpetual Shares. Accordingly, a non-registered holder of Perpetual Shares desiring to exercise dissent rights must make arrangements for the Perpetual Shares beneficially owned by that holder to be registered in the name of the shareholder prior to exercising such dissent rights, or alternatively, make arrangements for the registered owners to exercise dissent rights on behalf of the beneficial holder. A written objection to the Perpetual Arrangement Resolution should set forth the number of Perpetual Shares covered by it.**

Dissenting Perpetual Shareholders must provide a written objection to the Perpetual Arrangement Resolution so that it is received by Perpetual at Suite 2400, 525 – 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 1G1, Attention: Paul G. Chiswell by 5:00 p.m. on October 25, 2024, being the second business day immediately preceding the date of the Perpetual Meeting, or the second business day immediately preceding the date of any adjournment(s) or postponement(s) of the Perpetual Meeting. **No Perpetual Shareholder who has voted in favour of the Perpetual Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Perpetual or a Dissenting Perpetual Shareholder may apply to the Court, after the approval of the Perpetual Arrangement Resolution, to fix the fair value of such Dissenting Perpetual Shareholder's Perpetual Shares. If such an application is made to the Court by either Perpetual or a Dissenting Perpetual Shareholder, Perpetual must, unless the Court orders otherwise, send to each Dissenting Perpetual Shareholder, a written offer to pay such Dissenting Perpetual Shareholder an amount considered by the Perpetual Board to be the fair value of the Perpetual Shares held

by such Dissenting Perpetual Shareholder. The offer, unless the Court orders otherwise, must be sent to each Dissenting Perpetual Shareholder at least 10 days before the date on which the application is returnable, if Perpetual is the applicant, or within 10 days after Perpetual is served a copy of the application, if a Dissenting Perpetual Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Perpetual Shareholder and must contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Perpetual Shareholder may make an agreement with Perpetual for the purchase of such holder's Perpetual Shares in the amount of the offer made by Perpetual, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Perpetual Shares.

A Dissenting Perpetual Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Perpetual Shares of all Dissenting Perpetual Shareholders who are parties to the application, giving judgment in that amount against Perpetual and in favour of each of those Dissenting Perpetual Shareholders and fixing the time within which Perpetual must pay the amount payable to each Dissenting Perpetual Shareholder calculated from the date on which such Dissenting Perpetual Shareholder ceases to have any rights as a Perpetual Shareholder until the date of payment.

On the Arrangement becoming effective or upon the making of an agreement between Perpetual and the Dissenting Perpetual Shareholder as to the payment to be made by Perpetual to the Dissenting Perpetual Shareholder or upon the pronouncement of a Court order, whichever first occurs, such Dissenting Perpetual Shareholder will cease to have any rights as a Perpetual Shareholder other than the right to be paid the fair value of such holder's Perpetual Shares in the amount or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Perpetual Shareholder may withdraw his or her dissent or, if the Arrangement has not yet become effective, Perpetual may rescind the Perpetual Arrangement Resolution and in such event the dissent and appraisal proceedings in respect of that Dissenting Perpetual Shareholder will be discontinued.

Perpetual shall not make a payment to a Dissenting Perpetual Shareholder under Section 191 of the Act, as modified by the Interim Order, if there are reasonable grounds for believing that Perpetual is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such an event, Perpetual shall notify each Dissenting Perpetual Shareholder that it is unable to lawfully pay such Dissenting Perpetual Shareholder for his or her Perpetual Shares, in which case the Dissenting Perpetual Shareholder may, by written notice to Perpetual within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement. If the Dissenting Perpetual Shareholder does not withdraw such holder's written objection, such Dissenting Perpetual Shareholder retains status as a claimant against Perpetual to be paid as soon as Perpetual is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Perpetual but in priority to holders of Perpetual Shares.

All Perpetual Shares held by Dissenting Perpetual Shareholders who exercise their Dissent Rights will, if the holders thereof do not otherwise withdraw their written objections, be deemed to be transferred to PEI Newco under the Arrangement (if applicable), and cancelled in exchange for the fair value thereof or will, if such Dissenting Perpetual Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holders had participated in the Arrangement on the same basis as a non-dissenting holder of Perpetual Shares.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Perpetual Shareholders who seek payment of the fair value of their Perpetual Shares. Section 191 of the Act, as modified by the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Perpetual Shareholders who might desire to exercise their Dissent Rights should carefully consider and comply with the provisions of the Interim Order, Plan of Arrangement and Section 191 of the Act, the full text of which is set out in Appendix E to this Circular and consult their own legal advisor.**

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of Perpetual Shares representing not more than 5% of the issued and outstanding Perpetual Shares shall have validly exercised dissent rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

### **Dissent Rights for Rubellite Shareholders**

**The following description of the right to dissent to which registered Rubellite Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Rubellite Shareholder who seeks payment of the fair value of such Dissenting Rubellite Shareholder's Rubellite Shares and is qualified in its entirety by reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 191 of the Act, which is attached to this Circular as Appendix E. A Dissenting Rubellite Shareholder who intends to exercise the right to dissent should carefully consider and comply with the provisions of the Act, as modified by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Dissenting Rubellite Shareholder who might desire to exercise Dissent Rights should consult his or her own legal advisor.**

A Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Rubellite Shareholders are entitled, in addition to any other right such Dissenting Rubellite Shareholder may have, to dissent and to be paid by Rubellite the fair value of the Rubellite Shares held by such Dissenting Rubellite Shareholder, determined as of the close of business on the last day of business before the day on which the Rubellite Arrangement Resolution from which such Dissenting Rubellite Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such shareholder. **A Dissenting Rubellite Shareholder may dissent only with respect to all of the Rubellite Shares held by such Dissenting Rubellite Shareholder. Only registered Rubellite Shareholders may dissent. Persons who are beneficial owners of Rubellite Shares (i.e. the shares registered in the name of a broker, dealer, bank, trust company or other nominee) and who wish to dissent should be aware that they may only do so through the registered owner of such Rubellite Shares. Accordingly, a non-registered holder of Rubellite Shares desiring to exercise dissent rights must make arrangements for the Rubellite Shares beneficially owned by that holder to be registered in the name of the shareholder prior to exercising such dissent rights, or alternatively, make arrangements for the registered owners to exercise dissent rights on behalf of the beneficial holder. A written objection to the Rubellite Arrangement Resolution should set forth the number of Rubellite Shares covered by it.**

Dissenting Rubellite Shareholders must provide a written objection to the Rubellite Arrangement Resolution so that it is received by Rubellite at Suite 2400, 525 – 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 1G1, Attention: Paul G. Chiswell by 5:00 p.m. on October 25, 2024, being the second business day immediately preceding the date of the Rubellite Meeting, or the second business day immediately preceding the date of any adjournment(s) or postponement(s) of the Rubellite Meeting. **No Rubellite Shareholder who has voted in favour of the Rubellite Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Rubellite or a Dissenting Rubellite Shareholder may apply to the Court, after the approval of the Rubellite Arrangement Resolution, to fix the fair value of such Dissenting Rubellite Shareholder's Rubellite Shares. If such an application is made to the Court by either Rubellite or a Dissenting Rubellite Shareholder, Rubellite must, unless the Court orders otherwise, send to each Dissenting Rubellite Shareholder, a written offer to pay such Dissenting Rubellite Shareholder an amount considered by the Rubellite Board to be the fair value of the Rubellite Shares held by such Dissenting Rubellite Shareholder. The offer, unless the Court orders otherwise, must be sent to each Dissenting Rubellite Shareholder at least 10 days before the date on which the application is returnable, if Rubellite is the applicant, or within 10 days after Rubellite is served a copy of the application, if a Dissenting Rubellite Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Rubellite Shareholder and must contain or be accompanied with a statement showing how the fair value was determined.



A Dissenting Rubellite Shareholder may make an agreement with Rubellite for the purchase of such holder's Rubellite Shares in the amount of the offer made by Rubellite, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Rubellite Shares.

A Dissenting Rubellite Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Rubellite Shares of all Dissenting Rubellite Shareholders who are parties to the application, giving judgment in that amount against Rubellite and in favour of each of those Dissenting Rubellite Shareholders and fixing the time within which Rubellite must pay the amount payable to each Dissenting Rubellite Shareholder calculated from the date on which such Dissenting Rubellite Shareholder ceases to have any rights as a Rubellite Shareholder until the date of payment.

On the Arrangement becoming effective or upon the making of an agreement between Rubellite and the Dissenting Rubellite Shareholder as to the payment to be made by Rubellite to the Dissenting Rubellite Shareholder or upon the pronouncement of a Court order, whichever first occurs, such Dissenting Rubellite Shareholder will cease to have any rights as a Rubellite Shareholder other than the right to be paid the fair value of such holder's Rubellite Shares in the amount or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Rubellite Shareholder may withdraw his or her dissent or, if the Arrangement has not yet become effective, Rubellite may rescind the Rubellite Arrangement Resolution and in such event the dissent and appraisal proceedings in respect of that Dissenting Rubellite Shareholder will be discontinued.

Rubellite shall not make a payment to a Dissenting Rubellite Shareholder under Section 191 of the Act, as modified by the Interim Order, if there are reasonable grounds for believing that Rubellite is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of its assets would thereby be less than the aggregate of its liabilities. In such an event, Rubellite shall notify each Dissenting Rubellite Shareholder that it is unable to lawfully pay such Dissenting Rubellite Shareholder for his or her Rubellite Shares, in which case the Dissenting Rubellite Shareholder may, by written notice to Rubellite within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement. If the Dissenting Rubellite Shareholder does not withdraw such holder's written objection, such Dissenting Rubellite Shareholder retains status as a claimant against Rubellite to be paid as soon as Rubellite is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Rubellite but in priority to holders of Rubellite Shares.

All Rubellite Shares held by Dissenting Rubellite Shareholders who exercise their Dissent Rights will, if the holders thereof do not otherwise withdraw their written objections, be deemed to be transferred to PEI Newco under the Arrangement (if applicable), and cancelled in exchange for the fair value thereof or will, if such Dissenting Rubellite Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holders had participated in the Arrangement on the same basis as a non-dissenting holder of Rubellite Shares.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Rubellite Shareholders who seek payment of the fair value of their Rubellite Shares. Section 191 of the Act, as modified by the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Rubellite Shareholders who might desire to exercise their Dissent Rights should carefully consider and comply with the provisions of the Interim Order, Plan of Arrangement and Section 191 of the Act, the full text of which is set out in Appendix E to this Circular and consult their own legal advisor.**

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of Rubellite Shares representing not more than 5% of the issued and outstanding Rubellite Shares shall have validly exercised dissent rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

## **Costs of the Recombination**

The aggregate costs of the Companies on a combined basis to be incurred relating to the Arrangement including without limitation, financial, advisory, accounting, valuation, legal fees, the preparation and delivery of the Arrangement Agreement and this Circular are estimated to be approximately \$4.0 to \$4.5 million.

Except as expressly provided in the Arrangement Agreement, each of Rubellite and Perpetual will bear its own costs and expenses in connection with the transactions contemplated by the Recombination. The Arrangement Agreement provides that, upon the occurrence of certain events, Rubellite or Perpetual will be required to reimburse the other for all reasonable out-of-pocket expenses it incurred in connection with the Arrangement Agreement and the Recombination. See "*Details of the Recombination – The Arrangement Agreement – Expenses*".

## **OTHER INFORMATION RELATING TO THE RECOMBINATION**

### **Certain Canadian Federal Income Tax Considerations**

In the opinion of Felesky Flynn LLP, Canadian tax counsel to Rubellite and Perpetual, the following summary describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of Perpetual Shares or Rubellite Shares who disposes of Perpetual Shares or Rubellite Shares, as the case may be, pursuant to the Arrangement and who for purposes of the Tax Act and at all relevant times (i) deals at arm's length with Perpetual, Rubellite, PEI Newco and RBY Newco, and who will deal at arm's length with Newco Amalco; (ii) is not affiliated with Perpetual, Rubellite, PEI Newco and RBY Newco and will not be affiliated with Newco Amalco; and (iii) holds the Perpetual Shares or Rubellite Shares (collectively, the "**Securities**"), as the case may be, as capital property for purposes of the Tax Act and will hold the PEI Newco Common Shares, PEI Newco Non-Voting Common Shares, RBY Newco Common Shares and Newco Amalco Common Shares, as applicable, as capital property for purposes of the Tax Act. Generally, the Securities, PEI Newco Common Shares, PEI Newco Non-Voting Common Shares, RBY Newco Common Shares, and Newco Amalco Common Shares will be capital property to a shareholder provided the shareholder does not hold the Securities in the course of carrying on a business or as part of an adventure or concern in the nature of trade, as applicable.

Certain Resident Perpetual Shareholders or Resident Rubellite Shareholders (both defined below, each a "Resident Shareholder") may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property the Securities (and all other "Canadian securities", as defined in the Tax Act) owned by such Resident Shareholder in the taxation year in which the election is made and in all subsequent taxation years. Resident Perpetual Shareholders or Resident Rubellite Shareholders should consult their own tax advisors concerning this election.

This summary is based on the current provisions of the Tax Act and on Canadian tax counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing and publicly available prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that any Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that any Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, regulation, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is not applicable to a Shareholder (i) that is a "specified financial institution" for purposes of the Tax Act, (ii) an interest in which is a "tax shelter investment" or for whom any security described herein is a "tax shelter" for purposes of the Tax Act, (iii) that is, for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution", (iv) that reports its "Canadian tax results" in a currency other than Canadian currency for purposes of the Tax Act, (v) that enters into,

with respect to any of their Securities, a "derivative forward agreement" for purposes of the Tax Act, (vi) is a "foreign affiliate" of a taxpayer resident in Canada for purposes of the Tax Act, (vii) that acquired their Securities under or in connection with any equity based compensation arrangement; or (viii) that is exempt from tax under Part I of the Tax Act. Such Shareholders should consult their own tax advisors.

This summary assumes that PEI Newco, RBY Newco and Newco Amalco will each be a "public corporation" for purposes of the Tax Act and the PEI Newco Common Shares, PEI Newco Non-Voting Common Shares and RBY Newco Common Shares will be listed on the TSX at the time such shares are acquired by a Perpetual Shareholder or a Rubellite Shareholder. Rubellite and Perpetual have represented to Canadian tax counsel that PEI Newco, RBY Newco and Newco Amalco will take the required steps to so qualify PEI Newco, RBY Newco and Newco Amalco and to list the shares of PEI Newco and RBY Newco.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, all Shareholders should consult their own tax advisors having regard to their own particular circumstances.**

### **Shareholders Resident in Canada**

This portion of the summary is generally applicable to a Perpetual Shareholder or a Rubellite Shareholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty convention, is, or is deemed to be, resident in Canada (a "**Resident Perpetual Shareholder**" or "**Resident Rubellite Shareholder**", as the case may be).

### ***Disposition of Perpetual Shares under the Arrangement***

Pursuant to the Arrangement, a Resident Perpetual Shareholder (other than a Resident Perpetual Shareholder that validly exercises the shareholder's Dissent Rights) (an "**Exchanging Perpetual Shareholder**") will receive one PEI Newco Common Share in exchange for every one Perpetual Share. Each Exchanging Perpetual Shareholder should be deemed to have disposed of the shareholder's Perpetual Shares to PEI Newco under a tax-deferred share exchange pursuant to section 85.1 of the Tax Act, unless such Exchanging Perpetual Shareholder includes any portion of the gain or loss, otherwise determined, in computing the shareholder's income for the taxation year which includes the Arrangement or is an Electing Perpetual Shareholder (defined below) with respect to such Perpetual Shares. More specifically, where an Exchanging Perpetual Shareholder who is not an Electing Perpetual Shareholder does not choose to recognize a capital gain (or capital loss) on the exchange, the Exchanging Perpetual Shareholder should be deemed to have disposed of the shareholder's Perpetual Shares for proceeds of disposition equal to the adjusted cost base of such Perpetual Shares to such Exchanging Perpetual Shareholder, determined immediately before the exchange and the Exchanging Perpetual Shareholder should be deemed to have acquired the PEI Newco Common Shares at an aggregate cost equal to the adjusted cost base of the shareholder's Perpetual Shares immediately before the exchange.

#### *Choosing to Recognize a Capital Gain or Capital Loss*

An Exchanging Perpetual Shareholder who is not an Electing Perpetual Shareholder with respect to the applicable Perpetual Shares may choose to recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) on the exchange of the shareholder's Perpetual Shares for PEI Newco Common Shares under the Arrangement by including any portion of the capital gain (or capital loss) as otherwise determined in computing the shareholder's income for the taxation year in which the Arrangement is completed. In those circumstances, the Exchanging Perpetual Shareholder should recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) equal to the amount, if any, by which the fair market value of the PEI Newco Common Shares received, net of any reasonable costs associated with the disposition, exceeds (or is less than) the aggregate of the adjusted cost base of the Perpetual Shares to the Exchanging Perpetual Shareholder, determined immediately before the exchange. For a

description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below.

For an Exchanging Perpetual Shareholder who chooses to recognize a capital gain or capital loss, the cost of the PEI Newco Common Shares acquired on the exchange should be equal to the fair market value thereof. This cost should generally average with the adjusted cost base of all other PEI Newco Common Shares held by the Exchanging PEI Shareholder for the purpose of determining the adjusted cost base of each PEI Newco Common Share held by the Exchanging Perpetual Shareholder.

#### *Joint Tax Election*

An Exchanging Perpetual Shareholder is entitled to make an election with PEI Newco pursuant to section 85 of the Tax Act (the "**Section 85 Election**") and thereby obtain a full or partial tax-deferred "rollover" for Canadian income tax purposes, depending on the Elected Amount (as defined below) and the adjusted cost base to the Exchanging Perpetual Shareholder of the Perpetual Shares at the time of the exchange. A Section 85 Election generally is not expected to be necessary for Perpetual Shareholders to whom this disclosure is applicable. Resident Perpetual Shareholders should consult with their own advisors to determine whether they should make the Section 85 Election.

The "**Elected Amount**" for a Perpetual Shareholder that files a Section 85 Election (an "**Electing Perpetual Shareholder**") means the amount specified by the shareholder, subject to the limitations described below, in the Section 85 Election to be treated as the proceeds of disposition of the Perpetual Shares.

In general, an Electing Perpetual Shareholder's Elected Amount may not be:

- (i) less than the lesser of (a) the adjusted cost base to the Electing Perpetual Shareholder of the Perpetual Shares in respect of which the Section 85 Election is made, and (b) the fair market value of the Electing Perpetual Shareholder's Perpetual Shares in respect of which the Section 85 Election is made, in each case determined at the time of the exchange; or
- (ii) greater than the fair market value of the Electing Perpetual Shareholder's Perpetual Shares in respect of which the Section 85 Election is made at the time of the exchange.

An Elected Amount which does not comply with these limitations should automatically be adjusted under the Tax Act to the extent required so that it is in compliance. Within these limits, the Elected Amount may be any amount specified by the Electing Shareholder in the Section 85 Election form.

The tax treatment to an Electing Perpetual Shareholder who makes a valid Section 85 Election jointly with PEI Newco in respect of some or all of the Electing Perpetual Shareholder's Perpetual Shares should generally be as follows:

- (i) the Electing Perpetual Shareholder should be deemed to have disposed of the Electing Perpetual Shareholder's Perpetual Shares in respect of which the Section 85 Election is made for proceeds of disposition equal to the Elected Amount;
- (ii) the Electing Perpetual Shareholder should recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the adjusted cost base to the Electing Perpetual Shareholder of the Perpetual Shares in respect of which the Section 85 Election is made determined immediately before the exchange and any reasonable costs of disposition (see "*Taxation of Capital Gains and Capital Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act); and

- (iii) the aggregate cost to the Electing Perpetual Shareholder of the PEI Newco Common Shares acquired on the exchange in respect of which the Section 85 Election is made should equal the Elected Amount (this cost should generally average with the adjusted cost base of all other PEI Newco Common Shares held by the Exchanging Perpetual Shareholder for the purpose of determining the adjusted cost base of each PEI Newco Common Share held by the Exchanging Perpetual Shareholder).

PEI Newco has agreed to make a Section 85 Election pursuant to subsection 85(1) or 85(2) of the Tax Act (and any similar provision of any provincial tax legislation) with an Electing Perpetual Shareholder at the amount determined by such Electing Perpetual Shareholder, subject to the limitations set out in subsection 85(1) and 85(2) of the Tax Act (or any applicable provincial tax legislation). An Electing Perpetual Shareholder who wishes to make an election under federal or provincial tax legislation must provide two (2) signed copies of each applicable duly completed prescribed election form to PEI Newco prior to the 90th day following the Effective Date. Properly completed forms will be signed by Newco Amalco (as successor to PEI Newco) and returned to the Electing Perpetual Shareholder within 90 days of receipt thereof by PEI Newco, for filing by the Electing Perpetual Shareholder with the applicable taxation authorities. For Canadian federal income tax purposes, the relevant tax election form is Form T2057, entitled "*Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*", (or if the Electing Perpetual Shareholder is a partnership, Form T2058 entitled "*Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation*"). Perpetual Shareholders should consult their own tax advisors to determine whether any separate provincial election forms are required.

PEI Newco and Newco Amalco will not be responsible for the proper completion of any election form or have any other liability or obligation in respect thereof except for the obligation of Newco Amalco (as successor to PEI Newco) to sign and return properly completed election forms which are received by Newco Amalco within 90 days of the Effective Date. PEI Newco will not be liable for or have any obligation in respect of any taxes, interest or penalties resulting from the failure of an Electing Perpetual Shareholder to properly complete or file such election forms in the manner and within the time prescribed by the Tax Act (or any applicable provincial legislation).

#### *Dissenting Perpetual Resident Shareholders*

A Resident Perpetual Shareholder who validly exercises Dissent Rights in respect of the Arrangement and is entitled to be paid the fair value of the shareholder's Perpetual Shares by Perpetual (a "**Dissenting Perpetual Resident Shareholder**") should be deemed to receive a dividend to the extent that the payment (other than any portion thereof that is interest) exceeds the paid-up capital of that share and should realize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) to the extent that such payment (other than any portion thereof that is interest or that is deemed to be a dividend) exceeds (or is less than) the aggregate of the adjusted cost base of the Perpetual Shares to the dissenting Resident Perpetual Shareholder and any reasonable costs of the disposition. See "*Taxation of Dividends*" and "*Taxation of Capital Gains and Capital Losses*" below. A Dissenting Perpetual Resident Shareholder should be required to include in computing the shareholder's income any interest awarded by a court in connection with the Arrangement.

#### *Disposition of Rubellite Shares under the Arrangement*

Pursuant to the Arrangement, a Resident Rubellite Shareholder (other than a Resident Rubellite Shareholder that validly exercises the shareholder's Dissent Rights) (an "**Exchanging Rubellite Shareholder**") will receive: (1) for the Rubellite Share Transfer Percentage of each Rubellite Share of the Exchanging Rubellite Shareholder transferred to PEI Newco, 5 times that Rubellite Share Transfer Percentage of PEI Newco Non-Voting Common Shares; and (2) for the remaining fraction ("**RBV Newco RBV Fraction**") of each Rubellite Share of the Exchanging Rubellite Shareholder transferred to RBV Newco, 1 times that RBV Newco RBV Fraction of RBV Newco Common Shares. Each Exchanging Rubellite Shareholder should be deemed to have disposed of the Rubellite Share Transfer Percentage and RBV Newco RBV Fraction of Rubellite Shares to PEI Newco and RBV Newco, respectively under a tax-deferred share exchange pursuant to section 85.1 of the Tax Act, unless such Exchanging Rubellite Shareholder includes any portion of the gain or loss, otherwise determined, in computing its income for the taxation year which

includes the Arrangement or is an Electing Rubellite Shareholder with respect to such Rubellite Shares (defined below). More specifically, where an Exchanging Rubellite Shareholder who is not an Electing Rubellite Shareholder with respect to such Rubellite Shares does not choose to recognize a capital gain (or capital loss) on the exchange, the Exchanging Rubellite Shareholder should be deemed to have disposed of the shareholder's Rubellite Shares for proceeds of disposition equal to the adjusted cost base of such Rubellite Shares to such Exchanging Rubellite Shareholder, determined immediately before the exchange. The Exchanging Rubellite Shareholder should be deemed to have acquired the PEI Newco Non-Voting Common Shares at an aggregate cost equal to the adjusted cost base of the shareholder's Rubellite Share Transfer Percentage of the Rubellite Shares immediately before the exchange. The Exchanging Rubellite Shareholder should be deemed to have acquired the RBY Newco Common Shares at an aggregate cost amount equal to the holder's adjusted cost base of the shareholder's RBY Newco RBY Fraction of the Rubellite Shares immediately before the exchange.

#### *Choosing to Recognize a Capital Gain or Capital Loss*

An Exchanging Rubellite Shareholder who is not an Electing Rubellite Shareholder with respect to the applicable Rubellite Shares may choose to recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) on the exchange of the shareholder's Rubellite Shares for PEI Newco Non-Voting Common Shares or the exchange of Rubellite Shares for RBY Newco Common Shares under the Arrangement by including any portion of the capital gain (or capital loss) as otherwise determined in computing the shareholder's income for the taxation year in which the Arrangement is completed. In those circumstances, the Exchanging Rubellite Shareholder should recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) equal to the amount, if any, by which: (1) the fair market value of the PEI Newco Non-Voting Common Shares received, net of any reasonable costs associated with the disposition, exceeds (or is less than) the aggregate of the adjusted cost base of the Rubellite Share Transfer Percentage of the Rubellite Shares to the Exchanging Shareholder, determined immediately before the exchange; and/or (2) the fair market value of the RBY Newco Common Shares received, net of any reasonable costs associated with the disposition, exceeds (or is less than) the aggregate of the adjusted cost base of the RBY Newco RBY Fraction of the Rubellite Shares to the Exchanging Shareholder, determined immediately before the exchange. For a description of the tax treatment of capital gains and capital losses, see "*Taxation of Capital Gains and Capital Losses*" below.

For an Exchanging Rubellite Shareholder who chooses to recognize a capital gain or capital loss, the cost of the PEI Newco Non-Voting Common Shares and/or RBY Newco Common Shares acquired on the exchange should be equal to the fair market value thereof. This cost should generally average with the adjusted cost base of all other PEI Newco Non-Voting Common Shares or all other RBY Newco Common Shares, as the case may be, held by the Exchanging Rubellite Shareholder for the purpose of determining the adjusted cost base of each PEI Newco Non-Voting Common Share or RBY Newco Common Share, as the case may be, held by the Exchanging Rubellite Shareholder.

#### *Joint Tax Election*

An Exchanging Rubellite Shareholder is entitled to make a Section 85 Election and thereby obtain a full or partial tax-deferred "rollover" for Canadian income tax purposes, depending on the Elected Amount (as defined below) and the adjusted cost base to the Exchanging Rubellite Shareholder of the Rubellite Shares at the time of the exchange. A Section 85 Election generally is not expected to be necessary for Rubellite Shareholders to whom this disclosure is applicable. Resident Rubellite Shareholders should consult with their own advisors to determine whether they should make the Section 85 Election.

The "**Elected Amount**" for a Rubellite Shareholder that files a Section 85 Election (an "**Electing Rubellite Shareholder**") means the amount specified by the shareholder, subject to the limitations described below, in the Section 85 Election to be treated as the proceeds of disposition of the Rubellite Shares.

In general, an Electing Rubellite Shareholder's Elected Amount may not be:

- (i) less than the lesser of (a) the adjusted cost base to the Electing Rubellite Shareholder of the Rubellite Shares in respect of which the Section 85 Election is made, and (b) the fair market value of the Electing Rubellite Shareholder's Rubellite Shares in respect of which the Section 85 Election is made, in each case determined at the time of the exchange; or
- (ii) greater than the fair market value of the Electing Rubellite Shareholder's Rubellite Shares in respect of which the Section 85 Election is made at the time of the exchange.

An Elected Amount which does not comply with these limitations should automatically be adjusted under the Tax Act to the extent required so that it is in compliance. Within these limits, the Elected Amount may be any amount specified by the Electing Rubellite Shareholder in the Section 85 Election form.

The tax treatment to an Electing Rubellite Shareholder who makes a valid Section 85 Election jointly with PEI Newco and/or RBY Newco, as the case may be, in respect of some or all of the Electing Rubellite Shareholder's Perpetual Shares in respect of which a valid Section 85 Election has been made, should generally be as follows:

- (i) the Electing Rubellite Shareholder should be deemed to have disposed of the Electing Rubellite Shareholder's Rubellite Shares in respect of which the Section 85 Election is made for proceeds of disposition equal to the Elected Amount;
- (ii) the Electing Rubellite Shareholder should recognize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) to the extent that the Elected Amount exceeds (or is less than) the aggregate of the adjusted cost base to the Electing Rubellite Shareholder of the Rubellite Shares in respect of which the Section 85 Election is made determined immediately before the exchange and any reasonable costs of disposition (see "*Taxation of Capital Gains and Capital Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act); and
- (iii) the aggregate cost to the Electing Rubellite Shareholder of the PEI Newco Non-Voting Common Shares or RBY Newco Common shares, as the case may be, acquired on the exchange in respect of which the Section 85 Election is made should equal the Elected Amount (this cost should generally average with the adjusted cost base of all other RBY Newco Common Shares or PEI Newco Non-Voting Common Shares, as the case may be, held by the Exchanging Rubellite Shareholder for the purpose of determining the adjusted cost base of each RBY Newco Common Share or PEI Newco Non-Voting Common Share held by the Exchanging Rubellite Shareholder).

PEI Newco and RBY Newco have agreed to make a Section 85 Election pursuant to subsection 85(1) or 85(2) of the Tax Act (and any similar provision of any provincial tax legislation) with an Electing Rubellite Shareholder at the amount determined by such Electing Rubellite Shareholder, subject to the limitations set out in subsection 85(1) and 85(2) of the Tax Act (or any applicable provincial tax legislation). An Electing Rubellite Shareholder who wishes to make an election under federal or provincial tax legislation must provide two (2) signed copies of each applicable duly completed prescribed election form to PEI Newco and/or RBY Newco, as the case may be, prior to the 90th day following the Effective Date. Properly completed forms will be signed by Newco Amalco (as successor to PEI Newco or RBY Newco, as the case may be), and returned to the Electing Rubellite Shareholder within 90 days of receipt thereof by PEI Newco or RBY Newco, as the case may be, for filing by the Electing Rubellite Shareholder with the applicable taxation authorities. For Canadian federal income tax purposes, the relevant tax election form is Form T2057, entitled "*Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation*", (or if the Electing Perpetual Shareholder is a partnership, Form T2058 entitled "*Election on Disposition of Property by a Partnership to a Taxable Canadian Corporation*"). Rubellite Shareholders should consult their own tax advisors to determine whether any separate provincial election forms are required.

PEI Newco, RBY Newco and Newco Amalco will not be responsible for the proper completion of any election form or have any other liability or obligation in respect thereof except for the obligation of Newco Amalco (as successor to PEI Newco and RBY Newco, as the case may be), to sign and return properly completed election forms which are received by PEI Newco or RBY Newco within 90 days of the Effective Date. PEI Newco, RBY Newco and Newco Amalco will not be liable for or have any obligation in respect of any taxes, interest or penalties resulting from the failure of an Electing Rubellite Shareholder to properly complete or file such election forms in the manner and within the time prescribed by the Tax Act (or any applicable provincial legislation).

#### *Dissenting Rubellite Resident Shareholders*

A Resident Rubellite Shareholder who validly exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Rubellite Resident Shareholder**") and is entitled to be paid the fair value of the shareholder's Rubellite Shares by Rubellite should be deemed to receive a dividend to the extent that the payment (other than any portion thereof that is interest) exceeds the paid-up capital of that share and should realize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) to the extent that such payment (other than any portion thereof that is interest or any portion that is deemed to be a dividend) exceeds (or is less than) the aggregate of the adjusted cost base of the Rubellite Shares to the dissenting Resident Rubellite Shareholder and any reasonable costs of the disposition. See "*Taxation of Dividends*" and "*Taxation of Capital Gains and Capital Losses*" below. A Dissenting Rubellite Resident Shareholder should be required to include in computing the shareholder's income any interest awarded by a court in connection with the Arrangement.

#### *Exchange of Shares Pursuant to the Amalgamation*

A Resident Perpetual Shareholder or Resident Rubellite Shareholder that exchanges each PEI Newco Common Share and each PEI Newco Non-Voting Common Share, as the case may be, for one Newco Amalco Common Share on the amalgamation ("**Amalgamation**") of PEI Newco and RBY Newco should be deemed to dispose of the shareholder's PEI Newco Common Shares or PEI Newco Non-Voting Common Shares, as the case may be, for proceeds of disposition equal to the shareholder's adjusted cost base of such PEI Newco Common Shares or PEI Newco Non-Voting Common Shares immediately before the Amalgamation and should be deemed to acquire such Newco Amalco Common Shares at a cost equal to such adjusted cost base of their PEI Newco Non-Voting Common Shares or PEI Newco Common Shares, as the case may be. Thus, the Resident Perpetual Shareholder or Resident Rubellite Shareholder should not realize a capital gain or a capital loss on the disposition of the shareholder's PEI Newco Common Shares or PEI Newco Non-Voting Common Shares, as the case may be.

A Resident Rubellite Shareholder that exchanges each RBY Newco Common Share for 5 Newco Amalco Common Shares on the Amalgamation should be deemed to dispose of the shareholder's RBY Newco Common Shares for proceeds of disposition equal to the Resident Rubellite Shareholder's adjusted cost base of such RBY Newco Common Shares immediately before the amalgamation and should be deemed to acquire the Newco Amalco Common Shares at a cost equal to such adjusted cost of their RBY Newco Common Shares. Thus, the Resident Rubellite Shareholder should not realize a capital gain or a capital loss on the disposition of their RBY Newco Common Shares.

#### *Newco Amalco Common Share Consolidation*

Pursuant to the Arrangement, immediately following the issuance of the Newco Amalco Common Shares, the issued and outstanding Newco Amalco Common Shares shall be consolidated ("**Consolidation**") on the basis of one (1) post-consolidated Newco Amalco Common Share for every five (5) pre-consolidated Newco Amalco Common Shares.

The Consolidation should not result in a disposition by a Resident Shareholder of the pre-consolidated Newco Amalco Common Shares for purposes of the Tax Act such that a Resident Shareholder should have no capital gain (or capital loss) or deemed dividend as a result of the Consolidation.



### ***Taxation of Capital Gains and Capital Losses***

Generally, prior to June 25, 2024 ("**first period**"), a shareholder was required to include in computing the shareholder's income for a taxation year one-half of the amount of any capital gain realized in the year as a taxable capital gain. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder was required to deduct one-half of the amount of any capital loss as an allowable capital loss realized in a taxation year from taxable capital gains realized by the shareholder in the year.

Having regard to Proposed Amendments, a shareholder is, subject to certain proposed transitional rules, generally required to include in computing the shareholder's income for a taxation year two-thirds of the amount of any capital gain realized in the portion of the 2024 taxation year beginning on June 25, 2024 ("**second period**") or subsequent taxation years, as a taxable capital gain. A Shareholder is also generally required to deduct two-thirds of the amount of any capital loss realized in the second period or subsequent taxation years as an allowable capital loss from taxable capital gains realized by the shareholder in the second period or in the subsequent taxation year, as the case may be, unless the shareholder is an individual (excluding a trust, but including capital gains realized by an individual indirectly through a trust or partnership) to the extent the capital gain together with all other capital gains and certain employee stock option benefits realized in the second period or in the subsequent taxation year, as the case may be, (net of current-year capital losses, capital losses or other years applied to reduce current year capital gains and capital gains subject to certain statutory exemptions and incentives) does not exceed \$250,000, in which case the shareholder is required to include one-half of the capital gain (or capital loss) as a taxable capital gain or allowable capital loss.

Allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Certain adjustments apply where the inclusion rate for the loss year differs from the inclusion rate for the carryover year.

The amount of any capital loss realized by a Resident Perpetual Shareholder or Resident Rubellite Shareholder that is a corporation on the disposition of a Perpetual Share or Rubellite Share, respectively, may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Perpetual Shareholder or Resident Rubellite Shareholder on such share to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Perpetual Share or Rubellite Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Perpetual Shareholders and Resident Rubellite Shareholders should consult their own advisors. Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

### ***Taxation of Dividends***

In the case of a Resident Shareholder who is an individual, dividends deemed to be received on the Perpetual Shares or Rubellite Shares generally will be included in computing the Resident Shareholder's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

In the case of a Resident Shareholder that is a corporation, dividends deemed to be received on the Perpetual Shares or Rubellite Shares should be included in computing the corporation's income and normally will be deductible in computing its taxable income to the extent and in the circumstances provided in the Tax Act. In addition, in some circumstances, the amount of such dividend may be treated as proceeds of disposition or a capital gain on the Perpetual Shares or Rubellite Shares, as the case may be, and not as a dividend. The taxation of capital gains and capital losses is described above under the heading "*Taxation of Capital Gains and Capital Losses*".

A Resident Shareholder that is a "private corporation", as defined in the Tax Act, or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a "related group", as defined in the Tax Act, of individuals (other than trusts) may be liable to pay a refundable tax

under Part IV of the Tax Act of 38 1/3% of any dividends deemed to be received on Perpetual Shares or Rubellite Shares to the extent that such dividends are deductible in computing the shareholder's taxable income.

### ***Additional Refundable Tax***

A Resident Perpetual Shareholder or Resident Rubellite Shareholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" or a "substantive CCPC" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of interest and taxable capital gains.

### **Shareholders Not Resident in Canada**

This portion of the summary is generally applicable to a Perpetual Shareholder or Rubellite Shareholder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty convention, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the PEI Newco Common Shares, PEI Newco Non-Voting Common Shares, RBY Newco Shares or the Newco Amalco Common Shares received under the Arrangement in a business carried on in Canada (a "**Non-Resident Shareholder**"). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank (as defined in the Tax Act).

For the purposes of this portion of the summary, it is assumed that Perpetual Shares and Rubellite Shares currently derive and at the Effective Time of the Arrangement will derive, directly or indirectly, more than 50% of their fair market value from one or any combination of: (i) real or immovable property situated in Canada; (ii) "Canadian resource properties" (as defined in the Tax Act); and (iii) options or interests in respect of property described in (i), (ii) or (iii).

### ***Disposition of Perpetual Shares under the Arrangement***

A Non-Resident Shareholder who holds Perpetual Shares immediately prior to the Arrangement ("**Non-Resident Perpetual Shareholder**") should not be subject to tax under the Tax Act on any capital gain realized on a disposition of Perpetual Shares pursuant to the Arrangement (or be entitled to recognize any capital loss) unless, at the Effective Time of the Arrangement, the Perpetual Shares are "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Perpetual Shareholder and are not "treaty protected property" (as defined in the Tax Act) of the Non-Resident Perpetual Shareholder. In the event a Perpetual Share constitutes or is deemed to constitute taxable Canadian property but not treaty-protected property to a Non-Resident Perpetual Shareholder, the Canadian tax consequences of the Non-Resident Perpetual Shareholder realizing a capital gain or capital loss on the disposition of such Perpetual Share under the Arrangement should generally be as described above under the heading "*Shareholders Resident in Canada – Disposition of Perpetual Shares under the Arrangement*".

Generally, Perpetual Shares should not be taxable Canadian property to a Non-Resident Perpetual Shareholder at the Effective Time of the Arrangement provided that: (a) the Perpetual Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act at that time; (b) the Non-Resident Perpetual Shareholder, persons with whom the Non-Resident Perpetual Shareholder does not deal at arm's length, one or more partnerships in which the Non-Resident Perpetual Shareholder or such persons hold a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, did not own 25% or more of the issued shares of any class or series of the capital stock of Perpetual at any time during the 60-month period immediately preceding that time; and (c) such Perpetual Shares are not deemed to be taxable Canadian property to a Non-Resident Perpetual Shareholder for purposes of the Tax Act.

Even if Perpetual Shares are taxable Canadian property to a Non-Resident Perpetual Shareholder, a taxable capital gain resulting from the disposition of Perpetual Shares should not be included in computing the Non-Resident Perpetual Shareholder's income for the purposes of the Tax Act if the Perpetual Shares constitute "treaty-protected

property". Perpetual Shares owned by a Non-Resident Perpetual Shareholder should generally be treaty-protected property if the gain from the disposition of such Perpetual Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

**Non-Resident Perpetual Shareholders whose Perpetual Shares are, or may be, taxable Canadian property should consult their own tax advisors with respect to the Canadian federal tax consequences to them of disposing of Perpetual Shares pursuant to the Arrangement, including any resulting Canadian reporting obligations.**

#### ***Disposition of Rubellite Shares under the Arrangement***

A Non-Resident Shareholder who holds Rubellite Shares immediately prior to the Arrangement ("**Non-Resident Rubellite Shareholder**") should not be subject to tax under the Tax Act on any capital gain realized on a disposition of Rubellite Shares pursuant to the Arrangement (or be entitled to recognize any capital loss) unless, at the Effective Time of the Arrangement, the Rubellite Shares are "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Rubellite Shareholder and are not "treaty protected property" (as defined in the Tax Act) of the Non-Resident Rubellite Shareholder. In the event a Rubellite Share constitutes or is deemed to constitute taxable Canadian property but not treaty-protected property to a Non-Resident Rubellite Shareholder, the Canadian tax consequences of the Non-Resident Rubellite Shareholder realizing a capital gain or capital loss on the disposition of such Rubellite Share under the Arrangement should generally be as described above under the heading "*Shareholders Resident in Canada – Disposition of Rubellite Shares under the Arrangement*".

Generally, Rubellite Shares should not be taxable Canadian property to a Non-Resident Rubellite Shareholder at the Effective Time of the Arrangement provided that: (a) the Rubellite Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act at that time; (b) the Non-Resident Rubellite Shareholder, persons with whom the Non-Resident Rubellite Shareholder does not deal at arm's length, one or more partnerships in which the Non-Resident Rubellite Shareholder or such persons hold a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, did not own 25% or more of the issued shares of any class or series of the capital stock of Rubellite at any time during the 60-month period immediately preceding that time; and (c) such Rubellite Shares are not deemed to be taxable Canadian property to a Non-Resident Rubellite Shareholder for purposes of the Tax Act.

Even if Rubellite Shares are taxable Canadian property to a Non-Resident Rubellite Shareholder, a taxable capital gain resulting from the disposition of Rubellite Shares should not be included in computing the Non-Resident Rubellite Shareholder's income for the purposes of the Tax Act if the Rubellite Shares constitute "treaty-protected property". Rubellite Shares owned by a Non-Resident Rubellite Shareholder should generally be treaty-protected property if the gain from the disposition of such Rubellite Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act.

**Non-Resident Rubellite Shareholders whose Rubellite Shares are, or may be, taxable Canadian property should consult their own tax advisors with respect to the Canadian federal tax consequences to them of disposing of Rubellite Shares pursuant to the Arrangement, including any resulting Canadian reporting obligations.**

#### ***Exchange of Shares Pursuant to the Amalgamation***

A Non-Resident Shareholder that exchanges their PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or RBY Newco Common Shares, as the case may be, for Newco Amalco Common Shares on the Amalgamation should be deemed to dispose of their PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or RBY Newco Common Shares, as the case may be, for proceeds of disposition equal to the Non-Resident Shareholder's adjusted cost base of such PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or RBY Newco Common Shares immediately before the amalgamation and should be deemed to acquire the Newco Amalco Common Shares at a cost equal to such adjusted cost base of their PEI Newco Common Shares, PEI Newco

Non-Voting Common Shares or RBY Newco Common Shares, as the case may be. Thus, the Non-Resident Shareholder should not realize a capital gain or a capital loss on the disposition of such shares.

In any event, Non-Resident Shareholders should not be subject to tax under the Tax Act on any capital gain realized on a disposition of a PEI Newco Common Share, PEI Newco Non-Voting Common Shares or RBY Newco Common Share on the Amalgamation (or be entitled to recognize any capital loss) unless, at the time of the disposition, such shares are taxable Canadian property to the Non-Resident Shareholder. PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or RBY Newco Common Shares should not be taxable Canadian property to a Non-Resident Perpetual Shareholder or Non-Resident Rubellite Shareholder, as the case may be, at the Effective Time provided that: (a) the particular Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act at that time; (b) the particular Non-Resident Shareholder, persons with whom the Non-Resident Shareholder does not deal at arm's length, one or more partnerships in which the Non-Resident Shareholder or such persons hold a membership interest directly or indirectly through one or more partnerships, or any combination of the foregoing, did not own 25% or more of the issued shares of any class or series of the capital stock of PEI Newco or RBY Newco, as the case may be, at any time during the 60-month period immediately preceding that time; and (c) such PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or RBY Common Shares are not deemed to be taxable Canadian property to a Non-Resident Shareholder for purposes of the Tax Act. Rubellite and Perpetual have represented to Canadian tax counsel that PEI Newco Common Shares, PEI Newco Non-Voting Common Shares and RBY Newco Common Shares will be listed on the TSX at the relevant times.

#### ***Newco Amalco Common Share Consolidation***

The Consolidation should not result in a disposition by a Non-Resident Shareholder of the pre-consolidated Newco Amalco Common Shares for purposes of the Tax Act such that a Non-Resident Shareholder should have no capital gain (or capital loss) or deemed dividend as a result of the Consolidation.

#### ***Dissenting Non-Resident Shareholders***

A Non-Resident Perpetual Shareholder or Non-Resident Rubellite Shareholder who validly exercises Dissent Rights in respect of the Arrangement (a "**Dissenting Non-Resident Shareholder**") and is entitled to be paid the fair value of the shareholder's Rubellite Shares by Rubellite or Perpetual Shares by Perpetual, as the case may be, should be deemed to receive a dividend (see "*Taxation of Dividends*" below) to the extent that the payment (other than any portion thereof that is interest) exceeds the paid-up capital of that share and should realize a capital gain (or, subject to certain rules in the Tax Act, a capital loss) to the extent that such payment (other than any portion thereof that is interest or any portion that is deemed to be a dividend) exceeds (or is less than) the aggregate of the adjusted cost base of the Perpetual Shares or Rubellite Shares to the dissenting Non-Resident Perpetual Shareholder or Non-Resident Rubellite Shareholder, as the case may be, and any reasonable costs of the disposition.

A Non-Resident Shareholder who holds Perpetual Shares or Rubellite Shares immediately prior to the Arrangement should not be subject to tax under the Tax Act on any capital gain realized on a disposition of the Perpetual Shares or Rubellite Shares (or be entitled to recognize any capital loss) unless, at the Effective Time of the Arrangement, the Perpetual Shares or Rubellite Shares are "taxable Canadian property" (as defined in the Tax Act) to the Non-Resident Shareholder and are not "treaty protected property" (as defined in the Tax Act) of the Non-Resident Shareholder. Generally the Rubellite Shares and Perpetual Shares should not be taxable Canadian property to a Non-Resident Shareholders (see "*Disposition of Rubellite Shares under the Arrangement*" and "*Disposition of Perpetual Shares under the Arrangement*" above).

Interest paid or payable to a dissenting Non-Resident Shareholder pursuant to the Arrangement should generally not be subject to Canadian withholding tax.

### ***Taxation of Dividends***

Dividends paid or credited, or deemed to be paid or credited, by Rubellite or Perpetual to a Non-Resident Shareholder (defined below) or a partnership that is not a "Canadian partnership", as defined in the Tax Act, should be subject to Canadian non-resident withholding tax of 25%, subject to reduction under an applicable income tax treaty.

### **Eligibility for Investment**

Based on the information contained in this Information Circular and representations by management of Rubellite and Perpetual to Canadian tax counsel, the PEI Newco Common Shares to be issued to Perpetual Shareholders under the Arrangement, the PEI Newco Non-Voting Common Shares and RBY Newco Common Shares to be issued to Rubellite Holders under the Arrangement and the Newco Amalco Common Shares to be issued to the Perpetual Shareholders and the Rubellite Shareholders under the Arrangement will, at the time such shareholder receives such shares as part of the Arrangement, be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account and a first home savings account (collectively, the "**Registered Plans**"), or a deferred profit sharing plan.

Notwithstanding that the RBY Newco Common Shares, PEI Newco Common Shares, PEI Newco Non-Voting Common Shares and Newco Amalco Common Shares may be qualified investments for a Registered Plan, the annuitant, shareholder or subscriber of the Registered Plan, as the case may be, will be subject to a penalty tax if such shares are "prohibited investments" for the Registered Plan within the meaning of the Tax Act. The RBY Newco Common Shares, PEI Newco Common Shares, PEI Newco Non-Voting Common Shares and Newco Amalco Common Shares will generally not be a "prohibited investment" provided that the annuitant, shareholder or subscriber, of the Registered Plan, as the case may be, deals at arm's length with Rubellite Newco, PEI Newco or Newco Amalco, as the case may be, for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in RBY Newco, PEI Newco or Newco Amalco, as the case may be.

**Shareholders who will hold RBY Newco Common Shares, PEI Newco Common Shares, PEI Newco Non-Voting Common Shares or Newco Amalco Common Shares received under the Arrangement in their Registered Plans or a deferred profit sharing plan are urged to consult their own tax advisors regarding their particular circumstances.**

### **Tax Considerations in Other Jurisdictions**

This Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions. Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement or of receiving RBY Newco Common Shares, PEI Newco Common Shares or PEI Newco Non-Voting Common Shares and receiving and holding Newco Amalco Common Shares.

### **Interests of Certain Persons or Companies in the Recombination**

Except as disclosed below, to the knowledge of Rubellite and Perpetual, no person that has been a director or executive officer of Rubellite or Perpetual at any time since the beginning of Rubellite's or Perpetual's last completed financial year or any associate or affiliate thereof has any material interest, direct or indirect, in the Recombination.

### **Interests of Directors and Officers in the Recombination**

The directors and executive officers of each of Rubellite and Perpetual may have interests in the Recombination that are, or may be, different from, or in addition to, the interests of the Perpetual Shareholders and the Rubellite Shareholders, respectively. These interests include those described below. Each of the Perpetual Board and the

Rubellite Board, as applicable, was aware of these interests and considered them, among other matters, when recommending approval of the Recombination to their respective shareholders.

***Share Ownership and other Securities***

*Perpetual*

The table below sets forth the Perpetual Shares, Perpetual Restricted Rights and Perpetual Options which the directors, officers and insiders of Perpetual and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof. All of the Perpetual Shares held by the directors, officers and insiders of Perpetual will be exchanged and such persons will ultimately receive Newco Amalco Common Shares pursuant to the Arrangement on the same basis as Perpetual Shares held by other Perpetual Shareholders:

<u>Name and Position</u>	<u>Perpetual Shares Held<sup>(1)</sup></u>	<u>Perpetual Restricted Rights Held<sup>(1)</sup></u>	<u>Perpetual Options Held<sup>(1)</sup></u>
		-	
Susan L. Riddell Rose <sup>(2)(3)</sup> Chair of the Perpetual Board and President and Chief Executive Officer	26,816,175 (39.08%)	-	1,031,250 (22.87%)
Ryan A. Shay <sup>(2)(3)</sup> Vice President, Finance and Chief Financial Officer	1,659,759 (2.42%)	-	905,000 (20.07%)
Jeffrey R. Green <sup>(2)(3)</sup> Vice President, Corporate & Engineering Services	531,262 (0.77%)	-	380,000 (8.43%)
Ryan M. Goosen <sup>(2)(3)</sup> Vice President, Business Development & Land	484,327 (0.71%)	23,920 (100%)	380,000 (8.43%)
Marcello M. Rapini <sup>(2)(3)</sup> Vice President, Marketing	125,072 (0.18%)	-	280,000 (6.21%)
Karl H. Rumpf <sup>(2)(3)</sup> Vice President, Exploration & Development	29,900 (0.04%)	-	415,000 (9.20%)
Linda A. Dietsche <sup>(2)</sup> Director	11,500 (0.02%)	-	105,000 (2.33%)
Geoffrey C. Merritt <sup>(2)</sup> Director	101,673 (0.15%)	-	140,000 (3.40%)
Steven L. Spence <sup>(2)</sup> Director	-	-	85,000 (1.89%)

Notes:

- (1) Percentages based on 68,615,484 Perpetual Shares, 23,920 Perpetual Restricted Rights and 4,508,750 Perpetual Options outstanding as at September 16, 2024.
- (2) Current director and/or officer of Perpetual.
- (3) Current director and/or officer of Rubellite.

In accordance with the terms of the Perpetual Incentive Plan and the Plan of Arrangement, effective concurrently with the amalgamation of PEI Newco and RBY Newco, holders of Perpetual Incentive Awards will be entitled to

purchase the number of Newco Amalco Common Shares rather than Perpetual Shares, at an adjusted number and exercise price, as applicable, based on the exchange ratio under the Arrangement.

The executive officers of Perpetual are expected to be the executive officers of Newco Amalco following completion of the Recombination. Additionally, Linda Dietsche, Geoffrey Merritt and Steven Spence have been nominated for election to the Rubellite Board at the Rubellite Meeting.

As of September 16, 2024, the directors and executive officers of Perpetual and their associates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 29,759,668 Perpetual Shares, representing approximately 43.37% of the outstanding Perpetual Shares. Of these, Susan L. Riddell Rose owns or controls, directly or indirectly 26,816,175 Perpetual Shares, representing approximately 39.08% of the outstanding Perpetual Shares.

### *Rubellite*

The table below sets forth the Rubellite Shares and Rubellite Incentive Awards which the directors, officers and insiders of Rubellite and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof. All of the Rubellite Shares held by the directors, officers and insiders of Rubellite will be exchanged and such persons will ultimately receive Newco Amalco Common Shares pursuant to the Arrangement on the same basis as Rubellite Shares held by other Rubellite Shareholders:

<u>Name and Position</u>	<u>Rubellite Shares Held<sup>(1)</sup></u>	<u>Rubellite Incentive Awards Held<sup>(1)</sup></u>
Susan L. Riddell Rose <sup>(2)(3)</sup> Chair of the Rubellite Board and President and Chief Executive Officer	21,776,132 (32.22%)	631,000 (16.55%)
Ryan A. Shay <sup>(2)(3)</sup> Vice President, Finance and Chief Financial Officer	977,081 (1.45%)	362,000 (9.49%)
Jeffrey R. Green <sup>(2)(3)</sup> Vice President, Corporate & Engineering Services	92,318 (0.14%)	222,000 (5.82%)
Ryan M. Goosen <sup>(2)(3)</sup> Vice President, Business Development & Land	38,231 (0.06%)	220,000 (5.77%)
Marcello M. Rapini <sup>(2)(3)</sup> Vice President, Marketing	122,358 (0.18%)	273,000 (7.16%)
Karl H. Rumpf <sup>(2)(3)</sup> Vice President, Exploration & Development	24,960 (0.04%)	271,000 (7.11%)
Holly A. Benson <sup>(2)</sup> Director	170,920 (0.25%)	100,000 (2.62%)
Tamara L. MacDonald <sup>(2)</sup> Director	89,027 (0.13%)	100,000 (2.62%)
Bruce C. Shultz <sup>(2)</sup> Director	250,136 (0.37%)	100,000 (2.62%)

Notes:

- (1) Percentages based on 67,592,701 Rubellite Shares and 3,813,500 Rubellite Incentive Awards outstanding as at September 16, 2024.
- (2) Current director and/or officer of Rubellite.
- (3) Current director and/or officer of Perpetual.

In accordance with the terms of the Rubellite Incentive Plan and the Plan of Arrangement, effective concurrently with the amalgamation of PEI Newco and RBY Newco immediately after the completion of the Arrangement, holders of Rubellite Incentive Awards will be entitled to purchase the number of Newco Amalco Common Shares rather than Rubellite Shares, at an adjusted number and exercise price, as applicable, based on the exchange ratio under the Arrangement.

The executive officers of Rubellite are expected to be the executive officers of Newco Amalco following completion of the Recombination. Additionally, Linda Dietsche, Geoffrey Merritt and Steven Spence have been nominated for election to the Rubellite Board at the Rubellite Meeting.

As of September 16, 2024, the directors and executive officers of Rubellite and their associates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 23,541,163 Rubellite Shares, representing approximately 34.83% of the outstanding Rubellite Shares. Of these, Susan L. Riddell Rose owns or controls, directly or indirectly 21,776,132 Rubellite Shares, representing approximately 32.22% of the outstanding Rubellite Shares.

#### ***No Change of Control Payments***

All of the current officers and directors of each of Rubellite and Perpetual will become officers and directors of Newco Amalco upon completion of the Recombination. The Recombination will not trigger any change of control payments or result in the acceleration of the vesting of any of the Rubellite Incentive Awards or the Perpetual Incentive Awards. Following the Recombination, the outstanding Perpetual Incentive Awards and Rubellite Incentive Awards will entitle the holders to acquire Newco Amalco Common Shares rather than Perpetual Shares or Rubellite Shares, based on the exchange ratio for the Recombination.

#### ***Other Matters***

The Arrangement Agreement provides that, if required, each Party agrees that for a period of six years after the Effective Date, they will cause or permit the other Party or any successor to the other Party (including any successor resulting from the winding up or liquidation or dissolution of a Party) to acquire or maintain their current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run-off" basis subject in either case on terms and conditions no less advantageous to the directors and officers of such Party than those contained in the policy in effect on the date hereof, for all present and former directors and officers of a Party, covering claims made prior to or within six years after the Effective Date. The Arrangement Agreement provides that each Party shall, and shall cause the other Party or any successor to the other Party to, indemnify the directors and officers of the other Party to the fullest extent to which Rubellite and Perpetual, as the case may be, are permitted to indemnify such directors and officers under their respective articles, by-laws and contracts of indemnity.

The Special Committees jointly retained Deloitte to provide the Valuations and Fairness Opinions. Deloitte has received or will receive fees from Rubellite and Perpetual for services rendered. No portion of the fee payable to Deloitte is contingent upon the conclusions reached by Deloitte in the Valuations and Fairness Opinions or upon the completion of the Arrangement.



## **Risk Factors**

Rubellite Shareholders voting in favour of the Rubellite Arrangement Resolution and Perpetual Shareholders voting in favour of the Perpetual Arrangement Resolution will be choosing to recombine the businesses of Rubellite and Perpetual. The completion of the Recombination involves risks. In addition to the risk factors described under the heading "Risk Factors" in the Rubellite AIF and the Perpetual AIF, which are specifically incorporated by reference into this Circular, the following are additional and supplemental risk factors which Rubellite Shareholders should carefully consider before making a decision regarding approval of the Rubellite Arrangement Resolution and which Perpetual Shareholders should carefully consider before making a decision regarding the approval of the Perpetual Arrangement Resolution. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Rubellite and Perpetual, may also adversely affect the Perpetual Shares and the Rubellite Shares before the Recombination, and the Rubellite Shares following the Recombination, and/or the business of Rubellite and Perpetual before the Recombination and of Rubellite following the Recombination.

### ***Completion and benefits of the Recombination***

The Recombination may not be completed, and if completed, the benefits of the Recombination to Rubellite, Perpetual and their respective shareholders as described in this Circular may not be realized in their entirety or at all. If for any reason the expected benefits of the Recombination are not realized in their entirety or at all, the market price of the Rubellite Shares may be adversely affected.

### ***Conditions precedent to the Recombination***

The completion of the Recombination is subject to a number of conditions precedent, some of which are outside the control of Rubellite and Perpetual, including obtaining the requisite approvals from Rubellite Shareholders and Perpetual Shareholders, respectively, receipt of Competition Act Approval, approval of the Court and the TSX and approval of Rubellite and Perpetual's lenders. There is no certainty, nor can Rubellite or Perpetual provide any assurance, that the conditions to the completion of the Recombination will be satisfied or, if satisfied, when they will be satisfied. If for any reason the Recombination is not completed, the market price of the Rubellite Shares and Perpetual Shares may be adversely affected. Moreover, if the Arrangement Agreement is terminated, there is no assurance that Rubellite or Perpetual will pursue (or be able to complete) another similar transaction.

### ***The Arrangement Agreement may be terminated in certain circumstances***

Each of the parties to the Arrangement Agreement has the right to terminate the agreement in certain circumstances. Accordingly, there can be no certainty, nor is there any assurance, that the Arrangement Agreement will not be terminated before the completion of the Recombination.

### ***If the Recombination is not completed, Rubellite's and Perpetual's future business and operations could be harmed***

If the Recombination is not completed, Rubellite and Perpetual may be subject to a number of additional material risks, including, but not limited to, those relating to the fact that Perpetual may be unable to obtain additional sources of financing and Rubellite and Perpetual may be unable to conclude another sale, merger, amalgamation or business transaction on as favourable terms as the Recombination, in a timely manner, or at all.

### ***If the Recombination is not completed Rubellite and Perpetual may be unable to repay or refinance certain of its debt obligations***

If the Recombination is not completed, Rubellite and Perpetual may not be able to refinance certain of its debt obligations on favorable terms or at all including the Perpetual Senior Notes which are required to be re-financed on

or before November 30, 2024 and Rubellite's \$20 million bank syndicated term loan that matures on or before December 15, 2024. There is no guarantee that the Companies will be able to repay the outstanding principal amount in cash upon maturity of these debt instruments. The Companies may not generate sufficient cash flow to service all of their respective obligations. Each Company's cash flow is subject to general economic, industry, financial, competitive, operating, regulatory and other factors outside of each Company's control.

***Perpetual Shareholders will be Shareholders of Newco Amalco following the completion of the Recombination***

The completion of the Recombination will result in Perpetual Shareholders holding approximately 14.8% of the outstanding Newco Amalco Common Shares as at closing of the Arrangement. While the Perpetual Board believes that an investment in Newco Amalco will be beneficial for Perpetual Shareholders, there can be no guarantee as to the future market price of the Newco Amalco Common Shares.

***Rubellite Shareholders will be Shareholders of Newco Amalco following the completion of the Recombination***

The completion of the Recombination will result in Rubellite Shareholders holding approximately 72.7% of the outstanding Newco Amalco Common Shares as at closing of the Arrangement. While the Rubellite Board believes that an investment in Newco Amalco will be beneficial for Rubellite Shareholders, there can be no guarantee as to the future market price of the Newco Amalco Common Shares.

***Rubellite and Perpetual will incur costs even if the Recombination is not completed and Rubellite or Perpetual may have to pay various expenses incurred in connection with the Recombination***

Certain costs related to the Recombination, such as legal, accounting and certain valuation and financial advisor fees, must be paid by Rubellite and Perpetual even if the Recombination is not completed. Rubellite and Perpetual are each liable for their own costs incurred in connection with the Recombination, except where the Arrangement Agreement is terminated in certain circumstances. See "*Details of the Recombination – The Arrangement Agreement – Expenses*".

***The pending Recombination may divert the attention of Rubellite's and Perpetual's management***

The pending Recombination could cause the attention of Rubellite's and Perpetual's management to be diverted from their day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Recombination and could have an adverse effect on the business, operating results or prospects of Rubellite or Perpetual regardless of whether the Recombination is ultimately completed.

***Following completion of the Recombination, Newco Amalco may issue additional equity securities***

Following completion of the Recombination, Newco Amalco may issue equity securities to finance its activities, including in order to finance acquisitions. If Newco Amalco were to issue additional securities, holders of Newco Amalco Common Shares may experience dilution in Newco Amalco's cash flow or earnings per share.

***There are risks related to the integration of Rubellite's and Perpetual's existing businesses***

The ability to realize benefits of the Recombination including, among others, those set forth in this Circular, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Newco Amalco's ability to realize the anticipated growth opportunities, capital funding opportunities and operating synergies from integrating Perpetual's and Rubellite's businesses following the completion of the Recombination. Many operational and strategic decisions and certain staffing decisions with respect to Newco Amalco following the completion of the Recombination have not yet been made. These decisions and the integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities of Newco Amalco following

completion of the Recombination, and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing relationships. Additionally, the obligations and liabilities of Rubellite and Perpetual will become the obligations of Newco Amalco on a consolidated basis following the Recombination, respectively. The annual and total quantum of such obligations and liabilities may be materially different than as estimated by the Parties at the time of entering into the Arrangement Agreement, respectively, due to unknown factors, change of law or regulations or otherwise. One or more of the foregoing factors may adversely affect the ability of Newco Amalco, following completion of the Recombination, to achieve the anticipated benefits of the Recombination.

## **Experts**

Certain legal matters relating to the Recombination will be passed upon by Burnet, Duckworth & Palmer LLP on behalf of both Rubellite and Perpetual. As at the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP owned, directly and indirectly, in the aggregate, less than 1% of the outstanding Perpetual Shares and less than 1% of the outstanding Rubellite Shares.

Certain tax matters relating to the Recombination will be passed upon by Felesky Flynn LLP on behalf of both Rubellite and Perpetual. As at the date hereof, the partners and associates of Felesky Flynn LLP owned, directly and indirectly, in the aggregate, less than 1% of the outstanding Perpetual Shares and less than 1% of the outstanding Rubellite Shares.

Certain reserves data of Rubellite and Perpetual included or incorporated herein by reference into this Circular has been prepared by McDaniel. As of the date hereof, McDaniel does not have any registered or beneficial interest, direct or indirect, in any securities or other property of Rubellite or Perpetual, or any of their respective associates or affiliates. For the purposes of this paragraph, McDaniel shall be interpreted to include its "designated professionals" as such term is defined in Form 51-102F2.

Deloitte was retained by the Special Committees to provide the formal valuations and fairness opinions for each of Rubellite and Perpetual. As at the date hereof, Deloitte and the "designated professionals" (as such term is defined in Form 51-102F2) of Deloitte owned, directly and indirectly, in the aggregate, less than 1% of the outstanding Perpetual Shares and less than 1% of the outstanding Rubellite Shares.

## **INFORMATION RELATING TO RUBELLITE AND PERPETUAL**

### **Rubellite**

Rubellite Energy Inc. is a Canadian energy company engaged in the exploration, development and production of conventional heavy crude oil from the Clearwater and Mannville Stack Formations in Eastern Alberta, utilizing multi-lateral horizontal drilling technology. Rubellite is pursuing a robust growth plan focused on superior corporate returns and adjusted funds flow generation while maintaining a conservative capital structure and prioritizing environmental, social and governance excellence. Rubellite was incorporated by Perpetual and established through plan of arrangement in September 2021.

Rubellite's common shares are listed for trading on the TSX under the symbol "RBY". On September 16, 2024, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price per share of Rubellite Shares on the TSX was \$2.28. On September 25, 2024, the closing price per share of Rubellite Shares on the TSX was \$2.27.

Rubellite is a reporting issuer or the equivalent in all of the provinces of Canada. For a description of Rubellite's subsidiaries, see "Corporate Structure - Intercorporate Relationships" in the Rubellite AIF. The head and registered office of Rubellite is located at 3200, 605 – 5th Avenue S.W., Calgary, Alberta T2P 3H5.

For a more detailed description of Rubellite and other relevant information, see Appendix H – "*Information Concerning Rubellite Energy Inc.*"

## **Perpetual**

Perpetual Energy Inc. is an oil and natural gas exploration, production, and marketing company headquartered in Calgary, Alberta. Perpetual owns a diversified asset portfolio, including liquids-rich conventional natural gas assets in the deep basin of West Central Alberta and undeveloped bitumen leases in Northern Alberta.

Perpetual's common shares are listed for trading on the TSX under the symbol "PMT". On September 16, 2024, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price per share of Perpetual Shares on the TSX was \$0.40. On September 25, 2024, the closing price per share of Perpetual Shares on the TSX was \$0.45.

Perpetual is a reporting issuer or the equivalent in all of the provinces of Canada. For a description of Perpetual's subsidiaries, see "*Corporate Structure – Inter-Corporate Relationships*" in the Perpetual AIF. The head and principal office of Perpetual is located at 3200, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H5.

For a more detailed description of Perpetual and other relevant information, see Appendix I – "*Information Concerning Perpetual Energy Inc.*"

## **INFORMATION RELATING TO NEWCO AMALCO AFTER THE RECOMBINATION**

### **General**

The following sets forth certain information relating to Newco Amalco after giving effect to the Recombination. Additional information concerning each of Rubellite and Perpetual is set forth elsewhere in this Circular. See Appendix H – "*Information Concerning Rubellite Energy Inc.*" and Appendix I – "*Information Concerning Perpetual Energy Inc.*".

### **Organizational Structure after the Recombination**

Immediately following the Recombination, Rubellite and Perpetual are expected to be wholly-owned subsidiaries of Newco Amalco. Rubellite and Perpetual will carry on the operations of the recombined enterprise as wholly-owned subsidiaries of Newco Amalco.

### **Description of the Recombined Business**

Newco Amalco is expected to realize material administrative, operating and financial synergies in the order of \$40 million to \$50 million over the next four years. With increased size and scale, greater financial liquidity, and enhanced flexibility to the recombined enterprise with operations carried on by its subsidiaries, Newco Amalco will be well positioned to execute on the development of its high quality drilling location inventory with significant optionality to efficiently realize the value of both Rubellite and Perpetual's assets through its growth-focused business plan. Newco Amalco will be managed by the existing executive teams of Rubellite and Perpetual. See "*The Recombination – Benefits of the Recombination*" in this Circular for additional information regarding the recombined company.

## **Pro Forma Consolidated Capitalization**

### **Capitalization**

Shares outstanding (basic)	<i>Millions</i>	93.0
Market capitalization <sup>(1)</sup>	<i>\$ millions</i>	\$209
Estimated 2024 exit net debt <sup>(2)</sup>	<i>\$ millions</i>	\$140
<i>Credit Facility Draw<sup>(2)</sup></i>	<i>\$ millions</i>	\$100
<i>Working Capital Deficit<sup>(2)</sup></i>	<i>\$ millions</i>	\$20
<i>Rubellite Second-Lien Term Loan</i>	<i>\$ millions</i>	\$20
Enterprise value	<i>\$ millions</i>	\$349

#### Notes:

- (1) Based on the five day volume weighted average price of the Rubellite Shares on the TSX prior to announcement of the Recombination of \$2.25 per share.
- (2) Post Recombination credit facility draw and working capital deficit estimated at year-end 2024.

Upon completion of the Recombination, Newco Amalco will have an estimated 93.0 million Newco Amalco Common Shares outstanding. The former holders of Rubellite Shares and former holders of Perpetual Shares will own 72.7% and 14.8% of the issued and outstanding Newco Amalco Common Shares, respectively, with the former holders of Perpetual senior notes owning 12.5% of the issued and outstanding Newco Amalco Common Shares. The directors and officers of Newco Amalco will own 44.3% of the total Newco Amalco Common Shares.

### **Governance Matters**

If the Rubellite Board Constitution Resolution is passed at the Rubellite Meeting, after the Recombination is completed, the board of directors of Newco Amalco will consist of the following eight members: Susan L. Riddell Rose, Ryan A. Shay, Tamara L. MacDonald, Holly A. Benson, Bruce C. Shultz, Geoffrey C. Merritt, Linda A. Dietsche and Steven L. Spence.

Following the completion of the Recombination, Newco Amalco will be led by a management team comprised of: Susan L. Riddell Rose as President and Chief Executive Officer, Ryan A. Shay as Vice President, Finance and Chief Financial Officer and all of the other members of the existing Rubellite and Perpetual senior management teams.

### **Corporate Offices**

Following consummation of the Recombination, Newco Amalco's corporate and registered office will remain located at Suite 3200, 605 – 5th Avenue S.W., Calgary, Alberta, T2P 3H5.

### **Outstanding Rubellite Shares and Principal Holders**

To the knowledge of the directors and officers of Rubellite and Perpetual, the only person who will hold more than 10% of the Newco Amalco Common Shares following completion of the Recombination is Susan L. Riddell Rose, who will hold approximately 38.8 million Newco Amalco Common Shares, representing approximately 41.7% of the issued and outstanding Newco Amalco Common Shares following completion of the Recombination.

## MATTERS TO BE ACTED UPON AT THE RUBELLITE MEETING

At the Rubellite Meeting, the Rubellite Shareholders will be asked to consider, and if deemed advisable, approve the Rubellite Arrangement Resolution and the Rubellite Board Constitution Resolution. Each Rubellite Shareholder of record on September 25, 2024 (subject to certain exceptions) is entitled to vote at the Rubellite Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each Rubellite Share held. See "*General Proxy Matters for Rubellite and Perpetual – Rubellite*". Rubellite Shareholders are urged to review this Circular and all its appendices when considering the Rubellite Arrangement Resolution and the Rubellite Board Constitution Resolution.

### Approval of the Rubellite Arrangement Resolution

The Recombination, if completed, will result in Newco Amalco owning all of the Rubellite Shares (other than those held by the Dissenting Shareholders) and Rubellite Shareholders ultimately holding one (1) Newco Amalco Common Share for every one (1) Rubellite Share held immediately prior to the Recombination.

As of September 16, 2024, there were 67,592,701 Rubellite Shares and 68,615,484 Perpetual Shares outstanding. Accordingly, Newco Amalco will have issued 92,951,708 Newco Amalco Common Shares (subject to rounding) after acquiring all of the outstanding Rubellite Shares and Perpetual Shares and after giving effect to the conversion of the Perpetual Senior Notes into Newco Amalco Common Shares.

The TSX requires shareholder approval in circumstances where an issuance of securities will result in the issuance of 25% or more of the issuer's outstanding securities on a non-diluted basis in connection with an acquisition. As the Recombination will result in the issuance of a number of Newco Amalco Common Shares up to approximately 27% of the 67,592,701 currently outstanding Rubellite Shares, the Rubellite Arrangement Resolution must be approved by a majority of the votes cast by Rubellite Shareholders who vote in person or by proxy at the Rubellite Meeting. For the purposes of the TSX requirement of disinterested Rubellite Shareholder approval, the votes attached to Rubellite Shares that, to the knowledge of Rubellite's directors and officers, are beneficially owned or over which control or direction is exercised by: (a) the Rubellite Interested Parties; and (b) Rubellite directors and senior officers who hold Perpetual Shares, are to be excluded.

At the Rubellite Meeting, the Rubellite Arrangement Resolution in the form set out in Appendix A to this Circular will be placed before the Rubellite Shareholders. As the Recombination is a "related-party transaction" under MI 61-101, the Rubellite Arrangement Resolution must be passed by a majority of the votes cast by the Rubellite Shareholders present in person or represented by proxy at the Rubellite Meeting, excluding the votes of Rubellite Shares held by the Rubellite Interested Parties pursuant to MI 61-101. The issuance of the Rubellite Shares pursuant to the Recombination is not anticipated to materially affect control of Rubellite, as, to the knowledge of both Rubellite and Perpetual and based on public filings, as at the date hereof no person other than Susan L. Riddell Rose beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Perpetual Shares. See "*Details of the Recombination – Securities Law Matters*".

The Rubellite Board unanimously (other than the abstaining directors who are also directors and/or officers of Perpetual) recommends you vote FOR the Rubellite Arrangement Resolution. **Unless otherwise directed, the persons named in the form of proxy for the Rubellite Meeting intend to vote in favour of the Rubellite Arrangement Resolution.**

It is a condition of the Recombination that the Rubellite Arrangement Resolution be approved by the Rubellite Shareholders at the Rubellite Meeting.

## **Approval of the Rubellite Board Constitution Resolution**

Pursuant to the Arrangement Agreement, Rubellite agreed that it shall use all commercially reasonable efforts to appoint or have elected as directors of the Rubellite Board, subject to applicable laws and the constating documents and by-laws of Rubellite, effective upon the completion of the Arrangement, such individuals from the Perpetual Board as may be specified by Perpetual.

Rubellite's articles require that Rubellite have not less than three and not more than twelve directors. There are currently five directors on the Rubellite Board. Subject to the completion of the Arrangement, Perpetual has nominated an additional three directors to be elected to the Rubellite Board, being Geoffrey C. Merritt, Linda A. Dietsche and Steven L. Spence. As such, Rubellite is asking the Rubellite Shareholders to consider, and if deemed appropriate, to pass, the Rubellite Board Constitution Resolution, in the form set out in Appendix A to this Circular, at the Rubellite Meeting in order to elect the additional directors to the Rubellite Board.

The Rubellite Board recommends that you vote FOR the Rubellite Board Constitution Resolution at the Rubellite Meeting. Unless otherwise directed, the persons named in the form of proxy for the Rubellite Meeting intend to vote in favour of the Rubellite Board Constitution Resolution.

The election of each individual director of Rubellite will be effected by an ordinary resolution requiring the approval of more than 50% of the votes cast in respect of the resolution by or on behalf of Rubellite Shareholders present in person or represented by proxy at the Rubellite Meeting. The Rubellite Board has also adopted a majority voting policy, which provides that, unless there is a contested election, a director who receives more "withhold" votes than "for" votes must tender his or her resignation as a director promptly after the meeting and the remaining Board members must determine whether or not to accept such resignation within 90 days (and will be required to accept the resignation absent exceptional circumstances). The decision of the Rubellite Board will be made within 90 days of the Rubellite Meeting and announced in a press release. The director who tendered such resignation will not be part of any deliberations of the Rubellite Board or any committee thereof pertaining to the resignation.

### ***Additional Nominees for Election to the Rubellite Board***

#### *Linda A. Dietsche*

Ms. Dietsche was the Chief Financial Officer of Tervita Corporation from 2019 to 2021. Prior to holding this position, she was the Executive Vice President and CFO of Newalta Corporation from 2017 to 2019. She joined Newalta as Assistant Controller in 2003 and held progressively responsible roles, becoming Vice President, Finance in 2012. Ms. Dietsche has extensive finance experience, including leadership in the areas of debt holder and banking relations, credit facility renewals and debenture financings. Prior to Newalta, she held senior accounting roles with Mount Royal University and Ogilvy and Mather. She is a Chartered Professional Accountant (CPA, CMA) and holds a Masters in Business Administration from Royal Roads University. Ms. Dietsche holds an ICD.D designation from the Institute of Corporate Directors.

#### *Geoffrey C. Merritt*

Mr. Merritt has over 35 years of experience in the upstream oil and gas sector. He was the founder of Masters Energy Inc., a public exploration and production company, incorporated in 2003. From 1998 to 2003, Mr. Merritt was the President and CEO of Sunfire Energy. Prior to 1998, he was the Vice President and General Manager of the oil and gas division of Pembina Corporation. Mr. Merritt received a B.Sc. in Chemical Engineering from the University of Alberta in 1978 and is a graduate of the Harvard Business School.

*Steven L. Spence*

Mr. Spence is currently CEO of Northern Hawk Energy Ltd., a pre-production energy company. Prior to this he was President and CEO of Osum Oil Sands Corp. from 2010-2021 and held other executive positions at Osum from 2008. Prior to that he held technical and managerial roles of increasing seniority at Shell, in both Canada and Australia. In addition, Mr. Spence has served on the Board of Governors of the Canadian Association of Petroleum Producers, on the Board of the Insitu Oil Sands Alliance, and on the Board of the Canadian Energy Research Institute. Mr. Spence is a member of APEGA as a Professional Engineer and holds an ICD.D designation from the Institute of Corporate Directors.

The following table sets out the name of each of the persons proposed to be nominated for election as an additional director, as well as those persons whose term as a director will continue following Rubellite Meeting, the principal occupations and offices presently held by her or him for the previous five years and the number of Newco Amalco Common Shares that are anticipated to be beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them, following completion of the Recombination.

<b>Name of Nominee and Location of Residence</b>	<b>Number of Shares Beneficially Owned or Controlled<sup>(1)</sup></b>	<b>Director Since</b>	<b>Present and Principal Occupation For Previous Five Years</b>
Susan L. Riddell Rose Alberta, Canada	38,775,277	July 12, 2021	President and Chief Executive Officer of Rubellite since its inception and of Perpetual (and its predecessor) since June 2002.
Bruce C. Shultz Alberta, Canada	250,136	August 30, 2021	Independent businessperson.
Geoffrey C. Merrit Alberta, Canada	73,692	n/a	Independent businessperson.
Holly A. Benson Alberta, Canada	170,920	August 30, 2021	Independent businessperson. Prior thereto, Vice President, Finance & Chief Financial Officer of Peters & Co. Limited until December 2020.
Linda A. Dietsche Alberta, Canada	2,300	n/a	Chief Financial Officer of Tervita Corp from 2019 to 2021. Prior thereto, Executive Vice President and CFO of Newalta Corp.
Ryan A. Shay Alberta, Canada	1,309,033	July 12, 2021	Vice President Finance and Chief Financial Officer of Rubellite since its inception and of Perpetual since May 4, 2021. Prior thereto, independent businessperson since 2016. Director of Perpetual since October 2017.
Steven L. Spence Alberta, Canada	-	n/a	CEO of Northern Hawk Energy Ltd. since 2023. President and CEO of Osum Oil Sands Corp 2010-2021, and VP Projects 2008-2010. Prior to this in various management and technical roles at Shell.
Tamara L. MacDonald Alberta, Canada	89,027	August 30, 2021	Independent businessperson. Vice President Business Development of Cache Island Corp.

Note:

(1) Shareholdings are presented on a post-Arrangement basis.



If the Rubellite Board Constitution Resolution is passed at the Rubellite Meeting, then following the completion of the Arrangement, the Rubellite Board will be comprised of the following eight individuals:

Susan L. Riddell Rose	Ryan A. Shay
Holly A. Benson	Linda A. Dietsche
Tamara L. MacDonald	Geoffrey C. Merritt
Bruce C. Shultz	Steven L. Spence

If the Rubellite Board Constitution Resolution is passed at the Rubellite Meeting, the committees of the Rubellite Board will be reconstituted following the closing of the Recombination.

### ***Cease Trade Orders***

Except as disclosed herein, to the knowledge of management of Rubellite and Perpetual, no proposed additional director to the Rubellite Board is, or within the ten (10) years before the date of this Circular has been, a director, chief executive officer or chief financial officer of any other issuer that:

- (a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than thirty (30) consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer.

### ***Bankruptcies and Insolvencies***

To the knowledge of management of Rubellite and Perpetual, except as disclosed below, no proposed additional director of Rubellite:

- (a) is at the date of this Circular, or has been within the ten (10) years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Mr. Geoffrey Merritt was a director of Zargon Oil and Gas Ltd. ("**Zargon**"), a corporation engaged in the exploration and production of crude oil and natural gas. Zargon filed for creditor protection under the Bankruptcy and Insolvency Act ("**BIA**") on September 8, 2020. Mr. Merritt resigned as a director on September 8, 2020 concurrent with Zargon filing the Notice of Intention to make a Proposal under the BIA.

## ***Penalties and Sanctions***

Except as disclosed below, to the knowledge of management of Rubellite and of Perpetual, no proposed additional director of Rubellite has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **MATTERS TO BE ACTED UPON AT THE PERPETUAL MEETING**

At the Perpetual Meeting, Perpetual Shareholders will be asked to consider the Perpetual Arrangement Resolution in the form set forth in Appendix B of this Circular. Perpetual Shareholders are urged to review this Circular and all its appendices when considering the Perpetual Arrangement Resolution. Each Perpetual Shareholder of record on September 25, 2024 (subject to certain exceptions) is entitled to vote at the Perpetual Meeting or any adjournment(s) or postponement(s) thereof and is entitled to one vote for each Perpetual Share held. See "*General Proxy Matters for Rubellite and Perpetual – Perpetual*".

The Perpetual Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast by Perpetual Shareholders present in person or by proxy at the Perpetual Meeting and a majority of the votes cast by Perpetual Shareholders present in person or by proxy at the Perpetual Meeting, after excluding the votes attached to the Perpetual Shares held by those persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101. See "*Details of the Recombination – Securities Law Matters*".

The Perpetual Board (other than the directors who are also directors and/or officers of Rubellite) unanimously recommends that you vote FOR the Perpetual Arrangement Resolution at the Perpetual Meeting. **Unless otherwise directed, the persons named in the form of proxy for the Perpetual Meeting intend to vote in favour of the Perpetual Arrangement Resolution.**

It is a condition to the completion of the Arrangement that the Perpetual Arrangement Resolution be approved at the Perpetual Meeting.

## **GENERAL PROXY MATTERS FOR RUBELLITE AND PERPETUAL**

### **Rubellite**

#### ***Solicitation of Proxies***

**This Circular is being furnished to the Rubellite Shareholders in connection with the solicitation of proxies by or on behalf of the Rubellite Board of Directors and management of Rubellite for use at the Rubellite Meeting.** It is expected that the solicitation of proxies will be primarily by mail, however directors, officers and employees of Rubellite may solicit proxies by telephone, fax, email or in person (who will not be specifically remunerated therefor). The costs of solicitation of proxies will be borne by Rubellite.

The Rubellite Meeting is being called pursuant to applicable provisions of the Act to seek the requisite approval of Rubellite Shareholders of the Rubellite Arrangement Resolution and the Rubellite Board Constitution Resolution.

## *Voting*

If you are a registered holder of Rubellite Shares at the close of business on September 25, 2024 (the "**Rubellite Record Date**"), you are entitled to receive notice of, and to attend and vote at the Rubellite Meeting. You will be entitled to vote all of the Rubellite Shares that you held on the Rubellite Record Date at the Rubellite Meeting except to the extent that:

- (a) you have transferred the ownership of your Rubellite Shares after the Rubellite Record Date; and
- (b) not later than ten days before the Rubellite Meeting, the transferee of those Rubellite Shares produces properly endorsed share certificates or otherwise establishes that they own such Rubellite Shares and demands that their name be included on the list of Rubellite Shareholders entitled to vote at the Rubellite Meeting, in which case the transferee will be entitled to vote those Rubellite Shares at the Rubellite Meeting.

When Rubellite Shares are held jointly by two or more persons, those shares may be voted at the Rubellite Meeting (either in person or by proxy) by any one of those holders, or, alternatively, by all such holders jointly. Each Rubellite Share is entitled to one vote.

## *Quorum*

A quorum for the transaction of business is two individuals present in person, each being a Rubellite Shareholder or proxyholder entitled to vote at the Rubellite Meeting who together own or represent at least 25% of the votes entitled to be cast at the Rubellite Meeting.

## *Proxy Voting*

You can indicate on your form of proxy how you want your proxyholder to vote your Rubellite Shares or you can let your proxyholder decide for you. If you specify how you want your Rubellite Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Rubellite Shares as he or she sees fit. **If you appoint Susan L. Riddell Rose of Calgary, Alberta, or failing her, Ryan A. Shay also of Calgary, Alberta, and do not specify how you want your Rubellite Shares to be voted, your Rubellite Shares WILL BE VOTED IN FAVOUR OF THE RUBELLITE RECOMBINATION RESOLUTION AND THE RUBELLITE BOARD CONSTITUTION RESOLUTION.**

## *Exercise of Discretion by Proxyholders*

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Rubellite Notice of Meeting and to any other matters which may properly come before the Rubellite Meeting. At the time of printing of this Circular, management knows of no such amendment, variation or matter to come before the Rubellite Meeting other than the matters referred to above. If other matters do properly come before the Rubellite Meeting, your proxyholder will vote on them using his or her best judgment unless such discretionary authority is not given.**

## *Registered Shareholder Voting*

If your Rubellite Shares are held in your name and you have a share certificate representing such Rubellite Shares, then you are a registered Rubellite Shareholder. You may vote in person at the Rubellite Meeting, by proxy, by telephone, or by internet. For further instructions, see the enclosed form of proxy.

### *Voting in Person*

If you plan to attend the Rubellite Meeting and vote your Rubellite Shares in person, do not complete the enclosed form of proxy. When you arrive at the Rubellite Meeting, register with Rubellite's transfer agent, Odyssey Trust Company and your vote at the Rubellite Meeting will be counted.

### *Voting by Proxy*

You may also vote your Rubellite Shares by proxy. If you choose to vote by proxy, you may use the enclosed form of proxy or complete another proper instrument of proxy. The persons named in the enclosed form of proxy are directors and officers of Rubellite. **You may appoint some other person to be your proxyholder at the Rubellite Meeting by inserting that person's name in the blank space provided in the enclosed form of proxy or by completing another proper instrument of proxy.** In either case, you must deliver the completed and executed proxy to Rubellite's transfer agent, Odyssey Trust Company (i) by mail using the enclosed return envelope or an envelope addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (ii) by hand delivery to Odyssey Trust Company, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (iii) by facsimile to 1-800-517-4553, or (iv) online at <https://login.odysseytrust.com/pxlogin> and following the instructions provided, at least 48 hours (excluding weekends and holidays) before the time set for the Rubellite Meeting to resume. **The time limit for deposit of proxies may be waived or extended by the Chair of the Rubellite Meeting at his or her discretion without notice. If you have voted by proxy, you may not vote in person at the Rubellite Meeting unless you revoke your proxy.**

### *Revoking your Proxy*

You may revoke your proxy any time before it is acted upon by:

- (a) signing a new proxy bearing a later date and delivering same to Odyssey Trust Company, at the above addresses, at least 48 hours (excluding weekends and holidays) prior to the commencement of the Rubellite Meeting or any adjournment(s) or postponement(s) of the Rubellite Meeting; or
- (b) depositing written notice of revocation at Rubellite's registered office or to Odyssey Trust Company, at the above address, at any time up to and including the last business day preceding the day of the Rubellite Meeting or any adjournment(s) or postponement(s) thereof, or delivering it to the Chair of the Rubellite Meeting at the Rubellite Meeting; or
- (c) attending and voting at the Rubellite Meeting.

### ***Beneficial Shareholder Voting***

If your Rubellite Shares are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution) then you are a beneficial Rubellite Shareholder. You may vote in person at the Rubellite Meeting as proxy for the registered holder of your Rubellite Shares or by providing voting instructions to the registered holder of your Rubellite Shares via mail, telephone or internet. For further instructions, see the voting instruction form provided by your bank, trust company, securities broker or other financial institution.

### *Voting in Person*

If you plan to attend the Rubellite Meeting and vote your Rubellite Shares in person as proxyholder for the registered holder of your Rubellite Shares, insert your name on the voting instruction form and follow the applicable instructions on the voting instruction form. When you arrive at the Rubellite Meeting, register with Odyssey Trust Company and your vote at the Rubellite Meeting will be counted, provided the proxy is in good order.

### *Voting Instructions*

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial securityholders in advance of securityholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to its clients. Follow these instructions carefully in order to ensure that your Rubellite Shares are voted at the Rubellite Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The beneficial securityholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile, or alternatively, to vote via the internet or by calling a toll-free telephone number to convey his or her voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions to Odyssey Trust Company respecting the voting of Rubellite Shares to be represented at the Rubellite Meeting. **A beneficial Rubellite Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Rubellite Shares directly at the Rubellite Meeting as the voting instruction form must be returned as directed by Broadridge or the nominee well in advance of the Rubellite Meeting in order to have the Rubellite Shares voted.**

### *General*

Rubellite is not using "notice-and-access" to send its proxy-related materials to the Rubellite Shareholders, and paper copies of such materials will be sent to all Rubellite Shareholders. Rubellite will not send proxy-related materials directly to non-objecting beneficial holders and such materials will be delivered to non-objecting beneficial holders through their intermediaries.

### *Outstanding Securities and Principal Holders*

As at September 16, 2024, 67,592,701 Rubellite Shares were issued and outstanding. To the knowledge of Rubellite's directors and executive officers, the only person that held 10% or more of the Rubellite Shares as at September 16, 2024 was Ms. Susan L. Riddell Rose, Rubellite's President and Chief Executive Officer, who beneficially owned or controlled, directly or indirectly, 21,776,132 Rubellite Shares representing approximately 32.2% of the outstanding Rubellite Shares as of such date.

### **Perpetual**

#### *Solicitation of Proxies*

**This Circular is being furnished to the Perpetual Shareholders in connection with the solicitation of proxies by or on behalf of the Perpetual Board of Directors and management of Perpetual for use at the Perpetual Meeting.** It is expected that the solicitation of proxies will be primarily by mail, however directors, officers and employees of Perpetual may solicit proxies by telephone, fax, email or in person (who will not be specifically remunerated therefor). The costs of solicitation of proxies will be borne by Perpetual.

The Perpetual Meeting is being called pursuant to the Interim Order of the Court to seek the requisite approval of Perpetual Shareholders to the Arrangement in accordance with Section 193 of the Act.

### *Voting*

The record date for the Perpetual Meeting is September 25, 2024 (the "**Perpetual Record Date**"). If you are a registered holder of Perpetual Shares as of the close of business on the Perpetual Record Date, you are entitled to receive notice of, and to attend and vote at the Perpetual Meeting. You will be entitled to vote your Perpetual Shares at the Perpetual Meeting except to the extent that:

- (a) you have transferred the ownership of your Perpetual Shares after the Perpetual Record Date; and

- (b) the transferee of those Perpetual Shares produces properly endorsed share certificates or otherwise establishes that they own the Perpetual Shares and demands not later than 10 days before the Perpetual Meeting that their name be included on the list of Perpetual Shareholders entitled to vote at the Perpetual Meeting, in which case the transferee is entitled to vote those Perpetual Shares at the Perpetual Meeting.

When any Perpetual Share is held jointly by two or more persons, any one of them who is present at the Perpetual Meeting may in the absence of the other(s) vote at the Perpetual Meeting in respect of such Perpetual Share. If, however, more than one of them shall be present at the Perpetual Meeting, in person or by proxy, they shall vote as one on the Perpetual Shares jointly held by them.

Each Perpetual Share is entitled to one vote.

### ***Quorum***

A quorum for the transaction of business is two individuals present in person, each being a Perpetual Shareholder or proxyholder entitled to vote at the Perpetual Meeting who together own or represent at least 25% of the votes entitled to be cast at the Perpetual Meeting.

### ***Proxy Voting***

You can indicate on your form of proxy how you want your proxyholder to vote your Perpetual Shares or you can let your proxyholder decide for you. If you specify how you want your Perpetual Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Perpetual Shares as he or she sees fit. **If you appoint Susan L. Riddell Rose of Calgary, Alberta, or failing her, Ryan A. Shay also of Calgary, Alberta, and do not specify how you want your Perpetual Shares to be voted, your Perpetual Shares WILL BE VOTED IN FAVOUR OF THE PERPETUAL ARRANGEMENT RESOLUTION.**

### ***Exercise of Discretion by Proxyholders***

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Perpetual Notice of Meeting and to any other matters which may properly come before the Perpetual Meeting. At the time of printing of this Circular, management knows of no such amendment, variation or matter to come before the Perpetual Meeting other than the matters referred to above. If other matters do properly come before the Perpetual Meeting, your proxyholder will vote on them using his or her best judgment unless such discretionary authority is not given.**

### ***Registered Shareholder Voting***

If your Perpetual Shares are held in your name and you have a certificate representing such Perpetual Shares, then you are a registered Perpetual Shareholder. You may vote in person at the Perpetual Meeting, by proxy, by telephone, or by internet. For further instructions, see the enclosed form of proxy.

### ***Voting in Person***

If you plan to attend the Perpetual Meeting and vote your Perpetual Shares in person, do not complete the enclosed form of proxy. When you arrive at the Perpetual Meeting, register with Perpetual's transfer agent Odyssey Trust Company and your vote at the Perpetual Meeting will be counted.

### *Voting by Proxy*

Whether or not you attend the Perpetual Meeting, you may also vote your Perpetual Shares by proxy. If you choose to vote by proxy, you may use the enclosed form of proxy or complete another proper instrument of proxy. The persons named in the enclosed form of proxy are directors and/or officers of Perpetual. **You may appoint some other person to be your proxyholder at the Perpetual Meeting by inserting that person's name in the blank space provided in the enclosed form of proxy or by completing another proper instrument of proxy. Your votes can only be counted if the person you appointed attends the Perpetual Meeting and votes on your behalf.** Whether you appoint the persons named in the enclosed form of proxy or another person to be your proxyholder, you must deliver the completed and executed form of proxy to Perpetual's transfer agent, Odyssey Trust Company (i) by mail using the enclosed return envelope or an envelope addressed to Odyssey Trust Company, Proxy Department, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (ii) by hand delivery to Odyssey Trust Company, 702, 67 Yonge Street, Toronto, Ontario, M5E 1J8, (iii) by facsimile to 1-800-517-4553, or (iv) online at <https://login.odysseytrust.com/pxlogin> and following the instructions provided, at least 48 hours (excluding weekends and holidays) before the time set for the Perpetual Meeting to resume. **The time limit for deposit of proxies may be waived or extended by the Chair of the Perpetual Meeting at his or her discretion without notice. If you have voted by proxy, you may not vote in person at the Perpetual Meeting unless you revoke your proxy.**

### *Revoking your Proxy*

You may revoke your proxy any time before it is acted upon by:

- (a) signing a new proxy bearing a later date and delivering same to Odyssey Trust Company, at the above addresses, at least 48 hours (excluding weekends and holidays) prior to the commencement of the Perpetual Meeting or any adjournment(s) or postponement(s) of the Perpetual Meeting; or
- (b) depositing written notice of revocation at Perpetual's registered office or to Odyssey Trust Company, at the above address, at any time up to and including the last business day preceding the day of the Perpetual Meeting or any adjournment(s) or postponement(s) thereof, or delivering it to the Chair of the Perpetual Meeting at the Perpetual Meeting; or
- (c) attending and voting at the Perpetual Meeting.

### ***Beneficial Shareholder Voting***

If your Perpetual Shares are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution) then you are a beneficial Perpetual Shareholder. You may vote in person at the Perpetual Meeting as proxy for the registered holder of your Perpetual Shares or by providing voting instructions to the registered holder of your Perpetual Shares via mail, telephone or Internet. For further instructions, see the voting instruction form provided by your bank, trust company, securities broker or other financial institution.

### *Voting in Person*

If you plan to attend the Perpetual Meeting and vote your Perpetual Shares in person as proxyholder for the registered holder of your Perpetual Shares, insert your name on the voting instruction form and follow the applicable instructions on the voting instruction form. When you arrive at the Perpetual Meeting, register with Odyssey Trust Company and your vote at the Perpetual Meeting will be counted, provided the proxy is in good order.

### *Voting Instructions*

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial securityholders in advance of securityholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to its clients. Follow these instructions carefully in order to ensure that your Perpetual Shares are voted at the Perpetual Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The beneficial securityholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile, or alternatively, to vote via the internet or by calling a toll-free telephone number to convey his or her voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions to Odyssey Trust Company respecting the voting of Perpetual Shares to be represented at the Perpetual Meeting. **A beneficial Perpetual Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Perpetual Shares directly at the Perpetual Meeting as the voting instruction form must be returned as directed by Broadridge or the nominee well in advance of the Perpetual Meeting in order to have the Perpetual Shares voted.**

### *General*

Perpetual is not using "notice-and-access" to send its proxy-related materials to the Perpetual Shareholders, and paper copies of such materials will be sent to all Perpetual Shareholders. Perpetual will not send proxy-related materials directly to non-objecting beneficial holders and such materials will be delivered to non-objecting beneficial holders through their intermediaries.

### *Outstanding Securities and Principal Holders*

As at September 16, 2024, 68,615,484 Perpetual Shares were issued and outstanding. To the knowledge of the directors and officers of Perpetual, the only person that held 10% or more of the Perpetual Shares as at September 16, 2024 was Ms. Susan L. Riddell Rose, Perpetual's President and Chief Executive Officer and Chair of the Perpetual Board, who beneficially owned or controlled, directly or indirectly, 26,816,175 Perpetual Shares representing approximately 39.08% of the outstanding Perpetual Shares as of such date.

## **ADDITIONAL INFORMATION**

Additional information relating to Rubellite and Perpetual is available through SEDAR+ which can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca) under each of Rubellite and Perpetual's respective SEDAR+ profiles.

The most current financial information relating to Perpetual is available in the interim financial statements of Perpetual for three and six months ended June 30, 2024 and the accompanying management discussion and analysis, which can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca) or which may be obtained upon request from Perpetual at its head office. The most recent interim financial statements will be sent without charge to any Perpetual Shareholder upon request to Perpetual.

The most current financial information relating to Rubellite is available in the interim financial statements of Rubellite for three and six months ended June 30, 2024 and the accompanying management discussion and analysis, which can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca) or which may be obtained upon request from Rubellite at its head office. The most recent interim financial statements will be sent without charge to any Rubellite Shareholder upon request to Rubellite.



## **QUESTIONS AND OTHER ASSISTANCE**

If you are a Perpetual Shareholder and/or a Rubellite Shareholder and you have any questions about the information contained in this Circular, please contact your financial, legal, tax or other professional advisors or email Rubellite at [info@rubelliteenergy.com](mailto:info@rubelliteenergy.com) or Perpetual at [info@perpetualenergyinc.com](mailto:info@perpetualenergyinc.com).

## **APPROVALS**

Each of the Rubellite Board and the Perpetual Board has approved the contents of this Circular and the delivery thereof to its securityholders and shareholders, respectively.

## CONSENT OF DELOITTE LLP

We have read the joint information circular (the "**Circular**") of Rubellite Energy Inc. ("**Rubellite**") and Perpetual Energy Inc. ("**Perpetual**") dated September 25, 2024 relating to the special meetings of the holders (the "**Rubellite Shareholders**") of Rubellite common shares (the "**Rubellite Shares**") and holders (the "**Perpetual Shareholders**") of Perpetual common shares (the "**Perpetual Shares**") to consider the recombination of Rubellite and Perpetual (the "**Recombination**") to be completed by way of an arrangement under the *Business Corporations Act* (Alberta).

We consent to (i) the inclusion in the Circular of a summary of our valuation reports dated September 16, 2024 setting forth our formal valuations of the Rubellite Shares and the Perpetual Shares and the complete text of our opinions dated September 16, 2024 concerning the fairness, from a financial point of view, to both the Rubellite Shareholders and the Perpetual Shareholders, of the consideration to be paid and received by Rubellite Shareholders and the consideration to be received by Perpetual Shareholders, as applicable, in connection with the Recombination, (ii) the references in the Circular to our firm name and to the valuation reports and fairness opinions and (iii) the filing of the valuation reports with securities regulatory authorities.

Our valuations and fairness opinions were given as at September 16, 2024 and remain subject to the assumptions, limitations and qualifications set forth therein. In providing such consent, we do not intend that any person other than each of the Special Committee of the Board of Directors of Rubellite and the Special Committee of the Board of Directors of Perpetual may rely upon such valuations and fairness opinions.

**DATED** at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of September, 2024.

(signed) "*Deloitte LLP*"

Deloitte LLP

## APPENDIX A

### RUBELLITE ENERGY INC. RESOLUTIONS

#### Rubellite Arrangement Resolution

#### BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") involving Rubellite Energy Inc. ("**Rubellite**") and its shareholders, as more particularly described in the joint management information circular of Rubellite and Perpetual Energy Inc. ("**Perpetual**") dated September 25, 2024 (the "**Circular**"), is hereby authorized and approved;
2. the arrangement agreement dated as of September 16, 2024 providing for the Arrangement (the "**Arrangement Agreement**") is hereby ratified and approved;
3. as part of the resolutions contained herein an ordinary resolution that the issuance of up to 30,000,000 Newco Amalco Common Shares (as defined in the Arrangement Agreement) which will result in the issuance of Newco Amalco Common Shares: (i) that is greater than 25% of the number of Rubellite Shares (as defined in the Arrangement Agreement) currently issued and outstanding; and (ii) to insiders of Rubellite that is greater than 10% of the number of Rubellite Shares currently issued and outstanding which includes the issuance of 11,635,910 Newco Amalco Common Shares upon the conversion of the Perpetual Senior Notes (as defined in the Arrangement Agreement) at a conversion price of \$2.25 per Rubellite Share which was established prior to the Announcement of the Arrangement, all as more particularly described in the Circular under the heading "*Details of the Recombination – TSX Approval Matters*", is hereby authorized and approved; and
4. notwithstanding that this resolution has been passed by the shareholders of Rubellite or that the Arrangement has been approved by the Court of King's Bench of Alberta, the directors of Rubellite are hereby authorized and empowered, without further notice to or approval of the shareholders of Rubellite: (a) to modify, amend or terminate the Arrangement Agreement or the Plan of Arrangement forming part of the Arrangement Agreement to the extent permitted by the Arrangement Agreement; and (b) not to proceed with the Rubellite Board Constitution Resolution.

**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT**, conditional upon and with the arrangement (the "**Arrangement**") described in the Circular dated September 25, 2024 becoming effective, the following persons be and are hereby elected to hold office, in addition to those already elected or in office, as directors of Rubellite Energy Inc. from and after the Arrangement becoming effective until the next annual meeting or until their successors are elected or appointed:

Linda A. Dietsche  
Geoffrey C. Merritt  
Steven L. Spence

## APPENDIX B

### PERPETUAL ENERGY INC. ARRANGEMENT RESOLUTIONS

#### Perpetual Arrangement Resolution

#### BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**Act**") involving Perpetual Energy Inc. ("**Perpetual**") and its shareholders, as more particularly described in the joint management information circular of Rubellite Energy Inc. and Perpetual dated September 25, 2024, is hereby authorized and approved;
2. the arrangement agreement dated as of September 16, 2024 providing for the Arrangement (the "**Arrangement Agreement**") is hereby ratified and approved; and
3. notwithstanding that this resolution has been passed by the shareholders of Perpetual or that the Arrangement has been approved by the Court of King's Bench of Alberta, the directors of Perpetual are hereby authorized and empowered, without further notice to or approval of the shareholders of Perpetual: (a) to modify, amend or terminate the Arrangement Agreement or the Plan of Arrangement forming part of the Arrangement Agreement to the extent permitted by the Arrangement Agreement; and (b) not to proceed with the Arrangement or to revoke this resolution at any time prior to the Arrangement becoming effective.

**APPENDIX C**  
**ARRANGEMENT AGREEMENT**

*EXECUTION VERSION*

**ARRANGEMENT AGREEMENT**

**BETWEEN**

**RUBELLITE ENERGY INC.**

**AND**

**PERPETUAL ENERGY INC.**

**September 16, 2024**

## Table of Contents

	Page
Article 1 INTERPRETATION .....	3
1.1 Definitions.....	3
1.2 Currency.....	9
1.3 Interpretation Not Affected by Headings .....	9
1.4 Article References.....	9
1.5 Extended Meanings.....	9
1.6 Entire Agreement .....	9
Article 2 THE ARRANGEMENT .....	10
2.1 Arrangement.....	10
2.2 Interim Order.....	10
2.3 Perpetual Approval and Recommendation.....	11
2.4 Rubellite Approval and Recommendation .....	11
2.5 Information Circular.....	11
2.6 Mutual Conditions Precedent.....	12
2.7 Conditions in favour of Rubellite.....	12
2.8 Conditions in favour of Perpetual .....	13
2.9 Notice of Failure to Comply with Conditions.....	13
2.10 Merger of Conditions .....	13
2.11 Shareholder Communications .....	13
2.12 Newco Amalco Name and Board of Directors.....	14
2.13 U.S. Securities Law Matters.....	14
2.14 Covenants of the Parties Regarding Pre-Arrangement Reorganizations.....	14
2.15 Treatment of Perpetual and Rubellite Convertible Securities .....	14
Article 3 REPRESENTATIONS AND WARRANTIES.....	14
3.1 General Representations and Warranties .....	14
3.2 Additional Representations and Warranties of Rubellite .....	15
3.3 Additional Representations and Warranties of Perpetual.....	18
3.4 Knowledge .....	21
3.5 Survival of Representations and Warranties .....	22
Article 4 COVENANTS .....	22
4.1 Mutual Covenants .....	22
4.2 Covenants of Perpetual .....	24
4.3 Access .....	27
4.4 Covenants of Rubellite.....	27
4.5 Directors' and Officers' Insurance and Other Indemnities.....	30
4.6 Privacy Issues.....	31

Article 5 ADDITIONAL AGREEMENTS.....	32
5.1 Mutual Covenant Regarding Non-Solicitation.....	32
Article 6 AMENDMENT AND TERMINATION .....	33
6.1 Amendment.....	33
6.2 Termination.....	33
Article 7 GENERAL .....	34
7.1 Expenses .....	34
7.2 Binding Effect.....	35
7.3 Assignment.....	35
7.4 Waiver.....	35
7.5 Governing Law .....	35
7.6 Notices .....	36
7.7 Execution in Counterparts.....	36
7.8 Time of the Essence .....	36
SCHEDULE I - PLAN OF ARRANGEMENT	



## ARRANGEMENT AGREEMENT

THIS AGREEMENT made as of the 16<sup>th</sup> day of September, 2024.

**BETWEEN:**

**RUBELLITE ENERGY INC.**, a corporation incorporated under the laws of Alberta ("**Rubellite**")

- and -

**PERPETUAL ENERGY INC.**, a corporation incorporated under the laws of Alberta ("**Perpetual**")

(together, the "**Parties**" and individually, a "**Party**")

**WHEREAS** Rubellite and Perpetual propose to combine their businesses;

**AND WHEREAS** the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the ABCA;

**AND WHEREAS** the Parties have entered into this Agreement to provide for such arrangement;

**NOW THEREFORE** in consideration of the respective covenants and agreements of the Parties set forth herein, the Parties hereby agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Acquisition Proposal**" means any inquiry or the making of any proposal to a Party or its shareholders from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 —*Take-Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition from such Party of 20% or more of the voting securities of such Party or its Subsidiaries; (b) any acquisition of a substantial amount of assets (or any lease, long term supply agreement or other arrangement having the same economic effect as a purchase or sale of a substantial amount of assets) of such Party and its Subsidiaries taken as a whole; (c) an amalgamation, arrangement, merger, or consolidation involving such Party or its Subsidiaries; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving such Party or its Subsidiaries; or (e) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to a Party under this Agreement or the Arrangement;

"**Advance Ruling Certificate**" or "**ARC**" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the *Competition Act* with respect to the Arrangement;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedule hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Arrangement**" means an arrangement under the provisions of Section 193 of the ABCA on the terms and conditions set forth in the Plan of Arrangement;

"**business day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Calgary, Alberta;

"**Closing**" means the closing of the Arrangement contemplated by this Agreement in accordance with the terms and conditions of this Agreement, and "**Close**" shall have a corresponding meaning;

"**Commissioner**" means the Commissioner of Competition appointed under the *Competition Act* or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition;

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

"**Competition Act Approval**" means, in respect of the Arrangement, the occurrence of one of the following: (a) the Commissioner shall have issued an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to Closing; or (b) the Commissioner shall have issued a No-Action Letter and either: (A) waived the obligation to submit a notification under Part IX of the Competition Act pursuant to Section 113(c) of the Competition Act; or (B) the applicable waiting period under Section 123(1) of the Competition Act, shall have expired or shall have been terminated early under Section 123(2) of the Competition Act; and such No Action Letter shall not have been rescinded prior to Closing;

"**Completion Deadline**" means December 15, 2024;

"**Confidentiality Agreement**" means together, the mutual confidentiality agreement and common interest privilege agreement between Rubellite and Perpetual dated July 2, 2024;

"**Court**" means the Court of King's Bench of Alberta;

"**Deemed Exchange Ratio**" means one (1) Newco Amalco Common Share for every five (5) Perpetual Shares and one (1) Newco Amalco Common Share for every one (1) Rubellite Share;

"**Dissent Rights**" means the rights of dissent provided for in Article 3 of the Plan of Arrangement;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA;

"**Effective Time**" means the time at which articles of arrangement to give effect to the Arrangement are filed with the Registrar on the Effective Date;

"**Employee Obligations**" means any obligations or liabilities of Perpetual to pay any amount to current or former Employees or consultants other than for (i) salary, benefits, consulting fees, vacation pay and directors' fees for the independent directors in the ordinary course in each case in amounts consistent with historic practices; (ii) accrued amounts payable under Perpetual's cash bonus plan; or (iii) directors' fees for members of the Perpetual Independent Committee;

"**Employees**" means all persons employed by Perpetual or its Subsidiaries on a full-time, part-time or temporary basis, and also includes for the purposes hereof, all officers and directors of Perpetual, all individuals who are on disability leave, parental leave, or other approved leave of absence from Perpetual or one of its Subsidiaries; and, any person retained by Perpetual or its Subsidiaries as an independent contractor or consultant;

"**Environmental Laws**" means any applicable federal, provincial, municipal or local laws, regulations, orders, government decrees, ordinances or regulatory approvals with respect to environmental, health or safety matters;

"**Final Order**" means the final order of the Court approving the Arrangement under subsection 193(9) of the ABCA to be applied for following the Perpetual Meeting and the Rubellite Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**GAAP**" means generally accepted accounting principles for publicly accountable enterprises as defined from time to time by the Chartered Professional Accountants of Canada in the CPA Handbook;

"**Governmental Entity**" means any applicable: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, and where applicable, includes the Securities Authorities; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Independent Valuator**" means Deloitte LLP;

"**Independent Valuator Agreement**" means the agreement dated August 6, 2024 among Rubellite, Perpetual and the Independent Valuator relating to the advisory services provided by the Independent Valuator in connection with the Arrangement;

"**Information Circular**" means the joint information circular to be prepared by Rubellite and Perpetual and forwarded as part of the proxy solicitation materials to Rubellite Shareholders and Perpetual Shareholders in respect of the Meetings;

"**Interim Order**" means the interim order of the Court under subsection 193(4) of the ABCA relating to the Arrangement;

"**Material Adverse Change**" or "**Material Adverse Effect**" with respect to a Party means any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence which is, or would reasonably be expected to be, individually or in the aggregate, material and adverse to the business, operations, results of operations, assets, capitalization, financial condition, liabilities (whether absolute, accrued, conditional, contingent or otherwise), prospects or properties of such Party (on a consolidated basis), other than any fact or state of facts, circumstance, change (or any condition, event or development involving a prospective change), effect or occurrence resulting from:

- (i) a matter that has been publicly disclosed by such Party or otherwise expressly disclosed in writing by such Party to the other Party prior to the date hereof;
- (ii) conditions affecting the oil and gas exploration, exploitation, development and production industry as a whole, and not specifically relating to such Party;
- (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere;
- (iv) any decline in the market price for crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (v) compliance with the terms of this Agreement or any action or inaction taken by such Party that is consented to by the other Party expressly in writing or that is a result therefrom;
- (vi) the announcement of the execution of this Agreement or the transactions contemplated hereby;
- (vii) any change in the market price or trading volume of the Rubellite Shares, with respect to Rubellite, or the Perpetual Shares, with respect to Perpetual;

- (viii) changes in laws (including laws related to taxes), GAAP or interpretation, application or non-application of laws by Governmental Entities and not specifically related to such Party; or
- (ix) any natural disaster, act of terrorism or military action, or any outbreak of hostilities or war (whether or not declared), or any escalation or worsening of such acts;

"**material fact**" has the meaning given to it under the Securities Act;

"**McDaniel**" means McDaniel & Associates Consultants Ltd.;

"**Meetings**" means the Rubellite Meeting and the Perpetual Meeting;

"**MI 61-101**" means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;

"**Newco Amalco**" means the corporation resulting from the amalgamation of RBY Newco and PEI Newco pursuant to the Plan of Arrangement;

"**Newco Amalco Common Shares**" means the common shares of Newco Amalco;

"**No Action Letter**" means written confirmation from the Commissioner stating that the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement;

"**PEI Newco**" means 1121838 Alberta Ltd., a corporation incorporated under the ABCA;

"**Perpetual Arrangement Resolution**" means the special resolution of the Perpetual Shareholders in respect of the Arrangement to be considered by the Perpetual Shareholders at the Perpetual Meeting;

"**Perpetual Continuous Disclosure**" means all information filed by or on behalf of Perpetual with the Securities Authorities in compliance, or intended compliance, with any applicable securities laws since December 31, 2023 and on or prior to the date hereof.

"**Perpetual Deferred Option Agreements**" means the agreements entered into between Perpetual and certain of its employees whereby such employees are entitled to receive Perpetual Shares;

"**Perpetual Deferred Share Agreements**" means the agreements entered into between Perpetual and certain of its directors and employees, from time to time, whereby such individuals are entitled to receive Perpetual Restricted Rights;

"**Perpetual Financial Statements**" Perpetual's audited financial statements as at and for the years ended December 31, 2023 and 2022 and Perpetual's unaudited interim financial statements as at and for the six month periods ended June 30, 2024 and 2023;

"**Perpetual Independent Committee**" means the committee of independent directors of the Perpetual board of directors formed to consider the Arrangement;

"**Perpetual Information**" means the information provided by Perpetual which is required to be or is otherwise included in the Information Circular;

"**Perpetual Meeting**" means the special meeting of Perpetual Shareholders to be held to consider and, if deemed advisable, approve the Perpetual Arrangement Resolution;

"**Perpetual Option Plan**" means the share option plan of Perpetual in place as of the date hereof;

"**Perpetual Optionholders**" means the holders of Perpetual Options;

**"Perpetual Options"** means the outstanding options to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Option Plan;

**"Perpetual Performance Award Holders"** means the holders of Perpetual Performance Awards;

**"Perpetual Performance Awards"** means the outstanding performance incentive awards and performance share rights to acquire Perpetual Restricted Rights pursuant to the Perpetual Performance Plans;

**"Perpetual Performance Plans"** means, together, the performance-based long-term incentive award plan and the performance share plan to acquire Perpetual Restricted Rights pursuant to such plans;

**"Perpetual Recommendation"** means the recommendation of the Perpetual board of directors to Perpetual Shareholders that they vote in favour of the Perpetual Arrangement Resolution;

**"Perpetual Reserves Report"** means the independent engineering evaluation prepared by McDaniel dated March 6, 2024, evaluating Perpetual's crude oil, natural gas and natural gas liquids reserves effective as of December 31, 2023;

**"Perpetual Restricted Rights"** means the outstanding restricted rights to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Restricted Rights Plan;

**"Perpetual Restricted Rights Holders"** means the holders of Perpetual Restricted Rights;

**"Perpetual Restricted Rights Plan"** means the restricted rights plan of Perpetual in place as of the date hereof;

**"Perpetual Rubellite Share Purchase Warrants"** means the 4,000,000 share purchase warrants held by Perpetual which are exercisable into Rubellite Shares at an exercise price of \$3.00 per Rubellite Share at any time prior to their expiry;

**"Perpetual Senior Notes"** means the \$26,180,798 aggregate principal amount of Perpetual's 8.75% senior secured third-lien notes due January 23, 2025;

**"Perpetual Shareholders"** means the holders of Perpetual Shares;

**"Perpetual Shares"** means the common shares of Perpetual;

**"person"** means an individual, partnership, association, body corporate, trust, unincorporated organization, government, regulatory authority, or other entity;

**"Plan of Arrangement"** means the plan of arrangement attached hereto as Schedule I;

**"Pre-Arrangement Reorganization"** has the meaning given to such term in Section 2.14 of this Agreement;

**"RBY Newco"** means Ukalta LP Inc., a corporation incorporated under the ABCA;

**"Registrar"** means the Registrar appointed under section 263 of the ABCA;

**"Reorganizing Party"** has the meaning given to such term in Section 2.14 of this Agreement;

**"Rubellite Arrangement Resolution"** means the special resolution of the Rubellite Shareholders to authorize and approve the Plan of Arrangement, including the issuance by Newco Amalco of the Newco Amalco Common Shares to the Perpetual Shareholders and the Rubellite Shareholders pursuant to the Arrangement;

**"Rubellite Continuous Disclosure"** means all information filed by or on behalf of Rubellite with the Securities Authorities in compliance, or intended compliance, with any applicable securities laws since December 31, 2023 and on or prior to the date hereof;

"**Rubellite Financial Statements**" means Rubellite's audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022 and Rubellite's unaudited interim financial statements as at and for the six month periods ended June 30, 2024 and 2023;

"**Rubellite Incentive Awards**" means the outstanding options and awards to acquire Rubellite Shares issued by Rubellite pursuant to the Rubellite Incentive Plan;

"**Rubellite Incentive Plan**" means the omnibus share incentive plan of Rubellite in place as of the date hereof;

"**Rubellite Independent Committee**" means the committee of independent directors of the Rubellite board of directors formed to consider the Arrangement;

"**Rubellite Information**" means the information provided by Rubellite which is required to be or is otherwise included in the Information Circular;

"**Rubellite Meeting**" means the special meeting of Rubellite Shareholders to be held to consider and, if deemed advisable, approve the Rubellite Arrangement Resolution;

"**Rubellite Recommendation**" means the recommendation of the Rubellite board of directors to Rubellite Shareholders that they vote in favour of the Rubellite Arrangement Resolution;

"**Rubellite Reserves Report**" means the report dated March 14, 2024 prepared by McDaniel and evaluating the oil, natural gas and natural gas liquids reserves attributable to Rubellite's principal properties effective as of December 31, 2023;

"**Rubellite Shareholders**" means the holders of Rubellite Shares;

"**Rubellite Shares**" means the common shares of Rubellite;

"**Securities Act**" means the *Securities Act* (Alberta), as amended and the regulations thereunder, as amended;

"**Securities Authorities**" means collectively, the Alberta Securities Commission and the other securities regulatory authorities in the provinces and territories of Canada;

"**SEDAR+**" means SEDAR+ maintained by the Securities Authorities;

"**Subsidiary**" has the meaning set forth in the Securities Act;

"**Superior Proposal**" means a written bona fide Acquisition Proposal, that did not result from or involve a breach of Section 5.1(a), which the board of directors of the Party subject to the Acquisition Proposal determines (upon recommendation by the Perpetual Independent Committee, in the case of Perpetual, and the Rubellite Independent Committee, in the case of Rubellite) in good faith: (1) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (2) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of such Party to the transaction contemplated by this Agreement; (3) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (4) after receiving the advice of outside counsel, as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors of the Party subject to the Acquisition Proposal to act in a manner consistent with its fiduciary duties under applicable laws;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**Tax**" or "**Taxes**" shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales and use taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, Federal Fuel Charge taxes, carbon taxes, environmental taxes (including pursuant to the B.C. Output-Based Pricing System), capital taxes, production taxes, recapture, withholding taxes, employee health taxes;

"**Taxing Authority**" shall mean any Governmental Entity responsible for the imposition of any Tax (domestic or foreign);

"**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);

"**TSX**" means the Toronto Stock Exchange; and

"**U.S. Securities Act**" means the *Securities Act of 1933*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder.

## **1.2 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

## **1.3 Interpretation Not Affected by Headings**

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.4 Article References**

Unless the contrary intention appears, references in this Agreement (excluding the Plan of Arrangement) to an article, section, subsection or paragraph by number or letter or both refer to the article, section, subsection or paragraph, respectively, bearing that designation in this Agreement (excluding the Plan of Arrangement).

## **1.5 Extended Meanings**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

## **1.6 Entire Agreement**

This Agreement, together with the schedules attached hereto, constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof other than the Confidentiality Agreement.

**ARTICLE 2**  
**THE ARRANGEMENT**

**2.1 Arrangement**

As soon as reasonably practicable, and subject to compliance with the terms and conditions contained herein, Perpetual and Rubellite shall:

- (a) apply to the Court pursuant to Section 193 of the ABCA for an order approving the Arrangement and in connection with such application shall:
  - (i) forthwith file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Perpetual Meeting and the Rubellite Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement; and
  - (ii) subject to obtaining Perpetual Shareholder and Rubellite Shareholder approval as contemplated in the Interim Order, forthwith file, proceed with and diligently prosecute an application to the Court for a Final Order; and
- (b) subject to obtaining the Final Order, deliver to the Registrar articles of arrangement and such other documents as may be required to give effect to the Arrangement.

**2.2 Interim Order**

The notice of the originating application for the Interim Order sought by Perpetual and Rubellite shall request that the Interim Order provide that for the purpose of the Perpetual Meeting and Rubellite Meeting, among other matters, that:

- (a) the Perpetual Meeting and the Rubellite Meeting be called and held on the same day;
- (b) the securities of Perpetual for which the holders shall be entitled to vote on the Arrangement shall be the Perpetual Shares and the securities of Rubellite for which the holders shall be entitled to vote on the Arrangement shall be the Rubellite Shares;
- (c) the Perpetual Shareholders shall be entitled to one vote for each Perpetual Share held and the Rubellite Shareholders shall be entitled to one vote for each Rubellite Share held;
- (d) the requisite majority for the approval of the Perpetual Arrangement Resolution by the Perpetual Shareholders and the Rubellite Arrangement Resolution by the Rubellite Shareholders shall be:
  - (i) two-thirds of the votes cast by the Perpetual Shareholders present in person or by proxy at the Perpetual Meeting
  - (ii) two-thirds of the votes cast by the Rubellite Shareholders present in person or by proxy at the Rubellite Meeting;
  - (iii) a majority of the votes cast by the Perpetual Shareholders present in person or by proxy at the Perpetual Meeting after excluding the votes attached to the Perpetual Shares that, to the knowledge of Perpetual and its directors and senior officers, after reasonable inquiry, are required to be excluded pursuant to the requirements of MI 61-101; and
  - (iv) a majority of the votes cast by the Rubellite Shareholders present in person or by proxy at the Rubellite Meeting after excluding the votes attached to the Rubellite Shares that, to the knowledge of Rubellite and its directors and senior officers, after reasonable inquiry, are required to be excluded pursuant to the requirements of MI 61-101;



- (v) any requisite approval that may be required by the TSX;
- (vi) the grant of Dissent Rights;
- (vii) the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (viii) the Perpetual Meeting and the Rubellite Meeting may be adjourned or postponed from time to time by Perpetual or Rubellite (as applicable) with the consent of the other Party without the need for additional approval of the Court.

### **2.3 Perpetual Approval and Recommendation**

Perpetual represents and warrants to Rubellite that:

- (a) the board of directors of Perpetual has determined that:
  - (i) the Arrangement is in the best interests of Perpetual;
  - (ii) the Arrangement is fair to the Perpetual Shareholders; and
  - (iii) it will make the Perpetual Recommendation; and
- (b) the board of directors of Perpetual has received a verbal opinion from the Independent Valuator that the Deemed Exchange Ratio is fair, from a financial point of view, to the Perpetual Shareholders.

### **2.4 Rubellite Approval and Recommendation**

Rubellite represents and warrants to Perpetual that:

- (a) the board of directors of Rubellite has determined that:
  - (i) the Arrangement is in the best interests of Rubellite;
  - (ii) the Arrangement is fair to the Rubellite Shareholders; and
  - (iii) it will make the Rubellite Recommendation; and
- (b) the board of directors of Rubellite has received a verbal opinion from the Independent Valuator that the Deemed Exchange Ratio is fair, from a financial point of view, to the Rubellite Shareholders.

### **2.5 Information Circular**

- (a) Rubellite and Perpetual shall prepare, in consultation with each other, the Information Circular and cause such circular to be mailed to the Rubellite Shareholders and the Perpetual Shareholders and filed with Securities Authorities in all jurisdictions where the Information Circular is required to be mailed and filed.
- (b) As of the date the Information Circular is first mailed to the Rubellite Shareholders and the Perpetual Shareholders and the date of the Meetings, the Information Circular shall be complete and correct in all material respects, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they are made, not misleading and shall comply in all material respects with all applicable laws. Without limiting the generality of the foregoing, the Parties shall ensure that the Information Circular provides Rubellite Shareholders and Perpetual Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meetings.

## **2.6 Mutual Conditions Precedent**

The respective obligations of the Parties to complete the transactions contemplated by this Agreement, and of the Parties to file the articles of arrangement required to give effect to the Arrangement, shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;
- (b) the Perpetual Arrangement Resolution shall have been approved by the Perpetual Shareholders at the Perpetual Meeting in accordance with the Interim Order;
- (c) the Rubellite Arrangement Resolution shall have been approved by the Rubellite Shareholders at the Rubellite Meeting in accordance with the Interim Order;
- (d) the Final Order shall have been granted in form and substance satisfactory to Rubellite and Perpetual, each acting reasonably;
- (e) the TSX shall have conditionally approved the listing of the Newco Amalco Common Shares issuable under the Arrangement, subject to compliance with the normal listing requirements of the TSX;
- (f) the Competition Act Approval and all other material consents, orders and approvals, including any regulatory or judicial approvals or orders, that are necessary to effect the Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances on terms and conditions acceptable to the Parties, each acting reasonably;
- (g) the requisite consents by each Party's lenders shall have been obtained;
- (h) no order or decree restraining or enjoining the consummation of the Arrangement shall be in force at the time for filing the articles of arrangement required to give effect to the Arrangement;
- (i) this Agreement shall not have been terminated under Section 6.2 or otherwise;
- (j) Perpetual Shareholders holding no more than 5% of the Perpetual Shares shall have exercised Dissent Rights; and
- (k) Rubellite Shareholders holding no more than 5% of the Rubellite Shares shall have exercised Dissent Rights.

The foregoing conditions set forth in this Section 2.6 are for the mutual benefit of Rubellite and Perpetual and may only be waived by the mutual consent of each Party, in whole or in part, in their respective sole discretions, in writing, at any time and from time to time.

## **2.7 Conditions in favour of Rubellite**

The obligations of Rubellite to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the representations and warranties made by Perpetual in this Agreement shall be true and correct in all material respects (or, if qualified by Material Adverse Effect or materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date) and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date;
- (b) Perpetual shall have complied in all material respects with its covenants herein, and Perpetual shall have provided to Rubellite a certificate of two officers certifying same on the Effective Date; and

- (c) since the date hereof there shall not have occurred a Material Adverse Change with respect to Perpetual.

The foregoing conditions set forth in this Section 2.7 are for the exclusive benefit of Rubellite and may be waived by Rubellite, in whole or in part, in its sole discretion, in writing, at any time and from time to time.

## **2.8 Conditions in favour of Perpetual**

The obligations of Perpetual to complete the transactions contemplated by this Agreement, and to file the articles of arrangement required to give effect to the Arrangement, shall be subject to the satisfaction of the following conditions:

- (a) the representations and warranties made by Rubellite in this Agreement shall be true and correct in all material respects (or, if qualified by Material Adverse Effect or materiality in any manner, true and correct) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date), and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date;
- (b) Rubellite shall have complied in all material respects with its covenants herein, and Rubellite shall have provided to Perpetual a certificate of two officers certifying same on the Effective Date; and
- (c) since the date hereof there shall not have occurred a Material Adverse Change with respect to Rubellite.

The foregoing conditions set forth in this Section 2.8 are for the exclusive benefit of Perpetual and may be waived by Perpetual, in whole or in part, in its sole discretion, in writing at any time and from time to time.

## **2.9 Notice of Failure to Comply with Conditions**

Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the earlier of the termination of this Agreement and the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect, or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

## **2.10 Merger of Conditions**

The conditions set out in Sections 2.6, 2.7 and 2.8 shall be conclusively deemed to have been satisfied on the filing with the Registrar of the articles of arrangement required to give effect to the Arrangement.

## **2.11 Shareholder Communications**

Rubellite and Perpetual agree to co-operate and participate in presentations to investors regarding the Arrangement prior to the making of such presentations and to promptly advise, consult and co-operate with each other in issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement and in making any filing with any Governmental Entity or with the TSX, with respect thereto. Each Party shall use all reasonable commercial efforts to enable the other Party to review and comment on all such press releases prior to the release thereof and shall enable the other Party to review and comment on such filings prior to the filing thereof; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make disclosure in accordance with applicable laws, and if such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use reasonable commercial efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. The Parties agree to issue jointly a press release with respect to this Agreement as soon as practicable following the execution of this Agreement.

## **2.12 Newco Amalco Name and Board of Directors**

The Parties agree that the name of Newco Amalco shall be "Rubellite Energy Corp." and will occur pursuant to the Plan of Arrangement. Rubellite further agrees that it shall use all commercially reasonable efforts to appoint or have elected as directors of the board of directors of Newco Amalco, subject to applicable laws and the constating documents and by-laws of Newco Amalco, effective upon the completion of the Arrangement, such individuals from the board of directors of Perpetual as may be specified by Perpetual after the date hereof, which action may involve including the election of such additional directors as an item of business at the Rubellite Meeting.

## **2.13 U.S. Securities Law Matters**

The Parties intend that the Arrangement shall be carried out such that the issuance of the Newco Amalco Common Shares under the Arrangement qualifies for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions under applicable state securities laws. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.13.

## **2.14 Covenants of the Parties Regarding Pre-Arrangement Reorganizations**

Each Party (the "**Reorganizing Party**") shall, and shall cause each of its Subsidiaries to, cooperate with the other Party in structuring, planning and implementing any reorganization of the business, operations, assets and Subsidiaries of the Reorganizing Party (each, a "**Pre-Arrangement Reorganization**") in order to improve the efficiencies of the business, operations, assets and Subsidiaries of Newco Amalco following completion of the Arrangement, and the Reorganizing Party shall be permitted to take all necessary or desirable steps to effect any Pre-Arrangement Reorganization, provided that: (i) the Reorganizing Party shall not undertake any Pre-Arrangement Reorganization without the written consent of the other Party (not to be unreasonably withheld, conditioned or delayed) unless the steps pertaining to any Pre-Arrangement Reorganization has been disclosed to, and agreed to, by the other Party prior to the date of this Agreement; and (ii) any Pre-Arrangement Reorganization does not materially delay the completion of the Arrangement. Each of the Parties acknowledges and agrees that the planning for and implementation of any Pre-Arrangement Reorganization consented to by each Party shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of a Party hereunder has been breached. The Parties shall work cooperatively and use reasonable best efforts to plan any Pre-Arrangement Reorganization consented to by each Party and to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization.

## **2.15 Treatment of Perpetual and Rubellite Convertible Securities**

The Parties agree that the Perpetual Incentive Awards, the Rubellite Incentive Awards and Perpetual Senior Notes will be treated in accordance with the terms of the Plan of Arrangement.

# **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

## **3.1 General Representations and Warranties**

Each Party represents and warrants to the other Party that:

- (a) it is a corporation duly incorporated or amalgamated and validly subsisting under the laws of the Province of Alberta and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent

transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a default under, or be in any contravention or breach of:
  - (i) any provision of its constating documents;
  - (ii) any judgement, decree, order, law, statute, rule or regulation applicable to it, subject to receiving the Competition Act Approval; or
  - (iii) (provided that the requisite consents are obtained by each Party's lenders) any agreement or instrument to which it is a Party or by which it is bound;
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings in respect of it have been commenced or are pending or proposed;
- (e) no consent, approval, order or authorization of, or declaration or filing with any Governmental Entity is required to be obtained by that Party in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby other than:
  - (i) any approvals required by the Interim Order;
  - (ii) the Final Order;
  - (iii) Competition Act Approval; and
  - (iv) filings which may be required by the ABCA and filings with and approvals required by the Securities Authorities and the TSX;
- (f) other than each Party's lenders, no consent, approval or authorization is required under any contract, agreement, licence, franchise or permit to which that Party is bound or is subject in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, where failure to obtain such consent, approval or authorization would, individually or in the aggregate, have a Material Adverse Effect on that Party; and
- (g) there is no claim, action, proceeding or investigation, pending or, to the knowledge of the Party, threatened against or relating to that Party or affecting any of its properties or assets before any Governmental Entity, that, if adversely determined, would materially impede the completion of the Arrangement and the Party is not subject to any outstanding order, writ, injunction or decree that would materially impede the completion of the Arrangement.

### **3.2 Additional Representations and Warranties of Rubellite**

Rubellite represents and warrants to Perpetual that:

- (a) neither Rubellite nor any Subsidiary of Rubellite owns any Perpetual Shares;
- (b) other than Ukalta LP Inc., Ukalta GP Inc. and Ukalta Limited Partnership, Rubellite does not have any Subsidiaries and Rubellite is not a holding corporation of any other body corporate;
- (c) the authorized share capital of Rubellite consists of an unlimited number of Rubellite Shares and an unlimited number of preferred shares, issuable in series, of which as of the date hereof 67,592,701 Rubellite Shares and no other shares are issued and outstanding;

- (d) as of the date hereof an aggregate of 3,813,500 Rubellite Incentive Awards are outstanding, which consist of 2,684,000 Options, 525,000 Restricted Share Units and 604,500 Performance Share Units (as such terms are defined in the Rubellite Incentive Plan);
- (e) the Rubellite Continuous Disclosure, taken together, does not, and any continuous disclosure documents filed on SEDAR+ by Rubellite after the date hereof will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading in light of the circumstances in which they were made;
- (f) Rubellite is a reporting issuer under the securities laws in force in each of the provinces of Canada, and Rubellite is not currently in default, in any material respect, of any requirement of the applicable securities laws of such jurisdictions and Rubellite is not included on any list of defaulting reporting issuers maintained by any Securities Authority in any such jurisdiction;
- (g) no Securities Authority has issued any order that is currently outstanding preventing or suspending trading in any securities of Rubellite and no such proceeding is, to the knowledge of Rubellite, pending, contemplated or threatened;
- (h) the Rubellite Shares are listed on the TSX and Rubellite is in compliance, in all material respects, with the policies and requirements of the TSX;
- (i) all outstanding Rubellite Shares have been duly authorized and validly issued, are fully paid and non-assessable and all Rubellite Shares issuable upon exercise of outstanding Rubellite Incentive Awards in accordance with their respective terms have been duly authorized and will, upon receipt by Rubellite of the consideration therefor, as applicable, and if issued, be validly issued as fully paid and non-assessable common shares in the capital of Rubellite;
- (j) except for the Rubellite Incentive Awards and Perpetual Rubellite Share Purchase Warrants outstanding as of the date hereof, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Rubellite of any shares or other securities of Rubellite nor are there any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares or other securities of Rubellite;
- (k) neither Rubellite nor, to its knowledge, any of the Rubellite Shareholders is a party to any pooling agreement, voting trust or other similar type of arrangement in respect of the outstanding securities of Rubellite;
- (l) the data and information provided by Rubellite to Perpetual or its representatives in connection with the transactions contemplated hereby does not, to the knowledge of Rubellite, contain any material misrepresentation or omission, and Rubellite has not withheld from Perpetual any material information, agreement or documents concerning Rubellite or its assets, liabilities (actual, contingent, inchoate or otherwise), obligations, commitments or operations during Perpetual's review of Rubellite for the purposes of the transactions contemplated hereby;
- (m) the corporate records and minute books of Rubellite have been maintained in accordance with all applicable statutory requirements and are complete and accurate, in each case in all material respects;
- (n) Rubellite has complied, and is in compliance with, all applicable laws and regulations relating to its assets, business and operations, in each case in all material respects;
- (o) since December 31, 2023, there has not been any Material Adverse Change in respect of Rubellite;
- (p) except for the Independent Valuator and the fees payable to it pursuant to the Independent Valuator Agreement and except for Peters & Co. Limited, BMO Capital Markets and Cormark Securities Inc. and the fees payable to them, Rubellite has not retained nor will it retain any financial advisor, strategic advisor, valuator, broker, agent or finder, and it has not paid or agreed to pay and is not required to pay, any financial

advisor, strategic advisor, valuator, broker, agent or finder in respect of this Agreement or the transactions contemplated hereby;

- (q) except as disclosed in the Rubellite Continuous Disclosure (i) there are no actions, suits or regulatory or other proceedings, whether on behalf of or against Rubellite, pending or, to the knowledge of Rubellite, threatened against or affecting Rubellite at law or in equity and (ii) Rubellite has not received notice of, and does not have knowledge of, any potential dispute or claim against Rubellite or its assets from any person or Governmental Entity including, without limitation, any indigenous group other than, in each case, those that would not have, or would not reasonably be expected to have, a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole;
- (r) the Rubellite Financial Statements fairly present, and any financial statements of Rubellite filed on SEDAR+ after the date hereof will fairly present, in accordance with GAAP, consistently applied, the financial position and condition of Rubellite at the dates thereof and the results of operations of Rubellite for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Rubellite as at the dates thereof;
- (s) Rubellite made available to McDaniel, prior to the issuance of the Rubellite Reserves Report, for the purpose of preparing such report, all information requested by McDaniel, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates, Rubellite has no knowledge of any Material Adverse Change in any production, cost, reserves or other relevant information provided to McDaniel since the dates that such information was so provided. Rubellite believes that the Rubellite Reserves Report reasonably estimated the quantity and net present values of future net revenues, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated as at December 31, 2023, based upon information available at the time the applicable report was prepared and the pricing and other assumptions set out therein;
- (t) Rubellite is not indebted to and has not guaranteed the obligations of any Rubellite Shareholder, employee, consultant or any other person not dealing at arm's length with Rubellite, nor are any such individuals indebted to Rubellite;
- (u) Rubellite has no material liabilities (actual, contingent, inchoate or otherwise), debts, obligations or commitments other than those reflected in the Rubellite Continuous Disclosure and those expressly agreed to or contemplated herein;
- (v) Rubellite does not warrant title to its oil and gas properties and assets, but does warrant that its interests in its oil and gas properties and assets are free and clear of all liens, encumbrances, claims, rights, and defects and imperfections of title, created by, through or under Rubellite except (i) those arising under or permitted by its credit agreement and its other debt agreements, copies of which has been provided to Perpetual, (ii) those that do not materially interfere with the use made and proposed to be made of such properties and assets by Rubellite, (iii) those that are typically considered "permitted encumbrances" in transactions involving the purchase and sale of oil and gas assets in Alberta; (iv) those that could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole; and (v) those set forth in the land and well schedules or other documents disclosed in writing to Perpetual or its advisors prior to the date hereof;
- (w) except as disclosed in writing to Perpetual prior to the date hereof, neither Rubellite nor any of its Subsidiaries has received from any third party notice of material violation of or material default under any obligation, agreement, document, order, writ, injunction or decree of any Governmental Entity that relates to the business or assets of Rubellite and its Subsidiaries and remains outstanding in any material respect as at the date hereof;
- (x) except as disclosed in writing to Perpetual prior to the date hereof, neither Rubellite nor any of its Subsidiaries has received:

- (i) any notice, order or directive under Environmental Laws pertaining to the business or assets of Rubellite and its Subsidiaries and which requires any work, repairs, construction or capital expenditures which is outstanding as of the date hereof, where those orders or directives have not been complied with in all material respects;
  - (ii) any demand or notice issued with respect to the material breach of Environmental Laws from any third party pertaining to the business or assets of Rubellite and its Subsidiaries that relates to the environment, health or safety, including any matter respecting the release, use, storage, treatment, transportation or disposition of environmental contaminants which demand or notice remains outstanding as of the date hereof; and
  - (iii) any notice under any Alberta Energy Regulator directives to abandon any well which has not been properly abandoned in accordance with Environmental Laws (as at the applicable time when such well was abandoned);
- (y) to Rubellite's knowledge, there are not any existing circumstances or any outstanding incidents respecting environmental matters relating to the business or assets of Rubellite and its Subsidiaries (A) which constitute a reportable event under Environmental Laws, (B) which have not been reported in accordance with Environmental Laws (as at the applicable time), and (C) which would reasonably be expected to have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole.
- (z) except as disclosed to Perpetual, to the knowledge of Rubellite, it holds or has all licenses, permits and approvals required under Environmental Laws in connection with the ownership and operation of its properties, and all such licenses, permits and approvals are in full force and effect and in good standing, except where the failure to hold, or invalidity of, such licence, permit or approval would not have a Material Adverse Effect on Rubellite and its Subsidiaries, taken as a whole;
- (aa) all operations in respect of the business and assets of Rubellite and its Subsidiaries conducted by Rubellite or any of its Subsidiaries have been conducted in all material respects in accordance with good oilfield industry practices in effect at the relevant time, and all licences, permits and approvals and the requirements of Governmental Entities have been materially complied with by Rubellite or its Subsidiaries in respect of such operations;
- (bb) provided that the Arrangement is completed on the terms set forth herein, the Newco Amalco Common Shares to be issued pursuant to the Arrangement will, upon issuance, be validly issued as fully paid and non-assessable shares in the capital of Newco Amalco; and
- (cc) the Rubellite Information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

### **3.3 Additional Representations and Warranties of Perpetual**

Perpetual represents and warrants to Rubellite that:

- (a) other than 58,500 Rubellite Shares held in trust by Perpetual and the Perpetual Rubellite Share Purchase Warrants, neither Perpetual nor any Subsidiary of Perpetual owns any Rubellite Shares;
- (b) other than Perpetual Operating Corp., 1121838 Alberta Ltd., Paramount Operating Trust, Perpetual Energy Partnership, NEAP Partnership and Paramount Energy Partnership, Perpetual does not have any Subsidiaries and Perpetual is not a holding corporation of any other body corporate;
- (c) the authorized share capital of Perpetual consists of an unlimited number of Perpetual Shares and an unlimited number of preferred shares, issuable in series, of which as of the date hereof 68,615,484 Perpetual Shares and no other shares are issued and outstanding;



- (d) as of the date hereof an aggregate of 16,802,902 Perpetual Incentive Awards are outstanding, which consist of 4,508,750 Perpetual Options, 23,920 Perpetual Restricted Rights, 6,905,625 Perpetual Performance Awards, 3,611,607 Deferred Shares (as defined in the Perpetual Deferred Share Agreements) and 1,753,000 Deferred Options (as defined in the Perpetual Deferred Option Agreements);
- (e) as of the date hereof, there are 902,398 unallocated Perpetual Shares held by the trustee under the Trust Agreement (as such term is defined in the Perpetual Deferred Share Agreements and Perpetual Deferred Option Agreements);
- (f) except for the Perpetual Options, Perpetual Restricted Rights, Perpetual Performance Awards, Perpetual Deferred Share Agreements, Perpetual Deferred Option Agreements and Perpetual Senior Notes outstanding as of the date hereof, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Perpetual of any shares or other securities of Perpetual nor are there any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares or other securities of Perpetual;
- (g) Perpetual is a reporting issuer under the securities laws in force in each of the provinces of Canada, and Perpetual is not currently in default, in any material respect, of any requirement of the applicable securities laws of such jurisdictions and Perpetual is not included on any list of defaulting reporting issuers maintained by any Securities Authority in any such jurisdiction;
- (h) no Securities Authority has issued any order that is currently outstanding preventing or suspending trading in any securities of Perpetual and no such proceeding is, to the knowledge of Perpetual, pending, contemplated or threatened;
- (i) the Perpetual Shares are listed on the TSX and Perpetual is in compliance, in all material respects, with the policies and requirements of the TSX;
- (j) all outstanding Perpetual Shares have been duly authorized and validly issued, are fully paid and non-assessable and all Perpetual Shares issuable upon exercise of outstanding Perpetual Options and Perpetual Restricted Rights in accordance with their respective terms have been duly authorized and will, upon receipt by Perpetual of the consideration therefor, as applicable, and if issued, be validly issued as fully paid and non-assessable common shares in the capital of Perpetual;
- (k) neither Perpetual nor, to its knowledge, any of the Perpetual Shareholders is a party to any pooling agreement, voting trust or other similar type of arrangement in respect of the outstanding securities of Perpetual;
- (l) the Perpetual Continuous Disclosure, taken together, does not, and any continuous disclosure documents filed on SEDAR+ by Perpetual after the date hereof will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein not misleading in light of the circumstances in which they were made;
- (m) the data and information provided by Perpetual to Rubellite or its representatives in connection with the transactions contemplated hereby does not, to the knowledge of Perpetual, contain any material misrepresentation or omission, and Perpetual has not withheld from Rubellite any material information, agreement or documents concerning Perpetual or its assets, liabilities (actual, contingent, inchoate or otherwise), obligations, commitments or operations during Rubellite's review of Perpetual for the purposes of the transactions contemplated hereby;
- (n) the corporate records and minute books of Perpetual have been maintained in accordance with all applicable statutory requirements and are complete and accurate, in each case in all material respects;
- (o) Perpetual has complied, and is in compliance with, all applicable laws and regulations relating to its assets, business and operations, in each case in all material respects;

- (p) since December 31, 2023, there has not been any Material Adverse Change in respect of Perpetual;
- (q) except for the Independent Valuator and the fees payable to it pursuant to the Independent Valuator Agreement and except for ATB Securities Inc. and the fees payable to it, Perpetual has not retained nor will it retain any financial advisor, strategic advisor, valuator, broker, agent or finder, and it has not paid or agreed to pay and is not required to pay, any financial advisor, strategic advisor, valuator, broker, agent or finder in respect of this Agreement or the transactions contemplated hereby;
- (r) except as disclosed in the Perpetual Continuous Disclosure (i) there are no actions, suits or regulatory or other proceedings, whether on behalf of or against Perpetual, pending or, to the knowledge of Perpetual, threatened against or affecting Perpetual at law or in equity and (ii) Perpetual has not received notice of, and does not have knowledge of, any potential dispute or claim against Perpetual or its assets from any person or Governmental Entity including, without limitation, any indigenous group other than, in each case, those that would not have, or would not reasonably be expected to have, a Material Adverse Effect on Perpetual and its Subsidiaries taken, as a whole;
- (s) the Perpetual Financial Statements fairly present, and any financial statements of Perpetual filed on SEDAR+ after the date hereof will fairly present, in accordance with GAAP, consistently applied, the financial position and condition of Perpetual at the dates thereof and the results of operations of Perpetual for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Perpetual as at the dates thereof;
- (t) Perpetual made available to McDaniel, prior to the issuance of the Perpetual Reserves Report, for the purpose of preparing such report, all information requested by McDaniel, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates, Perpetual has no knowledge of any Material Adverse Change in any production, cost, reserves or other relevant information provided to McDaniel since the dates that such information was so provided. Perpetual believes that the Perpetual Reserves Report reasonably estimated the quantity and net present values of future net revenues, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated as at December 31, 2023, based upon information available at the time the applicable report was prepared and the pricing and other assumptions set out therein;
- (u) Perpetual is not indebted to and has not guaranteed the obligations of any Perpetual Shareholder, Employee or any other person not dealing at arm's length with Perpetual, nor are any such individuals indebted to Perpetual;
- (v) Perpetual has disclosed in writing to Rubellite prior to the date hereof the name, age, salary and tenure of employment with Perpetual of each Employee and all standard forms of employment contract used with such Employees;
- (w) there will be no Employee Obligations as a result of the Arrangement;
- (x) Perpetual has no material liabilities (actual, contingent, inchoate or otherwise), debts, obligations or commitments other than those reflected in the Perpetual Continuous Disclosure and those expressly agreed to or contemplated herein;
- (y) Perpetual does not warrant title to its oil and gas properties and assets, but does warrant that its interests in its oil and gas properties and assets are free and clear of all liens, encumbrances, claims, rights, and defects and imperfections of title, created by, through or under Perpetual except (i) those arising under or permitted by its credit agreement and its other debt agreements, copies of which has been provided to Rubellite, (ii) those that do not materially interfere with the use made and proposed to be made of such properties and assets by Perpetual, (iii) those that are typically considered "permitted encumbrances" in transactions involving the purchase and sale of oil and gas assets in Alberta; (iv) those that could not reasonably be expected,

individually or in the aggregate, to have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole; and (v) those set forth in the land and well schedules or other documents disclosed in writing to Rubellite or its advisors prior to the date hereof;

- (z) except as disclosed in writing to Rubellite prior to the date hereof, neither Perpetual nor any of its Subsidiaries has received from any third party notice of material violation of or material default under any obligation, agreement, document, order, writ, injunction or decree of any Governmental Entity that relates to the business or assets of Perpetual and its Subsidiaries and remains outstanding in any material respect as at the date hereof;
- (aa) except as disclosed in writing to Rubellite prior to the date hereof, neither Perpetual nor any of its Subsidiaries has received:
  - (i) any notice, order or directive under Environmental Laws pertaining to the business or assets of Perpetual and its Subsidiaries and which requires any work, repairs, construction or capital expenditures which is outstanding as of the date hereof, where those orders or directives have not been complied with in all material respects;
  - (ii) any demand or notice issued with respect to the material breach of Environmental Laws from any third party pertaining to the business or assets of Perpetual and its Subsidiaries that relates to the environment, health or safety, including any matter respecting the release, use, storage, treatment, transportation or disposition of environmental contaminants which demand or notice remains outstanding as of the date hereof; and
  - (iii) any notice under any Alberta Energy Regulator directives to abandon any well which has not been properly abandoned in accordance with Environmental Laws (as at the applicable time when such well was abandoned);
- (bb) to Perpetual's knowledge, there are not any existing circumstances or any outstanding incidents respecting environmental matters relating to the business or assets of Perpetual and its Subsidiaries (A) which constitute a reportable event under Environmental Laws, (B) which have not been reported in accordance with Environmental Laws (as at the applicable time), and (C) which would reasonably be expected to have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole.
- (cc) except as disclosed to Rubellite, to the knowledge of Perpetual, it holds or has all licenses, permits and approvals required under Environmental Laws in connection with the ownership and operation of its properties, and all such licenses, permits and approvals are in full force and effect and in good standing, except where the failure to hold, or invalidity of, such licence, permit or approval would not have a Material Adverse Effect on Perpetual and its Subsidiaries, taken as a whole;
- (dd) all operations in respect of the business and assets of Perpetual and its Subsidiaries conducted by Perpetual or any of its Subsidiaries have been conducted in all material respects in accordance with good oilfield industry practices and all Environmental Laws in effect at the relevant time, and all licences, permits and approvals and the requirements of Governmental Entities have been materially complied with by Perpetual or its Subsidiaries in respect of such operations; and
- (ee) the Perpetual Information will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make the statements not misleading in light of the circumstances in which they were made.

### **3.4 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge (i) with respect to Rubellite, it refers to the actual knowledge of each of Rubellite's President and Chief Executive Officer and Vice President, Finance and Chief Financial Officer and (ii) with respect to Perpetual it refers

to the actual knowledge of each of Perpetual's President and Chief Executive Officer and Vice President, Finance and Chief Financial Officer, in each case after reasonable inquiry.

### **3.5 Survival of Representations and Warranties**

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished at the Effective Time.

## **ARTICLE 4 COVENANTS**

### **4.1 Mutual Covenants**

Each of the Parties covenants and agrees that, except as contemplated in this Agreement or the Arrangement, during the period from the date of this Agreement until the earlier of the Effective Date and the time that this Agreement is terminated in accordance with its terms:

- (a) it shall use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 2 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Arrangement, including using its reasonable commercial efforts to promptly: (i) obtain all necessary waivers, consents and approvals required to be obtained by it from parties to loan agreements, leases and other contracts; (ii) obtain all necessary exemptions, consents, approvals and authorizations as are required to be obtained by it under all applicable laws; (iii) effect all necessary registrations and filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of either Party before Governmental Entities; (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the Arrangement; (v) fulfill all conditions and satisfy all provisions of this Agreement and the Arrangement; and (vi) co-operate with the other Party in connection with the performance by it of their obligations hereunder;
- (b) with respect to obtaining Competition Act Approval:
  - (i) Perpetual shall, as promptly as practical, prepare and file with the Commissioner a request for an Advance Ruling Certificate under Section 102 of the Competition Act or, in the event that the Commissioner will not issue an Advance Ruling Certificate, a request for a No Action Letter and a waiver under section 113(c) of the Competition Act. Rubellite shall furnish to Perpetual such information and assistance as Perpetual may reasonably request in order to prepare and file such request for an Advance Ruling Certificate. If requested by Perpetual, Perpetual and Rubellite shall each file notifications under section 114(1) of the Competition Act in respect of the Arrangement within ten Business Days of such request;
  - (ii) Perpetual and Rubellite will co-operate with each other and use their commercially reasonable efforts to take such action as may be required, to secure the Competition Act Approval as soon as reasonably practicable;
  - (iii) without limiting the generality of Sections 1.2(a) and 1.2(b), in connection with obtaining the Competition Act Approval, Perpetual and Rubellite shall:
    - (A) cooperate and consult with one another in the preparation and submission of all applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) required in connection with obtaining the Competition Act Approval, including providing one another with advance copies thereof

and advance copies of any related filings and correspondence associated therewith, and shall consider in good faith one another's comments in relation thereto;

- (B) respond promptly to any request or notice from the Competition Bureau, the Commissioner or any other Governmental Authority to supply additional information that is relevant to the Arrangement in respect of obtaining the Competition Act Approval;
  - (C) permit the other to review in advance any proposed applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) in respect of obtaining the Competition Act Approval and provide the other with a reasonable opportunity to comment thereon where timing permits and agree to consider those comments in good faith and promptly provide the other with a copy of any such application, notice, filing, submission, undertaking, correspondence or communication submitted;
  - (D) promptly notify one another of any developments related to obtaining the Competition Act Approval, including providing one another with copies of any correspondence received and a summary of any verbal communications; and
  - (E) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with the Competition Bureau, Commissioner or any other Governmental Authority in connection with obtaining the Competition Act unless it consults with each other in advance and gives each other the opportunity to attend and participate unless the Competition Bureau, Commissioner or other Governmental Authority, as applicable, requests otherwise;
- (iv) notwithstanding Section 4.1(a), neither Party shall enter into any agreement or arrangements with the Commissioner or consent to any order issued pursuant to the Competition Act in relation to the Arrangement without the consent of the other Party;
  - (v) notwithstanding any other provision in this Agreement, to the extent that any information that is included in, or is required to be included in, any application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) is competitively sensitive information of a Party, unredacted versions of such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) containing such competitively sensitive information shall be provided to the Parties' external counsel (which includes, where required, counsel to each of the Rubellite Independent Committee and the Perpetual Independent Committee) and in accordance with the Confidentiality Agreement and any other subsequent written agreement that addresses confidentiality between the Parties, with a redacted version thereof provided to the other Parties entitled thereto; and
  - (vi) Perpetual and Rubellite shall each pay 50% of the applicable filing fee in respect of the Competition Act Approval.
- (c) except for non-substantive communications with securityholders, and subject to its obligations under Section 2.12 and Section 4.1(b), it shall furnish promptly to the other Party or its counsel (which includes, where required, counsel to each of the Rubellite Independent Committee and the Perpetual Independent Committee), a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Arrangement; (ii) any filings under applicable laws in connection with the transactions contemplated hereby; (iii) the Meetings; and (iv) any dealings with Governmental Entities in connection with the transactions contemplated hereby;

- (d) it shall promptly notify the other Party in writing of any material change (actual, anticipated, contemplated or, to the knowledge of such Party, threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any Governmental Entity or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated), or of any change in any representation or warranty provided by such Party in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect, and it shall in good faith discuss with the other Party any change in circumstances (actual, anticipated, contemplated, or to the knowledge of such Party, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other Party pursuant to this provision;
- (e) it shall advise the other Party as reasonably requested, and on a daily basis on each of the last seven business days prior to their respective shareholder meetings called to consider the Arrangement contemplated hereby, as to the aggregate tally of the proxies and votes received in respect of such meeting and all matters to be considered at such meeting;
- (f) it shall allow the other Party's representatives to attend the meeting of its shareholders to be held in respect of the Arrangement;
- (g) except as required for quorum purposes, no Party will postpone or cancel (or propose the adjournment, postponement or cancellation of) its meeting of shareholders without the other Party's prior written consent except as required by applicable laws and if any Party shall be required to postpone the its meeting of shareholders, it shall use its commercially reasonable efforts to reschedule such meeting as soon as reasonably possible;
- (h) it shall use commercially reasonable efforts to solicit from its shareholders proxies in favour of the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution, as applicable, and to take all other action that is reasonably necessary or desirable to secure the approval of the Arrangement, unless and until the board of directors of such Party has changed its recommendation to vote in favour of the Arrangement in accordance with the terms of this Agreement; and
- (i) it shall do and perform all such other acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

## 4.2 Covenants of Perpetual

### (a) *Arrangement Implementation*

Perpetual covenants to Rubellite that from the date hereof until the earlier of the Effective Date or the date of termination of this Agreement, it will:

- (i) in accordance with the terms of and the procedures contained in the Interim Order, call, give notice of, convene and hold the Perpetual Meeting as promptly as practicable, and in any event not later than October 31, 2024 (subject to any adjournments or postponements required or permitted by this Agreement), to vote upon the Perpetual Arrangement Resolution pursuant to the Arrangement and any other matters as may be properly brought before such meeting;
- (ii) subject to the board of directors of Perpetual withdrawing, modifying, qualifying or changing its recommendation in Section 2.3(a)(iii) in accordance with this Agreement, solicit proxies of Perpetual Shareholders in favour of the Perpetual Arrangement Resolution;
- (iii) permit Rubellite and its counsel to review and comment on drafts of all material to be filed by Perpetual with the Court in connection with the Arrangement and provide counsel to Rubellite on a timely basis with copies of any notice of appearance and evidence served on Perpetual or its counsel

with respect to the application for the Final Order or any appeal therefrom and of any notice (written or oral) received by Perpetual indicating any intention to oppose the granting of the Final Order or to appeal the Final Order; and

- (iv) give Rubellite prompt notice of any written notice of dissent, withdrawal of such notice, and any other instruments received by Perpetual pursuant to the Dissent Rights.

(b) *Conduct of Business by Perpetual*

Perpetual covenants and agrees that, during the period from the date of this Agreement until this Agreement is terminated by its terms, unless Rubellite shall otherwise agree in writing, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (i) the business of Perpetual shall, in all material respects, be conducted only in, and Perpetual shall not take any action except in, the usual and ordinary course of business, consistent with past practice and Perpetual's 2024 capital budget and in accordance with good oilfield practices, and Perpetual shall use commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships consistent with their current condition and past practices, and subject to this subsection 4.2(b), shall not make any change in the business, assets, liabilities, operations, capital or affairs of Perpetual;
- (ii) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, Perpetual shall not directly or indirectly do or permit to occur any of the following:
  - (A) amend or supplement any of the Perpetual articles or bylaws;
  - (B) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of Perpetual Shares or any other shares or securities of Perpetual;
  - (C) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Perpetual, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Perpetual or any equivalent or similar economic rights, other than Perpetual Shares issuable pursuant to the terms of the Perpetual Options outstanding on the date hereof or the grant of Perpetual Options to new employees in the usual and ordinary course of business and consistent with past practice;
  - (D) redeem, purchase or otherwise acquire any of its outstanding shares or other securities;
  - (E) amend or modify the terms of any of its shares or the Perpetual Options or Perpetual Restricted Rights (except as permitted under the Perpetual Option Plan or the Perpetual Restricted Rights Plan, respectively, in connection with black-out periods imposed by Perpetual) or the plans in respect thereof;
  - (F) split, combine or reclassify any of its shares;
  - (G) adopt a plan of liquidation or resolutions providing for the winding-up, liquidation, dissolution, merger, consolidation or reorganization of Perpetual; or
  - (H) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (iii) without limiting the generality of subsection 4.2(b)(i), Perpetual shall not, without prior consultation with and the express written consent of Rubellite, directly or indirectly do any of the following other

than pursuant to commitments entered into prior to the date of this Agreement as disclosed in the Perpetual Continuous Disclosure or as previously disclosed in writing to Rubellite:

- (A) sell, pledge, dispose of or encumber any of its assets or rights that are individually or in the aggregate material;
  - (B) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any property or asset, or make any investment either by the purchase of securities, contributions of capital, property transfer or purchase of any property or asset or enter into or extend any option to acquire, or exercise an option to acquire, any property or assets of any other person except in the ordinary course of business;
  - (C) other than in the usual and ordinary course of business and consistent with past practice or in accordance with Perpetual's 2024 capital budget, incur any indebtedness, issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances;
  - (D) incur or assume any liabilities or obligations except in the ordinary course of business;
  - (E) except where necessary to preserve an asset or prevent threats to human safety in an emergency and after notice thereof to Rubellite, expend or commit to expend any amounts with respect to operating or other similar expenses except in the ordinary course of business;
  - (F) pay, discharge or satisfy any claims, liabilities or obligations that are individually or in the aggregate material other than (1) fees payable to legal, financial, valuation and other advisors in respect of the Arrangement, and (2) the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of liabilities reflected or reserved against in the Perpetual Financial Statements or incurred in the ordinary course of business consistent with past practice;
  - (G) enter into or amend any contract, or waive or release any rights or obligations under a contract, other than in the ordinary course of business consistent with past practice or as contemplated by this Agreement;
  - (H) waive, release, grant or transfer any rights or modify or change in any respect any existing material licence, lease, permit, production sharing agreement, government land concession or other document, other than in the ordinary course of business consistent with past practice;
  - (I) enter into any interest rate swaps, currency swaps or any other rate fixing agreement for a financial transaction or enter into any call arrangement of any sort or any forward sale agreement for commodities, other than in the usual and ordinary course of business and consistent with past practice;
  - (J) enter into a new line of business; or
  - (K) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.
- (c) Perpetual shall use its reasonable commercial efforts to cause the current insurance (or reinsurance) policies of Perpetual not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance



and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

- (d) Perpetual shall maintain the books of account and other records, whether of a financial or accounting nature or otherwise and including, for greater certainty, the minute books, in accordance with prudent business practices;
- (e) Perpetual shall not take any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (or, if qualified by materiality, in any respect); and
- (f) Perpetual shall:
  - (i) provide Rubellite with the opportunity to review and comment on Tax Returns required to be filed by Perpetual on or after the date hereof pursuant to the Tax Act and following such review and comment by Rubellite, Perpetual shall duly and on a timely basis file all such Tax Returns pursuant to the Tax Act in a manner consistent with past practice, unless otherwise authorized in writing by Rubellite, and all such Tax Returns will be true, complete and correct;
  - (ii) fully and timely pay all taxes shown on such Tax Returns;
  - (iii) not make or rescind any express or deemed election relating to taxes, or file any amended Tax Returns, where the result of such action is inconsistent with past practice or the Tax Act;
  - (iv) not make a request for a tax ruling or enter into a closing agreement with any Governmental Entity;
  - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes; and
  - (vi) properly reserve (and reflect such reserves in its books and records and financial statements, including the Perpetual Financial Statements) for all Taxes accruing in respect of Perpetual which are not due or payable prior to the Effective Date in a manner consistent with past practice and in accordance with the provisions of the Tax Act.

#### **4.3 Access**

From and after the date hereof until the Effective Time or termination of this Agreement, each Party shall, subject to all applicable laws, provide the other Party and its representatives reasonable access, during normal business hours, to its premises, books, contracts, records, properties and Employees and shall furnish to the other Party all information concerning its business, properties, assets, finances and Employees as a Party may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Newco Amalco to be in a position to expeditiously and efficiently integrate the business and operations of Perpetual and Rubellite immediately upon but not prior to the Effective Date.

#### **4.4 Covenants of Rubellite**

##### **(a) Arrangement Implementation**

Rubellite covenants to Perpetual that from the date hereof until the earlier of the Effective Date or the date of termination of this Agreement, it will:

- (i) call, give notice of, convene and hold the Rubellite Meeting as promptly as practicable, and in any event not later than October 31, 2024 (subject to any adjournments or postponements required or

permitted by this Agreement), to vote upon the Rubellite Arrangement Resolution and any other matters as may be properly brought before such meeting;

- (ii) subject to the board of directors of Rubellite withdrawing, modifying, qualifying or changing its recommendation in Section 2.4(a)(iii) in accordance with this Agreement, solicit proxies of Rubellite Shareholders in favour of the Rubellite Arrangement Resolution;
- (iii) apply for and use all reasonable efforts to obtain the listing on the TSX, as of the Effective Date, of the Newco Amalco Common Shares to be issued pursuant to the Arrangement;
- (iv) cooperate in obtaining the Interim Order and the Final Order; and
- (v) give Perpetual prompt notice of any written notice of dissent, withdrawal of such notice, and any other instruments received by Rubellite pursuant to the Dissent Rights.

(b) *Issuance of Newco Amalco Common Shares*

Subject to the terms and conditions of this Agreement, Rubellite will cause the issuance of the Newco Amalco Common Shares, in accordance with the terms of the Plan of Arrangement.

(c) *Conduct of Business*

Rubellite covenants and agrees that, during the period from the date of this Agreement until this Agreement is terminated by its terms, unless Perpetual shall otherwise agree in writing, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (i) the business of Rubellite shall, in all material respects, be conducted only in, and Rubellite shall not take any action except in, the usual and ordinary course of business, consistent with past practice and Rubellite's 2024 capital budget and in accordance with good oilfield practices, and Rubellite shall use commercially reasonable efforts to maintain and preserve its business organization, assets and advantageous business relationships consistent with their current condition and past practices, and subject to this subsection 4.4(c), shall not make any change in the business, assets, liabilities, operations, capital or affairs of Rubellite;
- (ii) except in furtherance of the transactions contemplated in this Agreement or as expressly permitted by this Agreement, Rubellite shall not directly or indirectly do or permit to occur any of the following:
  - (A) amend or supplement any of the Rubellite articles or bylaws;
  - (B) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of Rubellite Shares or any other shares or securities of Rubellite;
  - (C) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Rubellite, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Rubellite or any equivalent or similar economic rights, other than Rubellite Shares issuable pursuant to the terms of the Rubellite Incentive Awards outstanding on the date hereof or the grant of Rubellite Incentive Awards to new employees in the usual and ordinary course of business and consistent with past practice;
  - (D) redeem, purchase or otherwise acquire any of its outstanding shares or other securities;

- (E) amend or modify the terms of any of its shares or the Rubellite Incentive Awards (except as permitted under the Rubellite Incentive Plan in connection with black-out periods imposed by Rubellite) or the plan in respect thereof;
  - (F) split, combine or reclassify any of its shares;
  - (G) adopt a plan of liquidation or resolutions providing for the winding-up, liquidation, dissolution, merger, consolidation or reorganization of Rubellite; or
  - (H) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (iii) without limiting the generality of subsection 4.4(c)(i), Rubellite shall not, without prior consultation with and the express written consent of Perpetual, directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement as disclosed in the Rubellite Continuous Disclosure or as previously disclosed in writing to Perpetual:
- (A) sell, pledge, dispose of or encumber any of its assets or rights that are individually or in the aggregate material;
  - (B) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any property or asset, or make any investment either by the purchase of securities, contributions of capital, property transfer or purchase of any property or asset or enter into or extend any option to acquire, or exercise an option to acquire, any property or assets of any other person except in the ordinary course of business;
  - (C) other than in the usual and ordinary course of business and consistent with past practice or in accordance with Rubellite's 2024 capital budget, incur any indebtedness, issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances;
  - (D) incur or assume any liabilities or obligations except in the ordinary course of business;
  - (E) except where necessary to preserve an asset or prevent threats to human safety in an emergency and after notice thereof to Perpetual, expend or commit to expend any amounts with respect to operating or other similar expenses except in the ordinary course of business;
  - (F) pay, discharge or satisfy any claims, liabilities or obligations that are individually or in the aggregate material other than (1) fees payable to legal, financial, valuation and other advisors in respect of the Arrangement, and (2) the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of liabilities reflected or reserved against in the Rubellite Financial Statements or incurred in the ordinary course of business consistent with past practice;
  - (G) enter into or amend any contract, or waive or release any rights or obligations under a contract, other than in the ordinary course of business consistent with past practice or as contemplated by this Agreement;
  - (H) waive, release, grant or transfer any rights or modify or change in any respect any existing material licence, lease, permit, production sharing agreement, government land concession or other document, other than in the ordinary course of business consistent with past practice;

- (I) enter into a new line of business; or
  - (J) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.
- (iv) Rubellite shall use its reasonable commercial efforts to cause the current insurance (or reinsurance) policies of Rubellite not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
  - (v) Rubellite shall maintain the books of account and other records, whether of a financial or accounting nature or otherwise and including, for greater certainty, the minute books, in accordance with prudent business practices;
  - (vi) Rubellite shall not take any action that would render, or that reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (or, if qualified by materiality, in any respect); and
  - (vii) Rubellite shall:
    - (A) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof pursuant to the Tax Act in a manner consistent with past practice and all such Tax Returns will be true, complete and correct;
    - (B) fully and timely pay all taxes shown on such Tax Returns;
    - (C) not make or rescind any express or deemed election relating to taxes, or file any amended Tax Returns, where the result of such action is inconsistent with past practice or the Tax Act;
    - (D) not make a request for a tax ruling or enter into a closing agreement with any Governmental Entity;
    - (E) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes; and
    - (F) properly reserve (and reflect such reserves in its books and records and financial statements, including the Rubellite Financial Statements) for all Taxes accruing in respect of Rubellite which are not due or payable prior to the Effective Date in a manner consistent with past practice and in accordance with the provisions of the Tax Act.

#### **4.5 Directors' and Officers' Insurance and Other Indemnities**

If required, each Party agrees that, for a period of six years after the Effective Date, they will cause or permit the other Party or any successor to the other Party (including any successor resulting from the winding up or liquidation or dissolution of a Party) to acquire or maintain their current directors' and officers' insurance policy or an equivalent policy on a six year "trailing" or "run-off" basis subject in either case to terms and conditions no less advantageous to the directors and officers of such Party than those contained in the policy in effect on the date hereof, for all present and former directors and officers of a Party, covering claims made prior to or within six years after the Effective Date. Each Party shall, and shall cause the other Party or any successor to the other Party to, indemnify the directors and officers of the other Party to the fullest extent to which Perpetual and Rubellite, as the case may be, are permitted to indemnify such directors and officers under their respective articles, by-laws and contracts of indemnity.

#### 4.6 Privacy Issues

- (a) For the purposes of this Section 4.6, the following definitions shall apply:
- (i) "**applicable law**" means, in relation to any person, transaction or event, all applicable provisions of laws by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.
  - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of personal Information in all applicable jurisdictions, including but not limited to the Personal Information Protection and Electronic Documents Act (Canada) and/or any comparable provincial law including the Personal Information Protection Act (Alberta).
  - (iii) "**authorized authority**" means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.
  - (iv) "**Personal Information**" means information about an identifiable individual, but does not include business contact information when collected, used or disclosed for the purposes of contacting an individual in that individual's capacity as an employee or an official of an organization and for no other purpose.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").
- (c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access such information in order to complete the Arrangement.
- (g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the persons to whom the Personal Information

relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

## **ARTICLE 5 ADDITIONAL AGREEMENTS**

### **5.1 Mutual Covenant Regarding Non-Solicitation**

- (a) Neither Party shall, directly or indirectly, do or authorize or permit any of its representatives to do, any of the following:
  - (i) solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal in respect of such Party; or
  - (ii) subject to Section 5.1(b), accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.
- (b) Notwithstanding Section 5.1(a) or any other provision hereof, each Party and its officers, directors and advisers may, prior to the approval of the Rubellite Arrangement Resolution at the Rubellite Meeting in respect of Rubellite or the Perpetual Arrangement Resolution at the Perpetual Meeting in respect of Perpetual:
  - (i) enter into or participate in any discussions or negotiations with a third party who after the date of this Agreement and without any solicitation, initiation or encouragement, directly or indirectly, by such Party or any of its representatives, seeks to initiate such discussions or negotiations and may furnish to such third party information concerning such Party and its business, properties and assets, with respect to an Acquisition Proposal, provided that prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the Party shall (1) provide prompt notice to the other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such third party, and, if not previously provided to such other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, (2) notify the other Party orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to the other Party and copies of all information provided to the third party), within 24 hours of the receipt thereof, and (3) keep the other Party informed of the status and details of any such inquiry, offer or proposal and answer the other Party's reasonable questions with respect thereto;
  - (ii) comply with National Instrument 62-104 —*Take-Over Bids and Issuer Bids* and similar provisions under applicable securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
  - (iii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (1) the board of directors of the Party subject to the Superior Proposal concludes in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for such board of directors to act in a manner consistent with its fiduciary duties under applicable laws and (2) such Party terminates this Agreement in accordance

with Section 6.2, and concurrently therewith pays the amount required by Section 7.1 to the other Party.

## **ARTICLE 6 AMENDMENT AND TERMINATION**

### **6.1 Amendment**

(a) This Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of either of the Meetings, but not later than the Effective Time, be amended by written agreement of the Parties without, subject to the Interim Order, the Final Order and applicable laws, further notice to or authorization on the part of the Rubellite Shareholders or the Perpetual Shareholders and any such amendment may, without limitation:

- (i) change the time for performance of any of the obligations or acts of the Parties;
- (ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (iii) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (iv) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be paid by Rubellite or received by Perpetual Shareholders, as applicable, without approval by the affected Rubellite Shareholders or Perpetual Shareholders, as applicable, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court. This Agreement including the Plan of Arrangement may also be amended in accordance with the Final Order but if the terms of the Final Order require any such amendment, the rights of the Parties under Sections 2.6, 2.7, 2.8 and 6.2 shall remain unaffected.

### **6.2 Termination**

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual written consent of each of the Parties hereto;
- (b) by Rubellite if any of the conditions in Section 2.6 or Section 2.7 has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Rubellite is then not in breach of this Agreement so as to cause any of the conditions set forth in Section 2.6 not to be satisfied;
- (c) by Perpetual if any of the conditions in Section 2.6 or Section 2.8 has not been satisfied or waived in accordance with those sections by the Completion Deadline or such condition is incapable of being satisfied by the Completion Deadline, and provided that Perpetual is then not in breach of this Agreement so as to cause any of the conditions set forth in Section 2.6 not to be satisfied;
- (d) by Rubellite if Perpetual's board of directors shall have made a change in, or withdrawal of, the Perpetual Recommendation;
- (e) by Perpetual if Rubellite's board of directors shall have made a change in, or withdrawal of, the Rubellite Recommendation;
- (f) by either Rubellite or Perpetual if the Perpetual Meeting shall have been held and completed and the requisite Perpetual Shareholder approval pursuant to the Interim Order shall not have been obtained;

- (g) by either Rubellite or Perpetual if the Rubellite Meeting shall have been held and completed and the requisite Rubellite Shareholder approval in respect of the Rubellite Arrangement Resolution shall have not been obtained;
- (h) by either Rubellite or Perpetual if the Arrangement shall not have been completed by the Completion Deadline, provided that a Party shall not be entitled to terminate this Agreement pursuant to this subsection 6.2(h) if the non-completion is primarily due to the acts or omissions of such Party or the breach of such Party's covenants herein; and
- (i) by either Rubellite or Perpetual in order to accept, recommend, approve or enter into an agreement to implement a Superior Proposal in accordance with subsection 5.1(b)(iii), provided that such Party (i) has complied with its obligations set forth in Section 5.1 and (ii) reimburses the other Party for its expenses in accordance with subsection 7.1(b) or 7.1(c), as applicable,

provided that any termination by a Party hereto in accordance with paragraphs (b) to (i) above shall be made by such Party delivering written notice thereof to the other Party hereto prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right and provided that such notice in respect of any termination in accordance with paragraphs (b) or (c) shall provide that the non-terminating Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five business days after receipt of such notice (except that no cure period shall be provided for a breach or other matter which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Completion Deadline). In the event of any such termination, subject to the obligations of such Party to reimburse the other Party's expenses under subsection 7.1(b) or 7.1(c), as applicable, each Party hereto shall be deemed to have released, remised and forever discharged the other Party hereto in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein. Notwithstanding the foregoing, nothing contained in this Section 6.2 shall relieve any Party from liability for any breach of any provision of this Agreement or preclude any Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

## **ARTICLE 7 GENERAL**

### **7.1 Expenses**

- (a) Subject to the expense reimbursement required by subsections 7.1(b) and 7.1(c) hereof, the Parties hereto agree that all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, the Perpetual Meeting or the Rubellite Meeting, as applicable, and the preparation and mailing of the Information Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party hereto incurring such expense and that nothing in this Agreement shall be construed so as to prevent the payment of such expenses. The provisions of this Section 7.1 shall survive the termination of this Agreement.
- (b) In the event that:
  - (i) this Agreement is terminated by Rubellite pursuant to subsection 6.2(b) hereof because one or more conditions in favour of Rubellite in subsections 2.7(a), 2.7(b) or 2.7(c) hereof were not satisfied;
  - (ii) this Agreement is terminated by Rubellite pursuant to (A) subsection 6.2(d) hereof or (B) subsection 6.2(h) hereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);
  - (iii) this Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(f) hereof where, prior to the Perpetual Meeting, an Acquisition Proposal had been made to Perpetual and made known to Perpetual Shareholders generally or had been made directly to Perpetual



Shareholders or any person shall have publicly announced an intention to make an Acquisition Proposal in respect of Perpetual, the board of directors of Perpetual fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Perpetual Meeting and such announced intention shall not have been publicly withdrawn prior to the Perpetual Meeting and, thereafter, the Perpetual Shareholders do not approve the Perpetual Arrangement Resolution at the Perpetual Meeting; or

(iv) this Agreement is terminated by Perpetual pursuant to subsection 6.2(i) hereof,

then Perpetual shall reimburse Rubellite for all reasonable out-of-pocket expenses incurred by Rubellite in connection with this Agreement and the Arrangement. Such reimbursement shall be made promptly upon receipt by Perpetual of an invoice or invoices from Rubellite for the amounts to be reimbursed.

(c) In the event that:

(i) this Agreement is terminated by Perpetual pursuant to subsection 6.2(c) hereof because one or more conditions in favour of Perpetual in Section 2.8 hereof were not satisfied;

(ii) this Agreement is terminated by Perpetual pursuant to (A) subsection 6.2(e) or (B) subsection 6.2(h) hereof (other than due to the failure to obtain the requisite shareholder approvals required for the Perpetual Arrangement Resolution or the Rubellite Arrangement Resolution);

(iii) this Agreement is terminated by either Rubellite or Perpetual pursuant to subsection 6.2(g) hereof where, prior to the Rubellite Meeting, an Acquisition Proposal had been made to Rubellite and made known to Rubellite Shareholders generally or had been made directly to Rubellite Shareholders or any person shall have publicly announced an intention to make an Acquisition Proposal in respect of Rubellite, the board of directors of Rubellite fails to recommend unequivocally against acceptance of such Acquisition Proposal as soon as practicable and in any event prior to the Rubellite Meeting and such announced intention shall not have been publicly withdrawn prior to the Rubellite Meeting and, thereafter, the Rubellite Shareholders do not approve the Rubellite Arrangement Resolution at the Rubellite Meeting; or

(iv) this Agreement is terminated by Rubellite pursuant to subsection 6.2(i) hereof,

then Rubellite shall reimburse Perpetual for all reasonable out-of-pocket expenses incurred by Perpetual in connection with this Agreement and the Arrangement. Such reimbursement shall be made promptly upon receipt by Rubellite of an invoice or invoices from Perpetual for the amounts to be reimbursed.

## **7.2 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors.

## **7.3 Assignment**

No Party may assign its rights or obligations under this Agreement.

## **7.4 Waiver**

No waiver or release by any Party shall be effective unless in writing signed by the Party granting the same.

## **7.5 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract.

## 7.6 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party hereto shall be in writing and shall be delivered by hand or by electronic mail to the Party hereto to which the notice is to be given to the following addresses or to such other addresses as shall be specified by a Party hereto by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was hand delivered to the address provided herein (if a business day or, if not, then the next succeeding business day) and if sent by electronic mail be deemed to have been given and received at the time of receipt (if a business day or, if not, then the next succeeding business day) unless actually received after 5:00 p.m. (Calgary time) at the point of delivery in which case it shall be deemed to have been given and received on the next business day.

The addresses for service of each of the parties hereto shall be as follows:

(a) if to Rubellite:

Rubellite Energy Inc.  
Suite 3200, 605 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Attention: President and Chief Executive Officer  
E-mail: info@rubelliteenergy.com

(b) if to Perpetual:

Perpetual Energy Inc.  
Suite 3200, 605 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Attention: President and Chief Executive Officer  
E-mail: info@perpetualenergyinc.com

## 7.7 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by electronic mail or facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any Party delivering an executed counterpart of the signature page to this Agreement by electronic mail or facsimile to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

## 7.8 Time of the Essence

Time shall be of the essence in this Agreement.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**RUBELLITE ENERGY INC.**

Per: (signed) "Tamara L. MacDonald"  
Tamara L. MacDonald, Chair of the Rubellite  
Independent Committee

**PERPETUAL ENERGY INC.**

Per: (signed) "Geoffrey C. Merritt"  
Geoffrey C. Merritt, Chair of the Perpetual  
Independent Committee

## SCHEDULE I

### PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

#### ARTICLE 1 INTERPRETATION

##### 1.1 Definitions

In this Plan of Arrangement, the following terms have the following meanings:

"**112Co**" or "**PEI Newco**" means 1121838 Alberta Ltd., a corporation incorporated under the ABCA;

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA on the terms and conditions set forth in this Plan of Arrangement;

"**Arrangement Agreement**" means the agreement dated September 16, 2024, between Rubellite and Perpetual with respect to the Arrangement and all amendments thereto;

"**Articles of Arrangement**" means the articles of arrangement to be prepared by Perpetual and Rubellite in respect of the Arrangement required under subsection 193(4.1) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the ABCA giving effect to the Arrangement;

"**Court**" means the Court of King's Bench of Alberta;

"**Deemed Exchange Ratio**" means one (1) Newco Amalco Common Share for every five (5) Perpetual Shares and one (1) Newco Amalco Common Share for every one (1) Rubellite Share;

"**Depository**" means Odyssey Trust Company;

"**Dissent Perpetual Shares**" means the Perpetual Shares in respect of which rights of dissent are exercised as provided in section 3.1 and in respect of which the holders thereof are ultimately entitled to be paid fair value;

"**Dissent Rights**" means the rights of dissent described in Article 3 of this Plan of Arrangement;

"**Dissent Rubellite Shares**" means the Rubellite Shares in respect of which rights of dissent are exercised as provided in section 3.1 and in respect of which the holders thereof are ultimately entitled to be paid fair value;

"**Dissenting Perpetual Shareholder**" means any registered Perpetual Shareholder who has duly and validly exercised its Dissent Rights in respect of the holder's Perpetual Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Dissenting Rubellite Shareholder**" means any registered Rubellite Shareholder who has duly and validly exercised its Dissent Rights in respect of the holder's Rubellite Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

"**Effective Date**" means the date the Arrangement is effective under the ABCA;

"**Effective Time**" means the time at which the articles of arrangement to give effect to the Arrangement are filed with the Registrar on the Effective Date;

"**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party interest or encumbrance of any kind whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Final Order**" means the final order of the Court approving the Arrangement under subsection 193(9) of the ABCA to be applied for following the Perpetual Meeting and the Rubellite Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Interim Order**" means the interim order of the Court under subsection 193(4) of the ABCA relating to the Arrangement;

"**Letter of Transmittal**" means, together, the letter of transmittal sent by Perpetual to the Perpetual Shareholders to be used by the Perpetual Shareholders to surrender the certificates representing their Perpetual Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement and the letter of transmittal sent by Rubellite to the Rubellite Shareholders to be used by the Rubellite Shareholders to surrender the certificates representing their Rubellite Shares to receive certificates for the Newco Amalco Common Shares issued to them pursuant to the Arrangement;

"**Newco Amalco**" means the corporation resulting from the amalgamation of RBY Newco and PEI Newco pursuant to the Plan of Arrangement;

"**Newco Amalco Common Shares**" means the common shares of Newco Amalco;

"**Note Conversion Price**" means \$2.25 per Newco Amalco Common Share;

"**PEI Newco Common Shares**" means the common shares of PEI Newco;

"**PEI Newco Non-Voting Common Shares**" means the non-voting common shares of PEI Newco;

"**PEP**" means Perpetual Energy Partnership, a partnership formed under the laws of Alberta;

"**Perpetual**" or "**PEI**" means Perpetual Energy Inc., a corporation incorporated under the ABCA;

"**Perpetual Deferred Option Agreements**" means the agreements entered into between Perpetual and certain of its employees whereby such employees are entitled to receive Perpetual Shares;

"**Perpetual Deferred Share Agreements**" means the agreements entered into between Perpetual and certain of its directors and employees, from time to time, whereby such individuals are entitled to receive Perpetual Restricted Rights;

"**Perpetual Group**" means PEI, POC, 112Co, POT, PEP, NEAP Partnership and Paramount Energy Partnership;

"**Perpetual Incentive Awards**" means all outstanding grants, awards or other entitlements under the (i) Perpetual Option Plan, (ii) Perpetual Restricted Rights Plan, (iii) Perpetual Performance Plans, (iv) Perpetual Deferred Option Agreements, and (v) Perpetual Deferred Share Agreements;

"**Perpetual Option Plan**" means the share option plan of Perpetual in place as of the date hereof;

"**Perpetual Optionholders**" means the holders of Perpetual Options;

"**Perpetual Options**" means the outstanding options to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Option Plan;

**"Perpetual Performance Award Holders"** means the holders of Perpetual Performance Awards;

**"Perpetual Performance Awards"** means the outstanding performance incentive awards and performance share rights to acquire Perpetual Restricted Rights pursuant to the Perpetual Performance Plans;

**"Perpetual Performance Plans"** means, together, the performance-based long-term incentive award plan and the performance share plan to acquire Perpetual Restricted Rights pursuant to such plans;

**"Perpetual Restricted Rights"** means the outstanding restricted rights to acquire Perpetual Shares issued by Perpetual pursuant to the Perpetual Restricted Rights Plan;

**"Perpetual Restricted Rights Holders"** means the holders of Perpetual Restricted Rights;

**"Perpetual Restricted Rights Plan"** means the restricted rights plan of Perpetual in place as of the date hereof;

**"Perpetual Rubellite Share Purchase Warrants"** means the 4,000,000 share purchase warrants held by Perpetual which are exercisable into Rubellite Shares at an exercise price of \$3.00 per Rubellite Share at any time prior to their expiry;

**"Perpetual Senior Notes"** means the \$26,180,798 aggregate principal amount of Perpetual's 8.75% senior secured third-lien notes due January 23, 2025;

**"Perpetual Shareholders"** means the holders of Perpetual Shares;

**"Perpetual Shares"** means the common shares of Perpetual;

**"POC"** means Perpetual Operating Corp. a corporation incorporated under the ABCA;

**"POT"** means Perpetual Operating Trust, a trust formed under the laws of Alberta;

**"PUC"** means "paid-up capital", as that term defined in subsection 89(1) of the Tax Act;

**"RBY Newco"** means Ukalta LP Inc., a corporation incorporated under the ABCA;

**"RBY Newco Common Shares"** means the common shares of RBY Newco;

**"Registrar"** means the Registrar appointed under section 263 of the ABCA;

**"Rubellite"** or **"RBY"** means Rubellite Energy Inc., a corporation incorporated under the ABCA;

**"Rubellite Group"** means RBY, RBY Newco, Ukalta GP Inc. and Ukalta Limited Partnership;

**"Rubellite Incentive Awards"** means all outstanding grants, awards or other entitlements under the Rubellite Incentive Plan;

**"Rubellite Incentive Plan"** means the omnibus share incentive plan of Rubellite in place as of the date hereof;

**"Rubellite Share Percentage Formula"** means the percentage of Rubellite Shares that is equal to the following: [50% of {(the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5) *plus* (the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time)} *less* the number of Perpetual Shares, excluding the Dissent Perpetual Shares, outstanding immediately prior to the Effective Time] *divided by* [the number of Rubellite Shares, excluding the Dissent Rubellite Shares, outstanding immediately prior to the Effective Time *multiplied* by 5];

**"Rubellite Shares"** means the common shares of Rubellite;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder; and

"**TSX**" means the Toronto Stock Exchange.

## **1.2 Sections and Headings**

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.

## **1.3 Number, Gender and Persons**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

## **1.4 Currency**

All references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

## **1.5 Arrangement Agreement**

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

## **1.6 Binding Effect**

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (i) all registered and beneficial holders of Perpetual Shares (including the Dissenting Perpetual Shareholders); (ii) all registered and beneficial holders of Rubellite Shares (including Dissenting Rubellite Shareholders); (iii) all registered and beneficial holders of Perpetual Incentive Awards; (iv) all registered and beneficial holders of Rubellite Incentive Awards; (v) the Perpetual Group; (vi) the Rubellite Group; (vii) the Depositary; and (viii) all other Persons.

## **1.7 Articles of Arrangement**

The Articles of Arrangement and the Certificate shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 2 has become effective in the sequence set out therein. If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(4.1) of the ABCA.

# **ARTICLE 2 THE ARRANGEMENT**

## **2.1 Arrangement**

Commencing, at the Effective Time, each of the events set out below shall occur and shall be deemed to occur sequentially in the following order, without any further act or formality except as otherwise provided herein (provided that none of the following shall occur unless all of the following occur):

### **Dissenting Perpetual Shareholders**

- (a) the Dissent Perpetual Shares held by Dissenting Perpetual Shareholders shall be transferred to Perpetual (free of any Encumbrances) and such Dissenting Perpetual Shareholders shall cease to have rights as Perpetual Shareholders, other than the right to be paid by Perpetual (or an entity directed by Perpetual to pay in lieu of Perpetual paying) the fair value of their Perpetual Shares in accordance with the Dissent Rights.

**Dissenting Rubellite Shareholders**

- (b) the Dissent Rubellite Shares held by Dissenting Rubellite Shareholders shall be transferred to Rubellite (free of any Encumbrances) and such Dissenting Rubellite Shareholders shall cease to have rights as Rubellite Shareholders, other than the right to be paid by Rubellite (or an entity directed by Rubellite to pay in lieu of Rubellite paying) the fair value of their Rubellite Shares in accordance with the Dissent Rights.

**Transfer of Perpetual Shares to PEI Newco**

- (c) all of the issued and outstanding Perpetual Shares (other than the Dissent Perpetual Shares) shall be transferred to PEI Newco (free of any Encumbrances) and PEI Newco shall issue to each Perpetual Shareholder whose Perpetual Shares have been so transferred to PEI Newco one PEI Newco Common Share for every one Perpetual Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Common Shares.

**Transfer of a Fraction of each Rubellite Share to PEI Newco**

- (d) the fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares) calculated based on the Rubellite Share Percentage Formula shall be transferred to PEI Newco (the "**Rubellite Share Transfer Percentage**") (free of any Encumbrances) and PEI Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred that number of PEI Newco Non-Voting Common Shares that is equal to the Rubellite Share Transfer Percentage multiplied by 5 for each fraction of a Rubellite Share so transferred and the maximum amount that may be added to the PUC of the PEI Newco Non-Voting Common Shares under the Tax Act will be added to the stated capital account maintained by PEI Newco in respect of the PEI Newco Non-Voting Common Shares.

**Transfer of the Remaining Fraction of each Rubellite Share to RBY Newco**

- (e) the remaining fraction of each of the issued and outstanding Rubellite Shares (other than the Dissent Rubellite Shares and for greater certainty the fractions held by PEI Newco) shall be transferred to RBY Newco (free of any Encumbrances) and for every fractional Rubellite Share so transferred RBY Newco shall issue to each Rubellite Shareholder whose Rubellite Shares have been so transferred one fractional RBY Newco Common Share in an equal fraction to the fractional Rubellite Share so transferred and the maximum amount that may be added to the PUC of the RBY Newco Common Shares under the Tax Act will be added to the stated capital account maintained by RBY Newco in respect of the RBY Newco Common Shares.

**Amalgamation of RBY Newco and PEI Newco**

- (f) RBY Newco and PEI Newco shall be amalgamated and continued as one corporation under the ABCA to form Newco Amalco in accordance with the following:
  - (i) *Name.* The name of Newco Amalco shall be "Rubellite Energy Corp." or such other name as the board of directors of RBY Newco and PEI Newco may approve;
  - (ii) *Registered Office.* The registered office of Newco Amalco shall be the same as the registered office of both RBY and PEI;
  - (iii) *Share Provisions.* Newco Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;



- (iv) *Other Provisions.* The other provisions forming part of the articles of Newco Amalco shall be those of RBY, *mutatis mutandis*;
- (v) *Directors and Officers.*
  - (A) Minimum and Maximum. The directors of Newco Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of three directors and a maximum number of fifteen directors;
  - (B) Initial Directors. The initial directors of Newco Amalco shall be the same as the directors of RBY and PEI; and
  - (C) Initial Officers. The initial officers of Newco Amalco shall be the same as the officers of RBY and PEI;
- (vi) *Business and Powers.* There shall be no restrictions on the business Newco Amalco may carry on or on the powers it may exercise;
- (vii) *Stated Capital.* The aggregate stated capital of Newco Amalco will be an amount equal to the aggregate of the PUC for the purposes of the Tax Act of the RBY Newco Common Shares, the PEI Newco Common Shares and the PEI Newco Non-Voting Common Shares immediately before the amalgamation;
- (viii) *By-laws.* The by-laws of Newco Amalco shall be the by-laws of RBY, *mutatis mutandis*;
- (ix) *Effect of Amalgamation.* The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:
  - (A) all of the property of each of RBY Newco and PEI Newco shall continue to be the property of Newco Amalco;
  - (B) Newco Amalco shall continue to be liable for all of the obligations of each of RBY Newco and PEI Newco;
  - (C) any existing cause of action, claim or liability to prosecution of RBY Newco or PEI Newco shall be unaffected;
  - (D) any civil, criminal or administrative action or proceeding pending by or against RBY Newco or PEI Newco may be continued to be prosecuted by or against Newco Amalco; and
  - (E) a conviction against, or ruling, order or judgment in favour of or against, RBY Newco or PEI Newco may be enforced by or against Newco Amalco;
- (x) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Newco Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the ABCA which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Newco Amalco;
- (xi) *Inconsistency with Laws.* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xii) *Exchange and Cancellation of Securities.* On the amalgamation:

- (A) each issued and outstanding PEI Newco Common Share and PEI Newco Non-Voting Common Share (including, for greater certainty, a fraction of a PEI Newco Non-Voting Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held such PEI Newco Common Share or PEI Newco Non-Voting Common Share one (1) Newco Amalco Common Share for each one (1) PEI Newco Common Share or PEI Newco Non-Voting Common Share held (or, for greater certainty, an equal fraction of a Newco Amalco Common Shares for every fractional PEI Newco Non-Voting Common Share);
- (B) each issued and outstanding RBY Newco Common Share (including, for greater certainty, a fraction of a RBY Newco Common Share) shall be cancelled and in consideration therefor Newco Amalco shall issue to the holders thereof who held RBY Newco Common Shares five (5) Newco Amalco Common Share for each one (1) RBY Newco Common Share held (or, for greater certainty, such number of Newco Amalco Common Shares as is equal to five (5) times the fraction of the fraction of a RBY Newco Common Share); and
- (C) immediately following the issuance of the Newco Amalco Common Shares in (A) and (B) above, the issued and outstanding Newco Amalco Common Shares shall be consolidated on the basis of one (1) post-consolidated Newco Amalco Common Share for every five (5) pre-consolidated New Amalco Common Shares.

#### **Conversion of Perpetual Senior Notes**

- (g) in accordance with the terms of the Perpetual Senior Notes, as amended, Perpetual shall force the conversion of all of the principal amount of the outstanding Perpetual Senior Notes including the amount of any PIK Interest (as such term is defined in the terms of the Perpetual Senior Notes) but excluding any accrued and unpaid interest up to the Effective Date which will be paid to the holders of the Perpetual Senior Notes by Perpetual in cash at the Effective Time at the Note Conversion Price into an aggregate of 11,635,910 Newco Amalco Common Shares.

#### **Repurchase of PEI and RBY's Newco Amalco Shares**

- (h) all of the issued and outstanding Newco Amalco Common Shares held by PEI and RBY will be repurchased for fair market value consideration.

#### **Treatment of Perpetual Incentive Awards**

- (i) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Perpetual Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Perpetual Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Perpetual Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Perpetual Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to (i) Perpetual Optionholders upon exercise of Perpetual Options, (ii) Perpetual Restricted Rights Holders upon exercise of Perpetual Restricted Rights, (iii) Perpetual Performance Award Holders upon exercise of Perpetual Performance Awards, (iv) holders of Deferred Shares (as defined in the Perpetual Deferred Share Agreements) upon exercise of Deferred Shares, and (v) holders of Deferred Options (as defined in the Perpetual Deferred Option Agreements) upon exercise of Deferred Options following the Effective Time.

### **Treatment of Rubellite Incentive Awards**

- (j) concurrent with the amalgamation of RBY Newco and PEI Newco, in accordance with the terms of the Rubellite Incentive Awards, the applicable grant agreement in relation thereto and the Arrangement Agreement, each Rubellite Incentive Award outstanding immediately prior to the Effective Time (whether vested or unvested) shall, without any further action or formality on behalf of the holder thereof, Perpetual, Rubellite or Newco Amalco entitle the holders thereof to, as applicable, purchase, acquire, or receive a payment based upon the value of, Newco Amalco Common Shares rather than Rubellite Shares at an adjusted number and exercise price, as applicable, based on the Deemed Exchange Ratio all in accordance with the terms of the Rubellite Incentive Awards and subsection 7(1.4) of the Tax Act in order to facilitate or cause the delivery of Newco Amalco Common Shares to any holder of Rubellite Incentive Awards upon the exercise of such Rubellite Incentive Awards following the Effective Time.

### **Reduction of Stated Capital of Newco Amalco Common Shares**

- (k) Newco Amalco shall reduce the stated capital account maintained for the Newco Amalco Common Shares to \$0.01 and Newco Amalco's contributed surplus account shall be credited by the amount that is equal to this reduction of stated capital, with no amount to be distributed to the shareholders of Newco Amalco.

## **2.2 Fractional Shares**

Where the aggregate number of Newco Amalco Common Shares to be issued to a former Perpetual Shareholder or a former Rubellite Shareholder would result in a fraction of a Newco Amalco Common Share being issued, effective 5 minutes after the completion of the Plan of Arrangement, the entitlement of such former Perpetual Shareholder or former Rubellite Shareholder to such fractional share shall be rounded up or down to the nearest whole number. For greater certainty where such fractional interest is greater than or equal to 0.5, the shareholder will be issued one Newco Amalco Common Share for that fractional interest and where such fractional interest is less than 0.5, the shareholder will not be issued any Newco Amalco Common Shares for that fractional interest.

## **2.3 Tax Election**

A former Perpetual Shareholder who exchanges Perpetual Shares for PEI Newco Common Shares and a former Rubellite Shareholder who exchanges Rubellite Shares for PEI Newco Non-Voting Common Shares and RBY Newco Common Shares pursuant to this Plan of Arrangement shall be entitled to make an income tax election with PEI Newco or RBY Newco, as applicable, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) by providing two signed copies of the necessary election forms to Newco Amalco, as successor of PEI Newco or RBY Newco, within 90 days following the Effective Date, duly completed with the details of the number of Perpetual Shares or Rubellite Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial income tax law), the forms will be signed by Newco Amalco, as successor of PEI Newco and RBY Newco, and returned to such former Perpetual Shareholders and Rubellite Shareholders within 90 days after the receipt thereof by PEI Newco or RBY Newco for filing with the Canada Revenue Agency (or the applicable provincial taxing authority). Newco Amalco, as successor to PEI Newco or RBY Newco, will not be responsible for the proper completion of any election form and, except for the obligation of Newco Amalco, as successor to PEI Newco or RBY Newco, to so sign and return duly completed election forms which are received by Newco Amalco, as successor to PEI Newco or RBY Newco, within 90 days of the Effective Date, none of Newco Amalco, PEI Newco or RBY Newco will be responsible for any taxes, interest or penalties resulting from the failure by a Perpetual Shareholder or a Rubellite Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, Newco Amalco, as successor to PEI Newco or RBY Newco, may choose to sign and return an election form received by it more than 90 days following the Effective Date but has no obligation to do so.

## **2.4 Registration**

As soon as practicable after the Effective Time, the names of Perpetual Shareholders who held Perpetual Shares and the names of Rubellite Shareholders who held Rubellite Shares at the Effective Time shall be removed from the register of Perpetual Shares and Rubellite Shares maintained by or on behalf of Perpetual and Rubellite, respectively, and Newco Amalco's name shall be recorded as the sole holder of the outstanding Perpetual Shares and Rubellite Shares.

## **ARTICLE 3 DISSENT RIGHTS**

### **3.1 Dissent Rights**

Each registered Perpetual Shareholder and Rubellite Shareholder may exercise rights of dissent with respect to the Perpetual Shares and Rubellite Shares held by such registered Perpetual Shareholders and Rubellite Shareholders in connection with the Arrangement pursuant to the procedure set forth in Section 191 of the ABCA, as modified by the Interim Order, provided that registered Perpetual Shareholders and Rubellite Shareholders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Perpetual Shares or Rubellite Shares, as applicable, shall be deemed not to have participated in the transactions in subsection 2.1(a) and (b) and shall be paid an amount equal to such fair value by Perpetual or by Rubellite and will not be entitled to any other payment or consideration, and such Perpetual Shareholders and Rubellite Shareholders shall be deemed to have transferred their respective Perpetual Shares and Rubellite Shares to PEI Newco or RBY Newco, as applicable, at the Effective Time; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Perpetual Shares or Rubellite Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Perpetual Shares or Rubellite Shares and shall be entitled to receive only the consideration contemplated in Article 2 hereof that such Perpetual Shareholders and Rubellite Shareholders would have received pursuant to the Arrangement if such Perpetual Shareholders and Rubellite Shareholders had not exercised Dissent Rights, and further provided that in no case shall Perpetual, Rubellite, PEI Newco or RBY Newco be required to recognize Perpetual Shareholders or Rubellite Shareholders who exercise Dissent Rights as Perpetual Shareholders or Rubellite Shareholders after the Effective Time and the names of such Perpetual Shareholders and Rubellite Shareholders shall be removed from Perpetual and Rubellite's register of shareholders as at the Effective Date.

## **ARTICLE 4 SHARE CERTIFICATES AND PAYMENT**

### **4.1 Rights of Holders**

After the Effective Time, each certificate that immediately prior to the Effective Time represented one or more Perpetual Shares or one or more Rubellite Shares shall be deemed at all times to represent only the right to receive certificates representing the Newco Amalco Common Shares which the former holder of such Perpetual Shares and Rubellite Shares are entitled to receive pursuant to Article 2 subject to compliance with the requirement set forth in this Article 4.

### **4.2 Transmittal**

The Depository shall deliver the consideration in respect of those Perpetual Shares and Rubellite Shares held on a book-entry basis in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. In respect of those Perpetual Shares and Rubellite Shares not held on a book-entry basis, upon surrender to the Depository, as specified in the Letter of Transmittal, for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Perpetual Shares or Rubellite Shares that were transferred in

accordance with Article 2 hereof, together with a completed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive a certificate representing the Newco Amalco Common Shares which such holder is entitled to receive pursuant to section 2.1. The Depositary shall register the Newco Amalco Common Shares in such name, and shall deliver by first class mail, postage prepaid, or in the case of postal disruption by such other means as the Depositary deems prudent, such share certificates, to such address as such holder may direct in the Letter of Transmittal, as soon as practicable after the receipt by the Depositary of such documents.

#### **4.3 Lost Certificates**

In the event any certificate that immediately prior to the Effective Time represented one or more outstanding Perpetual Shares or Rubellite Shares that were transferred in accordance with Article 2 hereof shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver a certificate representing the Newco Amalco Common Shares that such holder is entitled to receive in accordance with Article 2 hereof. When authorizing such delivery, the holder to whom a certificate representing such Newco Amalco Common Shares is to be delivered shall, as a condition precedent to such delivery, give a bond satisfactory to Newco Amalco and the Depositary in such amount as Newco Amalco and the Depositary may direct, or otherwise indemnify Newco Amalco and the Depositary in a manner satisfactory to Newco Amalco and the Depositary, against any claim that may be made against Newco Amalco or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

#### **4.4 Distributions with Respect to Unsurrendered Certificates**

No dividend or other distribution declared or made after the Effective Time with respect to Newco Amalco Common Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Perpetual Shares or Rubellite Shares unless and until the holder of such certificate shall have complied with the provisions of section 4.2 or section 4.3 hereof. Subject to applicable law, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the Newco Amalco Common Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Newco Amalco Common Shares.

#### **4.5 Termination of Rights**

Any certificate formerly representing Perpetual Shares or Rubellite Shares that are not deposited with all other documents as required by this Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or a claim of any kind or nature as a shareholder of Newco Amalco. On such date, the Rubellite Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to Newco Amalco, together with all entitlements to dividends or distributions thereon held for such former registered holder, for no consideration, and such shares and rights shall thereupon be cancelled and the name of the former registered holder shall be removed from the register of holders of such share.

### **ARTICLE 5 AMENDMENTS**

**5.1** Perpetual and Rubellite may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by both parties, (iii) filed with the Court and, if made following the Perpetual Meeting and Rubellite Meeting, approved by the Court, and (iv) communicated to Perpetual Shareholders and Rubellite Shareholders, if and as required by the Court.

**5.2** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Perpetual or Rubellite at any time prior to or at the Perpetual Meeting or Rubellite Meeting (provided

that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Perpetual Meeting or Rubellite Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

- 5.3** Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Perpetual Meeting or the Rubellite Meeting shall be effective only if (a) it is consented to by each of Rubellite and Perpetual, and (b) if required by the Court or applicable law, it is approved by the Perpetual Shareholders and Rubellite Shareholders.
- 5.4** Any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order without filing such amendment, modification or supplement with the Court or seeking Court approval; provided that it concerns a matter which, in the reasonable opinion of Rubellite and Perpetual, is of an administrative nature required to give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any Perpetual Shareholder, Rubellite Shareholder or any holder of Perpetual Incentive Awards.
- 5.5** Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Newco Amalco, provided that it concerns a matter which, in the reasonable opinion of each of Rubellite and Perpetual, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial interests of any former holder of Perpetual Shares, Rubellite Shares or Perpetual Incentive Awards.

## **ARTICLE 6 PARAMOUNTCY**

- 6.1** From and after the Effective Time:
- (a) this Plan of Arrangement shall take precedence and priority over any and all Perpetual Shares, Rubellite Shares, Perpetual Incentive Awards and Rubellite Incentive Awards issued or outstanding prior to the Effective Time;
  - (b) the rights and obligations of the Perpetual Shareholders, Rubellite Shareholders, the holders of Perpetual Incentive Awards and Rubellite Incentive Awards, Perpetual, Rubellite, the Depositary and any registrar or transfer agent or other depository therefor in relation thereto shall be solely as provided for in this Plan of Arrangement; and
  - (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Perpetual Shares, Rubellite Shares, Perpetual Incentive Awards or Rubellite Incentive Awards shall be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

## **ARTICLE 7 FURTHER ASSURANCES**

- 7.1** Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Rubellite and Perpetual shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.
- 7.2** Subject to the terms of the Arrangement Agreement, Rubellite and Perpetual may agree not to implement this Plan of Arrangement, notwithstanding the approval of the Perpetual Arrangement

Resolution by the Perpetual Shareholders at the Perpetual Meeting, the approval of the Rubellite Arrangement Resolution by the Rubellite Shareholders at the Rubellite Meeting and the receipt of the Final Order.

**APPENDIX D**  
**INTERIM ORDER**



Clerk's stamp  
"Filed September 20, 2024"

COURT FILE NUMBER 2403 - 18252

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

MATTER IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, RSA 2000, c B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING *INTER ALIA* PERPETUAL ENERGY INC. AND THE SHAREHOLDERS OF PERPETUAL ENERGY INC. AND RUBELLITE ENERGY INC. AND THE SHAREHOLDERS OF RUBELLITE ENERGY INC.

APPLICANT **PERPETUAL ENERGY INC. AND RUBELLITE ENERGY INC.**

RESPONDENT NOT APPLICABLE

DOCUMENT **INTERIM ORDER**

Address for Service and  
Contact Information of  
Party Filing this  
Document **Burnet, Duckworth & Palmer LLP**  
Suite 2400, 525-8<sup>th</sup> Avenue SW  
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Lawyer: Paul G. Chiswell  
Phone: (403) 260-0201  
Fax: (403) 260-0332  
Email: pchiswell@bdplaw.com  
File No. 59140-43

**DATE ON WHICH ORDER WAS PRONOUNCED:** September 20, 2024

**NAME OF JUDGE WHO MADE THIS ORDER:** The Honourable Justice J.T. Neilson

**LOCATION OF HEARING:** Edmonton Courts Centre

**UPON** the Originating Application (the **Originating Application**) of Perpetual Energy Inc. (**Perpetual**) and Rubellite Energy Inc. (**Rubellite**) (together, the **Applicants**);

**AND UPON** reading the Originating Application, the affidavit of Ryan Shay, Vice President Finance and Chief Financial Officer of Perpetual, sworn September 19, 2024 (the **Affidavit**) and the documents referred to in the Affidavit;

**AND UPON** being advised that notice of the Originating Application has been given to the Registrar (the **Registrar**) appointed under section 263 of the Alberta *Business Corporations Act*, RSA 2000, c B-9, as amended (the **ABCA**) and that the Registrar does not consider it necessary to appear;

**AND UPON HEARING** counsel for the Applicants;

**FOR THE PURPOSES OF THIS ORDER:**

- (a) the capitalized terms not defined in this Order (the **Order**) shall have the meanings attributed to them in the draft joint information circular of the Applicants which is attached as Exhibit A to the Affidavit (the **Circular**); and
- (b) all references to "**Arrangement**" used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule I to the arrangement agreement (the **Arrangement Agreement**), which Arrangement Agreement is attached as Appendix C of the Circular.

**IT IS HEREBY ORDERED THAT:**

**General**

1. The Applicants may proceed with the Arrangement, as described in the Affidavit.
2. The Applicants shall seek approval of the Arrangement as described in the Circular by the holders (the **Perpetual Shareholders**) of common shares of Perpetual (the **Perpetual Shares**) and by the holders (the **Rubellite Shareholders**) of the common shares of Rubellite (the **Rubellite Shares**) in the manner set forth below.

**The Perpetual Meeting**

3. Perpetual shall call and conduct a meeting of the Perpetual Shareholders (the **Perpetual Meeting**) on or about October 29, 2024. At the Perpetual Meeting, the Perpetual

Shareholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix B to the Circular (the **Perpetual Resolution**) and such other business as may properly be brought before the Perpetual Meeting or any adjournment or postponement thereof, all as more particularly described in the Circular.

4. A quorum at the Perpetual Meeting shall be at least two or more persons present holding or representing by proxy not less than 25% of the Perpetual Shares then outstanding. If within 30 minutes from the time appointed for the Perpetual Meeting a quorum is not present, the Perpetual Meeting shall be adjourned to such Business Day that is not less than seven days following the day appointed for the Perpetual Meeting, and to such time and place as may be appointed by the Chair of the Perpetual Meeting. No notice of the adjourned Perpetual Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Perpetual Shareholders present in person or by proxy shall be a quorum for all purposes.
5. Each Perpetual Share entitled to be voted at the Perpetual Meeting will entitle the holder to one vote at the Perpetual Meeting in respect of the Perpetual Resolution and any other matters to be considered at the Perpetual Meeting.
6. The record date for Perpetual Shareholders entitled to receive notice of and vote at the Meeting shall be September 25, 2024 (the **Perpetual Record Date**). Only Perpetual Shareholders whose names have been entered in the register of Perpetual Shareholders at the close of business on the Perpetual Record Date will be entitled to receive notice of and to vote at the Perpetual Meeting. To the extent a Perpetual Shareholder transfers the ownership of any of its Perpetual Shares after the Perpetual Record Date and the transferee of those Perpetual Shares establishes that it owns such Perpetual Shares and requests, at least ten days before the Perpetual Meeting, to be included in the list of Perpetual Shareholders eligible to vote at the Perpetual Meeting, such transferee will be entitled to vote those Perpetual Shares at the Perpetual Meeting.
7. The Perpetual Meeting shall be called, held and conducted at the Calgary Petroleum Club 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5, in accordance with the applicable

provisions of the *ABCA*, the articles and by-laws of Perpetual in effect at the relevant time, the Circular, the rulings and directions of the Chair of the Perpetual Meeting, this Order and any further order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the *ABCA* or the articles or by-laws of Perpetual, the terms of this Order shall govern.

8. Perpetual is authorized and directed to send the Circular to the Perpetual Shareholders.

### **Conduct of the Perpetual Meeting**

9. The Chair of the Perpetual Meeting shall be any officer or director of Perpetual.
10. The only persons entitled to attend the Perpetual Meeting shall be Perpetual Shareholders or their authorized proxy holders, Perpetual's directors and officers and its auditors, Perpetual's legal counsel, representatives and legal counsel of other parties to the Arrangement, and such other persons who may be permitted to attend by the Chair of the Perpetual Meeting.
11. The number of votes required to pass the Perpetual Resolution shall be not less than 66 $\frac{2}{3}$ % of the aggregate votes cast by Perpetual Shareholders, either in person or by proxy, at the Perpetual Meeting, and not less than a majority of the votes cast by the Perpetual Shareholders present in person or by proxy at the Perpetual Meeting after excluding the votes attached to the Perpetual Shares that, to the knowledge of Perpetual and its directors and senior officers, after reasonable inquiry, are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
12. To be valid, a proxy must be deposited with Odyssey Trust Company in the manner described in the Circular.
13. The accidental omission to give notice of the Perpetual Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Perpetual Meeting.

14. Perpetual, if it deems it to be advisable, is authorized to adjourn or postpone the Perpetual Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as Perpetual deems advisable, without further order of this Court and without the necessity of first convening the Perpetual Meeting or first obtaining any vote of the Perpetual Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as Perpetual determines is appropriate in the circumstances. If the Perpetual Meeting is adjourned or postponed in accordance with this Order, the references to the Perpetual Meeting in this Order shall be deemed to be the Perpetual Meeting as adjourned or postponed, as the context allows.

### **The Rubellite Meeting**

15. Rubellite shall call and conduct a meeting of the Rubellite Shareholders (the **Rubellite Meeting**) on or about October 29, 2024. At the Rubellite Meeting, the Rubellite Shareholders will consider and vote upon a resolution to approve the Arrangement substantially in the form attached as Appendix A to the Circular (the **Rubellite Resolution**) and such other business as may properly be brought before the Rubellite Meeting or any adjournment or postponement thereof, all as more particularly described in the Circular.
16. A quorum at the Rubellite Meeting shall be at least two or more persons present holding or representing by proxy not less than 25% of the Rubellite Shares then outstanding. If within 30 minutes from the time appointed for the Rubellite Meeting a quorum is not present, the Rubellite Meeting shall be adjourned to such Business Day that is not less than seven days following the day appointed for the Rubellite Meeting, and to such time and place as may be appointed by the Chair of the Rubellite Meeting. No notice of the adjourned Rubellite Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Rubellite Shareholders present in person or by proxy shall be a quorum for all purposes.
17. Each Rubellite Share entitled to be voted at the Rubellite Meeting will entitle the holder to one vote at the Rubellite Meeting in respect of the Rubellite Resolution and any other matters to be considered at the Rubellite Meeting.

18. The record date for Rubellite Shareholders entitled to receive notice of and vote at the Meeting shall be September 25, 2024 (the **Rubellite Record Date**). Only Rubellite Shareholders whose names have been entered in the register of Rubellite Shareholders at the close of business on the Rubellite Record Date will be entitled to receive notice of and to vote at the Rubellite Meeting. To the extent a Rubellite Shareholder transfers the ownership of any of its Rubellite Shares after the Rubellite Record Date and the transferee of those Rubellite Shares establishes that it owns such Rubellite Shares and requests, at least ten days before the Rubellite Meeting, to be included in the list of Rubellite Shareholders eligible to vote at the Rubellite Meeting, such transferee will be entitled to vote those Rubellite Shares at the Rubellite Meeting.
19. The Rubellite Meeting shall be called, held and conducted at the Calgary Petroleum Club 319 – 5 Avenue S.W. Calgary, Alberta T2P 0L5, in accordance with the applicable provisions of the *ABCA*, the articles and by-laws of Rubellite in effect at the relevant time, the Circular, the rulings and directions of the Chair of the Rubellite Meeting, this Order and any further order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the *ABCA* or the articles or by-laws of Rubellite, the terms of this Order shall govern.
20. Rubellite is authorized and directed to send the Circular to the Rubellite Shareholders.

### **Conduct of the Rubellite Meeting**

21. The Chair of the Rubellite Meeting shall be any officer or director of Rubellite.
22. The only persons entitled to attend the Rubellite Meeting shall be Rubellite Shareholders or their authorized proxy holders, Rubellite's directors and officers and its auditors, Rubellite's legal counsel, representatives and legal counsel of other parties to the Arrangement, and such other persons who may be permitted to attend by the Chair of the Rubellite Meeting.
23. The number of votes required to pass the Rubellite Resolution shall be not less than 66 $\frac{2}{3}$ % of the aggregate votes cast by Rubellite Shareholders, either in person or by proxy, at the Rubellite Meeting, and not less than a majority of the votes cast by the Rubellite

Shareholders present in person or by proxy at the Rubellite Meeting after excluding the votes attached to the Rubellite Shares that, to the knowledge of Rubellite and its directors and senior officers, after reasonable inquiry, are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

24. To be valid, a proxy must be deposited with Odyssey Trust Company in the manner described in the Circular.
25. The accidental omission to give notice of the Rubellite Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Rubellite Meeting.
26. Rubellite, if it deems it to be advisable, is authorized to adjourn or postpone the Rubellite Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as Rubellite deems advisable, without further order of this Court and without the necessity of first convening the Rubellite Meeting or first obtaining any vote of the Rubellite Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as Rubellite determines is appropriate in the circumstances. If the Rubellite Meeting is adjourned or postponed in accordance with this Order, the references to the Rubellite Meeting in this Order shall be deemed to be the Rubellite Meeting as adjourned or postponed, as the context allows.

#### **Amendments to the Arrangement**

27. The Applicants are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Perpetual Meeting and the Rubellite Meeting and the subject of the Perpetual Resolution

and the Rubellite Resolution respectively, without need to return to this Court to amend this Order.

### **Amendments to Meeting Materials**

28. The Applicants are authorized to make such amendments, revisions or supplements (**Additional Information**) to the Circular, form of proxy (**Proxy**), notice of the Perpetual Meeting and the Rubellite Meeting (**Notices of Meetings**), form of letter of transmittal (**Letter of Transmittal**) and notice of Originating Application (**Notice of Originating Application**) as it may determine, and the Applicants may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicants. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Perpetual Meeting and the Rubellite Meeting, which change or fact, if known prior to mailing of the Circular, would have been disclosed in the Circular, then:

- (a) Perpetual shall advise the Perpetual Shareholders and Rubellite shall advise the Rubellite Shareholders of the material change or material fact by disseminating a news release (a **News Release**) in accordance with applicable securities laws;
- (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicants shall not be required to deliver an amendment to the Circular to the Perpetual Shareholders or the Rubellite Shareholders or otherwise give notice to the Perpetual Shareholders or the Rubellite Shareholders of the material change or material fact other than dissemination and filing of the News Release as aforesaid; and
- (c) unless determined to be advisable by the Applicants, and in accordance with the Plan of Arrangement, the Applicants shall not be required to adjourn or otherwise postpone the Perpetual Meeting or the Rubellite Meeting as a result of any Additional Information, including any material change, as contemplated by this paragraph 28.



## **Dissent Rights**

29. The registered Perpetual Shareholders and the registered Rubellite Shareholders are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under section 191 of the *ABCA* with respect to the Perpetual Resolution and the Rubellite Resolution respectively, and the right be paid the fair value of their Perpetual Shares by Perpetual or the Rubellite Shares by Rubellite, as the case may be, in respect of which such right to dissent was validly exercised.
30. For a registered Perpetual Shareholder or Rubellite Shareholder (a **Dissenting Shareholder**) to exercise such right to dissent under section 191 of the *ABCA*:
- (a) the Dissenting Shareholder's written objection to the Perpetual Resolution or the Rubellite Resolution, as the case may be, must be received by Perpetual or Rubellite, care of its solicitors Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 1G1, Attention: Paul G. Chiswell by 5:00 p.m. (Calgary time) on October 25, 2024 or 5:00 p.m. (Calgary time) on the business day that is two business days immediately preceding the date that any adjournment or postponement of the Perpetual Meeting or Rubellite Meeting, as the case may be, is reconvened or held, as the case may be;
  - (b) a vote against the Perpetual Resolution or the Rubellite Resolution, as the case may be, whether in person or by proxy, shall not constitute a written objection to the Perpetual Resolution or the Rubellite Resolution, respectively, as required under clause 30(a) herein;
  - (c) a Dissenting Shareholder dissenting to the Perpetual Resolution shall not have voted his or her Perpetual Shares at the Perpetual Meeting in favour of the Perpetual Resolution, either by proxy or in person;
  - (d) a Dissenting Shareholder dissenting to the Rubellite Resolution shall not have voted his or her Rubellite Shares at the Rubellite Meeting in favour of the Rubellite Resolution, either by proxy or in person;

- (e) a Perpetual Shareholder may not exercise the right to dissent in respect of only a portion of the holder's Perpetual Shares, but may dissent only with respect to all of the Perpetual Shares held by the Perpetual Shareholder;
  - (f) a Rubellite Shareholder may not exercise the right to dissent in respect of only a portion of the holder's Rubellite Shares, but may dissent only with respect to all of the Rubellite Shares held by the Rubellite Shareholder; and
  - (g) the exercise of such right to dissent must otherwise comply with the requirements of section 191 of the *ABCA*, as modified and supplemented by this Order and the Arrangement.
31. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last business day before the day on which the Perpetual Resolution is approved by the Perpetual Shareholders or the Rubellite Resolution is approved by the Rubellite Shareholders, as the case may be, and shall be paid to the Dissenting Shareholders by the Applicants as contemplated by the Arrangement and this Order.
32. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 29 and 30 above, and who:
- (i) are determined to be entitled to be paid the fair value of their Perpetual Shares or Rubellite Shares, as the case may be, shall be deemed to have transferred such Perpetual Shares or Rubellite Shares as of the effective time of the Arrangement (the **Effective Time**), without any further act or formality and free and clear of all liens, claims and encumbrances to Perpetual or Rubellite, as the case may be, in exchange for the fair value of the Perpetual Shares or Rubellite Shares; or
  - (ii) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Perpetual Shares or Rubellite Shares shall be deemed to have participated in the Arrangement on the same basis as a non-Dissenting

Shareholder and such Perpetual Shares or Rubellite Shares, as the case may be, will be deemed to be exchanged for the consideration under the Arrangement,

but in no event shall the Applicants or any other person be required to recognize such Perpetual Shareholders or Rubellite Shareholders as holders of the Perpetual Shares or the Rubellite Shares after the Effective Time, and the names of such Perpetual Shareholders or Rubellite Shareholders shall be removed from the register of Perpetual Shareholders or Rubellite Shareholders, as the case may be, as at the Effective Time.

33. Subject to further order of this Court, the rights available to Perpetual Shareholders or Rubellite Shareholders under the *ABCA*, this Order and the Arrangement to dissent from the Perpetual Resolution or the Rubellite Resolution, as the case may be, shall constitute full and sufficient dissent rights for the Perpetual Shareholders or Rubellite Shareholders with respect to the Perpetual Resolution or the Rubellite Resolution.
34. Notice to the Perpetual Shareholders or the Rubellite Shareholders of their right to dissent with respect to the Perpetual Resolution or the Rubellite Resolution, respectively, and to receive, subject to the provisions of the *ABCA* and the Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Circular which is to be sent to The Perpetual Shareholders or the Rubellite Shareholders in accordance with paragraph 36 of this Order.

#### **Notice**

35. The Circular, substantially in the form attached as Exhibit A to the Affidavit, with such amendments thereto as counsel to the Applicants may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notices of the Special Meetings of Shareholders, the Proxy, the Notice of Originating Application, Circular, and this Order, together with any other communications or documents determined by the Applicants to be necessary or advisable including the Letter of Transmittal (collectively, the **Meeting Materials**), shall be sent to those Perpetual Shareholders who hold Perpetual Shares as of the Perpetual Record Date and to those

Rubellite Shareholders who hold Rubellite Shares as of the Rubellite Record, the directors of the Applicants, and the auditors of the Applicants, by one or more of the following methods:

- (a) in the case of registered Perpetual Shareholders and registered Rubellite Shareholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of Perpetual as of the Perpetual Record Date or Rubellite as of the Rubellite Record not later than 21 days prior to the Perpetual Meeting or the Rubellite Meeting, respectively;
  - (b) in the case of non-registered Perpetual Shareholders and non-registered Rubellite Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54 -101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*;
  - (c) in the case of the directors and auditors of the Applicants, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Perpetual Meeting; and
  - (d) in the case of the Registrar, by facsimile or other electronic means, by courier or by delivery in person, addressed to the Registrar not later than 21 days prior to the date of the Perpetual Meeting and the Rubellite Meeting.
36. Delivery of the Perpetual Meeting Materials and the Rubellite Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Perpetual Shareholders and the Rubellite Shareholders, the directors and auditors of the Applicants of:
- (a) the Originating Application;
  - (b) this Order;
  - (c) the Notice of the Perpetual Meeting;

- (d) the Notice of the Rubellite Meeting; and
- (e) the Notice of Originating Application.

### **Solicitation of Proxies**

37. Perpetual and Rubellite are authorized to use the proxies enclosed with the Circular, subject to its ability to insert dates and other relevant information in the final forms of such proxy. Perpetual and Rubellite are authorized, at their expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as Perpetual and Rubellite may retain for that purpose, and such solicitation may be by mail or such other forms of personal and electronic communication as they may determine.

### **Final Application**

38. Subject to further order of this Court, and provided that the Perpetual Shareholders and the Rubellite Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicants have not revoked their approval, the Applicants may proceed with an application for a final order of the Court approving the Arrangement (the **Final Order**) on October 30, 2024 at 3:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicants, all Perpetual Shareholders, all holders of Perpetual's senior notes, all Rubellite Shareholders, and all other persons affected will be bound by the Arrangement in accordance with its terms.
39. Any Perpetual Shareholder or Rubellite Shareholder or other interested party (each an **Interested Party**) desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicants, on or before 5:00 p.m. (Calgary time) on October 22, 2024, a notice of intention to appear (**Notice of Intention to Appear**) including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which

are to be presented to the Court. Service of this notice on the Applicants shall be effected by service upon the solicitors for the Applicants, Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Paul G. Chiswell.

40. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 39 of this Order, shall have notice of the adjourned date.

**Leave to Vary Interim Order**

41. The Applicants are entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

(signed) "*Justice J. T. Neilson*"

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Justice of the Court of King's Bench of Alberta

## APPENDIX E

### SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
  - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
  - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
- (a) be made on the same terms, and
  - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
- (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - (f) the service of documents, and
  - (g) the burden of proof on the parties.
- (13) On an application under subsection (6), the Court shall make an order
- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,



- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (14) On
- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
  - (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
  - (c) the pronouncement of an order under subsection (13),
- whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.
- (15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).
- (16) Until one of the events mentioned in subsection (14) occurs,
- (a) the shareholder may withdraw the shareholder's dissent, or
  - (b) the corporation may rescind the resolution,
- and in either event proceedings under this section shall be discontinued.
- (17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.
- (18) If subsection (20) applies, the corporation shall, within 10 days after
- (a) the pronouncement of an order under subsection (13), or
  - (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,
- notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- (20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

**APPENDIX F**

**RUBELLITE VALUATION REPORT AND RUBELLITE FAIRNESS OPINION**



# Rubellite Energy Inc.

## Formal Valuation

Valuation Date: June 30, 2024

Report Date: September 16, 2024

**Private and Confidential**

September 16, 2024

Special Committee of the Board of Directors of  
Rubellite Energy Inc.  
Suite 3200, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Special Committee of the Board of Directors of  
Perpetual Energy Inc.  
Suite 3200, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Dear Mesdames and Sirs:

**Subject: Formal Valuation of the Fair Market Value of the Common Shares of Rubellite Energy Inc. in Connection with the Proposed Recombination of Rubellite Energy Inc. and Perpetual Energy Inc.**

## Introduction

Deloitte LLP (“Deloitte,” “we,” “us,” or “our”) understands that on September 16, 2024 Rubellite Energy Inc. (“Rubellite” or the “Company”) entered into a definitive arrangement agreement (the “Arrangement Agreement”) with Perpetual Energy Inc. (“Perpetual”) whereby Rubellite and Perpetual will recombine in an all-share transaction by way of an arrangement under the *Business Corporations Act* (Alberta) (the “Proposed Transaction”). Pursuant to the Proposed Transaction, among other things, holders of Rubellite common shares (the “Rubellite Shares”) will receive one common share (the “New Shares”) of the recombined company (“Newco Amalco”) for each Rubellite Share held and holders of Perpetual common shares (the “Perpetual Shares”) will receive one New Share for every five Perpetual Shares held.

The terms of the Proposed Transaction are more fully described in the Arrangement Agreement and will also be described in the Joint Information Circular of Rubellite and Perpetual (the “Circular”) to be mailed to the Rubellite and Perpetual shareholders in connection with the Proposed Transaction.

We understand that the Proposed Transaction constitutes a ‘related party transaction’ for Rubellite for the purposes of *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and, therefore, Rubellite requires a formal valuation (the “Valuation”) as to a value or range of values representing the fair market value of the Rubellite Shares. We also understand that the Proposed Transaction constitutes a ‘business combination’ for Perpetual for the purposes of MI 61-101 and, therefore, Perpetual is also required to obtain the Valuation. We further understand that MI 61-101 also requires Rubellite and Perpetual to obtain a formal valuation (the “Perpetual Valuation”) as to a value or range of values representing the fair market value of the Perpetual Shares, which valuation is set forth in a separate report prepared by us and dated the date hereof.

The board of directors of Rubellite (the “Rubellite Board”) has appointed a special committee of independent directors (the “Rubellite Special Committee”) and the board of directors of Perpetual (the “Perpetual Board” and together with the Rubellite Board, the “Boards”) has appointed a special committee of independent directors (the “Perpetual Special Committee” and together with the Rubellite Special Committee, the “Special Committees”) to consider and evaluate the Proposed Transaction and to provide a recommendation to their respective Boards.

The Valuation is prepared, as at June 30, 2024 (the “Valuation Date”).

## Engagement

The Special Committees have requested that Deloitte, acting independently and objectively, prepare and deliver to the Special Committees the Valuation, as at the Valuation Date, in accordance with the requirements of MI 61-101. The Special Committees determined that Deloitte is a qualified valuator and selected it based on its qualifications, expertise, and reputation, as well as its experience with MI 61-101 valuations.

Our Valuation has been prepared in conformity with Practice Standard No. 110 of the Canadian Institute of Chartered Business Valuators for a Comprehensive Valuation Report, as that term is defined in Practice Standard No. 110, which meets the requirements of a formal valuation, as defined under MI 61-101. It also has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Canadian Investment Regulatory Organization (“CIRO”), but the CIRO has not been involved in the preparation or review of this Valuation.

The Special Committees formally retained Deloitte, by way of an engagement agreement dated August 6, 2024 (the “Engagement Agreement”), to provide, among other matters, the Valuation and the Perpetual Valuation in accordance with MI 61-101, as well as fairness opinions (the “Fairness Opinions”) related to the Proposed Transaction. The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee for the Valuation and the Fairness Opinions. In addition, Deloitte is to be reimbursed for reasonable out-of-pocket expenses and indemnified by the Special Committees in respect of certain liabilities, which may arise in connection with the provision of our services thereunder. The fees received by Deloitte in connection with the Engagement Agreement are not material to Deloitte. No part of Deloitte’s fee is contingent upon the conclusions reached in this Valuation or the Perpetual Valuation or upon the successful completion of the Proposed Transaction. The Special Committees initially contacted Deloitte regarding a potential engagement in July 2024.

## Credentials of Deloitte

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of every five Fortune Global 500 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges.

Deloitte’s professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other things.

As a global market leader with over 1,200 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser (ASA).

## Independence of Deloitte

Deloitte has represented to the Special Committees that we have disclosed to it all information of which we are aware, after due inquiry, pertaining to their assessment of our independence within the meaning of MI 61-101.

Deloitte is independent of Rubellite, Perpetual, and any other “interested party” for the purposes of Section 6.1 of MI 61-101. Neither Deloitte nor any of its affiliates:

- is an associated or affiliated entity or issuer insider of any “interested party,” as each such term is defined in MI 61-101, in respect of the Arrangement;
- is acting as an advisor to any “interested party” in respect of the Arrangement (except to provide the Valuation and the Fairness Opinions, as contemplated by its engagement by the Special Committees);
- is subject to any circumstances whereby the compensation of Deloitte depends in whole or in part on an agreement, arrangement, or understanding that gives Deloitte a financial incentive in respect of the conclusions reached in the Valuation and the Fairness Opinions of the outcome of the Arrangement;
- is or will be (i) a manager or co-manager of a soliciting dealer group for the Arrangement, or (ii) a member of a soliciting dealer group for the Arrangement whereby, in its capacity as a soliciting dealer, it would perform services beyond the customary soliciting dealer’s function or would receive more than the per security of per security holder fees payable to other members of the group;
- is an external auditor of Rubellite or of an “interested party;”
- has any material financial interest in the completion of the Arrangement;
- has any interest or relationship with any “interested party,” which is set out in Section 5.2(a) or (c) of Companion Policy 61-101; and/or
- during the twenty-four (24) months prior to the date Deloitte was first contacted for the purposes of the Valuation and the Fairness Opinions, had any relationship with any “interested party,” which is set out in Section 5.2(b) of Companion Policy 61-101.

There are no understandings, agreements, or commitments between Deloitte and any of the “interested parties” with respect to future business dealings. Deloitte may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the “interested parties” from time to time.

The principal preparer and other staff involved in the preparation of the Valuation are all independent from Rubellite and any other “interested party.”

## Definition of Fair Market Value

In providing the Valuation, we were guided by the definition of fair market value in MI 61-101. Fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

In determining the fair market value of the Rubellite Shares, and consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of the Rubellite Shares, the effect of the Proposed Transaction on the Rubellite Shares, or the fact that some shares do not form part of a controlling interest. Consequently, the Valuation provides a conclusion on a per share basis with respect to Rubellite’s “en bloc” fair market value, being the price at which all of the Rubellite Shares could be sold to one or more buyers at the same time.

## Currency of Valuation

Unless otherwise indicated, all currency amounts shown in this Valuation are expressed in Canadian dollars and are denoted as “\$.”

## Scope of Review

In connection with the Valuation, we reviewed and relied upon the following:

- Discussions with management of Rubellite (“Management”), the Rubellite Special Committee, and legal counsel to the Rubellite Special Committee;
- Audited financial statements of the Company for the years ended December 31, 2021 to December 31, 2023, inclusive;
- Management discussion and analysis for Rubellite for the year ended December 31, 2023;
- Unaudited financial statements of the Company for the six months ended June 30, 2024;
- Management discussion and analysis for the Company for the six months ended June 30, 2024;
- Rubellite Annual Information Form for the year ended December 31, 2023;
- Reserve report for the Company prepared by McDaniel & Associates Consultants Ltd., as at December 31, 2023, and roll forward reserve report prepared by Management (the “Roll-Forward Reserve Report”), as at June 30, 2024;
- Internal forecasts, projections, estimates, and budgets prepared or provided by Management;
- Certain internal financial, operating, corporate, and other information provided by Management relating to the business, operations, and financial condition of Rubellite;
- Corporate presentation dated June 20, 2024 for the Company, as provided by Management;
- Tax related information for Rubellite, as at December 31, 2023 and June 30, 2024, as provided by Management;
- Details related to the fixed assets owned by the Company, as provided by Management;
- Information regarding Rubellite’s financial instruments held, as at the Valuation Date, as provided by Management;
- Information relating to Rubellite’s share-based compensation awards issued and outstanding, as at the Valuation Date, as provided by Management;
- Non-binding proposal dated June 28, 2024 related to Rubellite’s August 2, 2024 announcement that it had entered into an agreement to acquire all of the outstanding shares of Buffalo Mission Energy Corp. (the “BMEC Acquisition”);
- Share purchase and sale agreement and associated disclosure letter dated July 31, 2024 related to the BMEC Acquisition, which closed on August 2, 2024;

- Public information related to the business, operations, financial performance, and stock trading history of the Company and other selected public entities considered by us to be relevant;
- Public information with respect to other transactions of a comparable nature considered by us to be relevant;
- Various institutional analyst research reports related to the Company;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from Management as to the completeness and accuracy of the information upon which the Valuation is based;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from the Rubellite Special Committee as to our reliance on the scope of review set forth in the Valuation and the certificate referenced above from Management, as well as confirmation that the Rubellite Special Committee has no knowledge of any information that would affect the conclusions noted in the Valuation; and
- Such other corporate, industry, financial market information, investigations, and analyses as we considered necessary or appropriate in the circumstances.

We have not, to the best of our knowledge, been denied access to any information that we have requested.

We have not audited or otherwise verified the information relied upon in completing the Valuation. Also, we did not meet with the auditors of Rubellite and have assumed the accuracy, completeness, and fair presentation of, and have relied upon, without independent verification, the financial statements of Rubellite and any reports of the auditors thereon.

### **Restrictions, Limitations, and Assumptions**

Our Valuation is provided solely for the use of the Special Committees in considering the Proposed Transaction and for inclusion in the Circular. It is not intended for general circulation or publication, nor is it to be reproduced for any reason other than the stated purpose or as otherwise provided in the Engagement Agreement without the prior written consent of Deloitte in each specific instance. We do not assume any responsibility or liability for losses incurred by any party as a result of the circulation, publication, reproduction, or use of the Valuation contrary to the provisions in this paragraph. Subject to the terms of the Engagement Agreement, we consent to the inclusion of the Valuation in its entirety, and a summary thereof in a form acceptable to us, in the Circular and to the filing thereof, as necessary, by Rubellite with the applicable securities commissions or similar regulatory authorities in Canada.

We relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations obtained by us from public sources or provided to us by Management or other advisors to Rubellite (collectively referred to as the “Information”). The Valuation is conditional upon the completeness, accuracy, and fair presentation of such Information. We have not attempted to independently verify the completeness, accuracy, or fair presentation of the Information.

No opinion, counsel, or interpretation is intended in matters that require legal, regulatory, or tax analysis or other appropriate professional advice. It is assumed that such opinions, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company or the Special Committees. To the extent that there are legal issues relating to assets, properties, or business interests, or issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility, in connection with such matters, other than as specifically disclosed to us, that:

- The title to all such assets, properties, or business interests purportedly owned by Rubellite and its subsidiaries is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning, or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens, encumbrances, or encroachments other than as disclosed to us;
- There is compliance with all applicable federal, local, and national regulations and laws, in all material respects, as well as the policies of all applicable regulators, and that all required licenses, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency, or organization have been or can be obtained or renewed for the operation of Rubellite and its subsidiaries in their ordinary course of business;
- There are no material legal proceedings regarding the business, assets, or affairs of Rubellite and its subsidiaries other than as disclosed to us;



- There are no material contingent or unrecorded liabilities, environmental liabilities, and litigation pending or threatened in the ordinary course of business other than as disclosed to us;
- The financial information provided by Management, as referred to in the Scope of Review section above, is fairly presented in accordance with generally accepted accounting principles and would not require any significant adjustments, if it was subject to audit;
- The net book values of the assets and liabilities of Rubellite approximate their fair market values, as at the Valuation Date, on a going concern basis, unless otherwise indicated in the Valuation;
- The forecast cash flows in the Roll-Forward Reserve Report are considered reasonable and representative of Management's best estimates of future operating results, as at the Valuation Date;
- We have been provided with all relevant information related to the BMEC Acquisition;
- Based on discussions with Management, aside from the BMEC Acquisition, the impact of which is included in our Valuation, there have been no material events or changes between the Valuation Date and the date of this report that would impact the values presented in this report; and
- Other than the Proposed Transaction, as described in the Arrangement Agreement, and other than as disclosed to us by Management, Management has represented to Deloitte that, to the best of its knowledge, information, and belief after reasonable inquiry, there have been no valuations or appraisals relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities made in the preceding 24 months and in its possession or control.

Based on our discussions with Management and the Rubellite Special Committee, we understand that nothing has occurred prior to, or is pending as at, the Valuation Date, which has not been disclosed to us, and which could be expected to have a material effect on the Valuation, as at the Valuation Date.

This Valuation is given as at the Valuation Date on the basis of securities markets, economic, financial, and general business conditions prevailing, as at the Valuation Date, and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to us in discussions with Management. In our analyses and in preparing the Valuation, we made numerous assumptions with respect to industry performance, general business, and economic conditions, all of which we believe to be reasonable and appropriate and many of which are beyond the control of any party involved in the Proposed Transaction.

The Valuation relies, in part, on publicly available information and other information provided by Management, which includes Management prepared forecasts, and other assumptions and limiting conditions. Changes to market conditions could substantively affect the Company and the Valuation.

This Valuation is rendered, as at the Valuation Date, and, subject to the requirements of MI 61-101, Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting the Valuation, which may come or be brought to our attention after this date. Without limiting the foregoing, in the event that there is any material change in any facts or matter affecting the Valuation after the date hereof, we reserve the right to change, modify, or withdraw the Valuation in accordance with the terms of the Engagement Agreement.

We believe that the Valuation and underlying analyses must be considered as a whole and that selecting portions of the analyses, or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Valuation report should be read in its entirety.

The Valuation is not to be construed as a recommendation to the Special Committees, the Boards, or any shareholder of Rubellite to support or reject the Proposed Transaction. We have not been retained to comment on the investment or strategic merit of the Proposed Transaction or the future operations of Newco Amalco. Future business conditions are subject to change and are beyond our control and the control of the parties involved in the Proposed Transaction.

## Material Benefit

A material benefit is any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including increased revenues, reduced general and administrative costs, lower income taxes, or the earlier use of available tax losses.

Rubellite stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Deep Basin of West Central Alberta, access to non-capital tax loss balances and oil and gas tax balances, potential administrative, operating, and financial synergies, as well as the availability of additional financing.

Perpetual stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Clearwater and Mannville Stack Formations of Eastern Alberta, potential administrative, operating, and financial synergies, as well as the availability of additional financing.

## Fair Market Value Conclusion

Based upon the scope of our review and our research, analysis, and experience, and subject to the restrictions, qualifications, and assumptions, all as set out herein, the fair market value of the Rubellite Shares, as at the Valuation Date, on a fully diluted basis is in a range of \$3.64 to \$3.99 per Rubellite Share, with a mid-point value of \$3.82 per Rubellite Share. Although the BMEC Acquisition occurred subsequent to the Valuation Date, in accordance with the provisions of MI 61-101, we have incorporated the impact of this transaction in the Valuation.

The accompanying report, including the attached schedules, is an integral part of the Valuation and provides a summary of our findings and the methodology leading to our conclusions.

Yours truly,

Deloitte LLP

Deloitte LLP

Enclosure (Report, Schedules, Appendices)

# Glossary of Terms

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## Crude Oil, Natural Gas, and Natural Gas Liquids

1P	Proved
2P	Proved plus probable
AECO	Alberta Energy Company natural gas price index
bbbl	Barrels
bbbl/d	Barrels per day
bcf	Billions of cubic feet
bcf/d	Billions of cubic feet per day
boe	Barrel of oil equivalent
boe/d	Barrel of oil equivalent per day
CDE	Canadian development expenses
CEE	Canadian exploration expenses
COGPE	Canadian oil and gas property expenses
E&P	Exploration and production
LNG	Liquefied natural gas
Mbbbl	Thousands of barrels
Mboe	Thousands of barrels of oil equivalent
Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
MMcf	Millions of cubic feet
MMcf/d	Millions of cubic feet per day
MMBtu	Metric Million British Thermal Unit
NGLs	Natural gas liquids

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## Crude Oil, Natural Gas, and Natural Gas Liquids

PDP	Proved Developed Producing
WTI	West Texas Intermediate price index
WCS	Western Canadian Select price index
\$/boe	Value per barrel of oil equivalent
\$/Mcf	Value per thousands of cubic feet

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## Other

\$	Canadian dollars (unless otherwise indicated)
3CA	Three consultant average, which represents the average of price forecasts published by Sproule Associates Limited, GLJ Ltd., and McDaniel
AIF	Annual Information Form
ANAV	Adjusted net asset value
BoC	Bank of Canada
$\beta$	Beta coefficient
BMEC	Buffalo Mission Energy Corp.
BMEC Acquisition	The acquisition by Rubellite of BMEC for \$97.5 million on August 2, 2024, which is the date that Rubellite entered into an agreement to acquire all of the outstanding shares of BMEC and the date that the BMEC acquisition closed
CAD	Canadian dollars
CAOEC	Canadian Association of Energy Contractors
CAPM	Capital asset pricing model
CICBV	Canadian Institute of Chartered Business Valuers
Company	Rubellite Energy Inc.
CSRP	Company/asset specific risk premium
CAF	Country adjustment factor
DACF	Debt adjusted cash flow

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**Other**

DCF	Discounted cash flow
Deloitte	Deloitte LLP
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EIU	Economist Intelligence Unit
ERP	Equity risk premium
EV	Enterprise value
G&A	General and administrative
GDP	Gross Domestic Product
GPC	Guideline public company
GPT	Guideline precedent transaction
km	Kilometers
Management	Senior management of Rubellite
McDaniel	McDaniel & Associates Consultants Ltd.
McDaniel Report	Reserve report prepared by McDaniel for Rubellite, as at December 31, 2023
MD&A	Management's Discussion and Analysis
MSA	Management and Operating Services Agreement
MI 61-101	Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions
New Shares	The shares of the recombined company pursuant to the Proposed Transaction
NPV10	Net present value discounted at 10.0 percent
Perpetual	Perpetual Energy Inc.
Perpetual Board	The board of directors of Perpetual
Perpetual Special Committee	The special committee of independent directors appointed by the Perpetual Board

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**Other**

Perpetual Valuation	The formal valuation as to a value or range of values representing the fair market value of the Perpetual common shares, as at the Valuation Date, which valuation is set forth in a separate report prepared by Deloitte
PP&E	Property, plant, and equipment
Proposed Transaction	The proposed recombination transaction with Perpetual whereby all of the common shares of Perpetual are exchanged for Rubellite Shares on the basis of one Rubellite Share for every five Perpetual shares
Q1, Q2, Q3, Q4	First quarter, second quarter, third quarter, fourth quarter
Rf	Risk-free rate of return
Roll-Forward Reserve Report	Reserve report for the Company based on the McDaniel Report and rolled forward by Management to June 30, 2024
Rubellite	Rubellite Energy Inc.
Rubellite Board	The board of directors of Rubellite
Rubellite Special Committee	The special committee of independent directors appointed by the Rubellite Board
Seaton-Jordan	A reputable company that specializes in non-reserve oil and gas land evaluations and database management services for the oil and gas industry
Seaton-Jordan Report	Report prepared by Seaton-Jordan & Associates Ltd. setting forth values for undeveloped land for Rubellite, as at December 31, 2023
Shares or Rubellite Shares	All the issued and outstanding common shares, considered together, of Rubellite, as at June 30, 2024
SP	Size premium
Special Committees	Collectively, the Perpetual Special Committee and the Rubellite Special Committee
sq km	Square kilometers
TSX	Toronto Stock Exchange
UCC	Undepreciated capital cost
US	The United States of America
USD	US dollars

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**Other**

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Valuation	Comprehensive Valuation, as that term is defined by the CICBV, prepared by Deloitte setting out the fair market value of the Shares, as at the Valuation Date
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Valuation Date	June 30, 2024
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VWAP	Volume weighted average price
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WACC	Weighted average cost of capital
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# Table of Contents

1	Engagement Overview	1
1.1	Engagement Purpose	1
1.2	Definition of Fair Market Value	1
2	Nature and History of Rubellite Energy Inc.	2
2.1	History, Reserves, and Production Information	2
2.2	Management of Rubellite Energy Inc.	3
2.3	Overview of Operations	4
2.4	Share Trading History	5
2.5	Total Dilutive Securities and Total Dilutive Securities Outstanding	6
2.6	Historical Operating Results and Financial Position	6
2.7	Acquisition	6
3	Methodology and Valuation Approaches	8
3.1	General Approaches	8
3.1.1	Asset-Based Approach	8
3.1.2	Income Approach	8
3.1.3	Market Approach	9
3.2	Selected Approaches and Methodologies	9
3.2.1	Adjusted Net Asset Value Method	9
3.2.2	Guideline Public Company Multiples Method	9
3.2.3	Guideline Precedent Transaction Multiples Method	10
4	Adjusted Net Asset Value Method	11
4.1	Overview	11
4.2	Property, Plant, and Equipment	12
4.2.1	Proved Plus Probable Reserves	12
4.2.2	Corporate Assets	17
4.3	Undeveloped Land	17
4.4	BMEC Investment	17
4.5	Deferred Tax Asset	17
4.6	Risk Management Contracts	18
4.7	Non-Cash Net Working Capital	18



4.8	Net Debt	18
4.9	Decommissioning and Restoration Liabilities	18
4.10	General and Administrative Expenses	19
4.11	Adjusted Net Asset Value Method Conclusion	19
5	Guideline Public Company Multiples Method	20
5.1	Guideline Public Company Selection Criteria	20
5.2	Guideline Public Companies	21
5.3	Selection and Application of Multiples	21
5.4	Guideline Public Company Multiples Method Conclusion	22
6	Guideline Precedent Transaction Multiples Method	23
6.1	Guideline Precedent Transaction Selection Criteria	23
6.2	Selection and Application of the Multiples	23
7	Valuation Conclusion	25
7.1	Value Conclusion	25
7.2	Implied Premium	26

# Schedules and Appendices

## Schedules

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<b>Schedule 1</b>	Summary of Value
<b>Schedule 2</b>	Summary of Dilutive Securities
<b>Schedule 3</b>	Net Asset Value
<b>Schedule 4</b>	Proved and Probable Reserves Discounted Cash Flow
<b>Schedule 5</b>	Existing Non-Capital Losses Fair Market Value
<b>Schedule 6</b>	Undeveloped Land Fair Market Value
<b>Schedule 7</b>	Risk Management Contracts Fair Market Value
<b>Schedule 8</b>	General and Administrative Expenses Fair Market Value
<b>Schedule 9</b>	Historical Balance Sheets
<b>Schedule 10</b>	Historical Income Statements
<b>Schedule 11</b>	Weighted Average Cost of Capital
<b>Schedule 12</b>	Market Multiples Summary
<b>Schedule 13</b>	Guideline Public Company Analysis
<b>Schedule 14</b>	Guideline Precedent Transactions Analysis

## Appendices

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<b>Appendix A</b>	Historical Operating Results and Financial Position
<b>Appendix B</b>	Industry Overview
<b>Appendix C</b>	Economic Overview
<b>Appendix D</b>	Guideline Public Company Descriptions

# 1 Engagement Overview

## 1.1 Engagement Purpose

We understand that on September 16, 2024 Rubellite entered into a definitive arrangement agreement with Perpetual whereby Rubellite and Perpetual will recombine in an all-share transaction by way of an arrangement under the *Business Corporations Act* (Alberta) (i.e., the Proposed Transaction). Pursuant to the Proposed Transaction, among other things, holders of Rubellite Shares will receive one common share of the recombined company (i.e., the New Shares) for each Rubellite Share held and holders of Perpetual Shares will receive one New Share for every five Perpetual Shares held.

We understand that the Proposed Transaction constitutes a ‘related party transaction’ for Rubellite for the purposes of MI 61-101 and, therefore, that Rubellite requires the Valuation. We also understand that the Proposed Transaction constitutes a ‘business combination’ for Perpetual for the purposes of MI 61-101 and, therefore, that Perpetual is also required to obtain the Valuation. We further understand that MI 61-101 also requires Rubellite and Perpetual to obtain the Perpetual Valuation, which valuation is set forth in a separate report prepared by us and dated the date hereof.

The Rubellite Board has appointed the Rubellite Special Committee and the Perpetual Board has appointed the Perpetual Special Committee to consider and evaluate the Proposed Transaction and to provide a recommendation to their respective boards.

The Valuation is prepared, as at June 30, 2024 (i.e., the Valuation Date).

The Special Committees have requested that Deloitte, acting independently and objectively, prepare and deliver to the Special Committees the Valuation, as at the Valuation Date, in accordance with the requirements of MI 61-101.

Our Valuation has been prepared in conformity with Practice Standard No. 110 of the CICBV for a Comprehensive Valuation Report, as that term is defined in Practice Standard No. 110, which meets the requirements of a formal valuation, as defined under MI 61-101.

## 1.2 Definition of Fair Market Value

In providing the Valuation, we were guided by the definition of fair market value in MI 61-101. Fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to act.

In determining the fair market value of the Shares, and consistent with MI 61-101, we did not include a downward adjustment to reflect the liquidity of the Shares, the effect of the Proposed Transaction on the Shares, or the fact that some shares do not form part of a controlling interest. Consequently, the Valuation provides a conclusion on a per share basis with respect to Rubellite’s “en bloc” value, being the price at which all of the Shares could be sold to one or more buyers at the same time.

# 2 Nature and History of Rubellite Energy Inc.

## 2.1 History, Reserves, and Production Information<sup>1</sup>

Rubellite, incorporated under the *Business Corporations Act* (Alberta) on July 12, 2021, is a publicly traded Canadian energy company engaged in the exploration, development, and production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral horizontal drilling technology. As at the Valuation Date, the Company's wholly owned subsidiaries were Ukalta LP Inc., Ukalta GP Inc., and Ukalta Limited Partnership.

A description of the properties comprising the Clearwater assets is provided below.

### Figure Lake

The Figure Lake area is located approximately 65 km southwest of Lac La Biche, Alberta in Township 63 Range 17W4 and produces conventional heavy oil from the Wabiskaw Member of the Clearwater formation using open hole multi-lateral horizontal wells.

### Marten Hills

The Marten Hills area is located approximately 60 km northeast of Slave Lake in the Athabasca Oil Sands Area and produces conventional heavy oil from the Clearwater formation using open hole multi-lateral horizontal wells.

### Ukalta

The Ukalta area is located approximately 110 km northeast of Edmonton, Alberta, in Township 57 Range 18W4 and produces conventional heavy oil from the Clearwater formation using horizontal multi-lateral wells.

The table below presents a summary of Rubellite's oil and gas assets, as at the Valuation Date:<sup>2</sup>

	Oil (Mbbbl)	Gas (MMcf)	NGLs (Mbbbl)	Condensate (Mbbbl)	Total (Mboe)	Before Tax NPV10 (Millions) <sup>3</sup>
Proved Developed Producing	5,264	2,364	-	-	5,658	163,053
Proved	9,866	4,369	-	-	10,594	235,582
Proved plus Probable	16,552	7,158	-	-	17,745	380,442

<sup>1</sup> <https://rubelliteenergy.com/>. Excludes the BMEC Acquisition.

<sup>2</sup> Source: Roll-Forward Reserve Report. Excludes the BMEC Acquisition.

<sup>3</sup> Based on the 3CA average forecast pricing. Figures are not representative of fair market value.

The table below presents production information for Rubellite’s oil and gas assets:

	boe/d
2024 Average Forecast Production Per Day for Proved and Probable Reserves <sup>4</sup>	4,746
Average Production Per Day for The Six Months Ended June 30, 2024 <sup>5</sup>	4,460

## 2.2 Management of Rubellite Energy Inc.

In connection with the acquisition of the Clearwater assets by Rubellite from Perpetual on July 15, 2021, Perpetual and Rubellite entered into the MSA pursuant to which Perpetual provides management, operating, and administrative services to Rubellite in respect of its assets, including the Clearwater assets. The services include, but are not limited to, regulatory reporting and submissions, administering land records, geological and geophysical support, executing drilling operations, marketing, accounting and tax filings, office administration, and investor relations.<sup>6</sup>

Pursuant to the MSA, on a monthly basis Rubellite:

- Reimburses Perpetual for all actual documented out-of-pocket costs and expenses paid to any third party by Perpetual on behalf of Rubellite in relation to the provision of the services;
- Reimburses Perpetual the portion of the operating and capital expenses allocated to and relating to Rubellite's assets where incurred by Perpetual; and
- Pays Perpetual a service fee calculated as the product of (A) shared general and administrative expenses less shared overhead recoveries, multiplied by (B) the percentage allocated to Rubellite, which is reviewed annually taking into consideration the fair and reasonable allocation of time and resources dedicated to the business of Perpetual and Rubellite. Effective June 1, 2024, this was fixed at 80 percent.

Each year the Rubellite Board and the Perpetual Board reviews and approves the annual budgets for G&A expenses and overhead.

The MSA was in effect for an initial term of two years and thereafter, shall be automatically renewed for successive one-year terms unless terminated on notice not less than 12 months prior to the expiration of the initial or renewal term.

Two directors of Rubellite, including the Chairman, are directors of Perpetual, and all of the officers of Rubellite are officers of Perpetual. In addition, as at the Valuation Date, Rubellite was dependent on Perpetual for administrative, operating, and other services pursuant to the MSA.

Background summaries of key Management personnel are set out below:<sup>7</sup>

- **Susan L. Riddell Rose, President and Chief Executive Officer** – Ms. Rose is President and Chief Executive Officer of Rubellite and the Manager of Rubellite under the Management Services and Operating Agreement. She is a member of the Association of Professional Engineers, Geologists, and Geophysicists of Alberta, the Canadian Society of Petroleum Geologists, and the American Association of Petroleum Geologists, as well as serves as a governor for the Canadian Association of Petroleum Producers.

<sup>4</sup> Source: Roll-Forward Reserve Report. Excludes the BMEC Acquisition.

<sup>5</sup> Source: MD&A for the Company for the six months ended June 30, 2024. Excludes the BMEC Acquisition.

<sup>6</sup> Source: Rubellite’s 2023 AIF

<sup>7</sup> <https://rubelliteenergy.com/about-us/management-team/>

- **Ryan A. Shay, Vice President, Finance and Chief Financial Officer** – Mr. Shay is Vice President Finance and Chief Financial Officer of Rubellite and has more than 25 years of experience in the oil and gas industry. Ryan also sits on the board of Crew Energy Inc. and was formerly on the board of Journey Energy Inc. and the National Board of the Juvenile Diabetes Research Foundation. He received his Bachelor of Commerce from the University of Saskatchewan and graduated with Great Distinction.
- **Karl H. Rumpf, Vice President, Exploration and New Ventures** – Mr. Rumpf is a Professional Geologist with over 25 years of experience in the exploration and development of oil and gas properties in the Western Canadian Sedimentary Basin. He is a graduate of the University of Alberta, received his M.Sc. in Earth Sciences from the University of Waterloo, and has completed the Directors Education Program from the University of Toronto’s Rotman School of Management.
- **Jeffrey R. Green, Vice President, Corporate and Engineering Services** – Mr. Green is Vice President Corporate and Engineering Services of Rubellite and has over 35 years of experience in the Canadian oil and natural gas industry. Mr. Green graduated from the University of Alberta with a B.Sc. in Mechanical Engineering and is a member of the Association of Professional Engineers and Geoscientists of Alberta and is the responsible member for Perpetual and Rubellite.
- **Marcello M. Rapini, Vice President, Marketing** – Mr. Rapini has close to 30 years of marketing and trading experience in the oil and gas industry. He graduated from the University of Calgary with a Bachelor of Arts in 1990. His previous positions include Vice President of Trade at Sempra Energy Trading, Senior Trader at Mirant Energy Marketing Ltd., and Senior Trader at Duke Energy Marketing.
- **Ryan M. Goosen, Vice President, Business Development and Land** – Mr. Goosen has 15 years of experience in the oil and gas industry with a primary focus on strategy, negotiations, acquisitions, and divestitures. He holds a Bachelor of Commerce, with distinction, from the University of Calgary and a Master of Business Administration, with honors, from IE University in Madrid, Spain. He is a member of the Canadian Association of Land & Energy Professionals, American Association of Professional Landmen, and the Petroleum Acquisition & Divestment Association.

### 2.3 Overview of Operations<sup>8</sup>

As noted previously, Rubellite is involved in the production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral horizontal drilling technology. The following provides an overview of the Company’s operations and assets:

- As at December 31, 2023, the McDaniel Report indicated that the Company had 16,014 Mboe of gross working interest 2P reserves and its reserves were comprised of approximately 93.5 percent crude oil and 6.5 percent natural gas;
- As at the Valuation Date, the Roll-Forward Reserve Report indicated that the Company had 17,745 Mboe of gross working interest 2P reserves, primarily due to the 14 unbooked locations, which were added by Management based on wells drilled in the first half of 2024 in the Figure Lake area that were added to the mid-year update;
- The Company had approximately 266,113 acres of undeveloped land, as at the Valuation Date, as reflected in the AIF for the year ended December 31, 2023. A new 3.0 MMcf/d gas sales facility was being constructed at Figure Lake which, is anticipated to be operational by February 2025;
- Rubellite has 62 identified booked development wells in the Figure Lake area, with 44 in the proven undeveloped category. During the year ended December 31, 2023, Rubellite's Clearwater assets included several key properties. The Figure Lake area expanded to 130 net sections by year-end, with 91.0 percent undeveloped;
- In Marten Hills, Rubellite operated 11 gross (3.3 net) wells, contributing 343 bbl/d, or 10.4 percent of annual production. The McDaniel Report highlights three (0.9 net) probable undeveloped wells in the area;
- The Ukalta property had 25 producing wells and 21,836 acres (66.0 percent undeveloped), generating 648 bbl/d, representing 19.6 percent of total production. It includes five proven undeveloped and 10 proven plus probable undeveloped locations; and
- Additionally, Rubellite held approximately 54 net sections in northern exploration properties and acquired 108 sections in Nixon/Calling Lake as a part of the Clearwater acquisition, which closed on November 8, 2023.

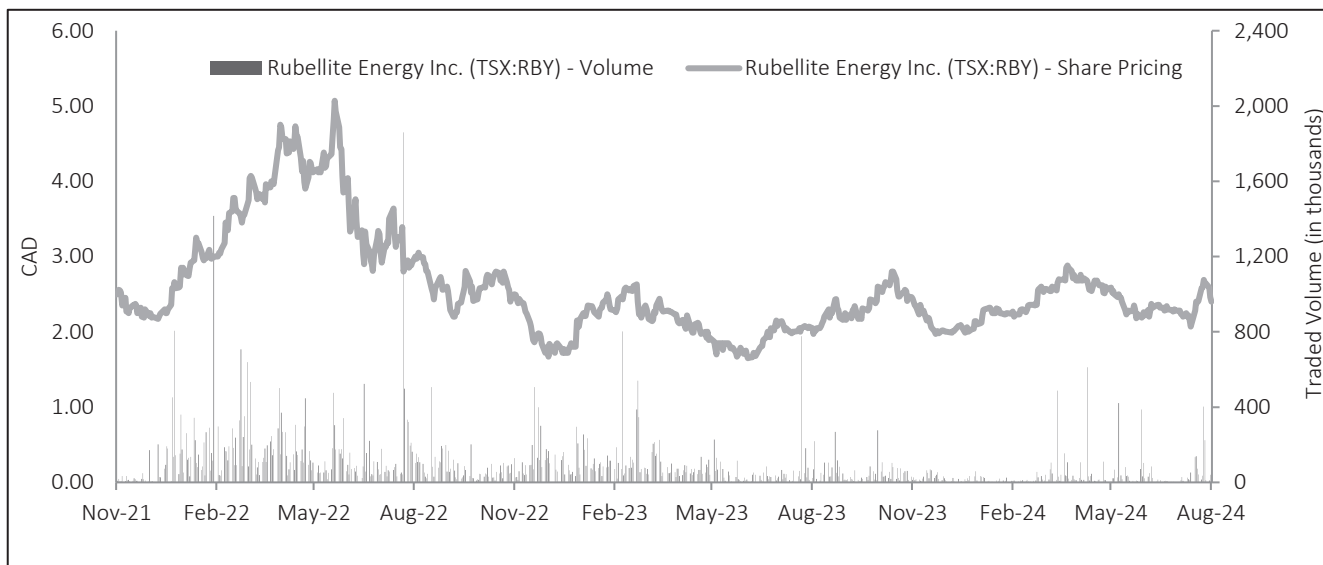
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<sup>8</sup> Rubellite’s annual information form for the year ended December 31, 2023 and the Roll-Forward Reserve Report.

During the six months ended June 30, 2024, Rubellite averaged daily production of 4,460 bbl/d. In Q2 2024, Rubellite drilled and released a total of eight horizontal wells in the Greater Figure Lake area. This brought the total number of new horizontal wells drilled and rig released in 2024 to fourteen, as of June 30, 2024.<sup>9</sup>

## 2.4 Share Trading History<sup>10</sup>

The Shares of the Company are listed for trading on the TSX under the symbol “RBY.” The figure below displays the historical trading prices and the volume of Shares traded for the two years prior to the Valuation Date. The lowest and highest price per Share during this period were \$1.65 and \$3.64, respectively.



<sup>9</sup> Source: MD&A for the Company for the six months ended June 30, 2024

<sup>10</sup> Source: CapitalIQ.

As at the Valuation Date, Rubellite had 67.6 million issued and outstanding Shares, inclusive of 5.0 million shares issued pursuant to the BMEC Acquisition which closed on August 2, 2024. Rubellite’s five-day, 20-day, one-month, three-month, six-month, one year, two-year, and three-year VWAPs for the Shares, as at the Valuation Date, were calculated using the daily closing price and are shown below:

VWAP <sup>11</sup>	Share Price
5 Day	\$2.61
20 Day	2.50
1 Month	2.50
3 Month	2.41
6 Month	2.52
1 Year	2.43
2 Year	2.30
3 Year	2.83

## 2.5 Total Dilutive Securities and Total Dilutive Securities Outstanding<sup>12</sup>

As at the Valuation Date, Rubellite had 8.1 million dilutive securities outstanding, as reflected on Schedule 2. The treasury stock method was used to determine the number of fully diluted securities outstanding, accounting for the potential dilution from convertible securities, stock options, and warrants. This method computes the number of new shares that may be created by unexercised in-the-money warrants and options. For the purpose of calculating the fair market value per diluted Share, it was assumed that all share options, share warrants, performance share units, and restricted share units would immediately vest and be exercisable, as at the Valuation Date. Since the options are cashless, the total 8.1 million dilutive securities that are in-the money at our determined fair market value per basic Share, as shown on Schedule 1, were assumed to be converted into approximately 6.5 million equivalent common Shares, at the midpoint of our selected valuation range for basic shares. Based on the above, Rubellite’s fully diluted outstanding Shares would increase to approximately 74.1 million, at the midpoint, from the aforementioned 67.6 million basic Shares in issue. Included within these fully diluted outstanding Shares are 4.0 million share purchase warrants owned and exercisable by Perpetual at an exercise price of \$3.00 per Share, which results in and assumed amount of \$12.0 million cash being received by Rubellite.

## 2.6 Historical Operating Results and Financial Position

The historical operating results and financial position of Rubellite, as at the Valuation Date, are summarized in Appendix A.

## 2.7 Acquisition

On August 2, 2024 Rubellite announced that it had entered into an agreement to acquire all of the outstanding shares of BMEC for \$97.5 million inclusive of \$23.5 million of BMEC’s assumed net debt, which consisted of \$62.7 million in cash and the issuance of 5.0 million common shares of Rubellite to certain shareholders of BMEC having a deemed value of \$11.3 million. The BMEC Acquisition closed on the announcement date.

<sup>11</sup> Source: CapitalIQ. Minor differences may arise if a different data source is used to compute the same VWAPs.

<sup>12</sup> Information obtained from Rubellite’s unaudited interim financial statements, as provided by Management.



BMEC’s property is located in the Frog Lake area in Alberta and holds heavy crude oil reserves. BMEC holds approximately 67.5 gross sections with 100.0 percent operatorship across its land base.<sup>13</sup> The table below presents a summary of BMEC’s oil and gas assets.<sup>14</sup>

	Oil (Mbbl)	Gas (MMcf)	NGLs (Mbbl)	Condensate (Mbbl)	Total (Mboe)
Proved Developed Producing	1,866	-	-	-	1,866
Proved	3,660	-	-	-	3,660
Proved plus Probable	6,560	-	-	-	6,560

<sup>13</sup> Source: Rubellite & Perpetual Bank Meeting document dated July 2, 2024.

<sup>14</sup> Source: Reserve report prepared by McDaniel, as of July 1, 2024.

# 3 Methodology and Valuation Approaches

## 3.1 General Approaches

There are two fundamental approaches to determine fair market value. These are the liquidation approach and the going concern approach.

A liquidation valuation approach would be used if the business was not viable as a going concern or if the return on the assets on a going concern basis was not adequate. This value is the net realizable value on an orderly disposition made in a manner that would minimize the loss or taxes thereon.

The going concern valuation approach assumes a continuing business enterprise with a potential for economic future earnings. Where a business has commercial value as a going concern, three approaches to valuation are commonly referred to as the following:

- Asset-based approach;
- Income approach; and
- Market approach

Within each category a variety of methodologies exist to assist in the determination of fair market value. The nature and characteristics of the business or asset dictates which approach and methodology is most appropriate for the valuation. Each approach to value is introduced below and, as necessary, more specifically described in our analyses herein.

### 3.1.1 Asset-Based Approach

The two most common methods under asset-based approach are the cost method and the ANAV method.

The cost method is based on the premise that a prudent third-party purchaser would pay no more for an asset than its replacement cost. The cost to replace an asset would include all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction. To the extent that the assets being valued provide less utility than a newly constructed asset, the reproduction or replacement value would consider appropriate physical deterioration, functional obsolescence, and economic obsolescence.

Under the ANAV method, the business' tangible assets and liabilities are adjusted to their current fair market values, with the resultant net equity representing the going concern value of the business. This method is generally used where a company is properly valued as a going concern and the going concern value is closely related to the value of the underlying assets.

### 3.1.2 Income Approach

The income approach measures the value of a business or an asset by the present value of their future net economic benefits to be enjoyed over the life of the business or asset. These benefits may include earnings, cost savings, tax deductions, and proceeds from disposition. The steps followed in applying this approach include estimating the expected cash flows attributable to the business or asset over their life and converting these cash flows to present value through discounting or capitalizing. The discount rate or capitalization rate selected incorporates an appropriate return for the time value of money, the expected rate of inflation, and any specific risks associated with the particular business or asset. The discount rate or

capitalization rate selected is generally based on rates of return from alternative investments of similar type and quality, as at the valuation date.

### **3.1.3 Market Approach**

The market approach measures the value of a business or an asset based on what other purchasers in the marketplace have paid for businesses or assets, which can be considered reasonably similar to those being valued. When the market approach is applied, data on GPCs or GPTs are collected on the prices paid for reasonably comparable companies or assets, whether through the traded price of the GPC shares or the asset transaction prices. Considerations and adjustments are made to the comparable companies or assets, as necessary, to compensate for differences in financial condition, operating performance, economic, environmental, and political factors. Application of the market approach results in an estimate of the price the owner might reasonably expect to receive from the sale of the subject business or asset in the notional marketplace.

## **3.2 Selected Approaches and Methodologies**

Based on our review of the assets and business operations of Rubellite, we determined the following approaches and methodologies to be appropriate in determining various indicative fair market value ranges of the Shares, as at the Valuation Date:

- Asset-based approach, specifically the ANAV method;
- Market approach, specifically the guideline public company multiples method; and
- Market approach, specifically a precedent transactions multiples method.

We considered the results of the various valuation approaches and methods, and then selected a single value range for the Shares on a per share basis.

### **3.2.1 Adjusted Net Asset Value Method**

In order to calculate Rubellite's net equity value per share under the ANAV method, we selected an appropriate valuation method to determine the fair market value of each asset and liability, as presented on the Company's balance sheet, as at the Valuation Date.

### **3.2.2 Guideline Public Company Multiples Method**

This method involves reviewing the trading multiples of GPCs, as at the Valuation Date, to calculate a range of fair market values for the Shares. In selecting the GPCs, emphasis was placed on companies focused on the exploration and production of oil and gas assets in Canada, with assets in similar geographies and with similar characteristics to those of Rubellite. We discuss the selection of the GPCs in more detail in Section 5 of this report. In performing this analysis, we considered the following multiples:

- EV / EBITDA;
- EV / DACF;
- EV / boe / d;
- EV / 2P;
- EV / 1P; and
- EV / PDP.

### 3.2.3 Guideline Precedent Transaction Multiples Method

This method involves reviewing the implied multiples from corporate and asset transactions in the E&P sector of the oil and gas industry to calculate value relationships implicit in those transactions that can be used to determine an indicative fair market value range of the Shares. Precedent transactions from January 1, 2020 to the Valuation Date were selected based on the similarity of the assets involved to Rubellite's assets. We did not review precedent transactions, which occurred prior to January 1, 2020, as we concluded that any transactions prior to that date are not representative of market transactions on or around the Valuation Date, as a result of economic conditions and other salient factors changing during this period. Using publicly available information, we calculated and analyzed the following multiples for the precedent transactions that were identified:

- EV / 2P; and
- EV / boe / d.

# 4 Adjusted Net Asset Value Method

## 4.1 Overview

As discussed in Section 3.2, we use the ANAV method as one of the methods to determine indicative fair market value ranges for the Shares, as at the Valuation Date. Under the ANAV method, the Company’s tangible and intangible assets and liabilities are adjusted to their fair market values, as at the Valuation Date, with the resultant net equity representing the going concern value of the business. Please refer to Schedule 3 for our ANAV analysis.

As noted in section 2.7 above, the BMEC Acquisition closed on August 2, 2024, which is subsequent to the Valuation Date. However, as discussed in section 4.4 below, despite the BMEC Acquisition closing after the Valuation Date, we incorporated its effect in the Valuation to comply with the provisions of MI 61-101. In our ANAV analysis, we considered the BMEC Acquisition in a separate line item being BMEC investment, as well as included the debt associated with this acquisition in the net debt line item. Aside from these two line items in our ANAV analysis, all other line items only consider Rubellite’s assets and liabilities, as at the Valuation Date (i.e., prior to the BMEC Acquisition). For example, any references to reserves, production, or any cash flow related items of Rubellite do not include BMEC.

In arriving at the ANAV of Rubellite, various valuation methods are required to determine the fair market value of the underlying assets and liabilities of the Company. The following table summarizes the method we used for each asset and liability class:

Asset and Liability Classes	Income Approach DCF Method	Market Approach	Book Value	Assigned No Value	Other
Proved and Probable Reserves	✓				
Corporate Assets			✓		
Undeveloped Land					✓ <sup>15</sup>
BMEC Investment					✓
Deferred Tax Asset	✓		✓		
Risk Management Contracts	✓				
Non-Cash Net Working Capital			✓		
Net Debt			✓		
Decommissioning and Restoration Liabilities				✓ <sup>16</sup>	
General and Administrative Expenses	✓				

<sup>15</sup> Based on Seaton-Jordan Report.

<sup>16</sup> Value included in the DCF valuation of the 2P reserves.

In the following sections we discuss the valuation of Rubellite's assets and liabilities, including our valuation conclusions from our ANAV analysis, based on the scope of our review and subject to the major assumptions, restrictions, and limitations set forth in our report.

## 4.2 Property, Plant, and Equipment

As reflected on Schedule 3, Rubellite's PP&E is comprised of two main categories being 2P reserves and corporate assets. The following sections discuss the determination of the fair market values of these categories.

### 4.2.1 Proved Plus Probable Reserves

As reflected in the table in Section 4.1, we used a DCF method to determine the fair market value of Rubellite's 2P reserves. A DCF method involves forecasting annual cash flows expected to be earned subsequent to the valuation date and then discounting these cash flows to present values. A DCF method allows for the explicit quantification of the impact on a company's or asset's revenues and operating margins of varying expectations as related to different drivers.

The DCF method contemplates the continuation of the business or operations of the asset by the purchaser and is based upon the purchaser's desire to acquire the future cash generating potential of the business or asset. This method assumes a continuing business operation with potential for generating forecast cash flows from operations after the valuation date at levels that will provide a reasonable return on investment.

The DCF method involves determining the forecast cash flows prior to the deduction of interest expenses, but after consideration for income tax, from operations and then discounting these cash flows by the WACC to yield the value of the asset or business. The WACC represents the weighted average of a company's cost of debt and cost of equity, with the weighting based on the industry's historical capital structure. An investment that is expected to generate a return after the valuation date equal to the WACC would be capable of covering interest costs and providing an acceptable return to the equity holders. Thus, the WACC is the overall return on all components of the business' capital.

The DCF method discounts cash flows:

- Before depreciation, but after computed cash income tax on this cash flow; and
- After sustaining capital reinvestment, defined as the capital outlay required each year to generate revenues, net of the related tax shield benefit.

The results of our DCF analysis can be found on Schedule 4. In the following sections we discuss the key inputs to our DCF analysis.

#### 4.2.1.1 Reserve Report

McDaniel prepared the McDaniel Report for Rubellite for financial reporting purposes with an effective date of December 31, 2023 that incorporates the 3CA forecast commodity prices, as at that date. For purposes of the Valuation, we received the Roll-Forward Reserve Report for Rubellite from Management, with an effective date of July 1, 2024, which is based on the McDaniel Report.

The Roll-Forward Reserve Report incorporates the 3CA forecast price deck effective July 1, 2024 and activity that occurred after the December 31, 2023 year end public McDaniel Report, including new drilling, changes to well location categorizations, dispositions, and acquisitions, but did not adjust operating and capital costs assumptions. In order to ensure that historical actual results and forward-looking estimates are comparable for Rubellite, we completed a high-level review of the corporate and material asset production rates, price offsets, operating costs, and capital costs. The McDaniel Report is considered reliable based on McDaniel’s expertise in reserve evaluations and preparation of reserve reports according to the Canadian Oil and Gas Evaluation Handbook, which is the standard required for public disclosure purposes. The procedures undertaken by Deloitte were to validate that the Roll-Forward Reserve Report aligned with the independently prepared McDaniel Report. The key variables confirmed were, as follows:

- Comparison of the corporate production rate between the Roll-Forward Reserve Report and the McDaniel Report to validate that the former report is still aligned with the independent evaluation and that any development that occurred since the McDaniel Report was accounted for within the Roll-Forward Reserve report using appropriate methods;
- The timeframe in which future development was planned for to validate that Management maintained the approach that was agreed with McDaniel for the McDaniel Report;
- Total operating expenses, as well as costs per bbl, to validate alignment between the Roll-Forward Reserve Report and the McDaniel Report; and
- Total capital costs, as well as costs per location, to validate alignment between the Roll-Forward Reserve Report and the McDaniel Report.

Deloitte concluded that the Roll-Forward Reserve Report provided by Management is consistent with the McDaniel Report, consistently leveraged the Canadian Oil and Gas Evaluation Handbook methodologies and, therefore, is considered a reliable report for valuation purposes.

The forecast cash flows from the reserve reports are the basis of our valuation of Rubellite’s 2P reserves. Inherent in the cash flows for the 2P reserves is the value of Rubellite’s facilities through inclusion of processing income and reduced operating costs from owned facility infrastructure.

#### 4.2.1.2 Forecast Commodity Prices

The Roll-Forward Reserve Report prepared by Management, as of July 1, 2024, incorporates the 3CA price deck, as at July 1, 2024. For the Valuation, we completed a DCF analysis using the Company’s Roll-Forward Reserve Report. The energy price streams gathered included prices for WTI and WCS crude oil, as well as AECO natural gas. The USD/CAD exchange rate for this same period was also used.

Pricing	3CA		
	WTI (US\$/bbl)	WCS (C\$/bbl)	AECO (C\$/Mcf)
2024	\$80.75	\$89.79	\$1.70
2025	77.35	84.78	3.18
2026	77.01	83.41	3.89
2027	77.66	84.10	4.14
2028	79.22	85.78	4.22
2029	80.80	87.49	4.31
2030	82.42	89.25	4.39
2031	84.06	91.03	4.48

Pricing	3CA		
	WTI (US\$/bbl)	WCS (C\$/bbl)	AECO (C\$/Mcf)
2032	85.74	92.85	4.57
2033	87.46	94.71	4.66
2.0 percent inflation onward			

#### 4.2.1.3 Income Taxes

We determined the cash taxes applicable for each year within the DCF projection period. Rubellite's forecast taxable income was calculated after deducting annual COGPE, UCC, CDE, and CEE tax pool claims from forecast EBITDA, excluding non-capital tax losses, as the fair market value of these losses was determined separately, as reflected on Schedule 5. Forecast G&A expenses, as well as decommissioning and restoration expenses, were also deducted from EBITDA, and hedging gains were included as income in arriving at taxable income, as reflected on Schedule 4. Forecast hedging gains and G&A expenses were removed from the DCF analysis after the calculation of the Company's cash taxes, as the fair market values of these assets and liabilities were determined separately from that of the 2P reserves on Schedule 7 and Schedule 8, respectively.

Income taxes were calculated based on a combined effective federal and Alberta corporate tax rate of 23.0 percent, as at the Valuation Date. Rubellite had the following opening tax pools, as at the Valuation Date, as provided by Management:

Tax Pool Classes	Total (\$'000)
COGPE	\$113,251
UCC	28,376
CDE	140,360
CEE	3,177
Non-capital tax losses	46,606
<b>Total</b>	<b>\$331,770</b>

#### 4.2.1.4 Weighted Average Cost of Capital

We discounted to their present value equivalent the pre-interest free cash flows related to the 2P reserves, which represents the discretionary cash flows available to Rubellite before consideration of interest expense and after consideration of forecast capital expenditures, by using a WACC. We estimated the WACC considering the risk inherent in the 2P reserves and the associated cash flow forecast.

Each of the inputs for the calculation of the WACC is described below and reflected on Schedule 11.

##### 4.2.1.5.1 Basis

The WACC represents a risk-adjusted rate of return or a 'hurdle rate' (minimum acceptable return) and generally consists of a weighted average of the after-tax cost of debt and the after-tax cost of equity where the weighting is based on a company's or industry's target debt-to-equity ratio, measured at market.



#### 4.2.1.5.2 *Selection of Guideline Public Companies*

As the determination of the WACC is reliant on market inputs and, more specifically, GPC data, the selection of appropriate GPCs is important. In determining an appropriate group of GPCs, we considered companies operating in the oil and gas industry that are focused on E&P and, where possible, with assets in similar geographies and with similar characteristics to those of Rubellite. That is, that operations were focused on oil production and specifically on heavy oil operations.

#### 4.2.1.5.3 *Cost of Equity*

In our determination of the cost of equity we used the CAPM. The CAPM takes into account the following measures of risk:

- Rf;
- ERP;
- A measure of the specific risk of the industry in which the company operates. The CAPM reflects this risk through the application of the  $\beta$ ;<sup>17</sup>
- SP;
- CSRP; and
- CAF.

The CAPM calculates the cost of equity by the following formula:

$$\text{Cost of Equity} = R_f + (\text{ERP} * \beta) + \text{SP} + \text{CSRP} + \text{CAF}$$

#### *Risk-Free Rate*

The use of a long-term government bond rate to estimate the risk-free rate is consistent with generally accepted valuation practices and appropriate in the circumstances because the duration of a long-term government bond is reflective of the length of the cash flows of the 2P reserves. Therefore, in our discount rate analysis we obtained US Treasury rate data from the Federal Reserve, as of the Valuation Date. According to information obtained from the US Federal Reserve, the long-term 20-year US Treasury Constant Maturity Yield was in the order of 4.6 percent.

#### *Equity Risk Premium*

The equity risk premium represents the additional return an investor expects to receive to compensate for the additional risk associated with investing in equities, as opposed to investing in risk-free assets. The equity risk premium is essentially the difference between the expected rate of return on the market portfolio and the risk-free rate. The equity risk premium is calculated as the historical and implied return on the market portfolio less the historical and implied risk-free rate of return, respectively. We estimated the equity risk premium to be 5.0 percent based on Deloitte Advisory research, as at the Valuation Date.

#### *Beta Coefficient*

To adjust for the differing risks of particular industries versus the equity market in general, the CAPM uses a multiple of the equity risk premium that reflects the volatility of the return on a stock relative to the stock market in general. This beta factor considers industry specific volatility. In our assessment of the beta for Rubellite, we considered the betas of GPCs operating in the same or similar industry. Our analysis indicates that an unlevered beta in the order of 0.99 to 1.10 would be considered reasonable for the industry, as at the Valuation Date.

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<sup>17</sup> To adjust for the differing risks of particular industries versus the equity market in general, the CAPM uses a multiple of the equity risk premium that reflects the volatility of the return on a stock relative to the stock market in general. This beta factor considers industry specific volatility.

Since the industry risk factor represents the unlevered equity beta (i.e., no consideration for taxes or capital structure), we then adjusted it to reflect the tax rate and debt-to-capital structure using the following formula:

$$\text{Blume-Adjusted Levered Equity Beta} = \text{Unlevered Blume-Adjusted Equity Beta} \times [1 + (1 - \text{Tax Rate}) \times \text{Debt/Equity}]$$

Based on the foregoing, we estimated the levered beta for Rubellite's capital structure was in a range of 1.25 to 1.38, as at the Valuation Date.

#### *Unsystematic Risk Factors*

Unsystematic risk factors may include a country adjustment factor, as well as an incremental risk premium, which includes adjustments for considerations specific to the company or asset vis-à-vis the general publicly traded stock in the subject industry. To the extent that the subject company's or asset's risk characteristics may be greater or less than the typical risk characteristics of the companies from which the equity risk premium and the betas were drawn, a further adjustment may be necessary to estimate the cost of capital for the specific company or asset. For example, factors that would be considered include relative size, geographic scope, product diversification, depth of management, financial strength, economic dependence, and the relative aggressiveness or conservatism of the forecast cash flows, among others.

After consideration of the relevant unsystematic risk factors, we estimated that an unsystematic risk in the order of 2.0 percent to 5.0 percent is appropriate for Rubellite. Factors impacting the unsystematic risk are, as follows:

- Compared to the GPCs, Rubellite has a small asset base confined to the Clearwater play in Alberta, which is focused on heavy oil operations. Further, Rubellite's assets are less mature than those of the GPCs and the GPCs have higher natural gas weightings. As such, we accounted for the lack of geographic/commodity diversification and asset maturity, which implies higher risk;
- Based on a review of the cash flows, Rubellite has only three years of total drilling forecast in 2P reserves and capital spend is forecast to occur within cash flow. This suggests a more conservatively booked reserve base compared to the GPCs;
- The Roll-Forward Reserve Report incorporates 3CA forecast commodity prices. These prices are higher than commodity strip prices and, because of this, there is additional risk of realization of the cash flows in this reserve report; and
- There is a level of risk associated with the achievement of the projected revenues/cash flows, as successful production of the reserves is dependent on future capital expenditures. The 1P/2P and PDP/1P ratios for Rubellite's 2P reserves are lower than the median for the GPCs. This means that relatively higher capital expenditures are required to convert the unproved and undeveloped reserve to proved reserves.

#### *4.2.1.5.4 Cost of Debt*

The pre-tax cost of debt is calculated based on the assumed cost of debt that would be incurred by a notional purchaser of Rubellite's 2P reserves. We conducted an analysis of the GPCs and considered the interest rate based on optimal financing for the underlying assets and operations of Rubellite. The pre-tax cost of debt was calculated to be in a range of 6.8 percent to 7.0 percent, based on the BB-rated US energy bond yield on the low end and the B-rated US energy bond yield on the high end.

#### *4.2.1.5.5 Capital Structure*

We applied a notional capital structure of approximately 25.0 percent debt-to-capital based on the historical debt-to-capital structure of the GPCs, as well as after consideration of the nature and quality of Rubellite's 2P reserves. The selected capital structure is how a notional purchaser would be expected to finance the acquisition of Rubellite's 2P reserves.

#### 4.2.1.5.6 WACC Rate

Based on the foregoing analysis and assuming an optimal long-term market-based capital structure, we estimated that an appropriate WACC for Rubellite’s 2P reserves, as at the Valuation Date, is in the range of 10.5 percent to 13.5 percent, as reflected in Schedule 11.

#### 4.2.2 Corporate Assets

In addition to the 2P reserves, Rubellite also held corporate assets, as at the Valuation Date. The amount of Rubellite’s corporate assets and its inclusion in the ANAV method is reflected on Schedule 3.

#### 4.3 Undeveloped Land

Management indicated that no significant changes to the values for undeveloped land, as set forth in the Seaton-Jordan Report, as at December 31, 2023, are expected, as at the Valuation Date. Management’s assertion was accepted by Deloitte based on our understanding of oil and gas market dynamics between the date of the Seaton-Jordan Report and the Valuation Date.

#### 4.4 BMEC Investment

As noted in above in section 2.7, the BMEC Acquisition closed on August 2, 2024, which is subsequent to the Valuation Date. Section 6.4 of MI 61-101 states that the valuator must prepare the formal valuation within 120 days prior to the earlier of two dates: (i) when the disclosure document is first sent to security holders, if applicable, and (ii) when the disclosure document is filed. Additionally, the valuator should make necessary adjustments to the valuation for any significant intervening events that occur between the effective date of the valuation and the earlier of the two dates mentioned.

Despite the BMEC Acquisition closing after the Valuation Date, we incorporated its effect in the Valuation to comply with the provisions of MI 61-101. Management indicated that the acquisition value reflects the fair market value of the investment and no significant changes to the value were expected, as at the Valuation Date. The BMEC Acquisition was conducted through a transparent and competitive bidding process. Therefore, we consider the acquisition price paid by Rubellite for the BMEC Acquisition to be an accurate representation of the fair market value of the Company’s investment in BMEC.

In the ANAV method, we incorporated the BMEC Acquisition, as follows, which is reflected on Schedule:

- Added the investment in BMEC at the BMEC Acquisition price of \$97.5 million;
- Increased the fair market value of net debt by approximately \$86.2 million, as discussed in section 4.8 of this report; and
- Increased the number of outstanding shares of Rubellite by 5.0 million shares, which is the number of shares issued pursuant to the BMEC Acquisition, as discussed in section 2.4 of this report.

#### 4.5 Deferred Tax Asset

The deferred tax assets/(liabilities) were comprised of the following, as at the Valuation Date:

Deferred Tax Assets and Liabilities (In \$000)	Net Book Value	Fair Market Value	
		Low	High
Decommissioning Obligations	\$2,063	\$-	\$-
Share Issue Costs	487	487	487
Non-Capital Loss Carryforwards	10,719	8,103	8,595
Derivatives	226	-	-
Property, Plant, and Equipment	(138)	-	-

Deferred Tax Assets and Liabilities (In \$000)	Net Book Value	Fair Market Value	
		Low	High
	<b>\$13,357</b>	<b>\$8,590</b>	<b>\$9,082</b>

The accounting deferred income tax assets and liabilities associated with decommissioning obligations, derivatives, and PP&E (i.e., 2P reserves) were eliminated, as the fair market value of these assets and liabilities were determined separately through income tax calculations in DCF analyses.

Concerning the share issue costs, the book value was considered to be an accurate representation of fair market value.

The fair market value of the non-capital tax losses was determined separately through a DCF analysis, as reflected on Schedule 5. The non-capital tax losses forecast to be claimed by Rubellite subsequent to the Valuation Date were calculated using forecast EBITDA and considered the Company's oil and gas tax pools, as well as forecast capital expenditures. The annual amounts of forecast non-capital losses utilized were then tax affected to determine the tax savings on the utilized losses. Finally, the present values of these annual forecast tax savings were determined using the above-discussed range of WACC rates, which were determined on Schedule 11. The sum of these present values is the fair market value of the non-capital tax losses, as at the Valuation Date.

#### 4.6 Risk Management Contracts

As at the Valuation Date, Rubellite had risk management contracts for crude oil and foreign exchange rates. The fair market values of these contracts, whether in asset or liability positions, were determined by comparing the average 3CA prices used to determine the forecast 2P reserves cash flows, as at the Valuation Date, to the average fixed prices in accordance with the hedging contracts. Also, the forecast foreign exchange rates were compared to those contained in the risk management contracts. These computations are reflected on Schedule 7.

#### 4.7 Non-Cash Net Working Capital

As at the Valuation Date, Rubellite had a non-cash net working capital negative balance of approximately \$18.3 million. We assumed that the book value of non-cash net working capital, as provided by Management, is equal to fair market value.

#### 4.8 Net Debt

Rubellite's net debt is deducted from the fair market value of the Company's assets. Net debt is defined as the fair market value of the Company's interest-bearing debt, as at the Valuation Date. The amount of Rubellite's net debt and its inclusion in the ANAV method is reflected on Schedule 3. The net debt is comprised of approximately \$30.8 million of revolving bank debt, which carries a floating interest rate. As such, we assumed that the net book value of this debt to be representative of its fair market value, as at the Valuation Date. We also incorporated the impact on net debt due to the BMEC Acquisition. Rubellite assumed approximately \$23.5 million of BMEC debt, as well as increased the Company's debt by \$62.7 million to fund cash paid in the subject acquisition, for a total net debt addition of roughly \$86.2 million.

#### 4.9 Decommissioning and Restoration Liabilities

The accounting line item related to the net book values of the decommissioning and restoration liabilities was eliminated because the fair market value of 2P reserves takes into account all of the decommissioning and restoration obligations associated with the reserves. Stated differently, the Roll-Forward Reserve Report reflects forecast cash outflows related to these liabilities.

#### 4.10 General and Administrative Expenses

The fair market value of Rubellite’s forecast G&A expenses was determined by calculating the present value of the Company’s forecast annualized G&A expenses. As reflected on Schedule 8, Rubellite’s forecast G&A expenses for the years 2024 to 2028 are based on Management’s five-year plan, which considers the amended terms of the MSA between Perpetual and Rubellite. Effective June 1, 2024, the MSA was amended to split shared costs on an 80.0 percent Rubellite and 20.0 percent Perpetual basis.

To determine the G&A expenses beyond 2028, we inflated the Company’s 2028 G&A expenses per boe of production at a rate of 2.0 percent annually. This inflation adjustment reflects the anticipated increase in costs over time.

As production levels decline in the forecast period, Rubellite’s forecast G&A expenses also decline. However, Management has determined that the minimum expected annual G&A expenses are \$4.0 million, as at the Valuation Date. This amount includes various components such as professional fees, public company costs, salaries, consultants, rent, software, and other expenses. Therefore, if the computed G&A expenses based on production in the forecast period fall below the inflation-adjusted minimum expected annual G&A expenses, they are adjusted to the inflation-adjusted minimum expected amount.

The present value of Rubellite’s forecast G&A expenses was deducted from the fair market value of the Company’s assets, as G&A expenses are not reflected in the DCF valuation analyses for Rubellite’s 2P reserves, which is based on the Roll-Forward Reserve Report.

#### 4.11 Adjusted Net Asset Value Method Conclusion

Based on our analysis of all of Rubellite’ assets and liabilities, we determined the basic fair market value of the Shares, as at the Valuation Date, under the ANAV method to be in the range shown below and as reflected on Schedule 3:

	Fair Market Value per Basic Share		
Rubellite Energy Inc.	Low	Mid	High
Net Asset Value per Basic Share	\$3.65	\$3.82	\$3.99

# 5 Guideline Public Company Multiples Method

## 5.1 Guideline Public Company Selection Criteria

As previously discussed, we made use of the GPC multiples method as another method to determine various indicative fair market value ranges of the Shares, as at the Valuation Date. The selected GPCs have some or all of the following attributes:

- Companies engaged in the business of oil and gas E&P;
- Companies primarily focused on oil production and specifically focused on producing heavy oil that would be comparable to the Clearwater play; and
- Companies with oil and gas reserve composition similar to that of Rubellite.

The valuation multiples we considered were, as follows:

- EV / EBITDA;
- EV / DACF;
- EV / boe / d;
- EV / 2P;
- EV / 1P; and
- EV / PDP.

The GPC method is a subset of the market approach in which valuation pricing multiples are derived from the market prices of stocks of companies that are engaged in the same or similar lines of business as the subject company and are actively traded on a free and open market. The derived multiples are then applied to the subject company's financial metrics producing indications of value.

We identified nine publicly traded companies, excluding Rubellite, that we believe are the most comparable to Rubellite, as at the Valuation Date.

## 5.2 Guideline Public Companies

The following table lists out the companies which we believe are most comparable to the Company. To the extent possible, we determined GPCs that operate in similar geographic regions, are of similar size, and operate in the same industry as that of Rubellite:

Guideline Public Companies	Tickers
Cardinal Energy Ltd.	TSX:CJ
Gear Energy Ltd.	TSX:GXE
Hemisphere Energy Corporation	TSXV:HME
International Petroleum Corporation	TSX:IPCO
Surge Energy Inc.	TSX:SGY
Strathcona Resources Ltd.	TSX:SCR
Tamarack Valley Energy Ltd.	TSX:TVE
Lycos Energy Inc.	TSXV:LCX
Headwater Exploration Inc.	TSX:HWX

## 5.3 Selection and Application of Multiples<sup>18</sup>

For the purposes of the GPC multiples method, we reviewed the trading multiples of the GPCs and used those as a basis to determine indicative fair market value ranges for the Shares, as shown below and on Schedule 13:

Valuation Multiples <sup>19</sup>	Minimum	1 <sup>st</sup> Quartile	Average	Median	3 <sup>rd</sup> Quartile	Maximum
EV/2024 EBITDA	2.5x	2.9x	3.6x	3.4x	4.4x	4.9x
EV/2025 EBITDA	2.1x	2.5x	3.3x	3.2x	3.9x	5.2x
EV/2024 DACF	2.8x	2.8x	4.0x	4.2x	4.8x	5.6x
EV/2025 DACF	1.9x	2.8x	3.9x	4.0x	4.8x	5.8x
EV/2024 boe/d	\$33,026	\$39,048	\$49,243	\$49,336	\$51,892	\$79,606
EV/2025 boe/d	\$28,997	\$34,630	\$45,838	\$48,167	\$49,819	\$70,876
EV/2P (in \$/boe)	\$3.85	\$6.46	\$11.65	\$10.07	\$12.78	\$32.98
EV/1P (in \$/boe)	\$6.28	\$9.19	\$19.30	\$13.65	\$26.26	\$55.07
EV/PDP (in \$/boe)	\$15.72	\$22.46	\$36.54	\$24.26	\$50.58	\$86.15

<sup>18</sup> Only information available, as at the Valuation Date, has been considered.

<sup>19</sup> Source: CapitalIQ.

As shown on a per share and multiples basis on Schedule 12, by using our experience in the areas of valuations, mergers, and acquisitions, the multiples selected for the purposes of valuing the Shares are, as follows:

Valuation Multiples	Low	Mid	High
EV/2024 EBITDA	3.3x	3.4x	3.6x
EV/2025 EBITDA	3.1x	3.2x	3.4x
EV/2024 DACF	4.0x	4.2x	4.4x
EV/2025 DACF	3.8x	4.0x	4.2x
EV/2024 boe/d	\$46,869	\$49,336	\$51,803
EV/2025 boe/d	\$45,758	\$48,167	\$50,575
EV/2P (in \$/boe)	\$12.14	\$12.78	\$13.42
EV/1P (in \$/boe)	\$24.94	\$26.26	\$27.57
EV/PDP (in \$/boe)	\$48.05	\$50.58	\$53.11

We applied the selected multiples to the relevant financial metrics for Rubellite to estimate indicative fair market value ranges for the Company on an EV basis, from which we made adjustments for net debt and other assets and liabilities to arrive at estimates of the fair market value of the Shares.

#### 5.4 Guideline Public Company Multiples Method Conclusion

Based on the GPC method, we determined basic indicative fair market value ranges of the Shares implied by the GPC multiples, as at the Valuation Date, to be as shown below and as reflected on Schedule 12:

	Implied Equity Value		Implied Basic \$/Share	
	Low	High	Low	High
EV/2024 EBITDA	\$ 270,587	\$ 301,129	\$ 4.00	\$ 4.46
EV/2025 EBITDA	270,882	301,455	4.01	4.46
EV/2024 DACF	332,528	369,590	4.92	5.47
EV/2025 DACF	338,389	376,068	5.01	5.56
EV/2024 boe/d	202,865	226,278	3.00	3.35
EV/2025 boe/d	242,430	270,008	3.59	3.99
EV/2P (in \$/boe)	195,883	218,561	2.90	3.23
EV/1P (in \$/boe)	244,699	272,516	3.62	4.03
EV/PDP (in \$/boe)	252,288	280,904	3.73	4.16



# 6 Guideline Precedent Transaction Multiples Method

## 6.1 Guideline Precedent Transaction Selection Criteria

As previously discussed, we also made use of the GPT multiples method as another method to determine various indicative fair market value ranges of the Shares, as at the Valuation Date. The selected GPTs have some or all of the following attributes:

- Transactions that occurred between January 1, 2020 and the Valuation Date;
- Transactions involving the sale of companies or assets located in the same geographic location and formations as Rubellite’s assets; and
- Transactions involving the sale of companies or assets with similar product weightings (oil, natural gas, and NGLs) as that of Rubellite.

A list of the identified transactions, as well as transaction multiples associated with each transaction, can be found on Schedule 14.

The valuation multiple we considered were, as follows:

- EV / 2P; and
- EV / boe / d.

The GPT method is a subset of the market approach in which valuation pricing multiples are derived from transactions in the E&P sector of the oil and gas industry. The derived multiples are then applied to the subject company’s financial metrics producing indications of value.

## 6.2 Selection and Application of the Multiples

For the purposes of the GPT multiples method, we reviewed the multiples of the GPTs and used those as a basis to determine indicative fair market value ranges for the Shares, as shown below and on Schedule 14:

Valuation Multiples <sup>20</sup>	Minimum	1 <sup>st</sup> Quartile	Average	Median	3 <sup>rd</sup> Quartile	Maximum
EV/2P (in \$/boe)	\$3.84	\$9.09	\$16.80	\$17.62	\$23.06	\$28.61
EV/boe/d	\$21,176	\$30,213	\$48,546	\$41,104	\$68,664	\$88,380

<sup>20</sup> Source: Enverus, Sayer Publications, and company filings.

As shown on a per share and multiples basis on Schedule 12, by using our experience in the areas of valuations, mergers, and acquisitions, the multiples selected for the purposes of valuing the Shares are, as follows:

Valuation Multiples	Low	Mid	High
EV/2P	\$16.74	\$17.62	\$18.50
EV/boe/d	\$39,049	\$41,104	\$43,159

We applied the selected multiples to the relevant financial metrics for Rubellite to estimate indicative fair market value ranges for the Company on an EV basis, from which we made adjustments for net debt and other assets and liabilities to arrive at estimates of the fair market value of the Shares.

### 6.3 Guideline Precedent Transactions Multiples Method Conclusion

Based on the GPT method, we determined basic indicative fair market value ranges of the Shares implied by the GPT multiples, as at the Valuation Date, to be as shown below and as reflected on Schedule 12:

	Implied Equity Value		Implied Basic \$/Share	
	Low	High	Low	High
EV/2P (in \$/boe)	\$277,426	\$308,688	\$4.10	\$4.57
EV/ boe/d	165,752	185,259	2.45	2.74

# 7 Valuation Conclusion

## 7.1 Value Conclusion

We determined the fair market value of the Shares, as at the Valuation Date, with consideration of various approaches, including the income approach and the market approach. Within each approach, we completed an independent analysis to determine the implied fair market value of the Shares of Rubellite.

Based upon the scope of our review and our research, analysis, and experience, and subject to the restrictions, qualifications, and assumptions, all as set out herein, the fair market value of the Shares on a fully diluted basis, as at the Valuation Date, is in a range of \$3.64 to \$3.99 per Share, with a mid-point of \$3.82 per Share, as reflected on Schedule 1. Although the BMEC Acquisition occurred subsequent to the Valuation Date, in accordance with the provisions of MI 61-101, we incorporated the impact of this transaction in the Valuation.

We specifically considered the following indicative Share prices of Rubellite, as reflected on Schedule 1:

	Low	Mid	High
Asset-based method: ANAV Method	\$ 3.65	\$ 3.82	\$ 3.99
Market method: GPC Multiples (EV/2024 EBITDA)	4.00	4.23	4.46
Market method: GPC Multiples (EV/2025 EBITDA)	4.01	4.23	4.46
Market method: GPC Multiples (EV/2024 DACF)	4.92	5.19	5.47
Market method: GPC Multiples (EV/2025 DACF)	5.01	5.28	5.56
Market method: GPC Multiples (EV/2024 boe/d)	3.00	3.17	3.35
Market method: GPC Multiples (EV/2025 boe/d)	3.59	3.79	3.99
Market method: GPC Multiples (EV/2P)	2.90	3.07	3.23
Market method: GPC Multiples (EV/1P)	3.62	3.83	4.03
Market method: GPC Multiples (EV/PDP)	3.73	3.94	4.16
Market method: GPT Multiples (EV/2P)	4.10	4.34	4.57
Market method: GPT Multiples (EV/ boe/d)	2.45	2.60	2.74
<b>Selected \$/Basic Share</b>	<b>\$ 3.81</b>	<b>\$ 4.01</b>	<b>\$ 4.20</b>
<b>Selected \$/Fully Diluted Share</b>	<b>\$ 3.64</b>	<b>\$ 3.82</b>	<b>\$ 3.99</b>

## 7.2 Implied Premium

We computed the implied premium between the VWAP at various periods and our concluded range of fair market values for the Shares on a fully diluted basis, as at the Valuation Date, as shown below.

	VWAP <sup>21</sup>	Low	Mid-Point	High
<b>Value Conclusion</b>		<b>\$3.64</b>	<b>\$3.82</b>	<b>\$3.99</b>
<b>As at June 28, 2024</b>	\$2.32	57.0%	64.5%	72.1%
5 Day	2.31	58.0%	65.6%	73.1%
20 Day	2.24	62.8%	70.6%	78.4%
1 Month	2.25	62.0%	69.8%	77.5%
3 Month	2.53	44.2%	51.1%	58.0%
6 Month	2.49	46.5%	53.5%	60.5%
1 Year	2.35	55.2%	62.6%	70.1%
2 Year	2.41	51.4%	58.6%	65.9%
3 Year	2.84	28.5%	34.6%	40.7%

<sup>21</sup> Source: CapitalIQ. Minor differences may arise if a different data source is used to compute the same VWAPs.

# Schedules

# Rubellite Energy Inc.

## Formal Valuation

As at June 30 2024

CAD, thousands

## Table of Contents

<b>Schedule Name</b>	<b>Schedule Number</b>
Summary of Values	1
Summary of Dilutive Securities	2
Net Asset Value	3
Proved and Probable Reserves Discounted Cash Flow	4
Existing Non-Capital Losses Fair Market Value	5
Undeveloped Land Fair Market Value	6
Risk Management Contracts Fair Market Value	7
General and Administrative Expenses Fair Market Value	8
Historical Balance Sheets	9
Historical Income Statements	10
Weighted Average Cost of Capital	11
Market Multiples Summary	12
Guideline Public Company Analysis	13
Guideline Precedent Transactions Analysis	14

# Rubellite Energy Inc.

## Schedule 1

### Formal Valuation

As at June 30, 2024  
CAD, thousands

References	Fair Market Value of Equity			Fair Market Value per Share					
	Low	Mid	High	Low	Mid	High			
<b>Adjusted Net Asset Value</b>	\$	246,882	\$	269,432	\$	3.82	\$	3.99	
<b>Market Approach - Guideline Public Companies</b>									
2024 EV/EBITDA	270,587	285,858	301,129			4.23		4.46	
2025 EV/EBITDA	270,882	286,169	301,455			4.23		4.46	
2024 EV/DACF	332,528	351,059	369,590			5.19		5.47	
2025 EV/DACF	338,389	357,229	376,068			5.28		5.56	
2024 EV/boe/d	202,865	214,571	226,278			3.17		3.35	
2025 EV/boe/d	242,430	256,219	270,008			3.79		3.99	
2024 EV/2P	195,883	207,222	218,561			3.07		3.23	
2024 EV/1P	244,699	258,607	272,516			3.83		4.03	
2024 EV/PDP	252,288	266,596	280,904			3.94		4.16	
<b>Market Approach - Guideline Precedent Transactions</b>									
EV/2P	277,426	293,057	308,688			4.34		4.57	
EV/boe/d	165,752	175,505	185,259			2.60		2.74	
<b>Deloitte Selected Fair Market Value per Basic Share</b>	Note 1	\$	257,653	\$	284,085	\$	3.81	\$	4.01
<b>Add/(Less): Cash Received / (Paid) on Dilutive Securities</b>	Schedule 2	12,000	12,000						
<b>Deloitte Selected Fair Market Value per Fully Diluted Share</b>	Note 2	\$	269,653	\$	282,869	\$	3.64	\$	3.82

#### Implied Metrics

2024 EV/EBITDA	3.2X	3.4X	3.5X			
2025 EV/EBITDA	3.0X	3.2X	3.3X			
2024 EV/DACF	3.3X	3.4X	3.6X			
2025 EV/DACF	3.1X	3.2X	3.4X			
2024 EV/boe/d	\$	60,943	\$	63,728	\$	66,513
2025 EV/boe/d	\$	50,513	\$	52,821	\$	55,129
EV/2P	\$	16.30	\$	17.04	\$	17.79
EV/1P	\$	27.30	\$	28.55	\$	29.79
EV/PDP	\$	51.12	\$	53.45	\$	55.79

#### Notes:

- [1] Fair market value of equity calculated based on basic shares outstanding (000s), as at the Valuation Date. Source: S&P Capital IQ.  
 [2] Fair market value of equity calculated based on fully diluted shares (000s), as at the Valuation Date. The number of fully diluted shares is reflected below:

	Low	Mid	High
Basic Shares Outstanding	67,593	67,593	67,593
Add: Dilutive Shares	6,425	6,507	6,581
<b>Fully Diluted Shares</b>	<b>74,018</b>	<b>74,100</b>	<b>74,174</b>

- [3] Implied metrics are calculated based on the Deloitte selected fair market value per fully diluted share above.

	Exercise Price	Vested (000s)	Multiplier	Equivalent Shares	Expected Settlement in Cash?	Total Dilutive Shares (000s)	In the Money at Low End of Basic Share Price Range?		In the Money at Mid-Point of Basic Share Price Range?		In the Money at High End of Basic Share Price Range?		Cashless?	Cash Received/(Paid) on Exercise			Total Shares Issued (000s)
							Note 1	Note 2	Note 3	Note 1	Note 1	Note 1		Note 1	Note 1	Note 1	
<b>PSUs</b>																	
01-Jun-2023 - Performance Share Units	\$ -	16	2.00	32	No	32	Yes	Yes	Yes	Yes	Yes	Yes	Yes	\$ -	\$ -	\$ -	32
05-Apr-2023 - Performance Share Units	-	228	2.00	456	No	456	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	456
28-May-2024 - Performance Share Units	-	324	1.00	324	No	324	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	324
29-May-2023 - Performance Share Units	-	20	2.00	40	No	40	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	40
30-Aug-2023 - Performance Share Units	-	17	2.00	34	No	34	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	34
<b>RSUs</b>																	
03-Oct-2022 - Restricted Share Units	\$ -	6	1.00	6	No	6	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	6
11-Oct-2022 - Restricted Share Units	-	2	1.00	2	No	2	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	2
17-Jun-2024 - Restricted Share Units	-	14	1.00	14	No	14	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	14
19-Sep-2022 - Restricted Share Units	-	2	1.00	2	No	2	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	2
22-Aug-2022 - Restricted Share Units	-	104	1.00	104	No	104	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	104
22-Aug-2023 - Restricted Share Units	-	393	1.00	393	No	393	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	393
27-Jun-2022 - Restricted Share Units	-	4	1.00	4	No	4	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	4
<b>Share Options</b>																	
03-Oct-2022 - Share Options	\$ 2.27	16	1.00	16	No	16	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	6
09-Sep-2021 - Share Options	2.00	679	1.00	679	No	679	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	340
12-Oct-2021 - Share Options	2.64	13	1.00	13	No	13	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	4
17-Jun-2024 - Share Options	2.24	19	1.00	19	No	19	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	8
18-Oct-2021 - Share Options	2.54	13	1.00	13	No	13	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	8
22-Aug-2022 - Share Options	2.92	801	1.00	801	No	801	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	4
22-Aug-2023 - Share Options	2.10	1,019	1.00	1,019	No	1,019	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	187
24-Mar-2022 - Share Options	3.61	8	1.00	8	No	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	457
27-Jun-2022 - Share Options	3.65	79	1.00	79	No	79	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	0
29-May-2023 - Share Options	1.78	40	1.00	40	No	40	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	3
30-Sep-2026 - Share purchase warrants	\$ 3.00	4,000	1.00	4,000	No	4,000	Yes	Yes	Yes	Yes	Yes	Yes	No	12,000	12,000	12,000	4,000
<b>Total</b>		<b>7,814</b>		<b>8,095</b>		<b>8,095</b>								<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>	<b>6,507</b>

**Notes:**

- [1] Based on information provided by Management.
- [2] For the purpose of calculating the fair market value per diluted share, it was assumed that all share options, share warrants, performance share units ("PSUs"), and restricted share units ("RSUs") would immediately vest and be exercisable at the Valuation Date.
- [3] Multiplier applicable to the PSUs is computed as follows:

NAV/share, as at the Valuation Date	Note 4	\$	5.65	A
NAV/share, as at December 31, 2023	Note 1	\$	5.15	B
NAV/share, as at December 31, 2022	Note 1	\$	3.99	C
Change in NAV/share percentage From Grant Date	Note 1	Multiplier		
0.0%			0.50	
7.5%			0.50	
15.0%			1.00	
22.5%			1.50	
30.0%			2.00	
40.0%			2.00	
Increase in NAV from December 31, 2023 to Valuation Date			9.9%	A / B - 1
Increase in NAV from December 31, 2022 to Valuation Date			41.7%	A / C - 1
Multiplier Applicable to PSUs Granted in 2024	Note 1		1.00	
Multiplier Applicable to PSUs Granted in 2023	Note 1		2.00	



[4] NAV/share, for the purposes of determining the multiplier applicable to the PSUs, is computed using a similar methodology as that used by Management for determining the NAV/share at December 31, 2023 and 2022 for the purposes of determining the multiplier applicable to PSUs upon vesting.

Proved and Probable Reserves (Pre-tax NPV 10 net of all ARO)	(a)	\$	380,442
Investment in BMEC	Schedule 3	\$	97,500
Undeveloped Land (average)	Schedule 3		40,725
Hedging Contracts (average)	Schedule 3		(1,210)
Non-Cash Net Working Capital (average)	Schedule 3		(18,252)
Net Debt (average)	Schedule 3	\$	(117,063)
		\$	382,143
Basic Shares Outstanding	Schedule 1		67,593
Net Asset Value/Share, as at the Valuation Date		\$	5.65

(a) Reflects before-tax net present value of the cash flows, using a pre-tax discount rate of 10.0 percent, related to proved plus probable reserves, as provided by Management, as at the Valuation Date.

[5] Fair Market Value per Basic Share:

	Low	Mid	High
Schedule 1	\$ 3.81	\$ 4.01	\$ 4.20

	Notes/References	Net Book Value	Fair Market Value Adjustments		Fair Market Value Values	
			Low	High	Low	High
<b>ASSETS</b>						
<b>Property, Plant, and Equipment</b>						
Proved and Probable Reserves	Schedule 4	\$ 2,177,774	\$ 914,486	\$ 1,279,946	\$ 309,260	\$ 345,721
Corporate Assets	Note 2	2,680	-	-	2,680	2,680
<b>Exploration and Evaluation Assets</b>						
Undeveloped Land	Schedule 6	33,270	7,455	7,455	40,725	40,725
<b>Investment</b>						
Buffalo Mission Energy Corp.	Note 3	-	97,500	97,500	97,500	97,500
<b>Other Assets</b>						
Deferred Tax Asset	Note 4	13,357	(4,767)	(4,275)	8,590	9,082
<b>Total Assets</b>		<b>\$ 267,081</b>	<b>\$ 191,674</b>	<b>\$ 228,626</b>	<b>\$ 458,755</b>	<b>\$ 495,707</b>
<b>LIABILITIES</b>						
Risk Management Contracts	Schedule 7	\$ 981	\$ 218	\$ 241	\$ 1,199	\$ 1,222
Non-Cash Net Working Capital	Note 5	18,252	-	-	18,252	18,252
Net Debt	Note 6	30,831	86,232	86,232	117,063	117,063
Decommissioning and Restoration Liabilities	Note 7	8,968	(8,968)	(8,968)	-	-
General and Administrative Expenses	Schedule 8	-	75,360	89,739	75,360	89,739
<b>Total Liabilities</b>		<b>\$ 59,032</b>	<b>\$ 152,841</b>	<b>\$ 167,243</b>	<b>\$ 211,873</b>	<b>\$ 226,275</b>
<b>Net Asset Value</b>		<b>\$ 208,049</b>	<b>\$ 38,833</b>	<b>\$ 61,383</b>	<b>\$ 246,882</b>	<b>\$ 269,432</b>
Basic Shares Outstanding					67,593	67,593
Net Asset Value per Basic Share	Schedule 1				\$ 3.65	\$ 3.99

**Notes:**

- [1] The net book value is based on Rubellite's June 30, 2024 balance sheet, as provided by Management. Unless stated otherwise, the fair market values of the Company's assets and liabilities are assumed to be consistent with their net book values.
- [2] The fair market value of Rubellite's property, plant, and equipment includes the net book value of the Company's corporate assets, as at June 30, 2024. It has been assumed that the corporate assets' fair market value is consistent with its net book value.
- [3] On August 2, 2024, Rubellite closed the acquisition of BMEC. The total consideration paid by Rubellite for the acquisition was \$97.5 million (\$39,000/boe/d) at a production run rate of 2,500 bbl/d), inclusive of \$23.5 million of BMEC's assumed net debt, which consisted of \$62.7 million in cash and the issuance of 5.0 million common shares of Rubellite to certain shareholders of BMEC having a deemed value of \$11.3 million. The acquisition value reflects fair market value of the investment, as at the Valuation Date.

[4] Fair market value of deferred tax assets/(liabilities) is determined, as follows:

	Net Book Value	Fair Market Value	Fair Market Value
		Low	High
Decommissioning Obligations	\$ 2,063	\$ -	\$ -
Share Issue Costs	487	487	487
Non-Capital Loss Carryforwards	10,719	8,103	8,595
Derivatives	226	-	-
Property, plant, and equipment	(138)	-	-
<b>Fair Market Value of Deferred Tax Asset</b>	<b>\$ 13,357</b>	<b>\$ 8,590</b>	<b>\$ 9,082</b>

(a) The accounting deferred income tax assets and liabilities associated with decommissioning obligations, derivatives (hedged), and property, plant, and equipment (i.e., 2P reserves), were eliminated, as the fair market value of these assets and liabilities were determined separately.

[5] Non-cash net working capital has been calculated, as follows:

Product Inventory	Schedule 9	\$	1,512
Add: Accounts Receivable	Schedule 9		12,225
Add: Prepaid Expenses and Deposits	Schedule 9		610
Less: Accounts Payable and Accrued Liabilities	Schedule 9		(32,599)
<u>Non-cash net working capital</u>		\$	<u>(18,252)</u>

[6] Net debt has been calculated, as follows:

Revolving Bank Debt	Schedule 9, Note 8	\$	30,831
Additional Debt to Acquire Buffalo Mission Energy Corp.	Note 3		86,232
Less: Cash and Cash Equivalents	Schedule 9		-
<u>Net Debt</u>		\$	<u>117,063</u>

[7] The net book values of decommissioning obligations were eliminated because the fair market value of proved plus probable reserves already takes into account all decommissioning obligations associated with the reserves.  
 [8] Revolving bank debt carries a floating interest rate. As such, we assumed the net book value to be representative of the fair market value, as at the Valuation Date.

References	For the Years Ending December 31										
	1-Jan-24 30-Jun-24	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Note 1											
Oil Production (bbl/d)		4,980	5,399	6,013	5,586	4,061	3,109	2,511	2,098	1,791	1,556
Gas Production (Mcfd)		1,959	2,353	2,247	2,247	1,933	1,467	1,198	1,010	864	758
Total Production (boe/d)		4,980	5,726	6,405	5,960	4,384	3,353	2,711	2,267	1,935	1,682
Oil Production (bbl)	16,551,513	916,334	1,970,652	2,194,637	2,038,853	1,486,480	1,134,702	916,542	765,836	655,646	568,010
Gas Production (Mcfd)	7,157,662	715,096	858,683	820,192	707,514	535,549	437,394	368,694	316,374	276,527	236,527
Total Production (boe)	8,202,587	17,744,457	2,089,835	2,337,751	2,175,551	1,604,399	1,232,960	989,424	827,285	708,375	614,997
Oil Price (\$/bbl)		\$ 84.10	\$ 79.01	\$ 77.43	\$ 78.08	\$ 79.64	\$ 81.22	\$ 82.85	\$ 84.51	\$ 86.19	\$ 87.92
Gas Price (\$/Mcfd)			3.18	3.89	4.14	4.22	4.31	4.39	4.48	4.57	4.66
Oil and Gas Revenue	\$ 65,621	\$ 1,440,755	\$ 173,279	\$ 162,591	\$ 121,370	\$ 94,472	\$ 77,858	\$ 66,369	\$ 57,959	\$ 51,226	\$ 44,933
Less: Royalties Expense	(7,270)	(189,719)	(21,377)	(20,089)	(14,897)	(10,602)	(9,248)	(8,100)	(7,088)	(6,133)	(5,286)
Gross Revenue	\$ 58,351	\$ 1,250,976	\$ 136,601	\$ 142,552	\$ 106,473	\$ 82,269	\$ 67,256	\$ 57,121	\$ 50,151	\$ 44,951	\$ 39,647
Less: Fixed Operating Costs	\$ (265,269)	\$ (3,641)	\$ (8,533)	\$ (11,924)	\$ (12,071)	\$ (11,911)	\$ (11,925)	\$ (12,010)	\$ (12,023)	\$ (12,018)	\$ (12,018)
Less: Variable Operating Costs	(185,061)	(8,862)	(22,334)	(21,151)	(15,786)	(12,294)	(10,133)	(8,638)	(7,544)	(6,668)	(5,861)
Less: Other Operating Costs	(5,476)	(1,05)	(421)	(426)	(406)	(390)	(382)	(333)	(296)	(266)	(236)
Total Operating Expenses	\$ (11,723)	\$ (455,806)	\$ (12,607)	\$ (33,344)	\$ (33,501)	\$ (28,263)	\$ (24,595)	\$ (22,441)	\$ (20,981)	\$ (19,863)	\$ (18,952)
Gross Profit	\$ 46,628	\$ 795,169	\$ 54,111	\$ 109,021	\$ 78,211	\$ 57,675	\$ 44,815	\$ 36,140	\$ 30,288	\$ 25,641	\$ 21,696
Less: General and Administrative Expenses	(4,426)	(302,567)	(5,953)	(13,036)	(13,869)	(10,792)	(8,998)	(7,589)	(6,628)	(5,861)	(5,061)
Add/(Less): Realized Hedged	(746)	(1,307)	(683)	(736)	(706)	(655)	(605)	(555)	(505)	(455)	(405)
EBITDA	\$ 41,436	\$ 491,295	\$ 47,576	\$ 104,448	\$ 95,575	\$ 64,342	\$ 46,883	\$ 35,917	\$ 28,551	\$ 23,660	\$ 19,780
Less: Decommissioning and Restoration Costs on Existing Wells	(148)	(18,647)	(207)	(215)	(219)	(224)	(233)	(238)	(242)	(247)	(252)
Less: Decommissioning and Restoration Costs on Future Assets	(1,404)	(44,241)	(8,390)	(9,680)	(5,902)	(4,074)	(3,184)	(2,655)	(2,404)	(2,151)	(1,900)
Net Operating Income	\$ 41,308	\$ 463,564	\$ 47,370	\$ 95,356	\$ 64,118	\$ 46,546	\$ 35,684	\$ 28,313	\$ 23,417	\$ 19,533	\$ 16,633
Less: Income Tax											
After-Tax Cash Flow	\$ 42,712	\$ 419,322	\$ 47,370	\$ 95,843	\$ 85,676	\$ 58,216	\$ 42,472	\$ 32,500	\$ 25,648	\$ 21,013	\$ 17,382
Cash Flow Adjustments:											
Add: General and Administrative Expenses	4,426	302,567	5,953	13,036	13,446	13,869	10,792	8,998	7,589	6,628	5,861
Add/(Less): Realized Hedged	746	1,307	581	726	706	655	(55)	(65)	(70)	(75)	(80)
Less: Capital Expenditures	(29,862)	(161,160)	(27,829)	(56,027)	(19,968)	(70)	(170)	(170)	(170)	(170)	(170)
Debt-Free After-Tax Cash Flow	\$ 18,022	\$ 562,036	\$ 26,075	\$ 50,874	\$ 52,852	\$ 79,154	\$ 53,209	\$ 41,354	\$ 33,237	\$ 27,641	\$ 23,243
<b>Present Value of Cash Flows - Low</b>											
Percent of Year Remaining		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting		0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00
Present Value Factor at 13.5%		0.97	0.88	0.78	0.68	0.60	0.53	0.47	0.41	0.36	0.32
Present Value of Cash Flows	\$ 25,258	\$ 44,807	\$ 41,013	\$ 54,117	\$ 43,380	\$ 28,239	\$ 19,337	\$ 13,693	\$ 10,033	\$ 7,433	\$ 5,643
<b>Present Value of Cash Flows - High</b>											
Percent of Year Remaining		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting		0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00
Present Value Factor at 10.5%		0.38	0.90	0.82	0.74	0.67	0.61	0.55	0.50	0.45	0.41
Present Value of Cash Flows	\$ 25,429	\$ 46,027	\$ 43,273	\$ 58,650	\$ 48,290	\$ 32,289	\$ 22,710	\$ 16,518	\$ 12,452	\$ 9,460	\$ 7,460
Sum of Present Value of Cash Flows	\$ 309,260	\$ 327,490	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721	\$ 345,721
<b>Fair Market Value of Proved and Probable Reserves</b>	<b>\$ 309,260</b>	<b>\$ 327,490</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>	<b>\$ 345,721</b>

**Notes:**

[1] Unless stated otherwise, Rubellite's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").

[2] Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.

[3] The Company's cash income taxes are calculated using forecast EBITDA and considering Rubellite's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures. The net operating losses have been fair valued separately.

[4] As Rubellite's general and administrative expenses and net hedging losses are valued separately, they have been added back to the reserves' cash flows.

References	For the Years Ending December 31									
	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Note 1										
Oil Production (bbbl/d)	1,372	1,214	1,076	969	863	779	704	647	588	531
Gas Production (Mcf/d)	672	599	543	495	454	420	389	362	333	308
Total Production (boe/d)	1,484	1,313	1,166	1,052	939	849	768	708	644	582
Oil Production (bbbl)	500,679	442,954	393,685	353,810	314,945	284,428	257,537	236,295	214,736	193,775
Gas Production (Mcf)	245,190	218,778	198,620	180,679	165,883	153,128	142,382	132,135	121,367	112,288
Total Production (boe)	541,544	479,417	426,788	383,923	342,592	309,949	281,268	258,317	234,964	212,469
Oil Price (\$/bbl)	\$ 89.65	\$ 91.45	\$ 93.28	\$ 95.15	\$ 97.10	\$ 98.99	\$ 100.99	\$ 103.01	\$ 105.10	\$ 107.26
Gas Price (\$/Mcf)	4.75	4.85	4.95	5.05	5.15	5.25	5.35	5.46	5.57	5.68
Oil and Gas Revenue	\$ 46,051	\$ 41,568	\$ 37,705	\$ 34,578	\$ 31,434	\$ 28,958	\$ 26,770	\$ 25,061	\$ 23,245	\$ 21,421
Less: Royalties Expense	(5,904)	(5,310)	(4,794)	(4,404)	(4,050)	(3,789)	(3,555)	(3,388)	(3,195)	(3,032)
Gross Revenue	\$ 40,147	\$ 36,258	\$ 32,911	\$ 30,173	\$ 27,385	\$ 25,181	\$ 23,214	\$ 21,673	\$ 20,050	\$ 18,389
Less: Fixed Operating Costs	(12,117)	(11,980)	(11,661)	(11,622)	(11,166)	(10,577)	(10,783)	(10,820)	(10,624)	(10,300)
Less: Variable Operating Costs	(5,994)	(5,409)	(4,902)	(4,494)	(4,077)	(3,789)	(3,497)	(3,269)	(3,028)	(2,783)
Less: Other Operating Costs	(242)	(221)	(202)	(187)	(171)	(161)	(150)	(139)	(131)	(121)
Total Operating Expenses	\$ (18,354)	\$ (17,610)	\$ (16,766)	\$ (16,303)	\$ (15,415)	\$ (15,007)	\$ (14,430)	\$ (14,229)	\$ (13,783)	\$ (13,205)
Gross Profit	\$ 21,793	\$ 18,647	\$ 16,145	\$ 13,870	\$ 11,970	\$ 10,173	\$ 8,785	\$ 7,444	\$ 6,267	\$ 5,185
Less: General and Administrative Expenses	(5,272)	(5,118)	(5,220)	(5,325)	(5,431)	(5,540)	(5,651)	(5,764)	(5,879)	(5,996)
Add/(Less): Realized Hedged	-	-	-	-	-	-	-	-	-	-
EBITDA	\$ 16,521	\$ 13,529	\$ 10,924	\$ 8,545	\$ 6,539	\$ 4,634	\$ 3,134	\$ 1,681	\$ 388	\$ (811)
Less: Decommissioning and Restoration Costs on Existing Wells	(96)	(225)	(153)	(310)	(318)	(164)	(250)	(987)	(1,423)	(374)
Less: Decommissioning and Restoration Costs on Future Assets	-	-	(77)	-	-	-	-	-	-	(80)
Net Operating Income	\$ 16,425	\$ 13,305	\$ 10,695	\$ 8,235	\$ 6,221	\$ 4,470	\$ 2,884	\$ 694	\$ (1,036)	\$ (1,265)
Less: Income Tax	(4,914)	(1,557)	(1,232)	(878)	(580)	(308)	(48)	371	356	-
After-Tax Cash Flow	\$ 11,511	\$ 11,747	\$ 9,463	\$ 7,357	\$ 5,641	\$ 4,162	\$ 2,836	\$ 1,065	\$ (680)	\$ (1,265)
Cash Flow Adjustments:										
Add: General and Administrative Expenses	5,272	5,118	5,220	5,325	5,431	5,540	5,651	5,764	5,879	5,996
Add/(Less): Realized Hedged	-	-	-	-	-	-	-	-	-	-
Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Debt-Free After-Tax Cash Flow	\$ 16,783	\$ 16,865	\$ 14,683	\$ 12,682	\$ 11,072	\$ 9,702	\$ 8,486	\$ 6,828	\$ 5,199	\$ 4,731
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00
Present Value Factor at	0.28	0.25	0.22	0.19	0.17	0.15	0.13	0.12	0.10	0.09
Present Value of Cash Flows	\$ 5,574	\$ 4,187	\$ 3,212	\$ 2,444	\$ 1,880	\$ 1,451	\$ 1,119	\$ 793	\$ 532	\$ 476
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00
Present Value Factor at	0.37	0.33	0.30	0.27	0.25	0.22	0.20	0.18	0.17	0.15
Present Value of Cash Flows	\$ 7,287	\$ 5,622	\$ 4,430	\$ 3,462	\$ 2,736	\$ 2,169	\$ 1,717	\$ 1,250	\$ 862	\$ 710

**Notes:**  
 [1] Unless stated otherwise, Rubellite's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").  
 [2] Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.  
 [3] The Company's cash income taxes are calculated using forecast EBITDA and considering Rubellite's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures. The net operating losses have been fair valued separately.  
 [4] As Rubellite's general and administrative expenses and net hedging losses are valued separately, they have been added back to the reserves' cash flows.

References	For the Years Ending December 31									
	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Note 1										
Oil Production (bbbl/d)	485	418	355	285	196	110	59	25	10	2
Gas Production (Mcf/d)	277	250	223	185	134	85	46	22	11	2
Total Production (boe/d)	531	460	393	316	218	124	67	29	12	3
Oil Production (bbbl)	177,563	152,639	129,693	104,204	71,788	39,997	21,510	9,105	3,584	895
Gas Production (Mcf)	101,547	91,346	81,461	67,394	49,058	30,965	16,885	7,855	3,872	907
Total Production (boe)	194,488	167,863	143,270	115,436	79,965	45,158	24,324	10,414	4,229	1,046
Oil Price (\$/bbl)	\$ 109.40	\$ 111.66	\$ 113.90	\$ 116.17	\$ 118.50	\$ 120.90	\$ 123.29	\$ 125.71	\$ 128.22	\$ 130.78
Gas Price (\$/Mcf)	5.80	5.91	6.03	6.15	6.27	6.40	6.53	6.66	6.79	6.93
Oil and Gas Revenue	\$ 20,014	\$ 17,583	\$ 15,263	\$ 12,520	\$ 8,814	\$ 5,034	\$ 2,762	\$ 1,197	\$ 486	\$ 123
Less: Royalties Expense	(2,896)	(1,957)	(2,324)	(1,957)	(1,383)	(999)	(452)	(206)	(90)	(21)
Gross Revenue	\$ 17,118	\$ 14,976	\$ 12,939	\$ 10,563	\$ 7,431	\$ 4,235	\$ 2,310	\$ 991	\$ 396	\$ 102
Less: Fixed Operating Costs	(10,196)	(9,346)	(8,465)	(7,252)	(5,253)	(3,064)	(1,738)	(778)	(316)	(85)
Less: Variable Operating Costs	(2,599)	(2,278)	(1,976)	(1,620)	(1,140)	(653)	(357)	(154)	(62)	(16)
Less: Other Operating Costs	(113)	(99)	(83)	(68)	(49)	(24)	(12)	(9)	(4)	(1)
Total Operating Expenses	\$ (12,908)	\$ (11,723)	\$ (10,524)	\$ (8,940)	\$ (6,441)	\$ (3,742)	\$ (2,107)	\$ (941)	\$ (382)	\$ (102)
Gross Profit	\$ 4,210	\$ 3,253	\$ 2,416	\$ 1,623	\$ 989	\$ 493	\$ 202	\$ 50	\$ 15	\$ 1
Less: General and Administrative Expenses	(6,116)	(6,239)	(6,363)	(6,491)	(6,620)	(6,753)	(6,888)	(7,026)	(7,166)	(7,310)
Add/(Less): Realized Hedges	-	-	-	-	-	-	-	-	-	-
Schedule 8	-	-	-	-	-	-	-	-	-	-
Schedule 7	-	-	-	-	-	-	-	-	-	-
EBITDA	\$ (1,907)	\$ (2,865)	\$ (3,948)	\$ (4,868)	\$ (5,631)	\$ (6,260)	\$ (6,886)	\$ (6,976)	\$ (7,152)	\$ (7,309)
Less: Decommissioning and Restoration Costs on Existing Wells	(181)	(369)	(809)	(508)	(157)	-	(336)	(3,851)	(212)	(897)
Less: Decommissioning and Restoration Costs on Future Assets	-	-	-	-	-	(299)	(305)	-	(424)	(540)
Net Operating Income	\$ (2,087)	\$ (3,354)	\$ (4,756)	\$ (5,376)	\$ (5,788)	\$ (6,559)	\$ (7,327)	\$ (10,827)	\$ (7,787)	\$ (8,745)
Less: Income Tax	-	-	-	-	-	-	-	-	-	-
After-Tax Cash Flow	\$ (2,087)	\$ (3,354)	\$ (4,756)	\$ (5,376)	\$ (5,788)	\$ (6,559)	\$ (7,327)	\$ (10,827)	\$ (7,787)	\$ (8,745)
Cash Flow Adjustments:	-	-	-	-	-	-	-	-	-	-
Add: General and Administrative Expenses	6,116	6,239	6,363	6,491	6,620	6,753	6,888	7,026	7,166	7,310
Add/(Less): Realized Hedges	-	-	-	-	-	-	-	-	-	-
Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Debt-Free After-Tax Cash Flow	\$ 4,029	\$ 2,885	\$ 1,607	\$ 1,115	\$ 833	\$ 194	\$ (439)	\$ (3,801)	\$ (621)	\$ (1,436)
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00
Present Value Factor at <input type="text" value="13.5%"/>	0.08	0.07	0.06	0.05	0.05	0.04	0.04	0.03	0.03	0.03
Present Value of Cash Flows	\$ 320	\$ 202	\$ 99	\$ 61	\$ 40	\$ 8	\$ (16)	\$ (124)	\$ (18)	\$ (36)
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00
Present Value Factor at <input type="text" value="10.5%"/>	0.14	0.12	0.11	0.10	0.09	0.08	0.07	0.07	0.06	0.06
Present Value of Cash Flows	\$ 547	\$ 354	\$ 179	\$ 112	\$ 76	\$ 16	\$ (33)	\$ (256)	\$ (38)	\$ (79)

**Notes:**  
 [1] Unless stated otherwise, Rubellite's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll-Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").  
 [2] Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.  
 [3] The Company's cash income taxes are calculated using forecast EBITDA and considering Rubellite's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures. The net operating losses have been fair valued separately.  
 [4] As Rubellite's general and administrative expenses and net hedging losses are valued separately, they have been added back to the reserves' cash flows.

References	For the Years Ending December 31									
	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063
Oil Production (bbbl/d)	-	-	-	-	-	-	-	-	-	-
Gas Production (Mcf/d)	-	-	-	-	-	-	-	-	-	-
Total Production (boe/d)	-	-	-	-	-	-	-	-	-	-
Oil Production (bbbl)	-	-	-	-	-	-	-	-	-	-
Gas Production (Mcf)	-	-	-	-	-	-	-	-	-	-
Total Production (boe)	-	-	-	-	-	-	-	-	-	-
Oil Price (\$/bbl)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Price (\$/Mcf)	-	-	-	-	-	-	-	-	-	-
Oil and Gas Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Royalties Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Fixed Operating Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Variable Operating Costs	-	-	-	-	-	-	-	-	-	-
Less: Other Operating Costs	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: General and Administrative Expenses	(7,456)	(7,605)	(7,757)	(7,912)	(8,070)	(8,232)	(8,396)	(8,564)	(8,736)	(8,910)
Add/(Less): Realized Hedged	-	-	-	-	-	-	-	-	-	-
EBITDA	\$ (7,456)	\$ (7,605)	\$ (7,757)	\$ (7,912)	\$ (8,070)	\$ (8,232)	\$ (8,396)	\$ (8,564)	\$ (8,736)	\$ (8,910)
Less: Decommissioning and Restoration Costs on Existing Wells	(681)	(483)	(1,695)	(386)	(394)	(608)	(372)	(127)	-	-
Less: Decommissioning and Restoration Costs on Future Assets	(992)	(1,461)	(1,695)	(1,871)	(1,431)	-	-	-	-	-
Net Operating Income	\$ (9,128)	\$ (9,549)	\$ (10,967)	\$ (10,169)	\$ (9,895)	\$ (8,840)	\$ (8,769)	\$ (8,691)	\$ (8,736)	\$ (8,910)
Less: Income Tax	-	-	-	-	-	-	-	-	-	-
After-Tax Cash Flow	\$ (9,128)	\$ (9,549)	\$ (10,967)	\$ (10,169)	\$ (9,895)	\$ (8,840)	\$ (8,769)	\$ (8,691)	\$ (8,736)	\$ (8,910)
Cash Flow Adjustments:										
Add: General and Administrative Expenses	7,456	7,605	7,757	7,912	8,070	8,232	8,396	8,564	8,736	8,910
Add/(Less): Realized Hedged	-	-	-	-	-	-	-	-	-	-
Less: Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Debt-Free After-Tax Cash Flow	\$ (1,673)	\$ (1,944)	\$ (3,210)	\$ (2,257)	\$ (1,825)	\$ (608)	\$ (372)	\$ (127)	\$ -	\$ -
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	30.00	31.00	32.00	33.00	34.00	35.00	36.00	37.00	38.00	39.00
Present Value Factor at 13.5%	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Present Value of Cash Flows	\$ (37)	\$ (38)	\$ (56)	\$ (35)	\$ (25)	\$ (7)	\$ (4)	\$ (1)	\$ -	\$ -
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	30.00	31.00	32.00	33.00	34.00	35.00	36.00	37.00	38.00	39.00
Present Value Factor at 10.5%	0.05	0.05	0.04	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Present Value of Cash Flows	\$ (84)	\$ (88)	\$ (131)	\$ (84)	\$ (61)	\$ (18)	\$ (10)	\$ (3)	\$ -	\$ -

**Notes:**  
 [1] Unless stated otherwise, Rubellite's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll-Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").  
 [2] Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.  
 [3] The Company's cash income taxes are calculated using forecast EBITDA and considering Rubellite's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures. The net operating losses have been fair valued separately.  
 [4] As Rubellite's general and administrative expenses and net hedging losses are valued separately, they have been added back to the reserves' cash flows.

	For the Years Ending December 31																
	1-Jul-24 31-Dec-24	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
<b>Tax Loss Pool</b>																	
Opening Tax Loss Pool		\$ 46,606	\$ 46,606	\$ 46,606	\$ 10,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Tax Loss Claimed by Rubellite	Note 1	\$ 46,606	\$ -	\$ -	(10,129)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Tax Loss Pool	Note 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ 46,606	\$ 46,606	\$ 10,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Tax Loss Claimed	From above	-	-	(36,477)	(10,129)	-	-	-	-	-	-	-	-	-	-	-	-
Tax Savings on Non-Capital Losses Utilized	Note 3	\$ -	\$ -	\$ 8,390	\$ 2,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Present Value of Tax Savings - Low</b>																	
Percent of Year Remaining		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting		0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00
Present Value Factor at	Schedule 11	0.97	0.88	0.78	0.68	0.60	0.53	0.47	0.41	0.36	0.32	0.28	0.25	0.22	0.19	0.17	0.15
Present Value of Tax Savings		\$ -	\$ -	\$ 6,510	\$ 1,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Present Value of Tax Savings - High</b>																	
Percent of Year Remaining		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting		0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00
Present Value Factor at	Schedule 11	0.98	0.90	0.82	0.74	0.67	0.61	0.55	0.50	0.45	0.41	0.37	0.33	0.30	0.27	0.25	0.22
Present Value of Tax Savings		\$ -	\$ -	\$ 6,869	\$ 1,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Sum of Present Value of Tax Savings	Discount Rate Sensitivity		
	Low	Mid	High
\$ 8,103	\$ 8,349	\$ 8,595	\$ 8,595
<b>Fair Market Value of Existing Non-Capital Losses, as at the Valuation Date</b>	<b>\$ 8,103</b>	<b>\$ 8,349</b>	<b>\$ 8,595</b>

Fair Market Value of Existing Non-Capital Losses, as at the Valuation Date	Discount Rate Sensitivity		
	11.0%	11.5%	12.0%
\$ 8,510	\$ 8,426	\$ 8,344	\$ 8,262
			\$ 8,182

**Notes:**  
 [1] Based on the deferred tax computation workbook provided by Management, as at June 30, 2024.  
 [2] The tax losses claimed by Rubellite are calculated using forecast EBITDA and considering Rubellite's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures.  
 [3] Based on enacted combined Federal and Alberta provincial corporate tax rate effective in the jurisdiction where the subject assets are located, as at the Valuation Date.



**Rubellite Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 6**

Undeveloped Land Fair Market Value

Total Fair Market Value of Undeveloped Land, as at the Valuation Date					40,725
Total Undeveloped Land, as at the Valuation Date (Acres)					266,113
Fair Market Value per acre					153.04
	A		Note 1	\$	
	B		Note 1	\$	
	A x 1000 / B			\$	

**Notes:**

[1] Based on an independent land evaluation report prepared by Seaton-Jordan & Associates Ltd. ("Seaton-Jordan Report"), as at December 31, 2023, as provided by Management. Management indicated that no significant changes to this value are expected, as at the Valuation Date.

Type of Contract	Start	End	Quantity Units	Quantity Sell / (Buy)	Pricing Point	Contract Price Currency	Contract Price Note 1	Total	31-Jul-24	31-Aug-24	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25	28-Feb-25	31-Mar-25	
<b>Instruments</b>																		
WTI - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	WTI (USD/bbl)	USD	\$ 78.75	\$ (100)	\$ (17)	\$ (17)	\$ (16)	\$ (17)	\$ (16)	\$ (17)	\$ -	\$ -	\$ -	\$ -
WCS - Diff Trades	1-Jul-24	30-Sep-24	bb/d	500	WTI (USD/bbl)	USD	76.30	(277)	(93)	(93)	(90)	-	-	-	-	-	-	-
WTI - Diff Trades	1-Jan-25	31-Dec-25	bb/d	200	WTI (USD/bbl)	USD	75.30	(200)	-	-	-	-	-	-	(17)	-	(15)	(17)
WTI - FP Swap	1-Oct-24	31-Dec-24	bb/d	200	WTI (USD/bbl)	USD	77.00	(200)	-	-	-	(31)	(30)	(31)	-	-	-	-
WTI - FP Swap	1-Oct-24	31-Dec-24	bb/d	200	WTI (USD/bbl)	USD	77.60	(79)	-	-	-	(26)	(26)	(26)	-	-	-	-
WCS - Diff Trades	1-Jan-25	31-Mar-25	bb/d	200	WTI (USD/bbl)	USD	76.08	(31)	-	-	-	-	-	-	(11)	(10)	(11)	(11)
WTI - FP Swap	1-Jan-25	31-Dec-25	bb/d	200	WTI (USD/bbl)	USD	74.42	(286)	-	-	-	-	-	-	(24)	(22)	(24)	(24)
WTI - FP Swap	1-Oct-24	31-Dec-24	bb/d	200	WTI (USD/bbl)	USD	78.26	(62)	-	-	-	(21)	(20)	(21)	-	-	-	-
WTI - FP Swap	1-Jul-24	31-Dec-24	bb/d	350	WTI (USD/bbl)	CAD	100.80	(552)	(93)	(93)	(90)	(93)	(90)	(93)	-	-	-	-
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	350	WTI (USD/bbl)	CAD	102.50	(442)	(75)	(75)	(72)	(75)	(72)	(75)	-	-	-	-
WTI - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	WTI (USD/bbl)	CAD	106.87	(92)	(15)	(15)	(15)	(15)	(15)	(15)	-	-	-	-
WTI - FP Swap	1-Jul-24	31-Dec-24	bb/d	100	WTI (USD/bbl)	CAD	108.51	(16)	(3)	(3)	(3)	(3)	(3)	(3)	-	-	-	-
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	150	WTI (USD/bbl)	CAD	105.89	(96)	(16)	(16)	(16)	(16)	(16)	(16)	-	-	-	-
WTI - FP Swap	1-Jul-24	30-Nov-24	bb/d	350	Differential (USD/bbl)	USD	13.95	37	7	7	7	7	7	7	-	-	-	-
WCS - Diff Trades	1-Jul-24	30-Sep-24	bb/d	500	Differential (USD/bbl)	USD	11.90	159	54	54	52	-	-	-	(2)	(2)	(2)	(2)
WTI - FP Swap	1-Dec-24	30-Nov-25	bb/d	200	Differential (USD/bbl)	USD	14.25	(17)	-	-	-	-	-	-	(2)	(2)	(2)	(2)
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	700	Differential (USD/bbl)	USD	15.85	(173)	-	-	-	-	-	-	(15)	(14)	(15)	(15)
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	Differential (USD/bbl)	CAD	20.50	(119)	(20)	(19)	(19)	(20)	(19)	(19)	-	-	-	-
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	200	Differential (USD/bbl)	CAD	21.87	(84)	(14)	(14)	(14)	(14)	(14)	(14)	-	-	-	-
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	100	Differential (USD/bbl)	CAD	21.92	(43)	(7)	(7)	(7)	(7)	(7)	(7)	-	-	-	-
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	Differential (USD/bbl)	CAD	22.17	(95)	(16)	(16)	(16)	(16)	(16)	(16)	-	-	-	-
WCS - Diff Trades	1-Jul-24	31-Dec-24	bb/d	200	Differential (USD/bbl)	CAD	24.00	(163)	(27)	(27)	(27)	(27)	(27)	(27)	-	-	-	-
WCS - FP Swap	1-Jul-24	30-Sep-24	bb/d	200	Differential (USD/bbl)	CAD	21.21	(60)	(10)	(10)	(10)	(10)	(10)	(10)	-	-	-	-
WCS - FP Swap	1-Jul-24	30-Sep-24	bb/d	200	WCS (USD/bbl)	CAD	62.25	(101)	(34)	(33)	-	-	-	-	-	-	-	-
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	WCS (CAD/bbl)	CAD	108.90	703	118	115	115	118	115	118	-	-	-	-
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	WCS (CAD/bbl)	CAD	105.00	560	94	94	91	94	91	94	-	-	-	-
WTI - FP Swap	1-Jul-24	31-Dec-24	bb/d	200	WCS (CAD/bbl)	CAD	104.00	88	88	85	88	85	88	88	-	-	-	-
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	100	WCS (CAD/bbl)	CAD	87.15	(49)	(8)	(8)	(8)	(8)	(8)	(8)	-	-	-	-
WCS - FP Swap	1-Jul-24	31-Dec-24	bb/d	100	WCS (CAD/bbl)	CAD	81.50	(153)	(26)	(26)	(25)	(26)	(25)	(26)	-	-	-	-
WTI - FP Swap	1-Jan-25	31-Dec-25	bb/d	200	WCS (CAD/bbl)	CAD	80.00	(349)	-	-	-	-	-	-	(30)	(27)	(30)	(30)
FX (USD/CAD) - Fixed Swap	1-Jun-24	31-Dec-24	Monthly	1,775,000		CAD	1.37	122	20	20	20	20	20	20	-	-	-	-
FX (USD/CAD) - Fixed Swap	1-Jan-25	31-Dec-25	Monthly	1,000,000		CAD	1.37	321	-	-	-	-	-	-	27	27	27	27
<b>Total Undiscounted Risk Management Contracts Gains/(Losses)</b>							<b>\$ (1,307)</b>	<b>\$ (93)</b>	<b>\$ (93)</b>	<b>\$ (89)</b>	<b>\$ (89)</b>	<b>\$ (98)</b>	<b>\$ (94)</b>	<b>\$ (115)</b>	<b>\$ (72)</b>	<b>\$ (62)</b>	<b>\$ (72)</b>	<b>\$ (72)</b>
Percent of Month Remaining								100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting								0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	8.50	8.50
Present Value Factor at								0.99	0.98	0.97	0.96	0.95	0.94	0.93	0.92	0.92	0.91	0.91
<b>Present Value of Risk Management Contracts Gains/(Losses) - Low</b>							<b>\$ (1,199)</b>	<b>\$ (92)</b>	<b>\$ (92)</b>	<b>\$ (87)</b>	<b>\$ (87)</b>	<b>\$ (94)</b>	<b>\$ (89)</b>	<b>\$ (108)</b>	<b>\$ (67)</b>	<b>\$ (57)</b>	<b>\$ (65)</b>	<b>\$ (65)</b>
Percent of Month Remaining								100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting								0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	8.50	8.50
Present Value Factor at								1.00	0.99	0.98	0.97	0.96	0.95	0.94	0.94	0.94	0.94	0.93
<b>Present Value of Risk Management Contracts Gains/(Losses) - High</b>							<b>\$ (1,222)</b>	<b>\$ (92)</b>	<b>\$ (92)</b>	<b>\$ (87)</b>	<b>\$ (87)</b>	<b>\$ (95)</b>	<b>\$ (90)</b>	<b>\$ (110)</b>	<b>\$ (68)</b>	<b>\$ (58)</b>	<b>\$ (66)</b>	<b>\$ (66)</b>
<b>Discount Rate Sensitivity</b>																		
Sum of Present Value of Financial Risk Management Contracts Gains/(Losses)								Low	Mid	High								
								\$ (1,199)	\$ (1,210)	\$ (1,222)								
<b>Fair Market Value of Financial Risk Management Contracts</b>								<b>\$ (1,199)</b>	<b>\$ (1,210)</b>	<b>\$ (1,222)</b>								

**Notes:**  
 [1] Based on information provided by Management.  
 [2] Forward prices of commodities and foreign exchange rates are based on the three consultant average (McDaniel, GLJ, and Sproule) price deck, as at the Valuation Date, as summarized below:

	31-Jul-24	31-Aug-24	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25	28-Feb-25	31-Mar-25
<b>A</b>	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.34	\$ 1.34	\$ 1.34
<b>B</b>	\$ 80.75	\$ 80.75	\$ 80.75	\$ 80.75	\$ 80.75	\$ 80.75	\$ 77.35	\$ 77.35	\$ 77.35
<b>A x B</b>	\$ 109.37	\$ 109.37	\$ 109.37	\$ 109.37	\$ 109.37	\$ 109.37	\$ 103.59	\$ 103.59	\$ 103.59
<b>C</b>	\$ (14.45)	\$ (14.45)	\$ (14.45)	\$ (14.45)	\$ (14.45)	\$ (14.45)	\$ (14.05)	\$ (14.05)	\$ (14.05)
<b>A x C</b>	\$ (19.58)	\$ (19.58)	\$ (19.58)	\$ (19.58)	\$ (19.58)	\$ (19.58)	\$ (18.81)	\$ (18.81)	\$ (18.81)
<b>D = B + C</b>	\$ 66.30	\$ 66.30	\$ 66.30	\$ 66.30	\$ 66.30	\$ 66.30	\$ 63.30	\$ 63.30	\$ 63.30
<b>A x D</b>	\$ 89.79	\$ 89.79	\$ 89.79	\$ 89.79	\$ 89.79	\$ 89.79	\$ 84.78	\$ 84.78	\$ 84.78











**Rubellite Energy Inc.**  
**Formal Valuation**  
As at June 30, 2024  
CAD, thousands

**Schedule 9**  
Historical Balance Sheets

	2021		2022		2023		2024	
	As at December 31,		As at December 31,		As at March 31,		As at June 30,	
	2021	2022	2022	2023	2024	2024	2024	2024
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 15,287	\$ 1,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	6,845	8,522	10,830	10,830	10,795	10,795	12,225	12,225
Prepaid Expenses and Deposits	247	524	433	433	446	446	610	610
Product Inventory	-	829	1,002	1,002	944	944	1,512	1,512
Risk Management Contracts	62	1,437	8,796	8,796	279	279	49	49
<b>Total Current Assets</b>	<b>\$ 22,441</b>	<b>\$ 13,262</b>	<b>\$ 21,061</b>	<b>\$ 21,061</b>	<b>\$ 12,464</b>	<b>\$ 12,464</b>	<b>\$ 14,396</b>	<b>\$ 14,396</b>
<b>Non-Current Assets</b>								
Property, Plant and Equipment	\$ 72,661	\$ 135,949	\$ 202,203	\$ 202,203	\$ 204,938	\$ 204,938	\$ 220,454	\$ 220,454
Exploration and Evaluation	11,614	30,252	32,301	32,301	33,648	33,648	33,270	33,270
Deferred Tax Asset	9,146	24,567	15,043	15,043	16,067	16,067	13,357	13,357
Risk Management Contracts	-	-	545	545	181	181	72	72
Total Non-Current Assets	\$ 93,421	\$ 190,768	\$ 250,092	\$ 250,092	\$ 254,834	\$ 254,834	\$ 267,153	\$ 267,153
<b>Total Assets</b>	<b>\$ 115,862</b>	<b>\$ 204,030</b>	<b>\$ 271,153</b>	<b>\$ 271,153</b>	<b>\$ 267,298</b>	<b>\$ 267,298</b>	<b>\$ 281,549</b>	<b>\$ 281,549</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts Payable and Accrued Liabilities	\$ 17,004	\$ 28,053	\$ 33,932	\$ 33,932	\$ 20,605	\$ 20,605	\$ 32,599	\$ 32,599
Risk Management Contracts	1,313	749	-	-	4,952	4,952	1,102	1,102
Decommissioning Obligations	-	-	77	77	285	285	285	285
<b>Total Current Liabilities</b>	<b>\$ 18,317</b>	<b>\$ 28,802</b>	<b>\$ 34,009</b>	<b>\$ 34,009</b>	<b>\$ 25,842</b>	<b>\$ 25,842</b>	<b>\$ 33,986</b>	<b>\$ 33,986</b>
<b>Non-Current Liabilities</b>								
Revolving Bank Debt	\$ -	\$ 12,000	\$ 29,317	\$ 29,317	\$ 37,079	\$ 37,079	\$ 30,831	\$ 30,831
Decommissioning Obligations	1,976	3,733	8,516	8,516	8,406	8,406	8,683	8,683
Risk Management Contracts	86	-	-	-	77	77	-	-
Total Non-Current Liabilities	\$ 2,062	\$ 15,733	\$ 37,833	\$ 37,833	\$ 45,562	\$ 45,562	\$ 39,514	\$ 39,514
<b>Total Liabilities</b>	<b>\$ 20,379</b>	<b>\$ 44,535</b>	<b>\$ 71,842</b>	<b>\$ 71,842</b>	<b>\$ 71,404</b>	<b>\$ 71,404</b>	<b>\$ 73,500</b>	<b>\$ 73,500</b>
<b>SHAREHOLDERS' EQUITY</b>								
Share Capital	\$ 85,474	\$ 123,383	\$ 143,033	\$ 143,033	\$ 143,048	\$ 143,048	\$ 143,556	\$ 143,556
Share Purchase Warrants	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contributed Surplus	307	1,805	3,410	3,410	4,131	4,131	3,410	3,410
Retained Earnings	7,702	32,307	50,868	50,868	46,715	46,715	59,083	59,083
Total Shareholders' Equity	\$ 95,483	\$ 159,495	\$ 199,311	\$ 199,311	\$ 195,894	\$ 195,894	\$ 208,049	\$ 208,049
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 115,862</b>	<b>\$ 204,030</b>	<b>\$ 271,153</b>	<b>\$ 271,153</b>	<b>\$ 267,298</b>	<b>\$ 267,298</b>	<b>\$ 281,549</b>	<b>\$ 281,549</b>
Current ratio	1.2	0.5	0.6	0.6	0.5	0.5	0.4	0.4
Working capital	(9,912)	(18,178)	(21,667)	(21,667)	(8,420)	(8,420)	(18,252)	(18,252)
Interest bearing debt to equity	0.0	0.1	0.1	0.1	0.2	0.2	0.1	0.1
Increase / (decrease) of debt	n/a	12,000	17,317	17,317	37,079	37,079	(6,248)	(6,248)
Reserves 2P (Mboe)	6,022	10,276	16,014	16,014	n/a	n/a	17,745	17,745
Production (boe/d)	620	1,716	3,352	3,352	n/a	n/a	4,460	4,460



	For the Years Ended December 31,				Six Months Ended June 30,	
	2021	2022	2023	2024		
	Note 1					
Oil	\$	4,923 \$	54,491 \$	88,968 \$	29,823 \$	65,621
Royalties		(491)	(5,713)	(8,513)	(3,321)	(7,270)
Revenue	\$	4,432 \$	48,778 \$	80,455 \$	26,502 \$	58,351
Realized Gain on Risk Management Contracts		101	(13,142)	(318)	1,040	(746)
Unrealized Loss on Risk Management Contracts		(1,337)	2,025	8,652	(13,910)	(10,322)
Gross Revenues	\$	3,196 \$	37,661 \$	88,789 \$	13,632 \$	47,283
% Growth		n/a	n/a	65%		
Expenses						
Production and Operating	\$	802 \$	4,399 \$	7,371 \$	2,610 \$	5,344
Transportation		410	4,448	9,045	3,237	6,379
General and Administrative		675	3,316	7,318	2,027	4,426
Share Based Payments		307	1,724	3,041	736	1,379
Exploration and Evaluation		-	94	7,018	131	275
Gain on Dispositions		-	-	(1,290)	-	-
Depletion		1,389	13,462	27,485	8,897	17,641
Transaction Cost		1,071	-	147	-	-
Gain Related to Deferred Tax on Acquisition		(9,146)	-	-	-	-
Finance Expense		(14)	410	2,051	1,171	2,220
Total Expenses	\$	(4,506) \$	27,853 \$	62,186 \$	18,809 \$	37,664
Income / (Loss) Before Income Tax	\$	7,702 \$	9,808 \$	26,603 \$	(5,177) \$	9,619
Income Tax Expense (Recovery)						
Deferred		-	(14,797)	8,042	(1,024)	1,404
<b>Comprehensive Gain (Loss)</b>	<b>\$</b>	<b>7,702 \$</b>	<b>24,605 \$</b>	<b>18,561 \$</b>	<b>(4,153) \$</b>	<b>8,215</b>

**Notes:**

[1] Reflects activity from incorporation on July 12, 2021 and operating results from September 3, 2021, the effective date of the completion of the spin-off from Perpetual Energy Inc., to December 31, 2021.

# Rubellite Energy Inc.

## Formal Valuation

As at June 30, 2024

CAD, thousands

# Schedule 11

Weighted Average Cost of Capital

Ticker	Guideline Companies:	Total Book Value of Debt	Total Book Value of Preferred	Total Market Value of Equity	Total Market Value of Capital	Debt to Capital	Equity to Capital	Historical Effective Tax Rate	Levered Equity Beta	Historical Debt to Capital	Unlevered Equity Beta
		Note 1	Note 1	Note 2				Note 3	Note 4	Note 5	Note 6
TSX:CI	Cardinal Energy Ltd.	\$	83	\$ 1,066	\$ 1,149	7.2%	92.8%	23.0%	1.76	25.3%	1.40
TSX:GXE	Gear Energy Ltd.	-	15	182	197	7.7%	92.3%	23.4%	1.52	19.2%	1.29
TSXV:HME	Hemisphere Energy Corporation	-	3	176	179	1.9%	98.1%	23.0%	1.30	20.1%	1.09
TSX:IPCO	International Petroleum Corporation	-	612	2,231	2,843	21.5%	78.5%	24.3%	1.50	28.6%	1.15
TSX:RBY	Rubellite Energy Inc.	-	37	145	182	20.4%	79.6%	23.0%	1.07	10.3%	0.98
TSX:SGY	Surge Energy Inc.	-	223	707	930	24.0%	76.0%	23.0%	1.62	41.3%	1.05
TSX:SCR	Strathcona Resources Ltd.	-	3,043	6,905	9,948	30.6%	69.4%	30.6%	1.03	27.7%	0.82
TSX:TVE	Tamarack Valley Energy Ltd.	-	867	2,046	2,913	29.8%	70.2%	25.0%	1.26	35.7%	0.89
TSX:HWX	Headwater Exploration Inc.	-	1	1,722	1,723	0.0%	100.0%	21.7%	1.04	0.0%	1.04
TSXV:LXC	Lycos Energy Inc.	-	10	181	191	5.2%	94.8%	17.6%	0.47	2.6%	0.46
					<b>Average</b>	<b>14.8%</b>	<b>85.2%</b>	<b>23.5%</b>	<b>1.26</b>	<b>21.1%</b>	<b>1.02</b>
					<b>Median</b>	<b>14.0%</b>	<b>86.0%</b>	<b>23.0%</b>	<b>1.28</b>	<b>22.7%</b>	<b>1.04</b>
					<b>Selected</b>	<b>25.0%</b>	<b>75.0%</b>				<b>1.04</b>

	Low	High
Unlevered Equity Beta	0.99	1.10
Debt-to-Equity	33.3%	33.3%
Selected Subject Tax Rate	23.0%	23.0%
Relevered Equity Beta	<b>1.25</b>	<b>1.58</b>
Risk Free Rate	4.6%	4.6%
Equity Risk Premium	5.0%	5.0%
Levered Equity Beta	1.25	1.38
Cost of Equity Capital	<b>10.8%</b>	<b>11.5%</b>
Unsystematic Risk Factors:		
Company-Specific Risk	2.0%	5.0%
Country Adjustment Factor	0.0%	0.0%
<b>Subject's Cost of Equity Capital</b>	<b>12.8%</b>	<b>16.5%</b>

Based on statutory tax rates in effect, as at the Valuation Date.

20-Year U.S. Treasury rate. Source: Capital IQ.

Source: Deloitte Advisory research.

Cost of Equity Capital = Risk-Free Rate + (Equity Beta x Equity Risk Premium).

Risk premium based on qualitative factors that reflect company-specific risks.

Range of country risk premiums, as reflected in data (July, 2024) published by Professor Aswath Damodaran ("Damodaran").

Based on BB-rated US energy bond yield on the low end and B-rated US energy bond yield on the high end.

Rating-based default spread on the low end and CDS spread between Canada and US on the high end. Source: Damodaran, [July, 2024].

Based on statutory tax rates in effect, as at the Valuation Date.

Debt-to-Capital	25.0%	25.0%
Equity-to-Capital	75.0%	75.0%
<b>Weighted Average Cost of Capital - USD denominated</b>	<b>10.9%</b>	<b>13.7%</b>

WACC = [(Debt-to-Capital X Cost of Debt x (1 - Tax Rate)) + (Equity-to-Capital X Cost of Equity Capital)]

Source: Economic Intelligence Unit, Country Report, Canada.

Source: Economic Intelligence Unit, Country Report, United States.

WACC in local currency = [(1 + USD WACC) x (1 + Local Inflation)] / (1 + U.S. Inflation) - 1

Local Forecast Inflation	2.1%	2.1%
US Forecast Inflation	2.4%	2.4%
<b>Weighted Average Cost of Capital - CAD denominated</b>	<b>10.6%</b>	<b>13.4%</b>
<b>Weighted Average Cost of Capital (Rounded) Average</b>	<b>10.5%</b>	<b>13.5%</b>
<b>Average</b>	<b>12.0%</b>	

### Notes:

[1] Book value of debt used as an approximation of fair market value. For purposes of calculating capital structure, any preferred equity was added to equity at book value. Debt has been adjusted to exclude lease liabilities.

[2] Represents market capitalization, as at the Valuation Date.

[3] Based on the historical effective tax rate for the guideline public companies. Where applicable, the tax rates were normalized to reflect the long-term effective rates.

[4] Capital IQ beta based on five-year historical weekly data. Where guideline public company historical trading data is limited, the beta time period has been adjusted based on available trading data.

[5] Based on five-year average debt to market value of invested capital, as at Valuation Date. Debt has been adjusted to exclude lease liabilities.

[6] Unlevered Equity Beta = Levered Equity Beta / [1 + ((1-Tax Rate) x Debt-to-Equity)]

Source: Capital IQ, and Bloomberg

**Market Approach - Guideline Public Companies**

EV/EBITDA	References	Notes
Selected EV/EBITDA Multiples	Schedule 13	Note 1
Estimated EBITDA		Note 2
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

Low	Mid-Point	High
\$ 89,032	\$ 89,032	\$ 89,032
\$ 290,150	\$ 305,421	\$ 320,692
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 270,587	\$ 285,858	\$ 301,129
\$ 67,593	\$ 67,593	\$ 67,593
\$ 4.00	\$ 4.23	\$ 4.46

Low	Mid-Point	High
\$ 94,837	\$ 94,837	\$ 94,837
\$ 290,445	\$ 305,731	\$ 321,018
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 270,882	\$ 286,169	\$ 301,455
\$ 67,593	\$ 67,593	\$ 67,593
\$ 4.01	\$ 4.23	\$ 4.46

EV/DACF	References	Notes
Selected EV/DACF Multiples	Schedule 13	Note 1
Estimated DACF		Note 3
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

Low	Mid-Point	High
\$ 87,883	\$ 87,883	\$ 87,883
\$ 352,091	\$ 370,622	\$ 389,153
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 332,528	\$ 351,059	\$ 369,590
\$ 67,593	\$ 67,593	\$ 67,593
\$ 4.92	\$ 5.19	\$ 5.47

Low	Mid-Point	High
\$ 94,059	\$ 94,059	\$ 94,059
\$ 357,952	\$ 376,791	\$ 395,631
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 338,389	\$ 357,229	\$ 376,068
\$ 67,593	\$ 67,593	\$ 67,593
\$ 5.01	\$ 5.28	\$ 5.56

EV/Boe/d	References	Notes
Selected EV/boe/d Multiples	Schedule 13	Note 1
Estimated Production (boe/d)		Note 4
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

Low	Mid-Point	High
\$ 46,869	\$ 49,336	\$ 51,803
\$ 4,746	\$ 4,746	\$ 4,746
\$ 222,427	\$ 234,134	\$ 245,841
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 202,865	\$ 214,571	\$ 226,278
\$ 67,593	\$ 67,593	\$ 67,593
\$ 3.00	\$ 3.17	\$ 3.35

Low	Mid-Point	High
\$ 45,758	\$ 48,167	\$ 50,575
\$ 5,726	\$ 5,726	\$ 5,726
\$ 261,992	\$ 275,781	\$ 289,570
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 242,430	\$ 256,219	\$ 270,008
\$ 67,593	\$ 67,593	\$ 67,593
\$ 3.59	\$ 3.79	\$ 3.99

EV/2P	References	Notes
Selected EV/2P Multiples	Schedule 13	Note 1
Estimated 2P Reserves, as at Valuation Date (Mboe)	Schedule 4	
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

Low	Mid-Point	High
\$ 12,14	\$ 12,78	\$ 13,42
\$ 17,744	\$ 17,744	\$ 17,744
\$ 215,445	\$ 226,785	\$ 238,124
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 195,883	\$ 207,222	\$ 218,561
\$ 67,593	\$ 67,593	\$ 67,593
\$ 2.90	\$ 3.07	\$ 3.23

Low	Mid-Point	High
\$ 24,94	\$ 26,26	\$ 27,57
\$ 10,594	\$ 10,594	\$ 10,594
\$ 264,261	\$ 278,170	\$ 292,078
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 244,699	\$ 258,607	\$ 272,516
\$ 67,593	\$ 67,593	\$ 67,593
\$ 3.62	\$ 3.83	\$ 4.03

EV/1P	References	Notes
Selected EV/1P Multiples	Schedule 13	Note 1
Estimated 1P Reserves, as at Valuation Date (Mboe)	Schedule 13	
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

Low	Mid-Point	High
\$ 24,94	\$ 26,26	\$ 27,57
\$ 10,594	\$ 10,594	\$ 10,594
\$ 264,261	\$ 278,170	\$ 292,078
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 244,699	\$ 258,607	\$ 272,516
\$ 67,593	\$ 67,593	\$ 67,593
\$ 3.62	\$ 3.83	\$ 4.03

Low	Mid-Point	High
\$ 24,94	\$ 26,26	\$ 27,57
\$ 10,594	\$ 10,594	\$ 10,594
\$ 264,261	\$ 278,170	\$ 292,078
\$ 97,500	\$ 97,500	\$ 97,500
\$ (117,063)	\$ (117,063)	\$ (117,063)
\$ 244,699	\$ 258,607	\$ 272,516
\$ 67,593	\$ 67,593	\$ 67,593
\$ 3.62	\$ 3.83	\$ 4.03

EV/PDP	References	Notes
Selected EV/PDP Multiples	Schedule 13	Note 1
Estimated PDP Reserves, as at Valuation Date (Mboe)	Schedule 13	
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

	Low	2024E Mid-Point	High
\$	48.05	\$ 50.58	\$ 53.11
\$	5,658	\$ 5,658	\$ 5,658
\$	271,851	\$ 286,159	\$ 300,467
\$	97,500	\$ 97,500	\$ 97,500
\$	(117,063)	\$ (117,063)	\$ (117,063)
\$	252,288	\$ 266,596	\$ 280,904
\$	67,593	\$ 67,593	\$ 67,593
\$	3.73	\$ 3.94	\$ 4.16

**Market Approach - Guideline Precedent Transactions**

EV/2P	References	Notes
Selected EV/2P Multiples	Schedule 14	Note 1
Estimated 2P Reserves, as at Valuation Date (Mboe)	Schedule 4	
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

	Low	2024E Mid-Point	High
\$	16.74	\$ 17.62	\$ 18.50
\$	17,744	\$ 17,744	\$ 17,744
\$	296,989	\$ 312,620	\$ 328,251
\$	97,500	\$ 97,500	\$ 97,500
\$	(117,063)	\$ (117,063)	\$ (117,063)
\$	277,426	\$ 293,057	\$ 308,688
\$	67,593	\$ 67,593	\$ 67,593
\$	4.10	\$ 4.34	\$ 4.57

EV/boe/d	References	Notes
Selected EV/boe/d Multiples	Schedule 14	Note 1
Estimated Production (boe/d)	Note 4	
Implied EV		
Add: Investment in BMEC	Schedule 3	
Less: Net Debt	Schedule 3	
Implied Equity Value		
Basic Shares Outstanding	Schedule 1	
Value per Basic Share		

	Low	2024E Mid-Point	High
\$	39,049	\$ 41,104	\$ 43,159
\$	4,746	\$ 4,746	\$ 4,746
\$	185,314	\$ 195,068	\$ 204,821
\$	97,500	\$ 97,500	\$ 97,500
\$	(117,063)	\$ (117,063)	\$ (117,063)
\$	165,752	\$ 175,505	\$ 185,259
\$	67,593	\$ 67,593	\$ 67,593
\$	2.45	\$ 2.60	\$ 2.74

**Notes:**

[1] Low and high multiples were determined by applying a +/- 5.0 percent range around the mid-multiple. The mid-multiple itself is derived from the median multiples of the guideline public companies and guideline precedent transactions.

[2] EBITDA is computed, as follows:

	2024E	2025E
EBITDA	Note 5	Note 5
\$	89,032	\$ 94,837

[3] Debt adjusted cash flow ("DACF") is computed as follows:

	2024E	2025E
Net Operating Income	Note 5	Note 5
Less: Interest Expense		
Cash Flow from Operations	\$ 88,678	\$ 94,626
Add: Interest Expense	(3,453)	(2,466)
Less: Tax Savings on Interest	3,453	2,466
DACF	(794)	(567)
\$	87,883	\$ 94,059

[4] Forecast 2024 and 2025 production is calculated as follows:

	2024E	2025E
boe/d	Note 5	Note 5
	4,746	5,726

[5] 2024 figures are computed by adding up the historical results (six months ended June 30, 2024) and forecast cash flows (six months from July 1 to December 31, 2024).

[6] An effective interest rate of 8.0 percent was used to calculate the forecast interest on the net debt, based on the Q2 2024 financial statements of Rubellite.

[7] Based on enacted combined Federal and Alberta provincial corporate tax rate effective in the jurisdiction where the subject assets are located, as at the Valuation Date.

Company	Symbol	Market Cap	Enterprise Value (EV)	2024 DACF	2025 DACF	2024 EBITDA	2025 EBITDA	2024 CFO	2025 CFO	2024 Production	2025 Production	PDP Reserves	1P Reserves	2P Reserves	2P Reserve Life Index
		CAD Millions	CAD Millions	CAD millions	CAD millions	CAD millions	CAD millions	CAD millions	CAD millions	boe/d	boe/d	MMboe	MMboe	MMboe	years
										Note 2	Note 2	Note 3	Note 3	Note 3	Note 3
<b>Rubellite Energy Inc. (Trading Multiples)</b>	<b>TSX:REY</b>	\$ 145	\$ 182	\$ 86	\$ 98	\$ 91	\$ 113	\$ 86	\$ 98	4,773	5,643	5	9	15	8.8
Cardinal Energy Ltd.	TSX:CJ	1,066	1,155	267	288	260	310	258	276	22,421	23,611	73	85	115	14.0
Gear Energy Ltd.	TSX:GXE	182	197	71	68	79	82	70	67	5,965	6,294	9	16	25	11.6
Hemisphere Energy Corporation	TSXV:HME	176	177	37	35	43	43	36	34	3,475	3,592	8	11	16	12.4
International Petroleum Corporation	TSXV:IPC	2,231	2,338	417	402	478	446	396	367	47,394	46,328	97	372	459	26.5
Surge Energy Inc.	TSX:SGY	707	930	323	333	314	344	300	312	24,204	24,496	38	80	112	12.7
Strathcona Resources Ltd.	TSX:SCR	6,905	9,926	2,354	2,384	2,449	3,079	2,232	2,296	189,840	206,075	305	1,455	2,578	37.2
Tamarack Valley Energy Ltd.	TSX:TVE	2,046	3,007	803	794	1,023	1,175	803	794	61,975	64,266	65	95	213	9.4
Lycos Energy Inc.	TSXV:LX	181	191	68	101	69	89	68	101	4,812	6,584	3	9	17	15.8
Headwater Exploration Inc.	TSX:HWX	1,722	1,594	338	355	363	448	338	355	20,028	22,524	19	29	48	6.6
<b>Minimum</b>		\$ 176	\$ 177	\$ 37	\$ 35	\$ 51	\$ 43	\$ 36	\$ 34	3,475	3,592	3	9	16	6.6
<b>First Quartile</b>		181	194	70	84	74	85	69	84	5,389	6,439	8	14	21	10.5
<b>Average</b>		1,691	2,168	520	529	565	668	500	511	42,235	44,863	69	239	44	398
<b>Median</b>		1,066	1,155	323	333	314	344	300	312	22,421	23,611	38	80	112	12.7
<b>Third Quartile</b>		2,139	2,673	610	598	751	812	600	580	54,685	55,297	85	233	336	21.2
<b>Adjusted Average</b>		1,162	1,345	327	335	370	413	319	325	26,686	27,729	44	98	141	14.6
<b>Maximum</b>		6,905	9,926	2,354	2,384	2,449	3,079	2,232	2,296	189,840	206,075	305	1,455	2,578	37.2
<b>Rubellite (Deloitte Implied Valuation Multiples)</b>		\$ 283	\$ 302	\$ 88	\$ 94	\$ 89	\$ 95	\$ 85	\$ 92	4,746	5,726	6	11	18	10.2

Source: S&P Capital IQ and Public Filings

**Notes:**

- [1] Deloitte's determined fair market value of equity + net debt +/- redundant liabilities/assets), if any, of the Company, as at the Valuation Date.
- [2] Production and netback data, as available in the most recent Management Discussion and Analysis document of the companies before the Valuation Date.
- [3] Reserve data is as reflected in the annual information forms of the companies, as at December 31, 2023, as adjusted for actual production, acquisitions and divestitures, for the period up to the Valuation Date.
- [4] CFPS is equal to cash flow from operations before working capital adjustments divided by the total number of shares outstanding at the end of the period.
- [5] Based on the Roll-Forward report, as provided by Management.
- [6] Based on the lease operating summary for the six months ended June 30, 2024, as provided by Management.

Company	Symbol	Oil Split (%)		2P Gas		2P Liquids		2P Gas		P/2P		PDP /		Netback (Pre-		EV/POP		EV/JP		EV/2P		Valuation Date EV		Valuation Date EV			
		Heavy	Bitumen	%	%	Weighting	Weighting	%	%	Weighting	Weighting	Note 3	Note 3	Note 3	Note 3	1P	hedging)	\$/boe	\$/boe	\$/boe	\$/boe	2024E DACF	2025E DACF	2024E EBITDA	2025E EBITDA	2024E BOE/D	2025E BOE/D
Rubellite Energy Inc. (Trading Multiples)	TSX:REY	100.0%	0.0%	93.1%	6.9%	62.2%	53.7%	55.8%	40.8	19.89	11.97	2.1x	1.9x	2.0x	1.6x												
Cardinal Energy Ltd.	TSX:CEJ	33.7%	0.0%	90.1%	9.9%	74.6%	87.4%	30.71	15.72	13.65	10.07	4.3x	4.0x	4.4x	3.7x												
Gear Energy Ltd.	TSX:GXE	52.8%	0.0%	86.7%	13.3%	64.5%	59.8%	35.99	21.87	12.41	7.82	2.8x	2.9x	2.5x	2.4x												
Hemisphere Energy Corporation	TSX:HME	100.0%	0.0%	99.4%	0.6%	73.9%	68.2%	45.46	23.05	15.36	11.21	4.8x	5.1x	3.4x	4.1x												
International Petroleum Corporation	TSX:IPC	40.0%	53.6%	87.6%	12.4%	81.5%	27.7%	19.79	24.18	6.28	5.10	5.6x	5.8x	4.9x	5.2x												
Surge Energy Inc.	TSX:SGY	26.9%	0.0%	86.1%	13.9%	72.8%	50.4%	33.50	24.26	11.56	8.29	2.9x	2.8x	3.0x	2.7x												
Strathcona Resources Ltd.	TSX:SCR	0.0%	68.5%	84.4%	15.6%	57.0%	22.8%	31.27	37.49	6.82	3.85	4.2x	4.2x	4.1x	3.2x												
Tamarack Valley Energy Ltd.	TSX:TVE	57.5%	0.0%	85.0%	15.0%	57.0%	50.0%	41.65	46.56	31.80	14.12	3.7x	3.8x	2.9x	2.6x												
Lycos Energy Inc.	TSX:LXC	99.7%	0.0%	99.7%	0.3%	57.0%	42.3%	30.49	54.60	20.72	11.44	2.8x	1.9x	2.8x	2.1x												
Headwater Exploration Inc.	TSX:HWX	100.0%	0.0%	86.6%	13.4%	62.6%	67.9%	52.69	86.15	55.07	32.98	4.7x	4.5x	4.4x	3.6x												
<b>Minimum</b>		0.0%	0.0%	84.4%	0.3%	57.0%	22.8%	19.79	15.72	6.28	3.85	2.8x	1.9x	2.5x	2.1x												
<b>First Quartile</b>		30.3%	0.0%	85.6%	5.2%	57.0%	35.0%	30.60	22.46	9.19	6.46	2.8x	2.8x	2.9x	2.5x												
<b>Average</b>		56.7%	13.6%	89.5%	10.2%	66.8%	52.9%	35.73	36.54	19.30	11.65	4.0x	3.9x	3.6x	3.3x												
<b>Median</b>		52.8%	0.0%	86.7%	13.3%	64.5%	50.4%	33.50	24.26	13.65	10.07	4.2x	4.0x	3.4x	3.2x												
<b>Third Quartile</b>		99.9%	26.8%	94.8%	14.4%	74.3%	68.0%	43.56	50.58	26.26	12.78	4.8x	4.8x	4.4x	3.9x												
<b>Adjusted Average</b>		58.7%	7.7%	88.8%	11.2%	66.1%	52.3%	35.58	32.43	16.04	9.72	3.9x	3.9x	3.6x	3.2x												
<b>Maximum</b>		100.0%	68.5%	99.7%	15.6%	81.5%	87.4%	52.69	86.15	55.07	32.98	5.6x	5.8x	4.9x	5.2x												
<b>Rubellite (Deloitte Implied Valuation Multiples)</b>		<b>100.0%</b>	<b>0.0%</b>	<b>93.3%</b>	<b>6.7%</b>	<b>59.7%</b>	<b>53.4%</b>	<b>56.83</b>	<b>53.45</b>	<b>28.55</b>	<b>17.04</b>	<b>3.4x</b>	<b>3.2x</b>	<b>3.4x</b>	<b>3.2x</b>												

Sources: S&P Capital IQ and Public Filings

Notes:

- Deloitte's determined fair market value of equity + net debt +/- redundant liabilities/assets), if any, of the Company, as at the Valuation Date.
- Production and netback data, as available in the most recent Management Discussion and Analysis document of the companies before the Valuation Date.
- Reserve data is as reflected in the annual information forms of the companies, as at December 31, 2023, as adjusted for actual production, acquisitions and divestitures, for the period up to the Valuation Date.
- CFPS is equal to cash flow from operations before working capital adjustments divided by the total number of shares outstanding at the end of the period.
- Based on the Roll-Forward report, as provided by Management.
- Based on the lease operating summary for the six months ended June 30, 2024, as provided by Management.

Target	Buyer	Close Date	Deal Size CAD millions	1P/2P (Gross) %	Reserve Life Index (years)	Production (boe/d)	2P Reserves (Gross) (Mboe)	Implied EV/boe/d (\$/boe/d)	Implied EV/2P (\$/boe)	Implied EV/2P (\$/boe/d)	Indexed against WTI Strip
1	Undisclosed Seller	6/26/2024	76	51.2%	19.8	1,700	12,300	\$ 44,706	\$ 6.18	\$ 44,760	\$ 6.19
2	Summerland Energy Inc. Assets	10/3/2023	25	72.9%	19.0	900	6,255	27,778	4.00	26,702	3.84
3	Wyatt Resources Ltd.	9/1/2023	9	73.5%	7.1	399	1,030	22,012	8.54	21,176	8.21
4	Castlegate Energy Ltd.	8/3/2023	42	43.4%	8.2	1,400	4,213	30,293	10.07	29,999	9.97
5	Alberta Assets	2/28/2023	50	n/a	3.3	1,500	1,808	33,333	27.65	34,481	28.61
6	Deltastream Energy Corporation	10/13/2022	1,525	54.2%	9.0	15,535	50,964	98,145	29.92	88,380	26.94
7	Rolling Hills Energy Ltd.	6/10/2022	94	n/a	5.0	2,100	3,800	44,805	24.76	30,857	17.05
8	Crestwind Exploration Ltd.	2/15/2022	190	n/a	5.8	4,500	9,600	42,224	19.79	37,448	17.55
9	Perpetual Energy Inc. Assets	9/3/2021	59	55.5%	26.6	369	3,583	160,976	16.58	N/M	18.35
10	Woodcote Petroleum Inc. and Surge Energy Inc. Assets	3/25/2021	150	39.4%	10.7	2,792	10,917	53,596	13.71	70,375	18.00
11	Highwood Oil Company Ltd. Assets	12/21/2020	41	55.9%	9.9	1,000	3,606	40,750	11.30	63,530	17.62
12	Woodcote Oil Corp.	12/21/2020	49	n/a	7.9	1,000	2,894	49,250	17.02	76,782	26.53
13	Genovus Energy Inc. Assets	12/2/2020	99	n/a	8.1	2,800	8,300	35,179	11.87	58,065	19.59
	<b>Minimum</b>			39.4%	3.3	369	1,030	\$ 22,012	\$ 4.00	\$ 21,176	\$ 3.84
	<b>First Quartile</b>			45.3%	6.5	950	3,239	31,813	9.30	30,213	9.09
	<b>Average</b>			55.7%	10.8	2,769	9,175	52,542	15.5	48,546	16.80
	<b>Median</b>			54.8%	8.2	1,500	4,213	42,224	13.7	41,104	17.62
	<b>Adjusted Average</b>	Note 1		41.6%	8.5	1,545	5,175	38,466	12.9	39,417	14.31
	<b>Third Quartile</b>			68.7%	14.9	2,796	10,258	51,423	22.3	68,664	23.06
	<b>Maximum</b>			73.5%	26.6	15,535	50,964	160,976	29.9	88,380	28.61

Rubellite Energy Inc. (Deloitte Implied Valuation Multiples)	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13
	\$ 302	59.7%	10.2	4,746	17,744
	\$ 63,728		17.04	\$ 63,728	\$ 17.04

**Notes:**

[1] The highest and lowest values were excluded from the calculation of the adjusted average.

Source: Enverus, Sayer Publications and company filings

# Appendices



# Appendix A – Historical Operating Results and Financial Position<sup>22</sup>

## Historical Operating Results

The historical statements of earnings of Rubellite are provided below and as reflected on Schedule 10.

	For the Years Ended December 31,			Three months Ended	Six Months Ended
	2021	2022	2023	2024	June 30, 2024
	Note 1				
Oil	\$ 4,923	\$ 54,491	\$ 88,968	\$ 29,823	\$ 65,621
Royalties	(491)	(5,713)	(8,513)	(3,321)	(7,270)
Revenue	\$ 4,432	\$ 48,778	\$ 80,455	\$ 26,502	\$ 58,351
Realized Gain on Risk Management Contracts	101	(13,142)	(318)	1,040	(746)
Unrealized Loss on Risk Management Contracts	(1,337)	2,025	8,652	(13,910)	(10,322)
Gross Revenues	\$ 3,196	\$ 37,661	\$ 88,789	\$ 13,632	\$ 47,283
% Growth	n/a	n/a	65%		
Expenses					
Production and Operating	\$ 802	\$ 4,399	\$ 7,371	\$ 2,610	\$ 5,344
Transportation	410	4,448	9,045	3,237	6,379
General and Administrative	675	3,316	7,318	2,027	4,426
Share Based Payments	307	1,724	3,041	736	1,379
Exploration and Evaluation	-	94	7,018	131	275
Gain on Dispositions	-	-	(1,290)	-	-
Depletion	1,389	13,462	27,485	8,897	17,641
Transaction Cost	1,071	-	147	-	-
Gain Related to Deferred Tax on Acquisition	(9,146)	-	-	-	-
Finance Expense	(14)	410	2,051	1,171	2,220
Total Expenses	\$ (4,506)	\$ 27,853	\$ 62,186	\$ 18,809	\$ 37,664
Income / (Loss) Before Income Tax	\$ 7,702	\$ 9,808	\$ 26,603	\$ (5,177)	\$ 9,619
Income Tax Expense (Recovery)					
Deferred	-	(14,797)	8,042	(1,024)	1,404
<b>Comprehensive Gain (Loss)</b>	<b>\$ 7,702</b>	<b>\$ 24,605</b>	<b>\$ 18,561</b>	<b>\$ (4,153)</b>	<b>\$ 8,215</b>

### Notes:

[1] Reflects activity from incorporation on July 12, 2021 and operating results from September 3, 2021, the effective date of the completion of the spin-off from Perpetual Energy Inc., to December 31, 2021.

Rubellite started its operations in 2021 and recorded \$3.2 million of gross revenue for the period from incorporation to December 31, 2021. This increased to \$37.7 million for the year ended December 31, 2022. For the year ended December 31, 2023, gross revenue increased by 65.0 percent to \$88.8 million. Rubellite's net income as a percentage of revenue increased from 26.0 percent in 2022 to 30.0 percent in 2023. For the six months ended June 30, 2024, Rubellite recorded a comprehensive gain of \$8.2 million.

<sup>22</sup> Information obtained from Rubellite's historical audited financial statements for fiscal years 2021 through 2023 and the Company's unaudited financial results for six months ended June 30, 2024.

## Historical Financial Positions

The historical balance sheets of Rubellite are provided below and are reflected on Schedule 10.

	As at December 31,			As at March 31,	As at June 30,
	2021	2022	2023	2024	2024
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 15,287	\$ 1,950	\$ -	\$ -	\$ -
Accounts Receivable	6,845	8,522	10,830	10,795	12,225
Prepaid Expenses and Deposits	247	524	433	446	610
Product Inventory	-	829	1,002	944	1,512
Risk Management Contracts	62	1,437	8,796	279	49
<b>Total Current Assets</b>	<b>\$ 22,441</b>	<b>\$ 13,262</b>	<b>\$ 21,061</b>	<b>\$ 12,464</b>	<b>\$ 14,396</b>
<b>Non-Current Assets</b>					
Property, Plant and Equipment	\$ 72,661	\$ 135,949	\$ 202,203	\$ 204,938	\$ 220,454
Exploration and Evaluation	11,614	30,252	32,301	33,648	33,270
Deferred Tax Asset	9,146	24,567	15,043	16,067	13,357
Risk Management Contracts	-	-	545	181	72
<b>Total Non-Current Assets</b>	<b>\$ 93,421</b>	<b>\$ 190,768</b>	<b>\$ 250,092</b>	<b>\$ 254,834</b>	<b>\$ 267,153</b>
<b>Total Assets</b>	<b>\$ 115,862</b>	<b>\$ 204,030</b>	<b>\$ 271,153</b>	<b>\$ 267,298</b>	<b>\$ 281,549</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	\$ 17,004	\$ 28,053	\$ 33,932	\$ 20,605	\$ 32,599
Risk Management Contracts	1,313	749	-	4,952	1,102
Decommissioning Obligations	-	-	77	285	285
<b>Total Current Liabilities</b>	<b>\$ 18,317</b>	<b>\$ 28,802</b>	<b>\$ 34,009</b>	<b>\$ 25,842</b>	<b>\$ 33,986</b>
<b>Non-Current Liabilities</b>					
Revolving Bank Debt	\$ -	\$ 12,000	\$ 29,317	\$ 37,079	\$ 30,831
Decommissioning Obligations	1,976	3,733	8,516	8,406	8,683
Risk Management Contracts	86	-	-	77	-
<b>Total Non-Current Liabilities</b>	<b>\$ 2,062</b>	<b>\$ 15,733</b>	<b>\$ 37,833</b>	<b>\$ 45,562</b>	<b>\$ 39,514</b>
<b>Total Liabilities</b>	<b>\$ 20,379</b>	<b>\$ 44,535</b>	<b>\$ 71,842</b>	<b>\$ 71,404</b>	<b>\$ 73,500</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	\$ 85,474	\$ 123,383	\$ 143,033	\$ 143,048	\$ 143,556
Share Purchase Warrants	2,000	2,000	2,000	2,000	2,000
Contributed Surplus	307	1,805	3,410	4,131	3,410
Retained Earnings	7,702	32,307	50,868	46,715	59,083
<b>Total Shareholders' Equity</b>	<b>\$ 95,483</b>	<b>\$ 159,495</b>	<b>\$ 199,311</b>	<b>\$ 195,894</b>	<b>\$ 208,049</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 115,862</b>	<b>\$ 204,030</b>	<b>\$ 271,153</b>	<b>\$ 267,298</b>	<b>\$ 281,549</b>
Current ratio	1.2	0.5	0.6	0.5	0.4
Working capital	(9,912)	(18,178)	(21,667)	(8,420)	(18,252)
Interest bearing debt to equity	0.0	0.1	0.1	0.2	0.1
Increase / (decrease) of debt	n/a	12,000	17,317	37,079	(6,248)
Reserves 2P (mboe)	6,022	10,276	16,014	n/a	17,745
Production (boe/d)	620	1,716	3,352	n/a	4,460

As at December 31, 2021 and June 30, 2024 Rubellite's PP&E increased from \$72.7 million to \$220.5 million, and exploration and evaluation assets increased from \$11.6 million to \$33.3 million.

Rubellite's current ratio remained relatively stable, as at December 31, 2022 and June 30, 2024. Further, Rubellite's debt-to-equity ratio also remained stable at these dates. Total 2P reserves consistently increased from 6,022 Mboe, as at December 31, 2021, to 17,745 Mboe, as at the Valuation Date.

Rubellite's production increased from 620 boe/d in 2021 to 4,460 boe/d in the first half of 2024.

# Appendix B – Industry Overview

## Energy Industry<sup>23</sup>

The Canadian energy industry is comprised of the oil and gas, electricity, coal, nuclear, and alternative energy sub-sectors. Canada is a major player in the global energy sector, with significant production and export activities in oil, gas, and electricity, predominantly from hydropower. However, the long-term prospects for the fossil-fuel industry face several challenges. Key issues include inadequate pipeline infrastructure, environmental concerns, rising costs, and increasing carbon taxes. These uncertainties are likely to influence the industry's trajectory in the coming years.

The EIU anticipates that Canadian oil and gas companies will increasingly invest in clean energy technologies, including carbon capture and advanced bitumen processing, to achieve net-zero greenhouse gas emissions. Despite these advancements, gross domestic energy consumption is expected to grow in 2024, driven by economic expansion and a rise in natural gas use, particularly in power generation. From 2024 to 2033, total energy consumption is projected to increase at an annual average rate of 0.6 percent.

Conversely, petroleum product consumption is forecast to decline slightly due to the rising adoption of electric vehicles. Coal consumption is expected to drop significantly, with its contribution to power generation falling from 4.3 percent in 2023 to 1.6 percent by 2033. In contrast, natural gas consumption will continue to grow, with its share of power generation increasing from 14.0 percent in 2023 to 19.0 percent by 2033.

## Oil and Gas Sector<sup>24</sup>

The oil and natural gas industry is structured into three interrelated sectors: upstream, midstream, and downstream.

The upstream sector focuses on the exploration and production of oil and natural gas. This segment encompasses a variety of activities, including the discovery and extraction of reserves and resources from offshore, conventional, and oil sands locations. It involves drilling wells and implementing extraction technologies to bring crude oil and natural gas to the surface.

The midstream sector is dedicated to the transportation, processing, and storage of oil and natural gas. This includes the operation of pipelines that move oil and gas from production sites to processing facilities, as well as the establishment of natural gas processing plants and storage hubs. Midstream infrastructure is essential for efficiently moving raw resources to where they are needed for further processing or export.

The downstream sector involves refining crude oil into finished products and distributing these products to consumers. This segment includes refineries that transform oil into gasoline, diesel, jet fuel, and petrochemicals. Additionally, it covers the distribution of these refined products through pipelines to various distribution terminals, and the transportation of natural gas through local pipelines to homes, businesses, and industries.

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<sup>23</sup> EIU Industry Report on the Energy Sector in Canada published on July 30, 2024.

<sup>24</sup> CAPP Oil and Gas Overview: <https://www.capp.ca/en/oil-natural-gas-you/oil-natural-gas-canada/>

### Canadian Oil and Gas Demand<sup>25</sup>

Statistics Canada reports a 2.3 percent year-over-year decline in local petroleum product consumption from January to April 2024, driven by a reduced demand for fuel oil and gasoline. In contrast, local natural gas consumption increased by 4.5 percent during the same period due to higher demand from the power generation and industrial sectors. The EIU anticipates a recovery in petroleum consumption during the latter half of the year, spurred by increased demand for jet fuel and higher driving activity. However, this rebound is expected to fall short of achieving positive annual demand growth in Canada.

The following table summarizes Canada's historical and forecast oil and natural gas demand as per the EIU:

#### Oil and Natural Gas Consumption

Consumption	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2033E
Crude Oil (Mbbbl)	720,942	727,766	725,091	725,216	723,346	719,366	718,772	684,138
Natural Gas (MMcf)	4,792,352	4,916,392	5,123,283	5,263,671	5,405,329	5,526,551	5,640,829	5,995,410

Source: EIU

### Canadian Oil and Gas Supply<sup>26</sup>

As of the end of 2021, Canada was estimated to have 163.1 billion barrels of proven and recoverable oil reserves, making it the fourth largest globally. These reserves are mainly located in Alberta's oil sands, which require more energy and produce higher greenhouse gas emissions than conventional methods, affecting perceptions of their environmental and economic viability.

Statistics Canada reports a 4.7 percent increase in local crude oil production from January to April 2024. The EIU expects production to rise by 4.0 percent year-over-year in 2024 to 5.3 million bbl/d, driven by expansions in oil sands projects, increased drilling, and enhanced processing. While output is projected to reach over 5.4 million bbl/d by 2033 due to technological advances and rising petrochemical demand, export capacity constraints, investor uncertainty, and volatile prices may limit growth and lead to a decline post 2030. Net crude oil exports rose by 7.2 percent year-on-year to 403.5 Mbbbls in early 2024, with most going to the US, and the EIU expects further export growth and diversification through 2024-33.

As of early 2022, the Canadian government estimated the country's proven natural gas reserves at 2.5 trillion cubic meters, representing about 1.0 percent of global reserves. Statistics Canada reports a 1.7 percent year-on-year increase in marketable natural gas production from January to April 2024. The EIU projects 1.6 percent annual growth in domestic production in 2024, driven by new wells in western Canada and expanded LNG export capacity. Advances in well productivity and drilling techniques are expected to push output to approximately 180.1 million tonnes of oil equivalent by 2033, despite a potential slowdown later in the forecast period.

Canada's net natural gas exports rose by 31.2 percent year-over-year to 23.7 billion cubic meters in early 2024, as reported by the Canada Energy Regulator. The increase is attributed to higher US consumption and exports, and reduced pipeline imports. All exports were directed to the US, either via pipelines or trucks, and as LNG shipments to China.

<sup>25</sup> The EIU Industry Report on Oil and gas in Canada, July 30, 2024.

<sup>26</sup> The Economist Intelligence Unit Industry Report on Oil and gas in Canada, July 30, 2024.

The following table summarizes Canada’s historical and forecast oil and natural gas supply as per the EIU:

#### Oil and Natural Gas Supply

Production	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2033E
Crude Oil (Mbbl)	5,044,000	5,125,000	5,330,000	5,430,000	5,470,000	5,500,000	5,510,000	5,455,000
Natural Gas (MMcf)	6,801,946	6,992,410	7,107,482	7,167,002	7,226,522	7,286,042	7,325,722	7,147,162

Source: EIU

#### Key Oil Sands Formations in Canada

The oil sands in Alberta are primarily classified under three areas: Peace River, Cold Lake, and Athabasca. The Wabiskaw Member and McMurray formations are the primary hosts of bitumen deposits in the Athabasca, which is the largest oil sands region, spanning approximately 93,000 sq km. The Bluesky and Gething formations contain the majority of the bitumen deposits in the Peace River oil sands, which span an area of nearly 29,000 sq km. The smallest oil sands region is in Cold Lake, which is roughly 18,000 sq km in size and has bitumen resources primarily in the Clearwater formation.<sup>27</sup>

The Clearwater formation is the most active bitumen-bearing formation in the Cold Lake region and was the first to be developed in-situ. While Clearwater is still a sandstone, it contains a lot more shale and fine clays, making it a much tighter sandstone than McMurray/Wabiskaw (i.e., less permeable). Production from the Clearwater formation grew from approximately 4,311 bbl/d in 2017 to about 60,050 bbl/d by 2021.<sup>28</sup>

#### Trends in Crude Oil Prices

Crude oil prices rose significantly in the first half of 2022, primarily due to global geopolitical tension with Russia, but generally declined in the second half of the year as concerns about a possible economic recession reduced demand along with an increase in crude oil supply due to the US and international Strategic Petroleum Reserve release programs.

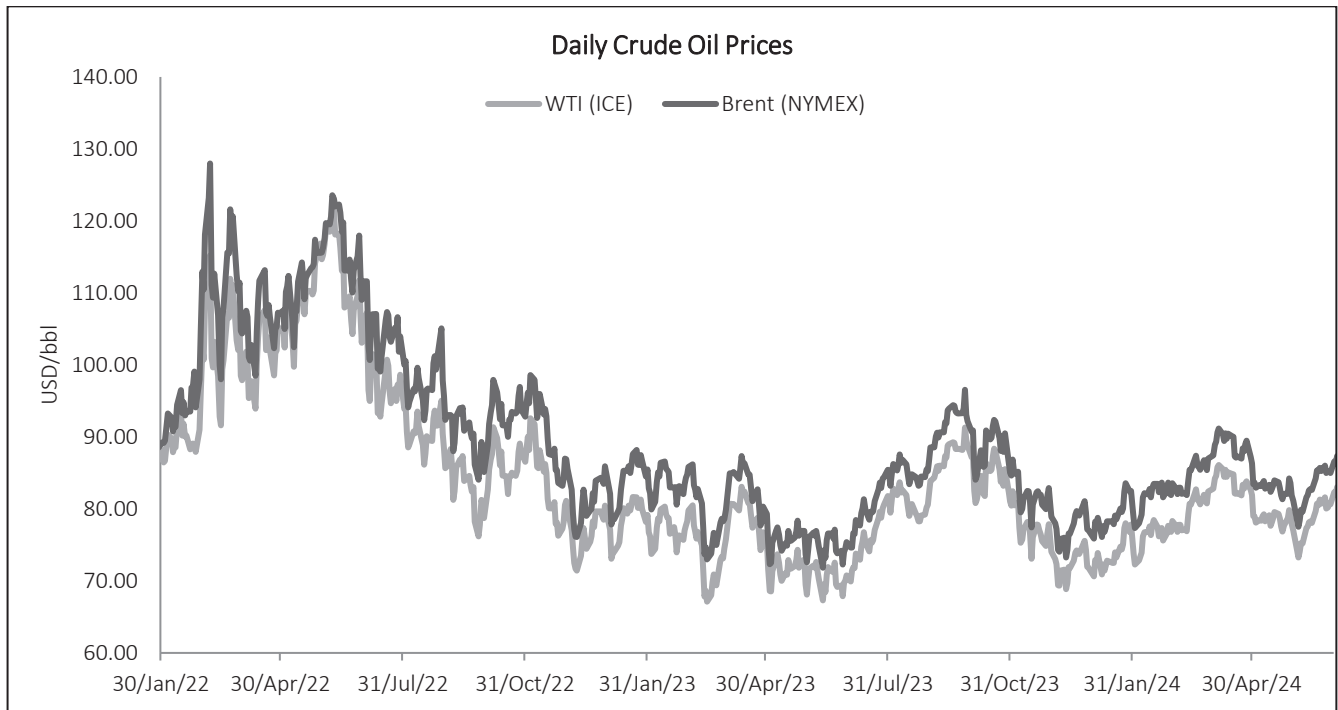
The annual average of WTI and Brent crude oil prices in 2022 was in the range of USD93.00/bbl to USD99.00/bbl, which dropped to a range of USD77.00/bbl to USD83.00/bbl for 2023. Further, from January 2024 to June 30, 2024, average WTI and Brent prices stood at USD78.20/bbl and USD83.40/bbl, respectively. While crude oil prices in 2024 are trending above USD70.00/bbl, which are far from the peak prices seen in 2022. The US energy information administration expects Brent crude oil prices to rise to an average of USD85.0/bbl during the second half of 2024.<sup>29</sup>

<sup>27</sup> <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st98/reserves/oil-sands-area-assessment>

<sup>28</sup> [https://www.dobenergy.com/media/filer\\_public/c6/96/c6968937-4c8e-4f2a-af92-284a8bd822ba/v17\\_dob-infographic-2022-clearwater.pdf](https://www.dobenergy.com/media/filer_public/c6/96/c6968937-4c8e-4f2a-af92-284a8bd822ba/v17_dob-infographic-2022-clearwater.pdf)

<sup>29</sup> <https://www.eia.gov/outlooks/steo/archives/Jun24.pdf>

The chart below exhibits the daily crude oil spot prices between January 2022 and June 2024, inclusive:



Source: CapitalIQ

### WCS Compared to WTI

Between 2022 and 2023, the price differential between WTI and WCS increased from USD18.22/bbl to USD18.65/bbl primarily due to growing oil sands supply leading to some congestion on export pipelines, slightly increased supply from Venezuelan heavy crude shipments to the US Gulf Coast, and US refinery turnarounds.<sup>30</sup>

With the Trans Mountain expansion pipeline commencing operations in the second quarter of 2024, the WTI to WCS price differential averaged approximately USD14.00/bbl, approximately USD5.00/bbl lower than the average price differential during the first quarter of USD19.00/bbl. Crude exports from the expanded Trans Mountain pipeline combined with curtailed volumes in the Western Canadian Sedimentary Basin due to forest fires, are driving tighter differential forecasts for the third quarter of 2024. The International Petroleum Corp.<sup>31</sup> expects the WTI/WCS differential to come in at USD15.00/bbl for 2024.

<sup>30</sup> <https://www.aer.ca/>

<sup>31</sup> <https://www.international-petroleum.com/>

### Commodity Price Assumptions

The following table summarizes strip prices and the 3CA price forecast:

	2024E	2025E	2026E	Long-term
<b>Strip</b>				
<b>US benchmarks</b>				
WTI (USD/bbl)	82.50	79.05	78.03	95.66
Brent (USD/bbl)	87.00	83.13	82.19	100.94
Henry Hub (USD/MMBtu)	2.75	3.32	3.90	4.95
CDN dollar	0.75	0.75	0.75	0.75
<b>Canadian benchmarks</b>				
Edmonton Par (CDN/bbl)	105.33	100.64	99.18	121.39
WCS (CDN/bbl)	87.43	84.54	83.32	101.97
AECO Gas (CDN/MMBtu)	1.75	3.06	3.90	4.95
<b>3 Consultant Average (McDaniel, GLJ and Sproule)</b>				
<b>US benchmarks</b>				
WTI (USD/bbl)	80.75	77.35	77.01	96.56
Brent (USD/bbl)	85.08	81.54	81.23	101.69
Henry Hub (USD/MMBtu)	2.92	3.61	4.02	5.10
<b>Canadian benchmarks</b>				
Edmonton Par (CDN/bbl)	105.08	98.87	97.49	122.17
WCS (CDN/bbl)	89.79	84.78	83.41	104.56
AECO Gas (CDN/MMBtu)	1.70	3.18	3.89	5.15

Source: McDaniel & Associates Oil and Gas Price Forecasts

### Active Drilling Rigs

The table below presents the active rig count during each quarter of 2023 and the forecast active rig count and utilization for 2024.

#### Drilling Rig Count by Quarter

Quarterly Rig Counts <sup>32</sup>	Active Rigs	Average Fleet	Operating Days
Q4 2024 (forecast)	205	421	18,881
Q3 2024 (forecast)	187	421	17,180
Q2 2024 (forecast)	115	421	10,408
Q1 2024 (forecast)	210	421	18,930

<sup>32</sup> <https://caoec.ca/>

Quarterly Rig Counts <sup>32</sup>	Active Rigs	Average Fleet	Operating Days
<b>Average 2024 (forecast)</b>	<b>179</b>	<b>421</b>	
Q4 2023 (forecast)	185	431	17,039
Q3 2023	169	440	15,576
Q2 2023	109	440	9,930
Q1 2023	198	440	17,808
<b>Average 2023</b>	<b>165</b>	<b>438</b>	

Source: CAOEC.

### Historical Well Completions

As drilling rig activity has increased, so too have well completions. The following table highlights well completions.

Rig Release Wells Drilled	2021	2022	2023	2024E
Total Wells Drilled	4,638	5,723	5,748	6,229
Year-over-year % growth		23.4%	0.4%	8.4%

Source: CAOEC

As can be seen above, the projected 2024 wells drilled of 6,229 is an increase of 481 wells (or 8.4 percent) from 2023 (5,748). Further, the projected 2024 drilling operating days of 65,399 is an increase of 5,046 operating days from 2023 of 60,353 operating days indicating an increase in oil production within Canada.

### Outlook

Canadian oil is set to regain prominence in 2024, globally, driven by increased output from major facilities and continued sector investment, all amid a supportive commodities environment. This boost in production is expected to positively impact Canadian real GDP, contributing an additional 0.2 to 0.4 percentage points to total GDP. Canada could be the largest source of increased oil supply in 2024, benefiting from higher oil prices and improved access to international markets. However, this robust growth is unlikely to continue at the same pace beyond this year due to potential pipeline capacity constraints and evolving emissions regulations, which could lead to a slowdown in production growth to below-average levels starting in 2025.<sup>33</sup>

<sup>33</sup> TD Economics Report on 2024 Canadian Oil Production, March 7, 2024



# Appendix C – Economic Overview

## Overview

As Rubellite operates in Canada, we reviewed the condition of the Canadian economy, as at the Valuation Date.

Relevant economic statistics for the period preceding the Valuation Date and forecast results as they relate to the Canadian economy are outlined in the following table:<sup>34</sup>

Metric	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Real GDP growth (percent)	1.1	1.9	2.0	2.1	1.7	2.2
Consumer price inflation (average percent)	3.9	2.4	2.3	2.1	2.0	2.1
Unemployment rate (percent)	5.4	6.0	5.7	5.4	5.3	5.1
Exchange rate (average C\$:US\$)	1.35	1.33	1.28	1.26	1.25	1.24
Overnight target rate (average percent)	4.7	4.8	3.9	3.2	2.5	2.5

1. *a – Actual; b – EIU forecast*

- The EIU expects real growth to remain subdued in the first half 2024 owing to higher debt repayments, two years of high inflation and a gradual increase in the unemployment rate as the economic activity in Canada has started to slow. Real GDP growth rates are expected to return to pre-pandemic levels averaging at 2.0 percent per year from 2025 to 2028, supported by government incentives to invest in green energy and technologies, an uptick in demand for non-Chinese or Russian commodities from countries seeking to diversify their supply chains, and the completion of planned oil and gas export facilities.
- The EIU anticipates consumer price inflation to reach the BoC's target rate of 2.0 percent by the end of 2024. With the help of 2023's high base, consumer prices are expected to gradually decline. However, pockets of inflationary pressure, particularly in the property market would remain. It is projected that the inflation rate will average at 2.1 percent in the years 2025 to 2028. The EIU has kept the unemployment rate constant at 6.0 percent from the last update for 2024. This comes after a slowdown in the economy in the third quarter of 2023 that did not cause unemployment to rise in proportion.
- As the Bank of Canada begins to lower interest rates, the pressure from tight monetary policy on the economy will gradually ease, leading to an expected acceleration in real GDP growth to 1.9 percent in 2024 and 2.0 percent in 2025. Neutral interest rates from 2026-28 should support an average annual growth rate of 2.0 percent. Canada's economy, highly sensitive to interest rates due to its significant household debt and exposure to interest-rate-sensitive sectors like housing, faces risks including potential inflation spikes and shifts in US trade policy. While higher rates have improved bank interest margins and investment returns, they are also slowing the economy and affecting exports.

<sup>34</sup> Economist Intelligence Unit – Country Forecast June 2024 - Canada.

- The EIU expects that a steady interest-rate differential between the BoC and the Fed from mid 2023 would help to keep CAD stable against the USD. Also, the excellent access to international debt markets and continued expansion would shield the CAD from major depreciation. The EIU expects the CAD to remain below its historic levels in the second half of 2024 and appreciate gradually from mid 2024 as safe-haven currency demand for the USD recedes and the interest-rate differential between the Fed and the BoC stabilises. In the long-term, the EIU expects the currency to average at C\$1.26:US\$1.00 from 2025 to 2028.

## Outlook

Canada is the tenth largest economy in the world. Consumer prices are expected to increase by 2.4 percent in 2024, down from a 3.9 percent increase in 2023, driven by the increase in policy / interest rates by the BoC. As interest rates start to decline, the BoC will gradually relieve some of the pressure that tight monetary policy is placing on the economy. As a result, real GDP growth is expected to increase, reaching 1.9 percent in 2024 and 2.0 percent in 2025. An average annual growth rate of 2.0 percent should be possible from 2026 to 2028 with neutral interest rates. The aforementioned analysis of Canada's key economic indicators was considered predominantly when calculating the WACC used in the Valuation.

# Appendix D – Guideline Public Company Descriptions

Company Name	Description <sup>35</sup>
Cardinal Energy Ltd.	Cardinal Energy Ltd. engages in the acquisition, development, optimization, and production of petroleum and natural gas in the provinces of Alberta, British Columbia, and Saskatchewan. Cardinal Energy Ltd. was incorporated in 2010 and is headquartered in Calgary, Canada.
Gear Energy Ltd.	Gear Energy Ltd., an exploration and production company, engages in the acquiring, developing, and holding of interests in petroleum and natural gas properties and assets in Canada. The company’s oil properties are located in Central Alberta, West Central Saskatchewan, and Southeast Saskatchewan. Gear Energy Ltd. is headquartered in Calgary, Canada.
Hemisphere Energy Corporation	Hemisphere Energy Corporation acquires, explores, develops, and produces petroleum and natural gas interests in Canada. It primarily owns a 100.0 percent interest in the Atlee Buffalo property located in southeastern Alberta. The company was formerly known as Northern Hemisphere Development Corp. and changed its name to Hemisphere Energy Corporation in April 2009. Hemisphere Energy Corporation was founded in 1977 and is headquartered in Vancouver, Canada.
International Petroleum Corporation	International Petroleum Corporation explores for, develops, and produces oil and gas. The company holds a portfolio of oil and gas production assets and development projects in Canada, Malaysia, and France. International Petroleum Corporation was incorporated in 2017 and is based in Vancouver, Canada.
Surge Energy Inc.	Surge Energy Inc. explores, develops, and produces oil and gas in western Canada. Its principal properties are located in the Sparky formation in Alberta and in Southeast Saskatchewan for light oil, as well as properties in Alberta targeting Carbonates and other light oil formations. The company was formerly known as Zapata Energy Corporation and changed its name to Surge Energy Inc. in June 2010.

<sup>35</sup> Descriptions sourced directly from S&P Capital IQ.

Company Name	Description <sup>35</sup>
	Surge Energy Inc. was incorporated in 1998 and is headquartered in Calgary, Canada.
Strathcona Resources Ltd.	Strathcona Resources Ltd. acquires, explores, develops, and produces petroleum and natural gas reserves in Canada. It operates through three segments: Cold Lake Thermal, Lloydminster Heavy Oil, and Montney. The Cold Lake Thermal segment includes three producing assets in the Cold Lake region of Northern Alberta; and Lindbergh, Orion, and Tucker. The Lloydminster Heavy Oil segment has multiple oil-in-place reservoirs accessed through enhanced oil recovery techniques and thermal steam-assisted gravity drainage located in Southwest Saskatchewan. The Montney segment includes assets in the Northwest Alberta Kakwa region; Grande Prairie regions; and the Northeast British Columbia Groundbirch region. Strathcona Resources Ltd. was incorporated in 2009 and is headquartered in Calgary, Canada.
Tamarack Valley Energy Ltd.	Tamarack Valley Energy Ltd. acquires, explores, develops, and produces crude oil, natural gas, and natural gas liquids in the Western Canadian sedimentary basin. Its oil and natural gas properties are the Cardium, Clearwater, Charlie Lake, and Enhanced Oil Recovery assets located in the province of Alberta, Canada. The company was formerly known as Tango Energy Inc. and changed its name to Tamarack Valley Energy Ltd. in June 2010. The company was incorporated in 2002 and is headquartered in Calgary, Canada.
Lycos Energy Inc.	Lycos Energy Inc., a junior resource company, engages in the development and production of petroleum and natural gas in Western Canada. The company operates heavy-oil development assets in the Gull Lake area of southwest Saskatchewan and heavy-oil assets in the Lloydminster area. Lycos Energy Inc. is headquartered in Calgary, Canada.
Headwater Exploration Inc.	Headwater Exploration Inc. engages in the exploration, development, and production of petroleum and natural gas in Canada. It holds interest in the Marten Hills area located in Alberta, and McCully Field area located in New Brunswick. The company was formerly known as Corridor Resources Inc. and changed its name to Headwater Exploration Inc. in March 2020. Headwater Exploration Inc. incorporated in 1996 and is headquartered in Calgary, Canada.

### **About Deloitte**

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Deloitte provides industry-leading consulting, tax and legal, financial advisory, audit and assurance, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. We bring together world-class capabilities, insights, and services to address clients' most complex business challenges.

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September 16, 2024

Special Committee of the Board of Directors of Rubellite Energy Inc.  
Suite 3200, 605 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Dear Mesdames and Sirs:

**Subject: Fairness Opinion in Connection with the Proposed Recombination of Rubellite Energy Inc. and Perpetual Energy Inc.**

## Introduction

Deloitte LLP (“Deloitte,” “we,” “us,” or “our”) understands that on September 16, 2024, Rubellite Energy Inc. (“Rubellite” or the “Company”) entered into a definitive arrangement agreement (the “Arrangement Agreement”) with Perpetual Energy Inc. (“Perpetual”) whereby Rubellite and Perpetual will recombine in an all-share transaction by way of an arrangement (the “Arrangement”) under the *Business Corporations Act* (Alberta) (the “Proposed Transaction”). Pursuant to the Proposed Transaction, among other things, holders of Rubellite common shares (the “Rubellite Shares”) will receive one common share (the “New Shares”) of the recombined company (“Newco Amalco”) for each Rubellite Share held and holders of Perpetual common shares (the “Perpetual Shares”) will receive one New Share for every five Perpetual Shares held.

The terms of the Proposed Transaction are more fully described in the Arrangement Agreement and will also be described in the Joint Information Circular of Rubellite and Perpetual (the “Circular”) to be mailed to the Rubellite and Perpetual shareholders in connection with the Proposed Transaction.

We understand that the Proposed Transaction constitutes a ‘related party transaction’ for Rubellite pursuant to *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

The board of directors of Rubellite (the “Rubellite Board”) has appointed a special committee of independent directors (the “Rubellite Special Committee”) to consider and evaluate the Proposed Transaction and to provide a recommendation to the Rubellite Board.

Our fairness opinion (the “Fairness Opinion”) herein relates to whether the consideration contemplated to be paid and received by the shareholders of Rubellite in connection with the Proposed Transaction is fair, from a financial point of view, to the shareholders of Rubellite.

## Engagement

The Rubellite Special Committee has requested that Deloitte, acting independently and objectively, provide the Fairness Opinion. We have been asked to prepare the Fairness Opinion, as at September 16, 2024 (the “Opinion Date”).

The Fairness Opinion has been prepared in conformity with Practice Standards Nos. 510, 520, and 530 of the Canadian Institute of Chartered Business Valuators, which pertain to fairness opinions. It also has been prepared in accordance

with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Canadian Investment Regulatory Organization (“CIRO”), but the CIRO has not been involved in the preparation or review of this Fairness Opinion.

The Rubellite Special Committee formally retained Deloitte by way of an engagement agreement dated August 6, 2024 (the “Engagement Agreement”) to provide, among other matters, the Fairness Opinion. Under the Engagement Agreement, the Rubellite Special Committee also retained Deloitte to provide a formal valuation under MI 61-101 of the Rubellite Shares (the “Formal Valuation Report or the “Valuation”). Further, pursuant to the Engagement Agreement, a special committee of independent directors appointed by the board of directors of Perpetual retained Deloitte to provide a formal valuation under MI 61-101 of the Perpetual Shares (the “Perpetual Formal Valuation Report”). The Rubellite Special Committee initially contacted Deloitte regarding a potential engagement in July 2024.

The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee for providing the Fairness Opinion and the Formal Valuation. In addition, Deloitte is to be reimbursed for reasonable out-of-pocket expenses and indemnified by the Rubellite Special Committee in respect of certain liabilities, which may arise in connection with the provision of our services thereunder. The fees received by Deloitte in connection with the Engagement Agreement are not material to Deloitte. No part of Deloitte’s fee is contingent upon the completion of the Proposed Transaction or the conclusions of the Fairness Opinion or the Formal Valuation Report.

### **Credentials of Deloitte<sup>1</sup>**

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of every five Fortune Global 500 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges.

Deloitte’s professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other things.

As a global market leader with over 1,200 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser (ASA).

### **Independence of Deloitte**

Deloitte has represented to the Rubellite Special Committee that we have disclosed to it all information of which we are aware, after due inquiry, pertaining to their assessment of our independence within the meaning of MI 61-101.

Deloitte is independent of Rubellite, Perpetual, and any other “interested party” for the purposes of Section 6.1 of MI 61-101. Neither Deloitte nor any of its affiliates:

- is an associated or affiliated entity or issuer insider of any “interested party,” as each such term is defined in MI 61-101, in respect of the Arrangement;
- is acting as an advisor to any “interested party” in respect of the Arrangement (except to provide the Valuation and the Fairness Opinion, as contemplated by its engagement by the Rubellite Special Committee);
- is subject to any circumstances whereby the compensation of Deloitte depends in whole or in part on an agreement, arrangement, or understanding that gives Deloitte a financial incentive in respect of the conclusions reached in the Valuation and the Fairness Opinion of the outcome of the Arrangement;

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<sup>1</sup> Source: Deloitte website.

- is or will be (i) a manager or co-manager of a soliciting dealer group for the Arrangement, or (ii) a member of a soliciting dealer group for the Arrangement whereby, in its capacity as a soliciting dealer, it would perform services beyond the customary soliciting dealer's function or would receive more than the per security of per security holder fees payable to other members of the group;
- is an external auditor of Rubellite or of an "interested party;"
- has any material financial interest in the completion of the Arrangement;
- has any interest or relationship with any "interested party," which is set out in Section 5.2(a) or (c) of Companion Policy 61-101; and/or
- during the twenty-four (24) months prior to the date Deloitte was first contacted for the purposes of the Valuation and the Fairness Opinion, had any relationship with any "interested party," which is set out in Section 5.2(b) of Companion Policy 61-101.

There are no understandings, agreements, or commitments between Deloitte and any of the "interested parties" with respect to future business dealings. Deloitte may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the "interested parties" from time to time.

The principal preparer and other staff involved in the preparation of the Fairness Opinion are all independent from Rubellite and any other "interested party."

### **Definitions and Approach to Fairness**

For the purposes of the Fairness Opinion, we were guided by the definition of *fair market value* outlined in MI 61-101. *Fair market value* is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. In determining the fair market value of the Rubellite Shares, and consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of any of these shares, the effect of the Proposed Transaction on any of these shares, or the fact that any of these shares do not form part of a controlling interest. Consequently, the Formal Valuation provides a conclusion on a per share basis with respect to Rubellite's "en bloc" fair market value, being the price at which all of the Rubellite Shares could be sold to one or more buyers at the same time.

With respect to the Fairness Opinion, we assessed fairness, from a financial point of view, based on whether the fair market value of the consideration to be paid by Rubellite, in the form of the New Shares, to the Perpetual common shareholders falls within the range of values determined by dividing the range of fair market values of the Perpetual Shares by the range of fair market values of the Rubellite Shares, as determined by us and summarized in the Formal Valuation Report and the Perpetual Formal Valuation Report, both as at June 30, 2024 (the "Valuation Date"). Complete copies of the Formal Valuation Report and the Perpetual Formal Valuation Report will be included in the Circular. Our methodology, information relied upon, and analysis are set forth in these reports and readers are encouraged to read them in their entirety.

The Fairness Opinion is rendered, as at the Opinion Date, while our Formal Valuation Report and the Perpetual Formal Valuation Report are also dated, as at the Opinion Date. However, the Formal Valuation Report and the Perpetual Formal Valuation Report both have June 30, 2024 valuation dates (i.e., the Valuation Date). Therefore, in assessing fairness, we also considered any significant intervening events that occurred between the Valuation Date and the Opinion Date, and assessed the potential impact on the fair market values set forth in the Formal Valuation Report and the Perpetual Formal Valuation Report.

### **Currency**

Unless otherwise indicated, all currency amounts shown in this Fairness Opinion are expressed in Canadian dollars and are denoted as "\$."



### Scope of Review

In connection with the Fairness Opinion, we reviewed and relied upon the following:

- Discussions with management of Rubellite ("Management"), the Rubellite Special Committee, and legal counsel to the Rubellite Special Committee;
- Audited financial statements of the Company for the years ended December 31, 2021 to December 31, 2023, inclusive;
- Management discussion and analysis for Rubellite for the year ended December 31, 2023;
- Unaudited financial statements of the Company for the six months ended June 30, 2024;
- Management discussion and analysis for the Company for the six months ended June 30, 2024;
- Rubellite Annual Information Form for the year ended December 31, 2023;
- Reserve report for the Company prepared by McDaniel & Associates Consultants Ltd., as at December 31, 2023, and roll forward reserve report prepared by Management (the "Roll-Forward Reserve Report"), as at June 30, 2024;
- Internal forecasts, projections, estimates, and budgets prepared or provided by Management;
- Certain internal financial, operating, corporate, and other information provided by Management relating to the business, operations, and financial condition of Rubellite;
- Corporate presentation dated June 20, 2024 for the Company, as provided by Management;
- Tax related information for Rubellite, as at December 31, 2023 and June 30, 2024, as provided by Management;
- Details related to the fixed assets owned by the Company, as provided by Management;
- Information regarding Rubellite's financial instruments held, as at the Valuation Date, as provided by Management;
- Information relating to Rubellite's share-based compensation awards issued and outstanding, as at the Valuation Date, as provided by Management;
- Non-binding proposal dated June 28, 2024 related to Rubellite's August 2, 2024 announcement that it had entered into an agreement to acquire all of the outstanding shares of Buffalo Mission Energy Corp. (the "BMEC Acquisition");
- Share purchase and sale agreement and associated disclosure letter dated July 31, 2024 related to the BMEC Acquisition, which closed on August 2, 2024;
- Public information related to the business, operations, financial performance, and stock trading history of the Company and other selected public entities considered by us to be relevant;
- Public information with respect to other transactions of a comparable nature considered by us to be relevant;
- Various institutional analyst research reports related to the Company;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from Management as to the completeness and accuracy of the information upon which the Valuation is based;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from the Rubellite Special Committee as to our reliance on the scope of review set forth in the Valuation and the certificate referenced above from Management, as well as confirmation that the Rubellite Special Committee has no knowledge of any information that would affect the conclusions noted in the Valuation; and
- Such other corporate, industry, financial market information, investigations, and analyses as we considered necessary or appropriate in the circumstances.

We also relied upon the information and documents set forth in the scope of review of the Perpetual Formal Valuation Report. We have not, to the best of our knowledge, been denied access to any information that we have requested.

We have not audited or otherwise verified the information relied upon in completing the Fairness Opinion. Also, we did not meet with the auditors of Perpetual or Rubellite and have assumed the accuracy, completeness, and fair presentation of, and have relied upon, without independent verification, the financial statements of Rubellite and Perpetual and any reports of the auditors thereon.

### **Restrictions, Limitations, and Assumptions**

Our Fairness Opinion is provided solely for the use of the Rubellite Special Committee in considering the Proposed Transaction. It is not intended for general circulation or publication, nor is it to be reproduced for any reason other than the stated purpose or as otherwise provided in the Engagement Agreement without the prior written consent of Deloitte in each specific instance. We do not assume any responsibility or liability for losses incurred by any party as a result of the circulation, publication, reproduction, or use of the Fairness Opinion contrary to the provisions in this paragraph. Subject to the terms of the Engagement Agreement, we consent to the inclusion of the Fairness Opinion in its entirety, and a summary thereof in a form acceptable to us, in the Circular and to the filing thereof, as necessary, by Rubellite with the applicable securities commissions or similar regulatory authorities in Canada.

We have relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations obtained by us from public sources or provided to us by Management or other advisors to Rubellite (collectively referred to as the "Information"). The Fairness Opinion is conditional upon the completeness, accuracy, and fair presentation of such Information. We have not attempted to independently verify the completeness, accuracy, or fair presentation of the Information.

No opinion, counsel, or interpretation is intended in matters that require legal, regulatory, or tax analysis or other appropriate professional advice. It is assumed that such opinions, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company or the Rubellite Special Committee. To the extent that there are legal issues relating to assets, properties, or business interests, or issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility, in connection with such matters, other than as specifically disclosed to us, that:

- The title to all such assets, properties, or business interests purportedly owned by Rubellite and its subsidiaries is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning, or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens, encumbrances, or encroachments other than as disclosed to us;
- There is compliance with all applicable federal, local, and national regulations and laws, in all material respects, as well as the policies of all applicable regulators, and that all required licenses, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency, or organization have been or can be obtained or renewed for the operation of Rubellite and its subsidiaries in their ordinary course of business;
- There are no material legal proceedings regarding the business, assets, or affairs of Rubellite and its subsidiaries other than as disclosed to us;
- There are no material contingent or unrecorded liabilities, environmental liabilities, and litigation pending or threatened in the ordinary course of business other than as disclosed to us;
- The financial information provided by Management, as referred to in the Scope of Review section above, is fairly presented in accordance with generally accepted accounting principles and would not require any significant adjustments, if it was subject to audit;
- The net book values of the assets and liabilities of Rubellite approximate their fair market values, as at the Valuation Date, on a going concern basis, unless otherwise indicated in the Formal Valuation Report;
- The forecast cash flows in the Roll-Forward Reserve Report, as that term is defined in the Formal Valuation Report, are considered reasonable and representative of Management's best estimates of future operating results, as at the Valuation Date;

- We have been provided with all relevant information related to the BMEC Acquisition, as that term is defined in the Formal Valuation Report;
- Based on discussions with Management, aside from the BMEC Acquisition, the impact of which is included in our Formal Valuation Report, there have been no material events or changes between the Valuation Date and the Opinion Date that would impact the values presented in the Formal Valuation Report; and
- Other than the Proposed Transaction, as described in the Arrangement Agreement, and other than as disclosed to us by Management, Management has represented to Deloitte that, to the best of its knowledge, information, and belief after reasonable inquiry, there have been no valuations or appraisals relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities made in the preceding 24 months and in its possession or control.

Based on our discussions with Management and the Rubellite Special Committee, we understand that nothing has occurred prior to, or is pending, as at the Opinion Date, which has not been disclosed to us, and which could be expected to have a material effect on the Fairness Opinion, as at the Opinion Date.

This Fairness Opinion is given, as at the Opinion Date, on the basis of securities markets, economic, financial, and general business conditions prevailing, as at that date, and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to us in discussions with Management. In our analyses and in preparing the Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, and economic conditions, all of which we believe to be reasonable and appropriate and many of which are beyond the control of any party involved in the Proposed Transaction.

In preparing this Fairness Opinion, we have assumed that the executed Arrangement Agreement will not differ in any material respect from the draft that we reviewed, and that the Arrangement will be consummated in accordance with the terms and conditions of the Arrangement Agreement without waiver of, or amendment to, any term or condition that is in any way material to our analyses. We have assumed that the representations and warranties made by the parties in the Arrangement Agreement will be true and correct.

Our Fairness Opinion relies, in part, on publicly available information and other information provided by Management, which includes Management prepared forecasts, and other assumptions and limiting conditions. Changes to market conditions could substantively affect the Company and our Fairness Opinion.

The Fairness Opinion is rendered, as at the Opinion Date, and Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting the Fairness Opinion, which may come or be brought to our attention after this date. Without limiting the foregoing, in the event that there is any material change in any facts or matters affecting the Fairness Opinion after the date hereof, we reserve the right to change, modify, or withdraw the Fairness Opinion in accordance with the terms of the Engagement Agreement.

The Fairness Opinion is not to be construed as a recommendation to the Rubellite Special Committee, the Rubellite Board, or any shareholder of Rubellite to support or reject the Proposed Transaction. We have not been retained to comment on the investment or strategic merit of the Proposed Transaction or the future operations of Newco Amalco. Future business conditions are subject to change and are beyond our control and the control of the parties involved in the Proposed Transaction. Also, the Fairness Opinion does not address the relative merits of the Proposed Transaction as compared to any other strategic alternatives that may be available to Perpetual.

We believe that the Fairness Opinion and underlying analyses must be considered as a whole and that selecting portions of the analyses, or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so

could lead to undue emphasis on any particular factor or analysis. This Fairness Opinion letter should be read in its entirety.

#### Formal Valuation Report and Perpetual Formal Valuation Report Conclusions

The Formal Valuation Report and the Perpetual Formal Valuation Report imply the following range of share exchange ratios:

Formal Valuations Range				
<b>Fair Market Value per Fully Diluted Share</b>				
Perpetual	A	\$0.77	\$0.83	\$0.89
Rubellite	B	\$3.99	\$3.82	\$3.64
<b>Implied Exchange Ratio</b>				
Number of New Shares per Perpetual Share	A/B	0.19	0.22	0.24
<b>Proposed Transaction Exchange Ratio</b>			0.20	

#### Fairness Opinion Conclusion

The exchange ratio of one New Share for every five Perpetual Shares falls within the range of exchange ratios implied by the Formal Valuation Report and the Perpetual Formal Valuation Report.

Based upon and subject to the foregoing, we are of the opinion that, as at the Opinion Date, the consideration contemplated to be paid and received by the shareholders of Rubellite in connection with the Proposed Transaction is fair, from a financial point of view, to the shareholders of Rubellite.

Yours truly,

Deloitte LLP

Deloitte LLP

**APPENDIX G**

**PERPETUAL VALUATION REPORT AND PERPETUAL FAIRNESS OPINION**



# Perpetual Energy Inc.

## Formal Valuation

Valuation Date: June 30, 2024

Report Date: September 16, 2024

Private and Confidential

September 16, 2024

Special Committee of the Board of Directors of  
Perpetual Energy Inc.  
Suite 3200, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Special Committee of the Board of Directors of  
Rubellite Energy Inc.  
Suite 3200, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Dear Mesdames and Sirs:

**Subject: Formal Valuation of the Fair Market Value of the Common Shares of Perpetual Energy Inc. in Connection with the Proposed Recombination of Perpetual Energy Inc and Rubellite Energy Inc.**

## Introduction

Deloitte LLP (“Deloitte,” “we,” “us,” or “our”) understands that on September 16, 2024 Perpetual Energy Inc. (“Perpetual” or the “Company”) entered into a definitive arrangement agreement (the “Arrangement Agreement”) with Rubellite Energy Inc. (“Rubellite”) whereby Perpetual and Rubellite will recombine in an all-share transaction by way of an arrangement under the *Business Corporations Act* (Alberta) (the “Proposed Transaction”). Pursuant to the Proposed Transaction, among other things, holders of Rubellite common shares (the “Rubellite Shares”) will receive one common share (the “New Shares”) of the recombined company (“Newco Amalco”) for each Rubellite Share held and holders of Perpetual common shares (the “Perpetual Shares”) will receive one New Share for every five Perpetual Shares held.

The terms of the Proposed Transaction are more fully described in the Arrangement Agreement and will also be described in the Joint Information Circular of Perpetual and Rubellite (the “Circular”) to be mailed to the Perpetual and Rubellite shareholders in connection with the Proposed Transaction.

We understand that the Proposed Transaction constitutes a ‘related party transaction’ for Rubellite for the purposes of *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and, therefore, that Rubellite requires a formal valuation (the “Valuation”) as to a value or range of values representing the fair market value of the Perpetual Shares. We also understand that the Proposed Transaction constitutes a ‘business combination’ for Perpetual for the purposes of MI 61-101 and, therefore, that Perpetual is also required to obtain the Valuation. We further understand that MI 61-101 also requires Perpetual and Rubellite to obtain a formal valuation (the “Rubellite Valuation”) as to the value or range of values representing the fair market value of the Rubellite Shares, which valuation is set forth in a separate report prepared by us and dated the date hereof.

The board of directors of Perpetual (the “Perpetual Board”) has appointed a special committee of independent directors (the “Perpetual Special Committee”) and the board of directors of Rubellite (the “Rubellite Board” and together with the Perpetual Board, the “Boards”) has appointed a special committee of independent directors (the “Rubellite Special Committee” and together with the Perpetual Special Committee, the “Special Committees”) to consider and evaluate the Proposed Transaction and to provide a recommendation to their respective Boards.

The Valuation is prepared, as at June 30, 2024 (the “Valuation Date”).

## Engagement

The Special Committees have requested that Deloitte, acting independently and objectively, prepare and deliver to the Special Committees the Valuation, as at the Valuation Date, in accordance with the requirements of MI 61-101. The Special Committees determined that Deloitte is a qualified valuator and selected it based on its qualifications, expertise, and reputation, as well as its experience with MI 61-101 valuations.

Our Valuation has been prepared in conformity with Practice Standard No. 110 of the Canadian Institute of Chartered Business Valuators for a Comprehensive Valuation Report, as that term is defined in Practice Standard No. 110, which meets the requirements of a formal valuation, as defined under MI 61-101. It also has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Canadian Investment Regulatory Organization (“CIRO”), but the CIRO has not been involved in the preparation or review of this Valuation.

The Special Committees formally retained Deloitte, by way of an engagement agreement dated August 6, 2024 (the “Engagement Agreement”), to provide, among other matters, the Valuation and the Rubellite Valuation in accordance with MI 61-101, as well as fairness opinions (the “Fairness Opinions”) related to the Proposed Transaction. The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee for the Valuation and the Fairness Opinions. In addition, Deloitte is to be reimbursed for reasonable out-of-pocket expenses and indemnified by the Special Committees in respect of certain liabilities, which may arise in connection with the provision of our services thereunder. The fees received by Deloitte in connection with the Engagement Agreement are not material to Deloitte. No part of Deloitte’s fee is contingent upon the conclusions reached in this Valuation or the Rubellite Valuation or upon the successful completion of the Proposed Transaction. The Special Committees initially contacted Deloitte regarding a potential engagement in July 2024.

## Credentials of Deloitte

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of every five Fortune Global 500 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients’ most complex business challenges.

Deloitte’s professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other things.

As a global market leader with over 1,200 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser (ASA).

## Independence of Deloitte

Deloitte has represented to the Special Committees that we have disclosed to it all information of which we are aware, after due inquiry, pertaining to their assessment of our independence within the meaning of MI 61-101.

Deloitte is independent of Perpetual, Rubellite, and any other “interested party” for the purposes of Section 6.1 of MI 61-101. Neither Deloitte nor any of its affiliates:

- is an associated or affiliated entity or issuer insider of any “interested party,” as each such term is defined in MI 61-101, in respect of the Arrangement;
- is acting as an advisor to any “interested party” in respect of the Arrangement (except to provide the Valuation and the Fairness Opinions, as contemplated by its engagement by the Special Committees);
- is subject to any circumstances whereby the compensation of Deloitte depends in whole or in part on an agreement, arrangement, or understanding that gives Deloitte a financial incentive in respect of the conclusions reached in the Valuation and the Fairness Opinions of the outcome of the Arrangement;
- is or will be (i) a manager or co-manager of a soliciting dealer group for the Arrangement, or (ii) a member of a soliciting dealer group for the Arrangement whereby, in its capacity as a soliciting dealer, it would perform services beyond the customary soliciting dealer’s function or would receive more than the per security of per security holder fees payable to other members of the group;
- is an external auditor of Perpetual or of an “interested party;”
- has any material financial interest in the completion of the Arrangement;
- has any interest or relationship with any “interested party,” which is set out in Section 5.2(a) or (c) of Companion Policy 61-101; and/or
- during the twenty-four (24) months prior to the date Deloitte was first contacted for the purposes of the Valuation and the Fairness Opinions, had any relationship with any “interested party,” which is set out in Section 5.2(b) of Companion Policy 61-101.



There are no understandings, agreements, or commitments between Deloitte and any of the “interested parties” with respect to future business dealings. Deloitte may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the “interested parties” from time to time.

The principal preparer and other staff involved in the preparation of the Valuation are all independent from Perpetual and any other “interested party.”

## Definition of Fair Market Value

In providing the Valuation, we were guided by the definition of fair market value in MI 61-101. Fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

In determining the fair market value of the Perpetual Shares, and consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of the Perpetual Shares, the effect of the Proposed Transaction on the Perpetual Shares, or the fact that some shares do not form part of a controlling interest. Consequently, the Valuation provides a conclusion on a per share basis with respect to Perpetual’s “en bloc” fair market value, being the price at which all of the Perpetual Shares could be sold to one or more buyers at the same time.

## Currency of Valuation

Unless otherwise indicated, all currency amounts shown in this Valuation are expressed in Canadian dollars and are denoted as “\$.”

## Scope of Review

In connection with the Valuation, we reviewed and relied upon the following:

- Discussions with management of Perpetual (“Management”), the Perpetual Special Committee, and legal counsel to the Perpetual Special Committee;
- Audited financial statements of the Company for the years ended December 31, 2019 to December 31, 2023, inclusive;
- Management discussion and analysis for Perpetual for the year ended December 31, 2023;
- Unaudited financial statements of the Company for the six months ended June 30, 2024;
- Management discussion and analysis for the Company for the six months ended June 30, 2024;
- Perpetual Annual Information Form for the year ended December 31, 2023;
- Reserve report for the Company prepared by McDaniel & Associates Consultants Ltd., as at December 31, 2023, and roll forward reserve report prepared by Management (the “Roll-Forward Reserve Report”), as at June 30, 2024;
- Internal forecasts, projections, estimates, and budgets prepared or provided by Management;
- Certain internal financial, operating, corporate, and other information provided by Management relating to the business, operations, and financial condition of Perpetual;
- Corporate presentation dated June 20, 2024 for the Company, as provided by Management;
- Tax related information for Perpetual, as at December 31, 2023 and June 30, 2024, as provided by Management;
- Details related to the fixed assets owned by the Company, as provided by Management;
- Information regarding Perpetual’s financial instruments held, as at the Valuation Date, as provided by Management;
- Information relating to Perpetual’s share-based compensation awards issued and outstanding, as at the Valuation Date, as provided by Management;
- Information regarding Perpetual’s liability related to a statement of claim that was filed by PricewaterhouseCoopers Inc., in its capacity as trustee in the bankruptcy proceedings of Sequoia Resources Corp., with the Alberta Court of King’s Bench against Perpetual, and the settlement agreement entered into on March 22, 2024;
- Public information related to the business, operations, financial performance, and stock trading history of the Company and other selected public entities considered by us to be relevant;
- Public information with respect to other transactions of a comparable nature considered by us to be relevant;

- Various institutional analyst research reports related to the Company;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from Management as to the completeness and accuracy of the information upon which the Valuation is based;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from the Perpetual Special Committee as to our reliance on the scope of review set forth in the Valuation and the certificate referenced above from Management, as well as confirmation that the Perpetual Special Committee has no knowledge of any information that would affect the conclusions noted in the Valuation; and
- Such other corporate, industry, financial market information, investigations, and analyses as we considered necessary or appropriate in the circumstances.

We have not, to the best of our knowledge, been denied access to any information that we have requested.

We have not audited or otherwise verified the information relied upon in completing the Valuation. Also, we did not meet with the auditors of Perpetual and have assumed the accuracy, completeness, and fair presentation of, and have relied upon, without independent verification, the financial statements of Perpetual and any reports of the auditors thereon.

### **Restrictions, Limitations, and Assumptions**

Our Valuation is provided solely for the use of the Special Committees in considering the Proposed Transaction and for inclusion in the Circular. It is not intended for general circulation or publication, nor is it to be reproduced for any reason other than the stated purpose or as otherwise provided in the Engagement Agreement without the prior written consent of Deloitte in each specific instance. We do not assume any responsibility or liability for losses incurred by any party as a result of the circulation, publication, reproduction, or use of the Valuation contrary to the provisions in this paragraph. Subject to the terms of the Engagement Agreement, we consent to the inclusion of the Valuation in its entirety, and a summary thereof in a form acceptable to us, in the Circular and to the filing thereof, as necessary, by Perpetual with the applicable securities commissions or similar regulatory authorities in Canada.

We relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations obtained by us from public sources or provided to us by Management or other advisors to Perpetual (collectively referred to as the “Information”). The Valuation is conditional upon the completeness, accuracy, and fair presentation of such Information. We have not attempted to independently verify the completeness, accuracy, or fair presentation of the Information.

No opinion, counsel, or interpretation is intended in matters that require legal, regulatory, or tax analysis or other appropriate professional advice. It is assumed that such opinions, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company or the Special Committees. To the extent that there are legal issues relating to assets, properties, or business interests, or issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility, in connection with such matters, other than as specifically disclosed to us, that:

- The title to all such assets, properties, or business interests purportedly owned by Perpetual and its subsidiaries is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning, or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens, encumbrances, or encroachments other than as disclosed to us;
- There is compliance with all applicable federal, local, and national regulations and laws, in all material respects, as well as the policies of all applicable regulators, and that all required licenses, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency, or organization have been or can be obtained or renewed for the operation of Perpetual and its subsidiaries in their ordinary course of business;
- There are no material legal proceedings regarding the business, assets, or affairs of Perpetual and its subsidiaries other than as disclosed to us;
- There are no material contingent or unrecorded liabilities, environmental liabilities, and litigation pending or threatened in the ordinary course of business other than as disclosed to us;

- The financial information provided by Management, as referred to in the Scope of Review section above, is fairly presented in accordance with generally accepted accounting principles and would not require any significant adjustments, if it was subject to audit;
- The net book values of the assets and liabilities of Perpetual approximate their fair market values, as at the Valuation Date, on a going concern basis, unless otherwise indicated in the Valuation;
- The forecast cash flows in the Roll-Forward Reserve Report are considered reasonable and representative of Management's best estimates of future operating results, as at the Valuation Date;
- Based on discussions with Management, there have been no material events or changes between the Valuation Date and the date of this report that would impact the values presented in this report; and
- Other than the Proposed Transaction, as described in the Arrangement Agreement, and other than as disclosed to us by Management, Management has represented to Deloitte that, to the best of its knowledge, information, and belief after reasonable inquiry, there have been no valuations or appraisals relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities made in the preceding 24 months and in its possession or control.

Based on our discussions with Management and the Perpetual Special Committee, we understand that nothing has occurred prior to, or is pending as at, the Valuation Date, which has not been disclosed to us, and which could be expected to have a material effect on the Valuation, as at the Valuation Date.

This Valuation is given as at the Valuation Date on the basis of securities markets, economic, financial, and general business conditions prevailing, as at the Valuation Date, and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to us in discussions with Management. In our analyses and in preparing the Valuation, we made numerous assumptions with respect to industry performance, general business, and economic conditions, all of which we believe to be reasonable and appropriate and many of which are beyond the control of any party involved in the Proposed Transaction.

The Valuation relies, in part, on publicly available information and other information provided by Management, which includes Management prepared forecasts, and other assumptions and limiting conditions. Changes to market conditions could substantively affect the Company and the Valuation.

This Valuation is rendered, as at the Valuation Date, and, subject to the requirements of MI 61-101, Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting the Valuation, which may come or be brought to our attention after this. Without limiting the foregoing, in the event that there is any material change in any facts or matter affecting the Valuation after the date hereof, we reserve the right to change, modify, or withdraw the Valuation in accordance with the terms of the Engagement Agreement.

We believe that the Valuation and underlying analyses must be considered as a whole and that selecting portions of the analyses, or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Valuation report should be read in its entirety.

The Valuation is not to be construed as a recommendation to the Special Committees, the Boards, or any shareholder of Perpetual to support or reject the Proposed Transaction. We have not been retained to comment on the investment or strategic merit of the Proposed Transaction or the future operations of Newco Amalco. Future business conditions are subject to change and are beyond our control and the control of the parties involved in the Proposed Transaction.

## Material Benefit

A material benefit is any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including increased revenues, reduced general and administrative costs, lower income taxes, or the earlier use of available tax losses.

Perpetual stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Clearwater and Mannville Stack Formations of Eastern Alberta, potential administrative, operating, and financial synergies, as well as the availability of additional financing.

Rubellite stands to gain a distinctive material benefit from access to increased production and revenues through exposure to the Deep Basin of West Central Alberta, access to non-capital tax loss balances and oil and gas tax balances, potential administrative, operating, and financial synergies, as well as the availability of additional financing.

## Fair Market Value Conclusion

Based upon the scope of our review and our research, analysis, and experience, and subject to the restrictions, qualifications, and assumptions, all as set out herein, the fair market value of the Perpetual Shares, as at the Valuation Date, on a fully diluted basis is in a range of \$0.77 to \$0.89 per Perpetual Share, with a mid-point value of \$0.83 per Perpetual Share.

The accompanying report, including the attached schedules, is an integral part of the Valuation and provides a summary of our findings and the methodology leading to our conclusions.

Yours truly,

Deloitte LLP

Deloitte LLP

Enclosure (Report, Schedules, Appendices)

# Glossary of Terms

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## Crude Oil, Natural Gas, and Natural Gas Liquids

1P	Proved
2P	Proved plus probable
AECO	Alberta Energy Company natural gas price index
bbbl	Barrels
bbbl/d	Barrels per day
bcf	Billions of cubic feet
bcf/d	Billions of cubic feet per day
boe	Barrel of oil equivalent
boe/d	Barrel of oil equivalent per day
CDE	Canadian development expenses
CEE	Canadian exploration expenses
COGPE	Canadian oil and gas property expenses
E&P	Exploration and production
Edmonton Light	Edmonton light oil price index
LNG	Liquefied natural gas
Mbbl	Thousands of barrels
Mboe	Thousands of barrels of oil equivalent
Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
MMcf	Millions of cubic feet
MMcf/d	Millions of cubic feet per day
MMBtu	Metric Million British Thermal Unit

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**Crude Oil, Natural Gas, and Natural Gas Liquids**


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NGLs	Natural gas liquids
PDP	Proved Developed Producing
WTI	West Texas Intermediate price index
WCS	Western Canadian Select price index
\$/boe	Value per barrel of oil equivalent
\$/Mcf	Value per thousands of cubic feet

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**Other**


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\$	Canadian dollars (unless otherwise indicated)
3CA	Three consultant average, which represents the average of price forecasts published by Sproule Associates Limited, GLJ Ltd., and McDaniel
AIF	Annual Information Form
ANAV	Adjusted net asset value
$\beta$	Beta coefficient
BoC	Bank of Canada
CAD	Canadian dollars
CAOEC	Canadian Association of Energy Contractors
CAPM	Capital asset pricing model
CICBV	Canadian Institute of Chartered Business Valuers
Company	Perpetual Energy Inc.
CSRP	Company/asset specific risk premium
CAF	Country adjustment factor
DACF	Debt adjusted cash flow
DCF	Discounted cash flow
Deloitte	Deloitte LLP

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**Other**

EBITDA	Earnings before interest, taxes, depreciation, and amortization
EIU	Economist Intelligence Unit
ERP	Equity risk premium
EV	Enterprise value
G&A	General and administrative
GDP	Gross Domestic Product
GPC	Guideline public company
GPT	Guideline precedent transaction
km	Kilometers
Management	Senior management of Perpetual
McDaniel	McDaniel & Associates Consultants Ltd.
McDaniel Report	Reserve report prepared by McDaniel for Perpetual, as at December 31, 2023
MD&A	Management's Discussion and Analysis
MSA	Management and Operating Services Agreement
MI 61-101	Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions
New Shares	The shares of the recombined company pursuant to the Proposed Transaction
NGLs	Natural gas liquids
NPV10	Net present value discounted at 10.0 percent
Other Provision	Payments pursuant to the settlement agreement entered into on March 22, 2024 related to the statement of claim that was filed by PricewaterhouseCoopers Inc., in its capacity as trustee in the bankruptcy proceedings of Sequoia Resources Corp., with the Alberta Court of King's Bench against Perpetual
Perpetual	Perpetual Energy Inc.
Perpetual Board	The board of directors of Perpetual
Perpetual Special Committee	The special committee of independent directors appointed by the Perpetual Board

<b>Other</b>	
PP&E	Property, plant, and equipment
Proposed Transaction	The proposed recombination transaction with Rubellite whereby all of the common shares of Perpetual are exchanged for Rubellite shares on the basis of one Rubellite share for every five Perpetual Shares
Q1, Q2, Q3, Q4	First quarter, second quarter, third quarter, fourth quarter
Rf	Risk-free rate of return
Roll-Forward Reserve Report	Reserve report for the Company based on the McDaniel Report and rolled forward by Management to June 30, 2024
Rubellite	Rubellite Energy Inc.
Rubellite Board	The board of directors of Rubellite
Rubellite Special Committee	The special committee of independent directors appointed by the Rubellite Board
Rubellite Valuation	The formal valuation as to a value or range of values representing the fair market value of the Rubellite common shares, as at the Valuation Date, which valuation is set forth in a separate report prepared by Deloitte
Seaton-Jordan	A reputable company that specializes in non-reserve oil and gas land evaluations and database management services for the oil and gas industry
Seaton-Jordan Report	Report prepared by Seaton-Jordan & Associates Ltd. setting forth values for undeveloped land for Perpetual, as at December 31, 2023
Shares or Perpetual Shares	All the issued and outstanding common shares, considered together, of Perpetual, as at June 30, 2024
SP	Size premium
Special Committees	Collectively, the Perpetual Special Committee and the Rubellite Special Committee
TSX	Toronto Stock Exchange
UCC	Undepreciated capital cost
US	The United States of America
USD	US dollars
Valuation	Comprehensive Valuation, as that term is defined by the CICBV, prepared by Deloitte setting out the fair market value of the Shares, as at the Valuation Date
Valuation Date	June 30, 2024



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**Other**

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VWAP                      Volume weighted average price

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WACC                      Weighted average cost of capital

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# Table of Contents

1	Engagement Overview	1
1.1	Engagement Purpose	1
1.2	Definition of Fair Market Value	1
2	Nature and History of Perpetual Energy Inc.	2
2.1	History, Reserves, and Production Information	2
2.2	Management of Perpetual Energy Inc.	3
2.3	Overview of Operations	4
2.4	Share Trading History	5
2.5	Total Dilutive Securities and Total Dilutive Securities Outstanding	6
2.6	Historical Operating Results and Financial Position	6
3	Methodology and Valuation Approaches	7
3.1	General Approaches	7
3.1.1	Asset-Based Approach	7
3.1.2	Income Approach	7
3.1.3	Market Approach	8
3.2	Selected Approaches and Methodologies	8
3.2.1	Adjusted Net Asset Value Method	8
3.2.2	Guideline Public Company Multiples Method	8
3.2.3	Guideline Precedent Transaction Multiples Method	9
4	Adjusted Net Asset Value Method	10
4.1	Overview	10
4.2	Property, Plant, and Equipment	11
4.2.1	Proved Plus Probable Reserves	11
4.2.2	Corporate Assets and Right-of-Use Assets	16
4.3	Undeveloped Land and Other	16
4.4	Risk Management Contracts	16
4.5	Non-Cash Net Working Capital	16
4.6	Deferred Tax Asset	16
4.7	Marketable Securities	17
4.8	Other Provision	17

4.9	Net Debt	18
4.10	Decommissioning and Restoration Liabilities	18
4.11	General and Administrative Expenses	18
4.12	Adjusted Net Asset Value Method Conclusion	18
5	Guideline Public Company Multiples Method	19
5.1	Guideline Public Company Selection Criteria	19
5.2	Guideline Public Companies	20
5.3	Selection and Application of Multiples <sup>17F</sup>	20
5.4	Guideline Public Company Multiples Method Conclusion	21
6	Guideline Precedent Transaction Multiples Method	22
6.1	Guideline Precedent Transaction Selection Criteria	22
6.2	Selection and Application of the Multiples	22
7	Valuation Conclusion	24
7.1	Value Conclusion	24
7.2	Implied Premium	25

# Schedules and Appendices

## Schedules

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<b>Schedule 1</b>	Summary of Value
<b>Schedule 2</b>	Summary of Dilutive Securities
<b>Schedule 3</b>	Net Asset Value
<b>Schedule 4</b>	Proved and Probable Reserves Discounted Cash Flow
<b>Schedule 5</b>	Existing Non-Capital Losses Fair Market Value
<b>Schedule 6</b>	Undeveloped Land Fair Market Value
<b>Schedule 7</b>	Risk Management Contracts Fair Market Value
<b>Schedule 8</b>	Other Provision Fair Market Value
<b>Schedule 9</b>	General and Administrative Expenses Fair Market Value
<b>Schedule 10</b>	Historical Balance Sheets
<b>Schedule 11</b>	Historical Income Statements
<b>Schedule 12</b>	Weighted Average Cost of Capital
<b>Schedule 13</b>	Market Multiples Summary
<b>Schedule 14</b>	Guideline Public Company Analysis
<b>Schedule 15</b>	Guideline Precedent Transactions Analysis

## Appendices

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<b>Appendix A</b>	Historical Operating Results and Financial Position
<b>Appendix B</b>	Industry Overview
<b>Appendix C</b>	Economic Overview
<b>Appendix D</b>	Guideline Public Company Descriptions

# 1 Engagement Overview

## 1.1 Engagement Purpose

We understand that on September 16, 2024 Perpetual entered into a definitive arrangement agreement with Rubellite whereby Perpetual and Rubellite will recombine in an all-share transaction by way of an arrangement under the *Business Corporations Act* (Alberta) (i.e., the Proposed Transaction). Pursuant to the Proposed Transaction, among other things, holders of Rubellite Shares will receive one common share of the recombined company (i.e., the New Shares) for each Rubellite Share held and holders of Perpetual Shares will receive one New Share for every five Perpetual Shares held.

We understand that the Proposed Transaction constitutes a ‘related party transaction’ for Rubellite for the purposes of MI 61-101 and, therefore, that Rubellite requires the Valuation. We also understand that the Proposed Transaction constitutes a ‘business combination’ for Perpetual for the purposes of MI 61-101 and, therefore, that Perpetual is also required to obtain the Valuation. We further understand that MI 61-101 also requires Perpetual and Rubellite to obtain the Rubellite Valuation, which valuation is set forth in a separate report prepared by us and dated the date hereof.

The Perpetual Board has appointed the Perpetual Special Committee and the Rubellite Board has appointed the Rubellite Special Committee to consider and evaluate the Proposed Transaction and to provide a recommendation to their respective boards.

The Valuation is prepared, as at June 30, 2024 (i.e., the Valuation Date).

The Special Committees have requested that Deloitte, acting independently and objectively, prepare and deliver to the Special Committees the Valuation, as at the Valuation Date, in accordance with the requirements of MI 61-101.

Our Valuation has been prepared in conformity with Practice Standard No. 110 of the CICBV for a Comprehensive Valuation Report, as that term is defined in Practice Standard No. 110, which meets the requirements of a formal valuation, as defined under MI 61-101.

## 1.2 Definition of Fair Market Value

In providing the Valuation, we were guided by the definition of fair market value in MI 61-101. Fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to act.

In determining the fair market value of the Shares, and consistent with MI 61-101, we did not include a downward adjustment to reflect the liquidity of the Shares, the effect of the Proposed Transaction on the Shares, or the fact that some shares do not form part of a controlling interest. Consequently, the Valuation provides a conclusion on a per share basis with respect to Perpetual’s “en bloc” value, being the price at which all of the Shares could be sold to one or more buyers at the same time.

# 2 Nature and History of Perpetual Energy Inc.

## 2.1 History, Reserves, and Production Information<sup>1</sup>

Perpetual is an independent, publicly traded Canadian energy company that explores and develops petroleum and natural gas prospects in Alberta, Canada. Natural gas comprised the majority of Perpetual's production and reserves, as at the Valuation Date. The Company was founded in 2010 and had a market capitalization of approximately \$30.0 million, as at the Valuation Date. Perpetual owns a 50.0 percent non-operated working interest in liquids-rich natural gas assets in the Deep Basin of West Central Alberta, undeveloped oil sands leases in Northern Alberta, and fee title lands in Southern Alberta prospective for helium production.

As reflected in its AIF, Perpetual's business plan is focused on growing production, reserves, adjusted funds flow, and value through exploration and development and the application of innovative technologies. The Company actively manages its diversified portfolio of assets to capture and capitalize on opportunities, manage commodity price risk, and crystallize value as appropriate.

In the West Central Deep Basin, core activities have been established in the greater Edson region, where the Company owns vertical, multi-zone commingled wells, as well as horizontal wells that yield liquids-rich conventional natural gas, primarily sourced from the Wilrich Formation. In 2020, Perpetual divested 50.0 percent of its working interest in the East Edson area. Key facilities include a 50.0 percent stake in a non-operated natural gas plant equipped with liquids recovery facilities, a compressor station, a 15.5 km sales pipeline, and a comprehensive gathering system. Further, a 7.5 percent working interest in an additional non-operated natural gas plant offers extra processing and transportation options.

The table below presents a summary of Perpetual's oil and gas assets, as at the Valuation Date:<sup>2</sup>

	Oil (Mbbbl)	Gas (MMcf)	NGLs (Mbbbl)	Condensate (Mbbbl)	Total (Mboe)	Before Tax NPV10 (Millions) <sup>3</sup>
Proved Developed Producing	5	48,502	846	-	8,935	63,753
Proved	5	83,069	1,448	-	15,298	107,449
Proved plus Probable	7	138,113	2,406	-	25,432	183,911

The table below presents production information for Perpetual's oil and gas assets:

	boe/d
2024 average forecast production per day for proved and probable reserves <sup>4</sup>	4,540
Average production per day for the six months ended June 30, 2024 <sup>5</sup>	4,318

<sup>1</sup> <https://perpetualenergyinc.com/about-us/>

<sup>2</sup> Source: Roll-Forward Reserve Report.

<sup>3</sup> Based on the 3CA forecast pricing. Figures are not representative of fair market value.

<sup>4</sup> Source: Roll-Forward Reserve Report.

<sup>5</sup> Source: MD&A for the Company for the six months ended June 30, 2024.

## 2.2 Management of Perpetual Energy Inc.

Perpetual has certain officers and directors who are in a position of control in the Company, who also have significant influence and are considered key management personnel of Rubellite. In addition, the two companies have an MSA in place for certain services.

In connection with Perpetual's disposition of its Clearwater assets to Rubellite on July 15, 2021, Perpetual and Rubellite entered into the MSA pursuant to which Perpetual provides management, operating, and administrative services to Rubellite in respect of its assets, including the Clearwater assets. The services include, but are not limited to, regulatory reporting and submissions, administering land records, geological and geophysical support, executing drilling operations, marketing, accounting and tax filings, office administration, and investor relations.<sup>6</sup>

Pursuant to the MSA, on a monthly basis, Rubellite:

- Reimburses Perpetual for all actual documented out-of-pocket costs and expenses paid to any third party by Perpetual on behalf of Rubellite in relation to the provision of the services;
- Reimburses Perpetual the portion of the operating and capital expenses allocated to and relating to Rubellite's assets where incurred by Perpetual; and
- Pays Perpetual a service fee calculated as the product of (A) shared general and administrative expenses less shared overhead recoveries, multiplied by (B) the percentage allocated to Rubellite, which is reviewed annually taking into consideration the fair and reasonable allocation of time and resources dedicated to the business of Perpetual and Rubellite. Effective June 1, 2024, this was fixed at 80 percent.

Each year the Rubellite Board and the Perpetual Board reviews and approves the annual budgets for G&A expenses and overhead.

The MSA was in effect for an initial term of two years and thereafter, shall be automatically renewed for successive one-year terms unless terminated on notice not less than 12 months prior to the expiration of the renewal term.

Two directors of Perpetual, including the Chairman, are directors of Rubellite, and all of the officers of Perpetual are officers of Rubellite. In addition, as at the Valuation Date, Rubellite was dependent on Perpetual for administrative, operating, and other services pursuant to the MSA.

Background summaries of key Management personnel are set out below:<sup>7</sup>

- **Susan L. Riddell Rose, President and Chief Executive Officer** – Ms. Riddell Rose is the President and Chief Executive Officer of Perpetual and predecessor Paramount Energy Trust since inception in 2002. She is a member of the Association of Professional Engineers, Geologists, and Geophysicists of Alberta, the Canadian Society of Petroleum Geologists, and the American Association of Petroleum Geologists, as well as serves as a governor for the Canadian Association of Petroleum Producers.
- **Ryan A. Shay, Vice President, Finance and Chief Financial Officer** – Mr. Shay became the Vice President, Finance and Chief Financial Officer of Perpetual on May 4, 2021 and has in excess of 25 years of experience in the oil and gas industry. He was a member of Cormark's Executive Committee, Risk Committee, Capital Markets Committee, Compensation Committee, Compliance Committee, and Audit Committee.
- **Ryan M. Goosen, Vice President, Business Development and Land** – Mr. Goosen has been with Perpetual and the predecessor Paramount Energy Trust since 2007. Mr. Goosen holds a Bachelor of Commerce, with distinction, from the University of Calgary and a Master of Business Administration, with honors, from IE University in Madrid, Spain. He is a member of the Canadian Association of Petroleum Landmen, American Association of Professional Landmen, and the Petroleum Acquisition & Divestment Association.

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<sup>6</sup> Source: Perpetual's 2023 AIF

<sup>7</sup> <https://perpetualenergyinc.com/about-us/management-team/>

- **Jeffrey R. Green, Vice President, Corporate and Engineering Services** – Mr. Green is Vice President Corporate and Engineering Services of Perpetual and has over 35 years of experience in the Canadian oil and natural gas industry. He graduated from the University of Alberta with a B.Sc. in Mechanical Engineering and is a member of the Association of Professional Engineers and Geoscientists of Alberta and is the responsible member for Perpetual and Rubellite.
- **Marcello M. Rapini, Vice President, Marketing** – Mr. Rapini joined Perpetual in December 2005 and has close to 30 years of gas marketing and trading experience in the natural gas industry. His previous positions include Vice President of Trade at Sempra Energy Trading, Senior Trader at Mirant Energy Marketing Ltd., and Senior Trader at Duke Energy Marketing.
- **Karl H. Rumpf, Vice President, Exploration and New Ventures** – Mr. Rumpf is a Professional Geologist with over 25 years of experience in the exploration and development of oil and gas properties in the Western Canadian Sedimentary Basin. He is a graduate of the University of Alberta, received his M.Sc. in Earth Sciences from the University of Waterloo, and has completed the Directors Education Program from the University of Toronto’s Rotman School of Management.

### 2.3 Overview of Operations<sup>8</sup>

As noted previously, Perpetual owns a diversified asset portfolio, including liquids-rich conventional natural gas assets in the Deep Basin of West Central Alberta, undeveloped bitumen leases in Northern Alberta, and helium prospects in the Medicine Hat Area of Southeast Alberta. However, as at the Valuation Date, the Company’s active operations only consisted of the Deep Basin assets. The following provides an overview of the Company’s operations and assets:

- As at December 31, 2023, the McDaniel Report indicated that the Company had 25,980 Mboe of gross working interest 2P reserves and its reserves were comprised of approximately 90.5 percent natural gas and 9.5 percent NGLs;
- As at the Valuation Date, the Roll-Forward Reserve Report indicated that the Company had 25,432 Mboe of gross working interest 2P reserves;
- The Company had approximately 114,407 net acres of undeveloped land, as at the Valuation Date, as reflected in the AIF for the year ended December 31, 2023;
- The Deep Basin production is processed through two non-operated facilities. The first is a shallow cut gas processing facility at West Wolf Lake in which Perpetual holds a 50.0 percent interest and which has a capacity of 65.0 MMcf/d. The second is a facility at Rosevear where Perpetual has a 7.5 percent working interest and which has a capacity of 90.0 MMcf/d; and
- An extensive gathering system and a compressor station, 50.0 percent owned by Perpetual, integrate operations across the field and optimize throughput. Perpetual’s combined working interest capacity is approximately 39.0 MMcf/d, with firm transportation commitments on TC Energy Corporation’s Nova Gas Transmission Line system totaling 29.7 MMcf/d. The facilities recover around 16.5 bbls per MMcf of NGLs, with condensate and unsegregated NGLs sold at the plant gate. Upgrades in 2022 resulted in increased NGL recoveries to 16.5 bbl per MMcf, up from 13.5 bbl per MMcf in Q1 2022.

During the six months ended June 30, 2024, Perpetual averaged daily production of 4,318 boe/d.

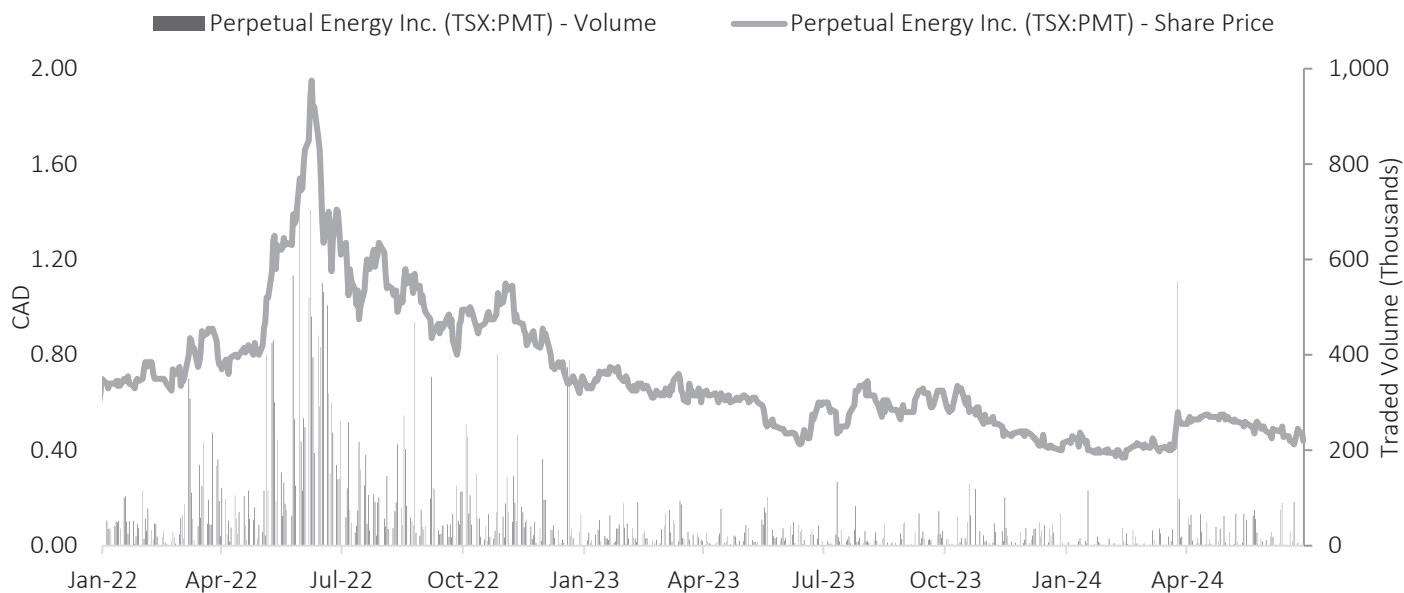
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<sup>8</sup> Perpetual’s annual information form for the year ended December 31, 2023 and the Roll-Forward Reserve Report.



## 2.4 Share Trading History<sup>9</sup>

The Shares of the Company are listed for trading on the TSX under the symbol “PMT.” The figure below displays the historical trading prices and the volume of Shares traded for the three years prior to the Valuation Date. The lowest and highest price per Share during this period were \$0.37 and \$1.95, respectively.



As at the Valuation Date, Perpetual had, 67.7 million issued and outstanding Shares. Perpetual’s five-day, 20-day, one-month, three-month, six-month, one year, two-year, and three-year VWAPs for the Shares, as at the Valuation Date, were calculated using the daily closing price and are shown below:

VWAP <sup>10</sup>	Share Price
5 Day	\$0.43
20 Day	0.47
1 Month	0.46
3 Month	0.51
6 Month	0.50
1 Year	0.52
2 Year	0.80
3 Year	0.94

<sup>9</sup> Source: CapitalIQ.

<sup>10</sup> Source: CapitalIQ. Minor differences may arise if a different data source is used to compute the same VWAPs.

## 2.5 Total Dilutive Securities and Total Dilutive Securities Outstanding<sup>11</sup>

As at the Valuation Date, Perpetual had 15.5 million dilutive securities outstanding, as reflected on Schedule 2. The treasury stock method was used to determine the number of fully diluted securities outstanding, accounting for the potential dilution from convertible securities, stock options, and warrants. This method computes the number of new shares that may be created by unexercised in-the-money warrants and options. For the purpose of calculating the fair market value per diluted Share, it was assumed that all deferred share units, deferred options, performance-based long-term incentive, share options, performance share units, and restricted share units would immediately vest and be exercisable, as at the Valuation Date. Since the options are cashless, all 15.5 million dilutive securities are in-the money at our determined fair market value per basic Share, as shown on Schedule 2, and were assumed to be converted into approximately 9.8 million equivalent common Shares, at the midpoint of our selected valuation range for basic shares. Based on the above, Perpetual's fully diluted outstanding Shares would increase to approximately 77.5 million, at the midpoint, from the aforementioned 67.7 million basic Shares in issue.

## 2.6 Historical Operating Results and Financial Position

The historical operating results and financial position of Perpetual, as at the Valuation Date, are summarized in Appendix A.

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<sup>11</sup> Information obtained from Perpetual's unaudited interim financial statements, as provided by Management.

# 3 Methodology and Valuation Approaches

## 3.1 General Approaches

There are two fundamental approaches to determine fair market value. These are the liquidation approach and the going concern approach.

A liquidation valuation approach would be used if the business was not viable as a going concern or if the return on the assets on a going concern basis was not adequate. This value is the net realizable value on an orderly disposition made in a manner that would minimize the loss or taxes thereon.

The going concern valuation approach assumes a continuing business enterprise with a potential for economic future earnings. Where a business has commercial value as a going concern, three approaches to valuation are commonly referred to as the following:

- Asset-based approach;
- Income approach; and
- Market approach

Within each category a variety of methodologies exist to assist in the determination of fair market value. The nature and characteristics of the business or asset dictates which approach and methodology is most appropriate for the valuation. Each approach to value is introduced below and, as necessary, more specifically described in our analyses herein.

### 3.1.1 Asset-Based Approach

The two most common methods under asset-based approach are the cost method and the ANAV method.

The cost method is based on the premise that a prudent third-party purchaser would pay no more for an asset than its replacement cost. The cost to replace an asset would include all costs necessary to construct a similar asset of equivalent utility at prices applicable at the time of reconstruction. To the extent that the assets being valued provide less utility than a newly constructed asset, the reproduction or replacement value would consider appropriate physical deterioration, functional obsolescence, and economic obsolescence.

Under the ANAV method, the business' tangible assets and liabilities are adjusted to their current fair market values, with the resultant net equity representing the going concern value of the business. This method is generally used where a company is properly valued as a going concern and the going concern value is closely related to the value of the underlying assets.

### 3.1.2 Income Approach

The income approach measures the value of a business or an asset by the present value of their future net economic benefits to be enjoyed over the life of the business or asset. These benefits may include earnings, cost savings, tax deductions, and proceeds from disposition. The steps followed in applying this approach include estimating the expected cash flows attributable to the business or asset over their life and converting these cash flows to present value through discounting or capitalizing. The discount rate or capitalization rate selected incorporates an appropriate return for the time value of money, the expected rate of inflation, and any specific risks associated with the particular business or asset. The discount rate or

capitalization rate selected is generally based on rates of return from alternative investments of similar type and quality, as at the valuation date.

### **3.1.3 Market Approach**

The market approach measures the value of a business or an asset based on what other purchasers in the marketplace have paid for businesses or assets, which can be considered reasonably similar to those being valued. When the market approach is applied, data on GPCs or GPTs are collected on the prices paid for reasonably comparable companies or assets, whether through the traded price of the GPC shares or the asset transaction prices. Considerations and adjustments are made to the comparable companies or assets, as necessary, to compensate for differences in financial condition, operating performance, economic, environmental, and political factors. Application of the market approach results in an estimate of the price the owner might reasonably expect to receive from the sale of the subject business or asset in the notional marketplace.

## **3.2 Selected Approaches and Methodologies**

Based on our review of the assets and business operations of Perpetual, we determined the following approaches and methodologies to be appropriate in determining various indicative fair market value ranges of the Shares, as at the Valuation Date:

- Asset-based approach, specifically the ANAV method;
- Market approach, specifically the GPC multiples method; and
- Market approach, specifically a GPT multiples method.

We considered the results of the various valuation approaches and methods, and then selected a single value range for the Shares on a per share basis.

### **3.2.1 Adjusted Net Asset Value Method**

In order to calculate Perpetual's net equity value per share under the ANAV method, we selected an appropriate valuation method to determine the fair market value of each asset and liability, as presented on the Company's balance sheet, as at the Valuation Date.

### **3.2.2 Guideline Public Company Multiples Method**

This method involves reviewing the trading multiples of GPCs, as at the Valuation Date, to calculate a range of fair market values for the Shares. In selecting the GPCs, emphasis was placed on companies focused on the exploration and production of oil and gas assets in Canada, with assets in similar geographies and with similar characteristics to those of Perpetual. We discuss the selection of the GPCs in more detail in Section 5 of this report. In performing this analysis, we considered the following multiples:

- EV / EBITDA;
- EV / DACF;
- EV / boe / d;
- EV / 2P;
- EV / 1P; and
- EV / PDP.

### 3.2.3 Guideline Precedent Transaction Multiples Method

This method involves reviewing the implied multiples from corporate and asset transactions in the E&P sector of the oil and gas industry to calculate value relationships implicit in those transactions that can be used to determine an indicative fair market value range of the Shares. Precedent transactions from January 1, 2020 to the Valuation Date were selected based on the similarity of the assets involved to Perpetual's assets. We did not review precedent transactions, which occurred prior to January 1, 2020, as we concluded that any transactions prior to that date are not representative of market transactions on or around the Valuation Date, as a result of economic conditions and other salient factors changing during this period. Using publicly available information, we calculated and analyzed the following multiples for the precedent transactions that were identified:

- EV / 2P; and
- EV / boe / d.

# 4 Adjusted Net Asset Value Method

## 4.1 Overview

As discussed in Section 3.2, we use the ANAV method as one of the methods to determine indicative fair market value ranges for the Shares, as at the Valuation Date. Under the ANAV method, the Company's tangible and intangible assets and liabilities are adjusted to their fair market values, as at the Valuation Date, with the resultant net equity representing the going concern value of the business. Please refer to Schedule 3 for our ANAV analysis.

In arriving at the ANAV of Perpetual, various valuation methods are required to determine the fair market value of the underlying assets and liabilities of the Company. The following table summarizes the method we used for each asset and liability class:

Asset and Liability Classes	Income Approach DCF Method	Market Approach	Book Value	Assigned No Value	Other
Proved and Probable Reserves	✓				
Corporate Assets			✓		
Right-of-Use Assets			✓		
Undeveloped Land and Other					✓ <sup>12</sup>
Exploration and Evaluation Assets			✓		
Risk Management Contracts	✓				
Non-Cash Net Working Capital			✓		
Deferred Tax Asset	✓		✓		
Marketable Securities			✓		✓ <sup>13</sup>
Other Provision	✓				
Net Debt			✓		
Decommissioning and Restoration Liabilities				✓ <sup>14</sup>	
Stock-Based Compensation Payable				✓ <sup>15</sup>	
General and Administrative Expenses	✓				

<sup>12</sup> Based on Seaton-Jordan Report.

<sup>13</sup> Based on the Rubellite Valuation.

<sup>14</sup> Value included in the DCF valuation of the 2P reserves.

<sup>15</sup> Value impact included in the dilutive securities analysis.

In the following sections we discuss the valuation of Perpetual's assets and liabilities, including our valuation conclusions from our ANAV analysis, based on the scope of our review and subject to the major assumptions, restrictions, and limitations set forth in our report.

## 4.2 Property, Plant, and Equipment

As reflected on Schedule 3, Perpetual's PP&E is comprised of two main categories being 2P reserves and corporate assets. The following sections discuss the determination of the fair market values of these categories.

### 4.2.1 Proved Plus Probable Reserves

As reflected in the table in Section 4.1, we used a DCF method to determine the fair market value of Perpetual's 2P reserves. A DCF method involves forecasting annual cash flows expected to be earned subsequent to the valuation date and then discounting these cash flows to present values. A DCF method allows for the explicit quantification of the impact on a company's or asset's revenues and operating margins of varying expectations as related to different drivers.

The DCF method contemplates the continuation of the business or operations of the asset by the purchaser and is based upon the purchaser's desire to acquire the future cash generating potential of the business or asset. This method assumes a continuing business operation with potential for generating forecast cash flows from operations after the valuation date at levels that will provide a reasonable return on investment.

The DCF method involves determining the forecast cash flows prior to the deduction of interest expenses, but after consideration for income tax, from operations and then discounting these cash flows by the WACC to yield the value of the asset or business. The WACC represents the weighted average of a company's cost of debt and cost of equity, with the weighting based on the industry's historical capital structure. An investment that is expected to generate a return after the valuation date equal to the WACC would be capable of covering interest costs and providing an acceptable return to the equity holders. Thus, the WACC is the overall return on all components of the business' capital.

The DCF method discounts cash flows:

- Before depreciation, but after computed cash income tax on this cash flow; and
- After sustaining capital reinvestment, defined as the capital outlay required each year to generate revenues, net of the related tax shield benefit.

The results of our DCF analysis can be found on Schedule 4. In the following sections we discuss the key inputs to our DCF analysis.

#### 4.2.1.1 Reserve Report

McDaniel prepared the McDaniel Report for Perpetual for financial reporting purposes with an effective date of December 31, 2023 that incorporates the 3CA forecast commodity prices, as at that date. For purposes of the Valuation, we received the Roll-Forward Reserve Report for Perpetual from Management, with an effective date of July 1, 2024, which is based on the McDaniel Report.

The Roll-Forward Reserve Report incorporates the 3CA forecast price deck effective July 1, 2024 and activity that occurred after the December 31, 2023 year end McDaniel Report, including new drilling, changes to well location categorizations, dispositions, and acquisitions, but did not adjust operating and capital costs assumptions. In order to ensure that historical actual results and forward-looking estimates are comparable for Perpetual, we completed a high-level review of the corporate and material asset production rates, price offsets, operating costs, and capital costs. The McDaniel Report is considered reliable based on McDaniel's expertise in reserve evaluations and preparation of reserve reports according to the Canadian Oil and Gas Evaluation Handbook, which is the standard required for public disclosure purposes. The procedures undertaken by Deloitte were to validate that the Roll-Forward Reserve Report aligned with the independently prepared McDaniel Report. The key variables confirmed were, as follows:

- Comparison of the corporate production rate between the Roll-Forward Reserve Report and the McDaniel Report to validate that the former report is still aligned with the independent evaluation and that any development that occurred since the McDaniel Report was accounted for within the Roll-Forward Reserve Report using appropriate methods;
- The timeframe in which future development was planned for to validate that Management maintained the approach that was agreed with McDaniel for the McDaniel Report;
- Total operating expenses, as well as costs per bbl, to validate alignment between the Roll-Forward Reserve Report and the McDaniel Report; and
- Total capital costs, as well as costs per location, to validate alignment between the Roll -Forward Reserve Report and the McDaniel Report.

Deloitte concluded that the Roll-Forward Reserve Report provided by Management is consistent with the McDaniel Report, consistently leveraged the Canadian Oil and Gas Evaluation Handbook methodologies and, therefore, is considered a reliable report for valuation purposes.

The forecast cash flows from the reserve reports are the basis of our valuation of Perpetual's 2P reserves. Inherent in the cash flows for the 2P reserves is the value of Perpetual's facilities through inclusion of processing income and reduced operating costs from owned facility infrastructure.

#### 4.2.1.2 Forecast Commodity Prices

The Roll-Forward Reserve Report prepared by Management, as of July 1, 2024, incorporates the 3CA price deck, as at July 1, 2024. For the Valuation, we completed a DCF analysis using the Company's Roll-Forward Reserve Report. The energy price streams gathered included prices for WTI and Edmonton Light crude oil, as well as Henry Hub and AECO natural gas. The USD/CAD exchange rate for this same period was also used.

Pricing	3CA			
	WTI (US\$/bbl)	Edmonton Light (C\$/bbl)	Henry Hub (\$US/MMBtu)	AECO (C\$/Mcf)
2024	\$80.75	\$105.08	\$2.92	\$1.70
2025	77.35	98.87	3.61	3.18
2026	77.01	97.49	4.02	3.89
2027	77.66	98.26	4.10	4.14



Pricing	3CA			
	WTI (US\$/bbl)	Edmonton Light (C\$/bbl)	Henry Hub (\$US/MMBtu)	AECO (C\$/Mcf)
2028	79.22	100.22	4.18	4.22
2029	80.80	102.22	4.27	4.31
2030	82.42	104.27	4.35	4.39
2031	84.06	106.35	4.44	4.48
2032	85.74	108.48	4.53	4.57
2033	87.46	110.65	4.62	4.66
2.0 percent inflation onward				

#### 4.2.1.3 Income Taxes

We determined the cash taxes applicable for each year within the DCF projection period. Perpetual's forecast taxable income was calculated after deducting annual COGPE, UCC, and CDE tax pool claims from forecast EBITDA, excluding non-capital tax losses, as the fair market value of these losses was determined separately, as reflected on Schedule 5. Forecast G&A expenses, as well as decommissioning and restoration expenses, were also deducted from EBITDA, and hedging gains were included as income in arriving at taxable income, as reflected on Schedule 4. Forecast hedging gains and G&A expenses were removed from the DCF analysis after the calculation of the Company's cash taxes, as the fair market values of these assets and liabilities were determined separately from that of the 2P reserves on Schedule 7 and Schedule 9, respectively.

Income taxes were calculated based on a combined effective federal and Alberta corporate tax rate of 23.0 percent, as at the Valuation Date. Perpetual had the following opening tax pools, as at the Valuation Date, as provided by Management:

Tax Pool Classes	Total (\$'000)
COGPE	\$3,160
UCC	14,830
CDE	32,830
Non-capital tax losses	142,258
<b>Total</b>	<b>\$193,078</b>

#### 4.2.1.4 Weighted Average Cost of Capital

We discounted to their present value equivalent the pre-interest free cash flows related to the 2P reserves, which represents the discretionary cash flows available to Perpetual before consideration of interest expense and after consideration of forecast capital expenditures, by using a WACC. We estimated the WACC considering the risk inherent in the 2P reserves and the associated cash flow forecast.

Each of the inputs for the calculation of the WACC is described below and reflected on Schedule 12.

##### 4.2.1.5.1 Basis

The WACC represents a risk-adjusted rate of return or a 'hurdle rate' (minimum acceptable return) and generally consists of a weighted average of the after-tax cost of debt and the after-tax cost of equity where the weighting is based on a company's or industry's target debt-to-equity ratio, measured at market.

#### 4.2.1.5.2 Selection of Guideline Public Companies

As the determination of the WACC is reliant on market inputs and, more specifically, GPC data, the selection of appropriate GPCs is important. In determining an appropriate group of GPCs, we considered companies operating in the oil and gas industry that are focused on E&P and, where possible, with assets in similar geographies and with similar characteristics to those of Perpetual. That is, that operations were focused on natural gas production.

#### 4.2.1.5.3 Cost of Equity

In our determination of the cost of equity we used the CAPM. The CAPM takes into account the following measures of risk:

- Rf;
- ERP;
- A measure of the specific risk of the industry in which the company operates. The CAPM reflects this risk through the application of the  $\beta$ ;<sup>16</sup>
- SP;
- CSRP; and
- CAF.

The CAPM calculates the cost of equity by the following formula:

$$\text{Cost of Equity} = R_f + (\text{ERP} * \beta) + \text{SP} + \text{CSRP} + \text{CAF}$$

#### Risk-Free Rate

The use of a long-term government bond rate to estimate the risk-free rate is consistent with generally accepted valuation practices and appropriate in the circumstances because the duration of a long-term government bond is reflective of the length of the cash flows of the 2P reserves. Therefore, in our discount rate analysis we obtained US Treasury rate data from the Federal Reserve, as of the Valuation Date. According to information obtained from the US Federal Reserve, the long-term 20-year US Treasury Constant Maturity Yield was in the order of 4.6 percent.

#### Equity Risk Premium

The equity risk premium represents the additional return an investor expects to receive to compensate for the additional risk associated with investing in equities, as opposed to investing in risk-free assets. The equity risk premium is essentially the difference between the expected rate of return on the market portfolio and the risk-free rate. The equity risk premium is calculated as the historical and implied return on the market portfolio less the historical and implied risk-free rate of return, respectively. We estimated the equity risk premium to be 5.0 percent based on Deloitte Advisory research, as at the Valuation Date.

#### Beta Coefficient

To adjust for the differing risks of particular industries versus the equity market in general, the CAPM uses a multiple of the equity risk premium that reflects the volatility of the return on a stock relative to the stock market in general. This beta factor considers industry specific volatility. In our assessment of the beta for Perpetual, we considered the betas of GPCs operating in the same or similar industry. Our analysis indicates that an unlevered beta in the order of 0.86 to 0.95 would be considered reasonable for the industry, as at the Valuation Date.

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<sup>16</sup> To adjust for the differing risks of particular industries versus the equity market in general, the CAPM uses a multiple of the equity risk premium that reflects the volatility of the return on a stock relative to the stock market in general. This beta factor considers industry specific volatility.

Since the industry risk factor represents the unlevered equity beta (i.e., no consideration for taxes or capital structure), we then adjusted it to reflect the tax rate and debt-to-capital structure using the following formula:

$$\text{Blume-Adjusted Levered Equity Beta} = \text{Unlevered Blume-Adjusted Equity Beta} \times [1 + (1 - \text{Tax Rate}) \times \text{Debt/Equity}]$$

Based on the foregoing, we estimated the levered beta for Perpetual's capital structure was in a range of 1.15 to 1.27, as at the Valuation Date.

#### *Unsystematic Risk Factors*

Unsystematic risk factors may include a country adjustment factor, as well as an incremental risk premium, which includes adjustments for considerations specific to the company or asset vis-à-vis the general publicly traded stock in the subject industry. To the extent that the subject company's or asset's risk characteristics may be greater or less than the typical risk characteristics of the companies from which the equity risk premium and the betas were drawn, a further adjustment may be necessary to estimate the cost of capital for the specific company or asset. For example, factors that would be considered include relative size, geographic scope, product diversification, depth of management, financial strength, economic dependence, and the relative aggressiveness or conservatism of the forecast cash flows, among others.

After consideration of the relevant unsystematic risk factors, we estimated that an unsystematic risk in the order of 9.0 percent to 11.0 percent is appropriate for Perpetual. Factors impacting the unsystematic risk are, as follows:

- Perpetual's operations are confined to the West Central Deep Basin in Alberta. The Company has a smaller asset base and produces less liquids compared to the GPCs, which generally operate in several different regions and have greater exposure to different commodities (i.e., associated natural gas liquids or oil), providing diversification to their operations. As such, we accounted for the lack of geographic and commodity diversification, which implies higher risk;
- Based on a review of the cash flows, Perpetual has five years of development drilling forecast in proved and probable reserves and capital spend is forecast to occur within cash flow. This may be a conservatively booked reserve base compared to the GPCs, as many of the GPCs have "unconventional" assets that allow for booking undeveloped reserves for up to 10 years;
- The Roll-Forward Reserve Report incorporates 3CA forecast commodity prices. These prices are higher than commodity strip prices and, because of this, there is additional risk of realization of the cash flows in this reserve report;
- Perpetual does not operate its Deep Basin assets, which places risk on the development plan put forward in the Roll-Forward Reserve Report, as it will need to compete for capital within the operator's portfolio. However, the operator is a strong performer, which mitigates this risk; and
- There is a level of risk associated with the achievement of the projected revenues/cash flows, as successful production of the reserves is dependent on future capital expenditures. The 1P/2P ratio for Perpetual's 2P reserves are lower than the median for GPCs. This means that relatively higher capital expenditures are required to convert the unproved and undeveloped reserves to proved reserves and as non-operated assets, timing is not in Perpetual's control.

#### *4.2.1.5.4 Cost of Debt*

The pre-tax cost of debt is calculated based on the assumed cost of debt that would be incurred by a notional purchaser of Perpetual's 2P reserves. We conducted an analysis of the GPCs and considered the interest rate based on optimal financing for the underlying assets and operations of Perpetual. The pre-tax cost of debt was calculated to be in a range of 6.8 percent to 7.0 percent, based on the BB-rated US energy bond yield on the low end and the B-rated US energy bond yield on the high end.

#### *4.2.1.5.5 Capital Structure*

We applied a notional capital structure of approximately 30.0 percent debt-to-capital based on the historical debt-to-capital structure of the GPCs, as well as after consideration of the nature and quality of Perpetual's 2P reserves. The selected capital structure is how a notional purchaser would be expected to finance the acquisition of Perpetual's 2P reserves.

#### 4.2.1.5.6 WACC Rate

Based on the foregoing analysis and assuming an optimal long-term market-based capital structure, we estimated that an appropriate WACC for Perpetual's 2P reserves, as at the Valuation Date, is in the range of 15.0 percent to 17.0 percent, as reflected in Schedule 12.

#### 4.2.2 Corporate Assets and Right-of-Use Assets

In addition to the 2P reserves, Perpetual also held corporate assets and right-of-use assets, as at the Valuation Date. The net book value for these assets is assumed to reflect fair market value, as at the Valuation Date.

#### 4.3 Undeveloped Land and Other

Management indicated that no significant changes to the values for undeveloped land, as set forth in the Seaton-Jordan Report, as at December 31, 2023, are expected, as at the Valuation Date. Management's assertion was accepted by Deloitte based on our understanding of oil and gas market dynamics between the date of the Seaton-Jordan Report and the Valuation Date.

Other exploration and evaluation assets are comprised of exploratory drilling assets that did not qualify to be classified as PP&E, as at the Valuation Date. The net book value for these assets is assumed to reflect fair market value, as at the Valuation Date.

#### 4.4 Risk Management Contracts

As at the Valuation Date, Perpetual had risk management contracts for natural gas and foreign exchange rates. The fair market values of these contracts, whether in asset or liability positions, were determined by comparing the average 3CA prices used to determine the forecast 2P reserves cash flows, as at the Valuation Date, to the average fixed prices in accordance with the hedging contracts. Also, the forecast foreign exchange rates were compared to those contained in the risk management contracts. These computations are reflected on Schedule 7.

#### 4.5 Non-Cash Net Working Capital

As at the Valuation Date, Perpetual had a non-cash net working capital balance of approximately \$967,000. We assumed that the book value of non-cash net working capital, as provided by Management, is equal to fair market value.

#### 4.6 Deferred Tax Asset

The deferred tax assets/(liabilities) were comprised of the following, as at the Valuation Date:

Deferred Tax Assets and Liabilities (In \$000)	Net Book Value	Fair Market Value	
		Low	High
Lease Liabilities	\$ 1,149	\$1,149	\$1,149
Decommissioning Obligations	3,076	-	-
Other Provision	4,155	-	-
Share Issue Costs	134	134	134
Non-Capital Loss Carryforwards (net of Trust Income Deferral)	32,719	17,018	18,211
Share Investment	(220)	(220)	(220)
Derivatives	(1,947)	-	-
Property, plant, and equipment	(18,015)	-	-

Deferred Tax Assets and Liabilities (In \$000)	Net Book Value	Fair Market Value	
		Low	High
Right of Use Asset	(1,023)	(1,023)	(1,023)
Senior Notes	(28)	(28)	(28)
	<b>\$ 20,001</b>	<b>\$ 17,031</b>	<b>\$ 18,224</b>

The accounting deferred income tax assets and liabilities associated with decommissioning obligations, other provision, derivatives, and PP&E (i.e., 2P reserves) were eliminated, as the fair market value of these assets and liabilities were determined separately through income tax calculations in DCF analyses.

Concerning the share issue costs, the book value was considered to be an accurate representation of fair market value.

The fair market value of the non-capital tax losses was determined separately through a DCF analysis, as reflected on Schedule 5. The non-capital tax losses forecast to be claimed by Perpetual subsequent to the Valuation Date were calculated using forecast EBITDA and considered the Company's oil and gas tax pools, as well as forecast capital expenditures. The annual amounts of forecast non-capital losses utilized were then tax affected to determine the tax savings on the utilized losses. Finally, the present values of these annual forecast tax savings were determined using the above-discussed range of WACC rates, which were determined on Schedule 12. The sum of these present values is the fair market value of the non-capital tax losses, as at the Valuation Date.

#### 4.7 Marketable Securities

Perpetual held the following marketable securities, as at the Valuation Date:

- **Rubellite shares:** We considered the fair market value per diluted share of Rubellite based on the mid-point Rubellite Valuation for determining the fair market value of the 58,500 Rubellite shares held by Perpetual;
- **Rubellite share purchase warrants:** Perpetual held 4.0 million Rubellite share purchase warrants, as at the Valuation Date, which had an exercise price of \$3.00 per share and could be exercised at any time prior to the expiration date of October 5, 2026. We considered the fair market value per diluted share of Rubellite based on the Rubellite Valuation for determining the fair market value of these options; and
- **Carbonova shares:** Perpetual held 312,504 shares in Carbonova, which is a private technology company headquartered in Canada. The Chief Executive Officer of Perpetual serves as a Director at Carbonova. In Q4 2022, Carbonova raised funding at a price of \$1.12 per share. Based on discussions with Management, there have been no new financing arrangements or significant updates that would necessitate a reassessment of the investment's carrying value, which was determined based on a value of \$1.12 per share. Therefore, the net book value is considered to be indicative of the fair market value, as at the Valuation Date.

#### 4.8 Other Provision

On August 3, 2018, Perpetual received a statement of claim that was filed by PricewaterhouseCoopers Inc., in its capacity as trustee in the bankruptcy proceedings of Sequoia Resources Corp., with the Alberta Court of King's Bench against Perpetual. The claim related to a transaction where, on October 1, 2016, Perpetual closed the disposition of its shallow conventional natural gas assets in Eastern Alberta. On March 22, 2024, Perpetual entered into a settlement agreement with the trustee to resolve the Sequoia litigation without any party admitting liability, wrongdoing, or violation of law, regulations, public policy, or fiduciary duties.

Pursuant to the settlement agreement, the Company is to make an aggregate payment of \$30.0 million spread out over several years and consisting of an initial payment of \$10.0 million, which was paid during Q2 2024. Annual installments of \$3.75 million are to be paid until the total amount of the settlement principal is paid. Amounts owing pursuant to the settlement agreement have second lien security behind the Company's credit facility.

The fair market value of the Other Provision was determined using the DCF method, as reflected on Schedule 8.

#### 4.9 Net Debt

Perpetual's net debt is deducted from the fair market value of the Company's assets. Net debt is defined as the fair market value of the Company's interest-bearing debt, as at the Valuation Date. The amount of Perpetual's net debt and its inclusion in the ANAV method is reflected on Schedule 3. The net debt is comprised of senior notes having a fixed interest rate of 8.75 percent, revolving bank debt which carries a floating interest rate, and lease liabilities. Based on our analysis, we assumed the net book values of these debts are representative of their fair market values, as at the Valuation Date.

#### 4.10 Decommissioning and Restoration Liabilities

The accounting line item related to the net book values of the decommissioning and restoration liabilities was eliminated because the fair market value of 2P reserves takes into account all of the decommissioning and restoration obligations associated with the reserves. Stated differently, the Roll-Forward Reserve Report reflects forecast cash outflows related to these liabilities.

#### 4.11 General and Administrative Expenses

The fair market value of Perpetual's forecast G&A expenses was determined by calculating the present value of the Company's forecast annualized G&A expenses. As reflected on Schedule 9, Perpetual's forecast G&A expenses for the years 2024 to 2028 are based on Management's five-year plan, which considers the amended terms of the MSA between Perpetual and Rubellite. Effective June 1, 2024, the MSA was amended to split shared costs on an 80.0 percent Rubellite and 20.0 percent Perpetual basis.

To determine the G&A expenses beyond 2028, we inflated the Company's 2028 G&A expenses per boe of production at a rate of 2.0 percent annually. This inflation adjustment reflects the anticipated increase in costs over time.

As production levels decline in the forecast period, Perpetual's forecast G&A expenses also decline. However, Management has determined that the minimum expected annual G&A expenses are \$2.0 million, as at the Valuation Date. This amount includes various components such as professional fees, public company costs, salaries, consultants, rent, software, and other expenses. Therefore, if the computed G&A expenses based on production in the forecast period fall below the inflation-adjusted minimum expected annual G&A expenses, they are adjusted to the inflation-adjusted minimum expected amount.

The present value of Perpetual's forecast G&A expenses was deducted from the fair market value of the Company's assets, as G&A expenses are not reflected in the DCF valuation analyses for Perpetual's 2P reserves, which is based on the Roll-Forward Reserve Report.

#### 4.12 Adjusted Net Asset Value Method Conclusion

Based on our analysis of all of Perpetual's assets and liabilities, we determined the basic fair market value of the Shares, as at the Valuation Date, under the ANAV method to be in the range shown below and as reflected on Schedule 3:

Fair Market Value per Basic Share			
Perpetual Energy Inc.	Low	Mid	High
Net Asset Value per Basic Share	\$1.16	\$1.23	\$1.30

# 5 Guideline Public Company Multiples Method

## 5.1 Guideline Public Company Selection Criteria

As previously discussed, we made use of the GPC multiples method as another method to determine various indicative fair market value ranges of the Shares, as at the Valuation Date. The selected GPCs have some or all of the following attributes:

- Companies engaged in the business of oil and gas E&P;
- Companies primarily focused on natural gas production; and
- Companies with oil and gas reserve composition similar to that of Perpetual.

The valuation multiples we considered are, as follows:

- EV / EBITDA;
- EV / DACF;
- EV / boe / d;
- EV / 2P;
- EV / 1P;
- EV / PDP.

The GPC method is a subset of the market approach in which valuation pricing multiples are derived from the market prices of stocks of companies that are engaged in the same or similar lines of business as the subject company and are actively traded on a free and open market. The derived multiples are then applied to the subject company's financial metrics producing indications of value.

We identified nine publicly traded companies, excluding Perpetual, that we believe are the most comparable to Perpetual, as at the Valuation Date.

## 5.2 Guideline Public Companies

The following table lists out the companies which we believe are most comparable to the Company. To the extent possible, we determined GPCs that operate in similar geographic regions, are of similar size, and operate in the same industry as that of Perpetual:

Guideline Public Companies	Tickers
Advantage Energy Ltd.	TSX:AAV
Birchcliff Energy Ltd.	TSX:BIR
Kelt Exploration Ltd.	TSX:KEL
Petrus Resources Ltd.	TSX:PRQ
Peyto Exploration & Development Corp.	TSX:PEY
Pieridae Energy Limited	TSX:PEA
Pine Cliff Energy Ltd.	TSX:PNE
Spartan Delta Corp.	TSX:SDE
Tourmaline Oil Corp.	TSX:TOU

## 5.3 Selection and Application of Multiples<sup>17</sup>

For the purposes of the GPC multiples method, we reviewed the trading multiples of the GPCs and used those as a basis to determine indicative fair market value ranges for the Shares, as shown below and on Schedule 14:

Valuation Multiples <sup>18</sup>	Minimum	1 <sup>st</sup> Quartile	Average	Median	3 <sup>rd</sup> Quartile	Maximum
EV/2024 EBITDA	4.1x	4.2x	5.5x	5.2x	6.9x	7.3x
EV/2025 EBITDA	2.7x	2.9x	3.8x	4.0x	4.6x	4.8x
EV/2024 DACF	4.1x	4.4x	6.1x	6.6x	7.3x	8.3x
EV/2025 DACF	3.0x	3.3x	4.2x	4.3x	4.6x	5.6x
EV/2024 boe/d	\$6,764	\$17,986	\$ 26,354	\$29,762	\$34,031	\$39,824
EV/2025 boe/d	\$6,565	\$17,692	\$ 24,150	\$27,042	\$ 29,774	\$37,589
EV/2P (in \$/boe)	\$0.91	\$2.58	\$3.22	\$3.11	\$4.24	\$5.01
EV/1P (in \$/boe)	\$1.21	\$3.98	\$5.24	\$5.16	\$6.64	\$9.28
EV/PDP (in \$/boe)	\$8.75	\$9.92	\$14.00	\$13.78	\$18.50	\$21.20

<sup>17</sup> Only information available, as at the Valuation Date, has been considered.

<sup>18</sup> Source: CapitalIQ.



s shown on a per share and multiples basis on Schedule 13, by using our experience in the areas of valuations, mergers, and acquisitions, the multiples selected for the purposes of valuing the Shares are, as follows:

Valuation Multiples	Low	Mid	High
EV/2024 EBITDA	4.8x	5.1x	5.3x
EV/2025 EBITDA	3.3x	3.4x	3.6x
EV/2024 DACF	5.0x	5.3x	5.5x
EV/2025 DACF	3.7x	3.9x	4.1x
EV/2024 boe/d	\$ 20,504	\$ 21,584	\$ 22,663
EV/2025 boe/d	\$20,169	\$21,231	\$22,292
EV/2P (in \$/boe)	\$3.54	\$3.73	\$3.92
EV/1P (in \$/boe)	\$5.88	\$6.19	\$6.50
EV/PDP (in \$/boe)	\$11.31	\$11.91	\$12.50

We applied the selected multiples to the relevant financial metrics for Perpetual to estimate indicative fair market value ranges for the Company on an EV basis, from which we made adjustments for net debt and other assets and liabilities to arrive at estimates of the fair market value of the Shares.

#### 5.4 Guideline Public Company Multiples Method Conclusion

Based on the GPC method, we determined basic indicative fair market value ranges of the Shares implied by the GPC multiples, as at the Valuation Date, to be as shown below and as reflected on Schedule 13:

	Implied Equity Value		Implied Basic \$/Share	
	Low	High	Low	High
EV/2024 EBITDA	\$63,404	\$74,658	\$0.94	\$1.10
EV/2025 EBITDA	54,938	65,300	0.81	0.96
EV/2024 DACF	57,949	68,628	0.86	1.01
EV/2025 DACF	64,878	76,286	0.96	1.13
EV/2024 boe/d	47,556	57,141	0.70	0.84
EV/2025 boe/d	62,663	73,838	0.93	1.09
EV/2P (in \$/boe)	46,792	56,296	0.69	0.83
EV/1P (in \$/boe)	46,713	56,209	0.69	0.83
EV/PDP (in \$/boe)	57,956	68,636	0.86	1.01

# 6 Guideline Precedent Transaction Multiples Method

## 6.1 Guideline Precedent Transaction Selection Criteria

As previously discussed, we also made use of the GPT multiples method as another method to determine various indicative fair market value ranges of the Shares, as at the Valuation Date. The selected GPTs have some or all of the following attributes:

- Transactions that occurred between January 1, 2020 and the Valuation Date;
- Transactions involving the sale of companies or assets located in the same geographic location and formations as Perpetual's assets; and
- Transactions involving the sale of companies or assets with similar product weightings (oil, natural gas, and NGLs) as that of Perpetual.

A list of the identified transactions, as well as transaction multiples associated with each transaction, can be found on Schedule 15.

The valuation multiple we considered were, as follows:

- EV / 2P; and
- EV / boe / d.

The GPT method is a subset of the market approach in which valuation pricing multiples are derived from transactions in the E&P sector of the oil and gas industry. The derived multiples are then applied to the subject company's financial metrics producing indications of value.

## 6.2 Selection and Application of the Multiples

For the purposes of the GPT multiples method, we reviewed the multiples of the GPTs and used those as a basis to determine indicative fair market value ranges for the Shares, as shown below and on Schedule 15:

Valuation Multiples <sup>19</sup>	Minimum	1 <sup>st</sup> Quartile	Average	Median	3 <sup>rd</sup> Quartile	Maximum
EV/2P (in \$/boe)	\$0.42	\$0.91	\$1.73	\$1.70	\$2.47	\$3.37
EV/boe/d	\$4,509	\$10,485	\$ 22,618	\$ 17,299	\$38,050	\$56,557

<sup>19</sup> Source: Enverus, Sayer Publications, and company filings.

As shown on a per share and multiples basis on Schedule 13, by using our experience in the areas of valuations, mergers, and acquisitions, the multiples selected for the purposes of valuing the Shares are, as follows:

Valuation Multiples	Low	Mid	High
EV/2P	\$ 1.93	\$ 2.04	\$ 2.14
EV/boe/d	\$19,721	\$20,759	\$21,797

We applied the selected multiples to the relevant financial metrics for Perpetual to estimate indicative fair market value ranges for the Company on an EV basis, from which we made adjustments for net debt and other assets and liabilities to arrive at estimates of the fair market value of the Shares.

### 6.3 Guideline Precedent Transaction Multiples Method Conclusion

Based on the GPT method, we determined basic indicative fair market value ranges of the Shares implied by the GPT multiples, as at the Valuation Date, to be as shown below and as reflected on Schedule 13:

	Implied Equity Value		Implied Basic \$/Share	
	Low	High	Low	High
EV/2P (in \$/boe)	\$5,768	\$10,955	\$0.09	\$ 0.16
EV/ boe/d	44,076	53,295	0.65	0.79

# 7 Valuation Conclusion

## 7.1 Value Conclusion

We determined the fair market value of the Shares, as at the Valuation Date, with consideration of various approaches, including the income approach and the market approach. Within each approach, we completed an independent analysis to determine the implied fair market value of the Shares of Perpetual.

Based upon the scope of our review and our research, analysis, and experience, and subject to the restrictions, qualifications, and assumptions, all as set out herein, the fair market value of the Shares on a fully diluted basis, as at the Valuation Date, is in a range of \$0.77 to \$0.89 per Share, with a mid-point of \$0.83 per Share, as reflected on Schedule 1.

We specifically considered the following indicative Share prices of Perpetual, as reflected on Schedule 1:

	Low	Mid	High
Asset-based method: ANAV Method	\$ 1.16	\$ 1.23	\$ 1.30
Market method: GPC Multiples (EV/2024 EBITDA)	0.94	1.02	1.10
Market method: GPC Multiples (EV/2025 EBITDA)	0.81	0.89	0.96
Market method: GPC Multiples (EV/2024 DACF)	0.86	0.93	1.01
Market method: GPC Multiples (EV/2025 DACF)	0.96	1.04	1.13
Market method: GPC Multiples (EV/2024 boe/d)	0.70	0.77	0.84
Market method: GPC Multiples (EV/2025 boe/d)	0.93	1.01	1.09
Market method: GPC Multiples (EV/2P)	0.69	0.76	0.83
Market method: GPC Multiples (EV/1P)	0.69	0.76	0.83
Market method: GPC Multiples (EV/PDP)	0.86	0.93	1.01
Market method: GPT Multiples (EV/2P)	0.09	0.12	0.16
Market method: GPT Multiples (EV/ boe/d)	0.65	0.72	0.79
<b>Selected \$/Basic Share</b>	<b>\$ 0.88</b>	<b>\$ 0.95</b>	<b>\$ 1.03</b>
<b>Selected \$/Fully Diluted Share</b>	<b>\$ 0.77</b>	<b>\$ 0.83</b>	<b>\$ 0.89</b>

## 7.2 Implied Premium

We computed the implied premium between the VWAP at various periods and our concluded range of fair market value for the Shares on a fully diluted basis, as at the Valuation Date, as shown below.

	VWAP <sup>20</sup>	Low	Mid-Point	High
<b>Value Conclusion</b>		<b>\$ 0.77</b>	<b>\$ 0.83</b>	<b>\$ 0.89</b>
<b>As at June 28, 2024</b>	\$0.44	74.7%	89.1%	103.4%
5 Day	0.43	78.8%	93.5%	108.1%
20 Day	0.47	64.8%	78.4%	91.8%
1 Month	0.46	65.4%	79.0%	92.5%
3 Month	0.51	52.0%	64.6%	77.0%
6 Month	0.50	54.8%	67.6%	80.3%
1 Year	0.52	48.0%	60.2%	72.3%
2 Year	0.80	-4.4%	3.5%	11.3%
3 Year	0.94	-18.0%	-11.2%	-4.5%

<sup>20</sup> Source: CapitalIQ. Minor differences may arise if a different data source is used to compute the same VWAPs.

# Schedules

# Perpetual Energy Inc.

## Formal Valuation

As at June 30, 2024

CAD, thousands

## Table of Contents

Schedule Name	Schedule Number
Summary of Values	1
Summary of Dilutive Securities	2
Net Asset Value	3
Proved and Probable Reserves Discounted Cash Flow	4
Existing Non-Capital Losses Fair Market Value	5
Undeveloped Land Fair Market Value	6
Risk Management Contracts Fair Market Value	7
Other Provision Fair Market Value	8
General and Administrative Expenses Fair Market Value	9
Historical Balance Sheets	10
Historical Income Statements	11
Weighted Average Cost of Capital	12
Market Multiples Summary	13
Guideline Public Company Analysis	14
Guideline Precedent Transactions Analysis	15

**Perpetual Energy Inc.**  
**Formal Valuation**

As at June 30, 2024  
CAD, thousands

**Schedule 1**  
**Summary of Values**

	Reference	Fair Market Value of Equity			Fair Market Value per Share		
		Low	Mid	High	Low	Mid	High
<b>Adjusted Net Asset Value</b>	Schedule 3	\$ 78,210	\$ 83,100	\$ 87,991	\$ 1.16	\$ 1.23	\$ 1.30
<b>Market Approach - Guideline Public Companies</b>							
2024 EV/EBITDA	Schedule 13	63,379	69,005	74,632	0.94	1.02	1.10
2025 EV/EBITDA	Schedule 13	54,913	60,094	65,275	0.81	0.89	0.96
2024 EV/DACF	Schedule 13	57,923	63,263	68,603	0.86	0.93	1.01
2025 EV/DACF	Schedule 13	64,852	70,556	76,261	0.96	1.04	1.13
2024 EV/boe/d	Schedule 13	47,530	52,323	57,115	0.70	0.77	0.84
2025 EV/boe/d	Schedule 13	62,637	68,225	73,813	0.93	1.01	1.09
2024 EV/2P	Schedule 13	46,766	51,518	56,271	0.69	0.76	0.83
2024 EV/1P	Schedule 13	46,687	51,436	56,184	0.69	0.76	0.83
2024 EV/PDP	Schedule 13	57,930	63,270	68,610	0.86	0.93	1.01
<b>Market Approach - Guideline Precedent Transactions</b>							
EV/2P	Schedule 13	5,743	8,336	10,929	0.08	0.12	0.16
EV/boe/d	Schedule 13	44,051	48,660	53,270	0.65	0.72	0.79
Deloitte Selected Fair Market Value per Basic Share	Note 1	\$ 59,375	\$ 64,488	\$ 69,601	\$ 0.88	\$ 0.95	\$ 1.03

Add/(Less): Cash Received / (Paid) on Dilutive Securities

Deloitte Selected Fair Market Value per Fully Diluted Share	Note 2	\$ 59,375	\$ 64,488	\$ 69,601	\$ 0.77	\$ 0.83	\$ 0.89
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**Implied Metrics**

2024 EV/EBITDA	Note 3	4.6x	4.9x	5.1x
2025 EV/EBITDA		3.4x	3.6x	3.7x
2024 EV/DACF		5.1x	5.3x	5.6x
2025 EV/DACF		3.5x	3.7x	3.9x
2024 EV/boe/d		\$ 23,172	\$ 24,323	\$ 25,474
2025 EV/boe/d		\$ 19,549	\$ 20,521	\$ 21,492
EV/2P		\$ 4.04	\$ 4.24	\$ 4.44
EV/1P		\$ 6.71	\$ 7.04	\$ 7.38
EV/PDP		\$ 11.47	\$ 12.04	\$ 12.61

**Notes:**

- [1] Fair market value of equity calculated based on basic shares outstanding (000s), as at the Valuation Date. Source: S&P Capital IQ.  
[2] Fair market value of equity calculated based on fully diluted shares (000s), as at the Valuation Date. The number of fully diluted shares is reflected below:

	Low	Mid	High
Basic Shares Outstanding	67,706	67,706	67,706
Add: Dilutive Shares	9,571	9,830	10,097
Fully Diluted Shares	77,277	77,536	77,803

- [3] Implied metrics are calculated based on the Deloitte selected fair market value per fully diluted share above.

67,706



**Schedule 2**

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

	Exercise Price	Vested (000s)	Multiplier	Equivalent Shares	Expected Settlement in Cash?	Total Dilutive Shares (000s)	In the Money at Low End of Basic Share Price Range?			In the Money at Mid-Point of Basic Share Price Range?			In the Money at High End of Basic Share Price Range?			Cashless?	Cash Received/(Paid) on Exercise	Total Shares Issued (000s)
							Note 1	Note 2	Note 3	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5			
<b>PSUs</b>																		
01-Jun-2023 - PSR	\$ -	60	0.50	30	No	30	Yes	Yes	Yes	Yes	Yes	Yes	Yes	\$ -	\$ -	30	30	30
14-Mar-2024 - PSR	-	906	0.50	453	No	453	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	453	453	453
28-May-2024 - PSR	-	1,554	0.50	777	No	777	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	777	777	777
28-May-2024 - PSR Additional	-	65	0.50	33	No	33	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	33	33	33
29-May-2023 - PSR	-	75	0.50	38	No	38	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	38	38	38
<b>RSUs</b>																		
31-May-2024 Restricted Rights	\$ 0.01	24	1.00	24	No	24	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	24	24	24
<b>Share Options</b>																		
13-Apr-2020 - Share Options	\$ 0.07	564	1.00	564	No	564	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	519	522	525
14-Mar-2023 - Share Options	0.68	35	1.00	35	No	35	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	8	10	12
15-Aug-2022 - Share Options	1.01	1,105	1.00	1,105	No	1,105	Yes	No	Yes	No	Yes	Yes	Yes	-	-	-	-	19
18-Mar-2021 - Share Options	0.34	350	1.00	350	No	350	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	258	265	272
24-Aug-2021 - Share Options	0.82	828	1.00	828	No	828	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	507	532	554
24-Mar-2021 - Share Options	0.92	35	1.00	35	No	35	Yes	No	Yes	No	Yes	Yes	Yes	-	-	-	-	4
25-Oct-2023 - Share Options	0.55	1,305	1.00	1,305	No	1,305	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	487	551	607
27-Jun-2022 - Share Options	1.33	138	1.00	138	No	138	Yes	No	No	No	No	Yes	Yes	-	-	-	-	-
29-May-2023 - Share Options	0.51	150	1.00	150	No	150	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	63	70	76
<b>PLTI</b>																		
13-Apr-2020 - PLTI	\$ 0.07	818	1.00	818	No	818	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	753	758	762
15-Aug-2022 - PLTI	1.01	725	1.00	725	No	725	Yes	No	Yes	No	Yes	Yes	Yes	-	-	13	-	13
24-Aug-2021 - PLTI	0.34	1,238	1.00	1,238	No	1,238	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	758	796	828
25-Oct-2023 - PLTI	0.55	1,465	1.00	1,465	No	1,465	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	546	619	681
<b>Deferred Options</b>																		
03-Oct-2022 - Deferred Option	\$ 0.90	40	1.00	40	No	40	No	Yes	Yes	No	Yes	Yes	Yes	-	-	-	-	2
12-Oct-2021 - Deferred Option	0.33	50	1.00	50	No	50	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	31	33	34
13-Apr-2020 - Deferred Option	0.07	318	1.00	318	No	318	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	292	294	296
15-Aug-2022 - Deferred Option	1.01	548	1.00	548	No	548	No	No	No	No	Yes	Yes	Yes	-	-	10	-	10
18-Oct-2021 - Deferred Option	0.61	45	1.00	45	No	45	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	14	16	18
24-Aug-2021 - Deferred Option	0.34	625	1.00	625	No	625	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	383	402	418
24-Aug-2021 - Deferred Option Nazaruk	0.07	25	1.00	25	No	25	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	23	23	23
24-Mar-2022 - Deferred Option	0.92	38	1.00	38	No	38	No	No	No	No	Yes	Yes	Yes	-	-	-	-	1
27-Jun-2022 - Deferred Option	1.33	65	1.00	65	No	65	No	No	No	No	Yes	Yes	Yes	-	-	-	-	4
<b>Deferred Share Units</b>																		
03-Jun-2016 - Deferred Shares Directors	\$ 0.01	75	1.00	75	No	75	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	74	74	74
09-Oct-2022 - Deferred Share	0.01	33	1.00	33	No	33	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	32	32	32
11-Oct-2022 - Deferred Share	0.01	8	1.00	8	No	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	8	8	8
14-Mar-2023 - Deferred Shares Directors	0.01	20	1.00	20	No	20	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	20	20	20
14-Oct-2022 - Deferred Shares Directors	0.01	8	1.00	8	No	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	8	8	8
15-Apr-2020 - Deferred Shares Directors	0.01	187	1.00	187	No	187	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	185	185	185
15-Apr-2021 - Deferred Shares Directors	0.01	18	1.00	18	No	18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	18	18	18
15-Aug-2022 - Deferred Share	0.01	365	1.00	365	No	365	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	361	361	361
15-Aug-2022 - Deferred Shares Directors	0.01	20	1.00	20	No	20	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	20	20	20
15-Jan-2020 - Deferred Shares Directors	0.01	65	1.00	65	No	65	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	64	65	65
15-Jan-2024 - Deferred Shares Directors	0.01	24	1.00	24	No	24	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	24	24	24
15-Jul-2020 - Deferred Shares Directors	0.01	83	1.00	83	No	83	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	82	82	83
15-Oct-2019 - Deferred Shares Directors	0.01	44	1.00	44	No	44	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	44	44	44
16-Jan-2023 - Deferred Shares Directors	0.01	10	1.00	10	No	10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	10	10	10
16-Jun-2022 - Deferred Share	0.01	23	1.00	23	No	23	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	22	22	22
17-Apr-2023 - Deferred Shares Directors	0.01	14	1.00	14	No	14	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	14	14	14
17-Jan-2022 - Deferred Shares Directors	0.01	5	1.00	5	No	5	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	5	5	5
17-Jun-2024 - Deferred Share	0.01	27	1.00	27	No	27	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	27	27	27
17-Nov-2020 - Deferred Shares Directors	0.01	100	1.00	100	No	100	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	99	99	99
18-Apr-2022 - Deferred Shares Directors	0.01	6	1.00	6	No	6	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	6	6	6
18-Oct-2017 - Deferred Share - Directors	0.01	1	1.00	1	No	1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	1	1	1
18-Oct-2017 - Deferred Shares Directors	0.01	21	1.00	21	No	21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	21	21	21
18-Oct-2021 - Deferred Shares Directors	0.01	6	1.00	6	No	6	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	6	6	6
19-Aug-2015 - Deferred Share - Directors	0.01	1	1.00	1	No	1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	1	1	1
19-Jan-2021 - Deferred Shares Directors	0.01	68	1.00	68	No	68	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	67	68	68
19-Jul-2021 - Deferred Shares Directors	0.01	11	1.00	11	No	11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	-	11	11	11

Exercise Price	Vested (000s)	Multiplier	Equivalent Shares	Expected Settlement in Cash?	Total Dilutive Shares (000s)	In the Money at Low End of Basic Share Price Range?		In the Money at Mid-Point of Basic Share Price Range?		Cashless?	Cash Received/(Paid) on Exercise			Total Shares Issued (000s)		
						Low	High	Low	High		Low	Mid	High	Low	Mid	High
0.01	Note 2	Note 3	9	Note 1	9	Note 5	Note 5	Note 5	Note 1							
0.01	19-Sep-2022 - Deferred Share	1.00	9	No	9	Yes	Yes	Yes	Yes							
0.01	20-Aug-2013 - Deferred Share - Directors	1.00	1	No	1	Yes	Yes	Yes	Yes							
0.01	22-Jul-2022 - Deferred Shares Directors	1.00	8	No	8	Yes	Yes	Yes	Yes							
0.01	23-Jul-2019 - Deferred Shares Directors	1.00	57	No	57	Yes	Yes	Yes	Yes							
0.01	23-Oct-2023 - Deferred Shares Directors	1.00	122	No	122	Yes	Yes	Yes	Yes							
0.01	24-Aug-2021 - Deferred Shares Directors	1.00	40	No	40	Yes	Yes	Yes	Yes							
0.01	24-Mar-2022 - Deferred Shares Directors	1.00	20	No	20	Yes	Yes	Yes	Yes							
0.01	24-May-2017 - Deferred Shares Directors	1.00	21	No	21	Yes	Yes	Yes	Yes							
0.01	25-Oct-2023 - Deferred Share	1.00	1,986	No	1,986	Yes	Yes	Yes	Yes							
0.01	27-Jun-2022 - Deferred Share	1.00	22	No	22	Yes	Yes	Yes	Yes							
0.01	27-Nov-2018 - Deferred Shares Directors	1.00	68	No	68	Yes	Yes	Yes	Yes							
0.01	28-May-2024 - Deferred Shares Directors	1.00	21	No	21	Yes	Yes	Yes	Yes							
	<b>Total</b>		16,809		15,479		15,479									

**Notes:**

(1) Based on information provided by Management.

(2) For the purpose of calculating the fair market value per diluted share, it was assumed that all deferred share units, deferred options, performance-based long-term incentive awards ("PLTI"), performance share units ("PSUs"), and restricted share units ("RSUs") would immediately vest and be exercisable, as at the Valuation Date.

(3) Multiplier applicable to the PSUs is computed, as follows:

NAV/share, as at the Valuation Date	Note 4	\$	2.20	A
NAV/share, as at December 31, 2023 Grant Date	Note 1	2.22	B	
NAV/share, as at December 31, 2022 Grant Date	Note 1	3.79	C	

Change in NAV/Share Percentage From Grant Date

	Note 1	Multiplier
0.0%		0.50
5.0%		0.50
10.0%		1.00
15.0%		1.50
20.0%		2.00
25.0%		2.00

Increase in NAV from December 31, 2023 to Valuation Date: -0.7% A/B - 1

Increase in NAV from December 31, 2022 to Valuation Date: -41.9% A/C - 1

Multiplier Applicable to PSUs Granted in 2024: Note 1 0.50

Multiplier Applicable to PSUs Granted in 2023: Note 1 0.50

(4) NAV/share, for the purposes of determining the multiplier applicable to the PSUs, is computed using the same methodology as that used by Management for determining the NAV/share at December 31, 2023 and 2022 for the purposes of determining the multiplier applicable to PSUs upon vesting.

	(a)	\$	183,911
Proved and Probable Reserves (Pre-tax NPV 10 net of all ARO)	Schedule 3	4,584	
Undeveloped Land (average)	Schedule 3	7,010	
Hedging Contracts (average)	Schedule 3	967	
Non-Cash Net Working Capital (average)	Schedule 3	(14,781)	
Other Provision (average)	Schedule 3	(32,591)	
Net Debt (average)		\$ 149,099	
Basic Shares Outstanding	Schedule 1	67,706	
Net Asset Value/Share, as at the Valuation Date		\$ 2.20	

(a) Reflects before-tax net present value of the cash flows, using a pre-tax discount rate of 10.0 percent, related to proved plus probable reserves, as provided by Management, as at the Valuation Date.

Fair Market Value per Basic Share:	Low	Mid	High
Schedule 1	\$ 0.88	\$ 0.95	\$ 1.03

	Notes/References	Net Book Value	Fair Market Value Adjustments		Fair Market Value Values	
			Low	High	Low	High
<b>ASSETS</b>						
<b>Property, Plant, and Equipment</b>						
Proved and Probable Reserves	Schedule 4	\$ 119,245	\$ (14,601)	\$ (3,516)	\$ 104,644	\$ 115,729
Corporate Assets	Note 2	2,905	-	-	2,905	2,905
Right-of-Use Assets	Note 2	4,446	-	-	4,446	4,446
<b>Exploration and Evaluation Assets</b>						
Undeveloped Land	Schedule 6	3,071	1,513	1,513	4,584	4,584
Other	Note 3	3,926	-	-	3,926	3,926
<b>Hedges</b>						
Risk Management Contracts	Schedule 7	8,465	(1,489)	(1,422)	6,976	7,043
<b>Other Assets</b>						
Non-Cash Net Working Capital	Note 4	967	-	-	967	967
Deferred Tax Asset	Note 5	20,001	(2,970)	(1,777)	17,031	18,224
Marketable Securities	Note 6	2,041	1,802	1,802	3,843	3,843
<b>Total Assets</b>		<b>\$ 165,067</b>	<b>\$ (15,744)</b>	<b>\$ (3,400)</b>	<b>\$ 149,323</b>	<b>\$ 161,667</b>
<b>LIABILITIES</b>						
Other Provision	Schedule 8	\$ 18,067	\$ (3,286)	\$ (3,286)	\$ 14,781	\$ 14,781
Net Debt	Note 7	32,591	-	-	32,591	32,591
Decommissioning and Restoration Liabilities	Note 8	13,373	(13,373)	(13,373)	-	-
Share-Based Compensation Payable	Note 9	3,209	(3,209)	(3,209)	-	-
General and Administrative Expenses	Schedule 9	-	23,741	26,305	23,741	26,305
<b>Total Liabilities</b>		<b>\$ 67,240</b>	<b>\$ 3,873</b>	<b>\$ 6,437</b>	<b>\$ 71,113</b>	<b>\$ 73,677</b>
<b>Net Asset Value</b>		<b>\$ 97,827</b>	<b>\$ (19,617)</b>	<b>\$ (9,836)</b>	<b>\$ 78,210</b>	<b>\$ 87,991</b>
Basic Shares Outstanding	Schedule 1				67,706	67,706
Net Asset Value per Basic Share				\$	1.16	1.30

**Notes:**

- [1] The net book value is based on Perpetual's June 30, 2024 balance sheet, as provided by Management. Unless stated otherwise, the fair market values of the Company's assets and liabilities are assumed to be consistent with their net book values.
- [2] The fair market value of Perpetual's property, plant, and equipment includes the net book value of the Company's corporate assets and right-of-use assets, as at June 30, 2024. It has been assumed that these fair market values are consistent with their net book values.
- [3] Other exploration and evaluation assets are comprised of exploratory drilling assets that did not qualify to be classified as property, plant, and equipment, as at the Valuation Date. The net book value for these assets is assumed to reflect fair market value, as at Valuation Date.
- [4] Non-cash net working capital has been calculated, as follows:

Accounts Receivable	Schedule 10	\$ 9,939
Add: Prepaid Expenses and Deposits	Schedule 10	1,616
Less: Accounts Payable and Accrued Liabilities	Schedule 10	(10,588)
<b>Non-Cash Net Working Capital</b>		<b>\$ 967</b>

[5] Fair market value of deferred tax assets/(liabilities) is determined, as follows:

	Net Book Value	Low Fair Market Value	High Fair Market Value
Lease Liabilities	\$ 1,149	\$ 1,149	\$ 1,149
Decommissioning Obligations	3,076	-	-
Other Provision	4,155	-	-
Share Issue Costs	134	134	134
Non-Capital Loss Carryforwards (net of Trust Income Deferral)	32,719	17,018	18,211
Share Investment	(220)	(220)	(220)
Derivatives	(1,947)	-	-
Property, plant, and equipment	(18,015)	-	-
Right-of-Use Asset	(1,023)	(1,023)	(1,023)
Senior Notes	(28)	(28)	(28)
	<b>\$ 20,001</b>	<b>\$ 17,031</b>	<b>\$ 18,224</b>

(a) The accounting deferred income tax assets and liabilities associated with decommissioning obligations, other provision, derivatives (hedges), and property, plant, and equipment (i.e., 2P reserves) were eliminated, as the fair market value of these assets and liabilities were determined separately.

[6] The fair market value of marketable securities has been calculated, as follows:

	Net Book Value	# of Shares / Options	Fair Market Value per Share / Option	Fair Market Value
Rubellite Shares (a)	\$ 136	58,500	\$ 3.82	\$ 223
Rubellite Share Purchase Warrants (b)	1,555	4,000,000	0.82	3,270
Carbonova Shares (c)	350	312,504	1.12	350
<b>Total Fair Market Value</b>	<b>\$ 2,041</b>			<b>\$ 3,843</b>

(a) We considered the fair market value per diluted share of Rubellite, as of the Valuation Date, for determining the fair market value of Rubellite shares held by Perpetual.

(b) The Rubellite share purchase warrants held by Perpetual have an exercise price of \$3.00/share and can be exercised at any time prior to the expiration date of October 5, 2026. We considered fair market value per diluted share of Rubellite, as at the Valuation Date, for determining the fair market value of these warrants.

(c) Carbonova is a private technology company headquartered in Canada. The CEO of Perpetual serves as a Director at Carbonova. In Q4 2022, Carbonova raised funding at a price of \$1.12 per share. Based on discussions with Management, there have been no new financing arrangements or significant updates that would necessitate a reassessment of the investment's carrying value, which was determined based on a value of \$1.12 per share. Therefore, the net book value is

[7] Net debt has been calculated, as follows:

	Net Book Value Schedule 10	Fair Market Value
Senior Notes	(a) \$ 26,117	\$ 26,117
Revolving Bank Debt	Note 10 1,478	1,478
Current Lease Liabilities	Note 1 420	420
Non-Current Lease Liabilities	Note 1 4,576	4,576
Less: Cash and Cash Equivalents	-	-
<b>Net Debt</b>	<b>\$ 32,591</b>	<b>\$ 32,591</b>

(a) The Senior Notes have a fixed interest rate of 8.75% and are due for repayment on January 23, 2025. However, according to the Sequoia settlement agreement, the Senior Notes, which are entirely held by Ms. Sue Riddell Rose, as at the Valuation Date, cannot be repaid in cash until the settlement obligation is fully paid off. The settlement agreement, however, allows for the conversion of the Senior Notes into equity at any time. Additionally, if the Senior Notes are extended and the market interest rate exceeds the existing 8.75% coupon, Ms. Sue Riddell Rose can only receive 8.75% in cash, with the difference between the market interest rate and the coupon being paid in additional notes instead of cash. In the case of third party investors participating in the extension, they would receive the full coupon in cash. We assumed the net book value of the Senior Notes to be representative of fair market value, as at the Valuation Date.

[8] The net book values of decommissioning obligations were eliminated because the fair market value of proved plus probable reserves already takes into account all decommissioning obligations associated with the reserves.

[9] Share-based compensation payable is assumed to have a nil fair market value, as the cash outflow relating to these payments has been separately considered on Schedule 2 based on our dilutive securities analysis.

[10] Revolving bank debt carries a floating interest rate. As such, we assumed the net book value to be representative of the fair market value, as at the Valuation Date.



**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024  
CAD, thousands

**Schedule 4**  
**Proved and Probable Reserves Discounted Cash Flow**  
Page 2 of 5

References	For the Years Ending December 31									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Oil Production (bbl/d)	0	0	0	0	0	0	0	0	0	0
Gas Production (Mc/d)	13,242	11,997	10,981	10,109	9,320	8,626	7,975	7,333	6,765	6,195
NGL Production (bbl/d)	231	209	191	176	162	150	139	128	118	108
Total Production (boe/d)	2,438	2,209	2,022	1,861	1,716	1,588	1,468	1,350	1,245	1,141
Oil Production (bbl)	44	42	40	39	37	36	34	33	33	13
Gas Production (McF)	4,833,387	4,378,760	4,019,078	3,689,854	3,401,899	3,148,689	2,918,761	2,676,609	2,469,194	2,261,352
NGL Production (bbl)	84,205	76,272	69,997	64,252	59,229	54,833	50,820	46,612	43,000	39,383
Total Production (boe)	889,813	806,108	739,884	679,249	626,249	579,633	537,324	492,746	454,563	416,288
Oil Price (\$/bbl)	\$ 90.45	\$ 92.26	\$ 94.10	\$ 95.98	\$ 97.90	\$ 99.81	\$ 101.80	\$ 103.83	\$ 105.91	\$ 108.03
Gas Price (\$/McF)	\$ 5.21	\$ 5.32	\$ 5.43	\$ 5.54	\$ 5.65	\$ 5.76	\$ 5.87	\$ 5.99	\$ 6.11	\$ 6.24
NGL Price (\$/bbl)	\$ 82.02	\$ 83.66	\$ 85.34	\$ 87.04	\$ 88.77	\$ 90.55	\$ 92.36	\$ 94.21	\$ 96.10	\$ 98.02
Total Revenue	\$ 32,115	\$ 29,698	\$ 27,816	\$ 26,051	\$ 24,494	\$ 23,115	\$ 21,841	\$ 20,438	\$ 19,233	\$ 17,961
Less: Total Royalties Expense	\$ (6,428)	\$ (4,130)	\$ (3,817)	\$ (3,493)	\$ (3,210)	\$ (2,943)	\$ (2,706)	\$ (2,446)	\$ (2,246)	\$ (2,057)
Gross Revenue	\$ 25,686	\$ 25,568	\$ 24,000	\$ 22,558	\$ 21,284	\$ 20,172	\$ 19,134	\$ 17,991	\$ 16,987	\$ 15,904
Less: Fixed Operating Costs	\$ (3,901)	\$ (3,815)	\$ (3,832)	\$ (3,870)	\$ (3,863)	\$ (3,929)	\$ (3,927)	\$ (3,898)	\$ (3,792)	\$ (3,696)
Less: Variable Operating Costs	\$ (3,008)	\$ (2,780)	\$ (2,693)	\$ (2,437)	\$ (2,293)	\$ (2,185)	\$ (2,066)	\$ (1,933)	\$ (1,818)	\$ (1,698)
Less: Other Operating Costs	\$ (1,447)	\$ (1,455)	\$ (1,153)	\$ (1,159)	\$ (1,168)	\$ (1,189)	\$ (1,201)	\$ (1,211)	\$ (1,224)	\$ (1,236)
Add: Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ (8,356)	\$ (8,050)	\$ (7,587)	\$ (7,467)	\$ (7,324)	\$ (7,303)	\$ (7,194)	\$ (6,982)	\$ (6,834)	\$ (6,630)
Gross Profit	\$ 17,331	\$ 17,518	\$ 16,412	\$ 15,091	\$ 13,960	\$ 12,869	\$ 11,941	\$ 11,009	\$ 10,152	\$ 9,274
Add/(Less): Realized Hedged	\$ (2,509)	\$ (2,599)	\$ (2,610)	\$ (2,662)	\$ (2,716)	\$ (2,770)	\$ (2,825)	\$ (2,882)	\$ (2,939)	\$ (2,998)
EBITDA	\$ 14,822	\$ 14,919	\$ 13,802	\$ 12,429	\$ 11,244	\$ 10,099	\$ 9,116	\$ 8,128	\$ 7,213	\$ 6,276
Less: Decommissioning and Restoration Costs on Existing Wells	\$ (467)	\$ (476)	\$ (502)	\$ (730)	\$ (831)	\$ (48)	\$ (75)	\$ (153)	\$ (203)	\$ (319)
Less: Decommissioning and Restoration Costs on Future Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Operating Income	\$ 14,355	\$ 14,443	\$ 13,300	\$ 11,699	\$ 10,370	\$ 10,052	\$ 8,965	\$ 7,974	\$ 6,957	\$ 5,957
Less: Income Tax	\$ (2,635)	\$ (2,843)	\$ (2,703)	\$ (2,428)	\$ (2,190)	\$ (2,185)	\$ (1,954)	\$ (1,754)	\$ (1,540)	\$ (1,324)
After-Tax Cash Flow	\$ 11,720	\$ 11,600	\$ 10,598	\$ 9,271	\$ 8,180	\$ 7,865	\$ 7,011	\$ 6,221	\$ 5,417	\$ 4,632
Cash Flow Adjustments:										
Add: General and Administrative Expenses	\$ 2,509	\$ 2,559	\$ 2,610	\$ 2,662	\$ 2,716	\$ 2,770	\$ 2,825	\$ 2,882	\$ 2,939	\$ 2,998
Add/(Less): Realized Hedged	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Capital Expenditures	\$ (60)	\$ (49)	\$ (38)	\$ (26)	\$ (13)	\$ -	\$ -	\$ -	\$ -	\$ -
Debt-Free After-Tax Cash Flow	\$ 14,169	\$ 14,150	\$ 13,208	\$ 11,896	\$ 10,870	\$ 10,641	\$ 9,836	\$ 9,102	\$ 8,357	\$ 7,631
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00
Present Value Factor at <input type="text" value="17.0%"/>	0.21	0.18	0.15	0.13	0.11	0.09	0.08	0.07	0.06	0.05
Present Value of Cash Flows	\$ 2,946	\$ 2,515	\$ 2,006	\$ 1,544	\$ 1,206	\$ 1,009	\$ 797	\$ 631	\$ 495	\$ 386
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00
Present Value Factor at <input type="text" value="15.0%"/>	0.25	0.21	0.19	0.16	0.14	0.12	0.11	0.09	0.08	0.07
Present Value of Cash Flows	\$ 3,501	\$ 3,040	\$ 2,468	\$ 1,933	\$ 1,536	\$ 1,307	\$ 1,051	\$ 845	\$ 675	\$ 536

**NOTES:**

- 1) Unless stated otherwise, Perpetual's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll-Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").
- 2) Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.
- 3) The Company's cash income taxes are calculated using forecast EBITDA and considering Perpetual's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management.
- 4) As Perpetual's general and administrative expenses are valued separately, they have been added back to the reserves' cash flows. Similarly, the Company's realized net hedging gains are deducted as they are included as a separate line item on the adjusted net asset value schedule.

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024  
CAD, thousands

**Schedule 4**  
Proved and Probable Reserves Discounted Cash Flow  
Page 3 of 5

References	For the Years Ending December 31									
	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Oil Production (bbl/d)										
Gas Production (Mc/d)	5,677	5,174	4,740	4,310	3,969	3,602	3,115	2,689	2,335	1,826
NGL Production (bbl/d)	99	90	83	75	69	63	54	47	41	32
Total Production (boe/d)	1,045	952	872	793	731	663	573	495	430	336
Oil Production (bbl)										
Gas Production (Mc)	2,077,606	1,886,524	1,729,932	1,573,068	1,452,661	1,314,760	1,137,048	981,631	854,518	666,568
NGL Production (bbl)	36,186	32,892	30,132	27,400	25,303	22,901	19,807	17,101	14,888	11,609
Total Production (boe)	382,453	347,647	318,454	289,579	267,413	242,028	209,315	180,706	157,307	122,703
Oil Price (\$/bbl)	\$ 6.37	\$ 6.49	\$ 6.62	\$ 6.75	\$ 6.88	\$ 7.02	\$ 7.17	\$ 7.31	\$ 7.45	\$ 7.60
Gas Price (\$/Mc)	99.98	101.98	104.01	106.09	108.22	110.38	112.59	114.84	117.14	119.48
NGL Price (\$/bbl)										
Total Revenue	\$ 16,845	\$ 15,605	\$ 14,584	\$ 13,526	\$ 12,735	\$ 11,763	\$ 10,378	\$ 9,137	\$ 8,108	\$ 6,451
Less: Total Royalties Expense	(1,898)	(1,740)	(1,604)	(1,476)	(1,384)	(1,282)	(1,134)	(1,019)	(910)	(741)
Gross Revenue	\$ 14,947	\$ 13,865	\$ 12,980	\$ 12,049	\$ 11,351	\$ 10,481	\$ 9,243	\$ 8,118	\$ 7,198	\$ 5,710
Less: Fixed Operating Costs	(3,639)	(3,538)	(3,459)	(3,336)	(3,300)	(3,187)	(2,887)	(2,608)	(2,423)	(2,045)
Less: Variable Operating Costs	(1,593)	(1,476)	(1,379)	(1,279)	(1,205)	(1,112)	(881)	(864)	(767)	(611)
Less: Other Operating Costs	(1,256)	(884)	(892)	(899)	(909)	(918)	(923)	(936)	(952)	(988)
Add: Other Revenue										
Total Operating Expenses	\$ (6,481)	\$ (5,888)	\$ (5,730)	\$ (5,505)	\$ (5,415)	\$ (5,217)	\$ (4,791)	\$ (4,403)	\$ (3,692)	\$ (3,153)
Gross Profit	\$ 8,467	\$ 7,977	\$ 7,250	\$ 6,545	\$ 5,937	\$ 5,264	\$ 4,452	\$ 3,715	\$ 3,506	\$ 2,557
Less: General and Administrative Expenses	(3,058)	(3,119)	(3,182)	(3,245)	(3,310)	(3,376)	(3,444)	(3,513)	(3,583)	(3,655)
Add/(Less): Realized Hedged										
EBITDA	\$ 5,408	\$ 4,858	\$ 4,068	\$ 3,299	\$ 2,626	\$ 1,888	\$ 1,008	\$ 202	\$ (77)	\$ (1,098)
Less: Decommissioning and Restoration Costs on Existing Wells		(166)	(184)		(440)	(180)	(291)	(293)	(334)	(292)
Less: Decommissioning and Restoration Costs on Future Assets										
Net Operating Income	\$ 5,408	\$ 4,692	\$ 3,885	\$ 3,299	\$ 2,186	\$ 1,708	\$ 718	\$ (91)	\$ (411)	\$ (1,390)
Less: Income Tax	(1,289)	(1,052)	(872)	(742)	(490)	(382)	(156)	28	100	156
After-Tax Cash Flow	\$ 4,200	\$ 3,640	\$ 3,012	\$ 2,557	\$ 1,696	\$ 1,326	\$ 561	\$ (63)	\$ (310)	\$ (1,233)
Cash Flow Adjustments:										
Add: General and Administrative Expenses	3,058	3,119	3,182	3,245	3,310	3,376	3,444	3,513	3,583	3,655
Add/(Less): Realized Hedged										
Less: Capital Expenditures										
Debt-Free After-Tax Cash Flow	\$ 7,258	\$ 6,759	\$ 6,194	\$ 5,803	\$ 5,007	\$ 4,702	\$ 4,005	\$ 3,450	\$ 3,273	\$ 2,422
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00
Present Value Factor at	0.04	0.04	0.03	0.03	0.02	0.02	0.02	0.01	0.01	0.01
Present Value of Cash Flows	\$ 314	\$ 250	\$ 196	\$ 157	\$ 116	\$ 93	\$ 68	\$ 50	\$ 40	\$ 25
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	20.00	21.00	22.00	23.00	24.00	25.00	26.00	27.00	28.00	29.00
Present Value Factor at	0.06	0.05	0.05	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Present Value of Cash Flows	\$ 443	\$ 359	\$ 286	\$ 233	\$ 175	\$ 143	\$ 106	\$ 79	\$ 65	\$ 42

**NOTES:**

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- 2) Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.
- 3) The Company's cash income taxes are calculated using forecast EBITDA and considering Perpetual's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, and considering Perpetual's oil and gas tax pools, excluding the net operating losses. The net operating losses have been fair valued separately. As Perpetual's general and administrative expenses are valued separately, they have been added back to the reserves' cash flows. Similarly, the Company's realized net hedging gains are deducted as they are included as a separate line item on the adjusted net asset value schedule.

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 4**  
Proved and Probable Reserves Discounted Cash Flow  
Page 4 of 5

References	For the Years Ending December 31									
	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063
Oil Production (bbl/d)	1,472	1,171	901	650	407	172	65	54	42	26
Gas Production (Mc/d)	26	20	16	11	7	3	1	1	1	0
NGL Production (bbl/d)	271	216	166	120	75	32	12	10	8	5
Total Production (boe/d)	537,245	427,496	329,644	237,139	148,506	62,761	23,704	19,892	15,351	9,461
Oil Production (bbl)	9,348	7,438	5,736	4,126	2,584	1,092	412	346	267	165
Gas Production (Mc)	96,889	78,688	60,677	43,649	27,335	11,552	4,363	3,662	2,826	1,741
NGL Production (bbl)										
Total Production (boe)										
Oil Price (\$/bbl)	7.75	7.90	8.04	8.19	8.37	8.58	8.76	8.93	9.11	9.28
Gas Price (\$/Mcft)	121.87	124.31	126.79	129.33	131.91	134.55	137.25	139.99	142.79	145.65
NGL Price (\$/bbl)										
Total Revenue	\$ 5,302	\$ 4,300	\$ 3,378	\$ 2,477	\$ 1,583	\$ 685	\$ 264	\$ 226	\$ 178	\$ 112
Less: Total Royalties Expense	(624)	(515)	(411)	(301)	(193)	(76)	(29)	(25)	(19)	(13)
Gross Revenue	\$ 4,678	\$ 3,785	\$ 2,967	\$ 2,175	\$ 1,390	\$ 610	\$ 235	\$ 201	\$ 159	\$ 99
Less: Fixed Operating Costs	(1,794)	(1,528)	(1,283)	(991)	(671)	(360)	(150)	(135)	(111)	(70)
Less: Variable Operating Costs	(503)	(408)	(321)	(235)	(150)	(65)	(25)	(21)	(17)	(11)
Less: Other Operating Costs	(486)	(488)	(453)	(406)	(356)	(305)	(257)	(211)	(171)	(111)
Add: Other Revenue										
Total Operating Expenses	\$ (2,793)	\$ (2,434)	\$ (2,056)	\$ (1,632)	\$ (1,178)	\$ (729)	\$ (432)	\$ (158)	\$ (129)	\$ (82)
Gross Profit	\$ 1,885	\$ 1,351	\$ 911	\$ 544	\$ 213	\$ (120)	\$ (197)	\$ 44	\$ 30	\$ 17
Less: General and Administrative Expenses	(3,728)	(3,802)	(3,878)	(3,956)	(4,035)	(4,116)	(4,198)	(4,282)	(4,368)	(4,455)
Add/(Less): Realized Hedges										
EBITDA	\$ (1,843)	\$ (2,451)	\$ (2,967)	\$ (3,413)	\$ (3,823)	\$ (4,235)	\$ (4,646)	\$ (5,056)	\$ (5,466)	\$ (5,876)
Less: Decommissioning and Restoration Costs on Existing Wells	(288)	(386)	(1,352)	(1,589)	(2,158)	(1,654)	(1,482)	(228)	(233)	(237)
Less: Decommissioning and Restoration Costs on Future Assets										
Net Operating Income	\$ (2,140)	\$ (2,837)	\$ (4,319)	\$ (5,002)	\$ (5,981)	\$ (5,889)	\$ (6,128)	\$ (5,150)	\$ (4,954)	\$ (4,912)
Less: Income Tax										
After-Tax Cash Flow	\$ (2,140)	\$ (2,837)	\$ (4,319)	\$ (5,002)	\$ (5,981)	\$ (5,889)	\$ (6,128)	\$ (5,150)	\$ (4,954)	\$ (4,912)
Cash Flow Adjustments:										
Add: General and Administrative Expenses	3,728	3,802	3,878	3,956	4,035	4,116	4,198	4,282	4,368	4,455
Add/(Less): Realized Hedges										
Less: Capital Expenditures										
Debt-Free After-Tax Cash Flow	\$ 1,588	\$ 965	\$ (441)	\$ (1,046)	\$ (1,773)	\$ (2,127)	\$ (2,127)	\$ (868)	\$ (586)	\$ (457)
<b>Present Value of Cash Flows - Low</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	30.00	31.00	32.00	33.00	34.00	35.00	36.00	37.00	38.00	39.00
Present Value Factor at	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Present Value of Cash Flows	\$ 14	\$ 7	\$ (3)	\$ (6)	\$ (9)	\$ (7)	\$ (7)	\$ (3)	\$ (2)	\$ (1)
<b>Present Value of Cash Flows - High</b>										
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	30.00	31.00	32.00	33.00	34.00	35.00	36.00	37.00	38.00	39.00
Present Value Factor at	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00
Present Value of Cash Flows	\$ 24	\$ 13	\$ (5)	\$ (10)	\$ (17)	\$ (13)	\$ (14)	\$ (5)	\$ (3)	\$ (2)

**NOTES:**

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- 2) Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.
- 3) The Company's cash income taxes are calculated using forecast EBITDA and considering Perpetual's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management.
- 4) As Perpetual's general and administrative expenses are valued separately, they have been added back to the reserves' cash flows. Similarly, the Company's realized net hedging gains are deducted as they are included as a separate line item on the adjusted net asset value schedule.



**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 4**  
Proved and Probable Reserves Discounted Cash Flow  
Page 5 of 5

References	For the Years Ending December 31						2073
	2064	2065	2066	2067	2068	2069	
Oil Production (bb/d)	-	-	-	-	-	-	-
Gas Production (Mc/d)	24	8	-	-	-	-	-
NGL Production (bb/d)	0	0	-	-	-	-	-
Total Production (boe/d)	4	2	-	-	-	-	-
Oil Production (bb)	-	-	-	-	-	-	-
Gas Production (Mc)	8,822	3,092	-	-	-	-	-
NGL Production (bb)	154	54	-	-	-	-	-
Total Production (boe)	1,624	569	-	-	-	-	-
Oil Price (\$/bb)	\$ 9.47	\$ 9.66	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Price (\$/Mc)	148.56	151.53	-	-	-	-	-
NGL Price (\$/bb)	\$ 106	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	(12)	(4)	-	-	-	-	-
Less: Total Royalties Expense	94	34	-	-	-	-	-
Gross Revenue	(72)	(27)	-	-	-	-	-
Less: Fixed Operating Costs	(10)	(4)	-	-	-	-	-
Less: Variable Operating Costs	(1)	(6)	-	-	-	-	-
Add: Other Revenue	(83)	(31)	-	-	-	-	-
Total Operating Expenses	12	3	-	-	-	-	-
Gross Profit	(4,544)	(4,635)	(4,728)	(4,822)	(4,919)	(5,017)	(5,118)
Less: General and Administrative Expenses	(242)	(247)	(252)	(257)	(261)	(266)	(271)
Add/(Less): Realized Hedges	(343)	(596)	(723)	(513)	(131)	-	(136)
EBITDA	(5,117)	(5,475)	(5,253)	(5,593)	(5,050)	(5,017)	(5,118)
Less: Decommissioning and Restoration Costs on Existing Wells	-	-	-	-	-	-	-
Less: Decommissioning and Restoration Costs on Future Assets	-	-	-	-	-	-	-
Net Operating Income	(5,117)	(5,475)	(5,253)	(5,593)	(5,050)	(5,017)	(5,118)
Less: Income Tax	-	-	-	-	-	-	-
After-Tax Cash Flow	(5,117)	(5,475)	(5,253)	(5,593)	(5,050)	(5,017)	(5,118)
Cash Flow Adjustments:							
Add: General and Administrative Expenses	4,544	4,635	4,728	4,822	4,919	5,017	5,118
Add/(Less): Realized Hedges	-	-	-	-	-	-	-
Less: Capital Expenditures	-	-	-	-	-	-	-
Debt-Free After-Tax Cash Flow	(573)	(840)	(525)	(770)	(131)	-	(136)
Present Value of Cash Flows - Low	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (0)	\$ (0)	\$ (0)
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	40.00	41.00	42.00	43.00	44.00	45.00	46.00
Present Value Factor at 17.0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Present Value of Cash Flows	\$ (1)	\$ (1)	\$ (1)	\$ (1)	\$ (0)	\$ (0)	\$ (0)
Present Value of Cash Flows - High							
Percent of Year Remaining	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	40.00	41.00	42.00	43.00	44.00	45.00	46.00
Present Value Factor at 15.0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Present Value of Cash Flows	\$ (2)	\$ (3)	\$ (1)	\$ (2)	\$ (0)	\$ (0)	\$ (0)

**NOTES:**

- Unless stated otherwise, Perpetual's forecast operating results are based on the development of the Company's proved and probable reserves using the average consultant price deck, as at July 1, 2024. The proved and probable reserve cash flows, as at the Valuation Date, were prepared by Management by rolling forward (the "Roll-Forward") the year ended December 31, 2023 independent reserve report from McDaniel and Associates ("McDaniel").
- Based on June 30, 2024 financial statements and lease operating summary of the Company, as provided by Management.
- The Company's cash income taxes are calculated using forecast EBITDA and considering Perpetual's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management.
- As Perpetual's general and administrative expenses are valued separately, they have been added back to the reserves' cash flows. Similarly, the Company's realized net hedging gains are deducted as they are included as a separate line item on the adjusted net asset value schedule.

**Perpetual Energy Inc.**  
**Formal Valuation**  
As at June 30, 2024  
CAD, thousands

**Schedule 5**  
Existing Non-Capital Losses Fair Market Value

References	For the Years Ending December 31																						
	1-Jul-24	31-Dec-24	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
<b>Tax Loss Pool</b>																							
Opening Tax Loss Pool																							
Less: Tax Loss Claimed by Perpetual																							
Ending Tax Loss Pool	\$ 142,258	\$ 142,258	\$ 136,881	\$ 136,881	\$ 118,362	\$ 91,940	\$ 66,014	\$ 40,938	\$ 24,106	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600
			(5,377)	(18,519)	(26,422)	(25,925)	(25,077)	(16,832)	(14,506)	(9,600)													
			\$ 136,881	\$ 118,362	\$ 91,940	\$ 66,014	\$ 40,938	\$ 24,106	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600
Total Tax Loss Claimed			\$ 5,377	\$ 18,519	\$ 26,422	\$ 25,925	\$ 25,077	\$ 16,832	\$ 14,506	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600	\$ 9,600
			\$ 1,237	\$ 4,259	\$ 6,077	\$ 5,963	\$ 5,768	\$ 3,871	\$ 3,336	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208	\$ 2,208
Tax Savings on Non-Capital Losses Utilized			2.0%																				
<b>Present Value of Tax Savings - Low</b>																							
Percent of Year Remaining	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00
Present Value Factor at	0.96	0.85	0.73	0.62	0.53	0.46	0.39	0.33	0.28	0.24	0.21	0.18	0.15	0.13	0.11	0.09	0.08	0.07	0.06	0.05	0.04	0.03	0.02
Present Value of Tax Savings	\$ -	\$ 1,057	\$ 3,110	\$ 3,793	\$ 3,181	\$ 2,630	\$ 1,509	\$ 1,111	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679	\$ 679
<b>Present Value of Tax Savings - High</b>																							
Percent of Year Remaining	50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting	0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00
Present Value Factor at	0.97	0.87	0.76	0.66	0.57	0.50	0.43	0.38	0.33	0.28	0.25	0.21	0.19	0.16	0.14	0.12	0.11	0.09	0.08	0.07	0.06	0.05	0.04
Present Value of Tax Savings	\$ -	\$ 1,075	\$ 3,220	\$ 3,994	\$ 3,408	\$ 2,866	\$ 1,673	\$ 1,254	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772	\$ 772
Sum of Present Value of Tax Savings																							
			Low	Mid	High																		
			\$ 17,018	\$ 17,615	\$ 18,211																		
<b>Fair Market Value of Existing Non-Capital Losses, as at the Valuation Date</b>			\$ 17,018	\$ 17,615	\$ 18,211																		

Discount Rate Sensitivity		
15.0%	15.5%	16.0%
\$ 18,211	\$ 17,902	\$ 17,600
		\$ 17,305
		\$ 17,018

**Notes:**  
[1] Based on the deferred tax computation workbook provided by Management, as at June 30, 2024.  
[2] The tax losses claimed by Perpetual are calculated using forecast EBITDA and considering Perpetual's oil and gas tax pools, excluding the net operating losses, as at the Valuation Date, as provided by Management, and also forecast capital expenditures.  
[3] Based on enacted combined Federal and Alberta provincial corporate tax rate effective in the jurisdiction where the subject assets are located, as at the Valuation Date.

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 6**

Undeveloped Land Fair Market Value

**References**

Total Fair Market Value of Undeveloped Land, as at the Valuation Date.	A	Note 1	\$	4,584
Total Undeveloped Land, as at the Valuation Date (Acres)	B	Note 1		114,407
Fair Market Value per acre	A x 1000 / B		\$	40.07

**Notes:**

[1] Based on an independent land valuation report prepared by Seaton-Jordan & Associates Ltd. ("Seaton-Jordan Report"), as at December 31, 2023, as provided by Management. Management indicated that no significant changes to this value are expected, as at the Valuation Date.

Type of Contract	Start	End	Quantity Units	Quantity Sell / (Buy)	Pricing Point	Contract Price Currency	Contract Price	31-Jul-24	31-Aug-24	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25	28-Feb-25	31-Mar-25
	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	2024	2024	2024	2024	2024	2024	2025	2025	2025
<b>Instruments</b>																
Gas - Fixed Swap	1-Jul-24	31-Oct-24	GJ/day	5,000	AECO	CAD	\$ 3.00	\$ 216	\$ 216	\$ 209	\$ 216	\$ -	\$ -	\$ -	\$ -	\$ -
Gas - Fixed Swap	1-Jul-24	31-Oct-24	GJ/day	2,500	AECO	CAD	2.78	91	88	91	-	-	-	-	-	-
Gas - Fixed Swap	4-Nov-24	31-Mar-25	GJ/day	10,000	AECO	CAD	3.83	-	-	-	666	688	253	228	253	
Gas - Fixed Swap	1-Jan-25	31-Mar-25	GJ/day	10,000	AECO	CAD	3.11	-	-	-	-	-	31	28	31	
Gas - Fixed Swap	1-Nov-24	31-Mar-25	GJ/day	2,500	AECO	CAD	2.77	-	-	-	87	90	(19)	(17)	(19)	
Gas - Fixed Swap	1-Jul-24	31-Mar-25	GJ/day	5,000	AECO	CAD	3.87	-	-	-	339	350	133	120	133	
Gas - Fixed Swap	1-Jul-24	31-Oct-24	GJ/day	2,500	AECO	CAD	2.81	93	90	93	-	-	-	-	-	
Gas - Fixed Swap	1-Jul-24	31-Oct-24	GJ/day	2,500	AECO	CAD	2.74	88	85	88	-	-	-	-	-	
Gas - Fixed Swap	1-Jul-24	31-Oct-24	GJ/day	2,500	AECO	CAD	2.74	88	85	88	-	-	-	-	-	
Gas - Fixed Swap	1-Jan-25	31-Dec-25	GJ/day	10,000	AECO	CAD	3.41	-	-	-	-	-	125	113	125	
Gas - Fixed Swap	1-Apr-25	31-Oct-25	GJ/day	5,000	AECO	CAD	2.74	-	-	-	-	-	-	-	-	
Gas - Fixed Swap	1-Nov-25	31-Mar-26	GJ/day	5,000	AECO	CAD	4.00	-	-	-	-	-	-	-	-	
Gas - Fixed Swap	1-Nov-24	31-Mar-25	GJ/day	5,000	AECO	CAD	3.00	-	-	-	209	216	(1)	(1)	(1)	
FX (USD/CAD) - Fixed Swap	1-Jun-24	31-Oct-24	Monthly	192,000	AECO	CAD	1.37	3	3	3	-	-	-	-	-	
FX (USD/CAD) - Fixed Swap	1-Jun-24	31-Oct-24	Monthly	72,000	AECO	CAD	1.37	1	1	1	-	-	-	-	-	
Total Undiscounted Financial Risk Management Contracts Gains/(Losses)							\$ 580	\$ 580	\$ 562	\$ 580	\$ 580	\$ 1,301	\$ 1,344	\$ 522	\$ 471	\$ 522
Percent of Month Remaining							100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting							0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	8.50
Present Value Factor at							0.99	0.98	0.97	0.95	0.94	0.93	0.91	0.90	0.89	0.89
<b>Present Value of Financial Risk Management Contracts Gains/(Losses) - Low</b>					Schedule 12		\$ 576	\$ 568	\$ 542	\$ 552	\$ 1,221	\$ 1,244	\$ 476	\$ 424	\$ 463	
Percent of Month Remaining							100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting							0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	8.50
Present Value Factor at							0.99	0.98	0.97	0.96	0.95	0.93	0.92	0.91	0.90	0.90
<b>Present Value of Financial Risk Management Contracts Gains/(Losses) - High</b>					Schedule 12		\$ 576	\$ 569	\$ 544	\$ 555	\$ 1,230	\$ 1,256	\$ 481	\$ 429	\$ 469	

Sum of Present Value of Financial Risk Management Contracts Gains/(Losses)	Low	Mid	High
	\$ 6,976	\$ 7,010	\$ 7,043
<b>Fair Market Value of Financial Risk Management Contracts</b>	<b>\$ 6,976</b>	<b>\$ 7,010</b>	<b>\$ 7,043</b>

Discount Rate Sensitivity		
15.0%	15.5%	16.0%
\$ 7,043	\$ 7,026	\$ 7,009
		16.5%
		\$ 6,993
		17.0%
		\$ 6,976

**Notes:**  
 [1] Based on information provided by Management.  
 [2] Forward prices of commodities and foreign exchange rates are based on the three consultant average (McDaniel, GLJ, and Sproule) price deck, as summarized below:

	31-Jul-24	31-Aug-24	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	31-Jan-25	28-Feb-25	31-Mar-25
A	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.35	\$ 1.34	\$ 1.34	\$ 1.34
B	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 1.61	\$ 3.01	\$ 3.01	\$ 3.01



**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 8**

Other Provision Fair Market Value

	References	Total	28-Mar-25	28-Mar-26	28-Mar-27	28-Mar-28	28-Mar-29	28-Mar-30
Installments Payable	Note 1	\$ 19,941	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 1,191
Total Interest Payable (Settlement Interest and Deferred Interest)	Note 2	\$ 1,897	\$ -	\$ -	\$ 865	\$ 606	\$ 343	\$ 83
Pre-tax Payments		\$ 21,838	\$ 3,750	\$ 3,750	\$ 4,615	\$ 4,356	\$ 4,093	\$ 1,274
Less: Income Tax	Note 3	\$ (5,023)	\$ (863)	\$ (863)	\$ (1,061)	\$ (1,002)	\$ (941)	\$ (293)
<b>Total After-Tax Payments</b>		<b>\$ 16,815</b>	<b>\$ 2,888</b>	<b>\$ 2,888</b>	<b>\$ 3,553</b>	<b>\$ 3,354</b>	<b>\$ 3,152</b>	<b>\$ 981</b>
Periods Discounting			0.74	1.74	2.74	3.75	4.75	5.75
Present Value Factor	Note 4		0.97	0.93	0.89	0.85	0.81	0.78
<b>Present Value of Other Provision</b>		<b>\$ 2,795</b>	<b>\$ 2,674</b>	<b>\$ 3,149</b>	<b>\$ 2,844</b>	<b>\$ 2,558</b>	<b>\$ 2,558</b>	<b>\$ 762</b>
<b>Sum of Present Value of Other Provision</b>		<b>\$ 14,781</b>						

**Notes:**

[1] On August 3, 2018, Perpetual received a Statement of Claim that was filed by PricewaterhouseCoopers Inc., in its capacity as trustee in the bankruptcy proceedings of Sequoia Resources Corp., with the Alberta Court of King's Bench against Perpetual (the "Sequoia Litigation"). The claim related to a transaction where, on October 1, 2016, Perpetual closed the disposition of shallow conventional natural gas assets in Eastern Alberta. On March 22, 2024, Perpetual entered into an agreement (the "Settlement Agreement") with the trustee to resolve the Sequoia Litigation without any party admitting liability, wrongdoing, or violation of law, regulations, public policy, or fiduciary duties.

Pursuant to the Settlement Agreement, the Company is to make an aggregate payment of \$300 million spread out over several years and consisting of an initial payment of \$10.0 million, which was paid during the second quarter of 2024. Annual installments of \$3.75 million are to be paid until the total amount of the settlement principal is paid. Amounts owing pursuant to the Settlement Agreement have second lien security behind the Company's credit facility.

Installments and interest expenses are calculated below in accordance with the Settlement Agreement:

	28-Mar-25	28-Mar-26	28-Mar-27	28-Mar-28	28-Mar-29	28-Mar-30
Opening Principal Payment	\$ 19,941	\$ 16,191	\$ 12,441	\$ 8,691	\$ 4,941	\$ 1,191
Closing Principal	\$ (3,750)	\$ (3,750)	\$ (3,750)	\$ (3,750)	\$ (3,750)	\$ (1,191)
	\$ 16,191	\$ 12,441	\$ 8,691	\$ 4,941	\$ 1,191	\$ -

Management noted that the Settlement Agreement permits the company to make pre-mature payments without penalty. However, as the interest rate on this liability (7.0 percent) is lower than the interest rate on the Company's revolving bank debt, Management has no plans to make any pre-mature payments.

[2] As per the terms of the Settlement Agreement, interest shall be calculated at the prime interest rate of the Bank of Canada on the day before payment of each installment starting March 28, 2026, as applicable, up to, but excluding, the applicable date of payment. Further, the interest up to March 27, 2026 (the "Deferred Interest") is payable forthwith on the outstanding principal in case of breach of any provision of the Settlement Agreement by Perpetual. As of the Valuation Date, we assume there will be no breach of provisions by Perpetual and, consequently, no Deferred Interest will be payable on the outstanding principal throughout the term of this settlement.

	28-Mar-25	28-Mar-26	28-Mar-27	28-Mar-28	28-Mar-29	28-Mar-30
Settlement Interest	\$ -	\$ -	\$ 865	\$ 606	\$ 343	\$ 83
Deferred Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest	\$ -	\$ -	\$ 865	\$ 606	\$ 343	\$ 83

[3] Based on enacted combined Federal and Alberta provincial corporate tax rate effective in the jurisdiction where the subject assets are located, as at the Valuation Date.

[4] Given that the Settlement Agreement allows for payments over six years, we considered an after-tax discount rate based on the six-year BB-rated and B-rated US energy bond yields denominated in local currency, as of the Valuation Date.

	Low	High
Pre-Tax Cost of Debt	6.1%	6.4%
Add: Country Adjustment Factor	0.0%	0.0%
Tax Rate	23.0%	23.0%
<b>After-Tax Cost of Debt</b>	<b>4.7%</b>	<b>4.9%</b>

Local Forecast Inflation 2.1%  
 U.S. Forecast Inflation 2.4%  
**Discount Rate - CAD Denominated 4.4%**

Source: Economic Intelligence Unit, Country Report, Canada.  
 Source: Economic Intelligence Unit, Country Report, United States.  
 Discount rate in local currency = [(1 + USD WACC) × (1 + Local Inflation)] / (1 + U.S. Inflation) - 1

[5] Prime interest rate of Bank of Canada, as at the Valuation Date.

Based on six-year BB-rated US energy bond yield on the low end and B-rated US energy bond yield on the high end.  
 Rating-based default spread on the low end and CDS spread between Canada and US on the high end. Source: Damodaran, July, 2024.  
 Based on statutory tax rates in effect, as at the Valuation Date.

	For the Years Ending December 31											
	1-Jan-24 30-Jun-24	Total	1-Jul-24 31-Dec-24	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Production (Mboe)	786	25,481	835	1,921	2,121	2,327	2,257	2,028	1,532	1,280	1,117	988
Forecast General and Administrative Expenses	\$ 4,949	\$ 187,163	\$ 1,698	\$ 4,372	\$ 4,495	\$ 4,634	\$ 4,779	\$ 4,380	\$ 3,376	\$ 2,876	\$ 2,560	\$ 2,460
Percent of Year Remaining			50%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting			0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00
Present Value Factor at <span style="border: 1px solid black; padding: 2px;">17.0%</span>			0.96	0.85	0.73	0.62	0.53	0.46	0.39	0.33	0.28	0.24
<b>Present Value of Cash Flows</b>		\$ 1,632	\$ 3,735	\$ 3,282	\$ 2,892	\$ 2,549	\$ 1,997	\$ 1,315	\$ 958	\$ 729	\$ 598	
<b>Total Present Value of Cash Flows - Low</b>		\$ 23,741										
Percent of Year Remaining		50%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Periods Discounting		0.25	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	
Present Value Factor at <span style="border: 1px solid black; padding: 2px;">15.0%</span>		0.97	0.87	0.76	0.66	0.57	0.50	0.43	0.38	0.33	0.28	
<b>Present Value of Cash Flows</b>		\$ 1,639	\$ 3,398	\$ 3,046	\$ 2,731	\$ 2,177	\$ 1,459	\$ 1,081	\$ 836	\$ 699		
<b>Total Present Value of Cash Flows - High</b>		\$ 26,305										

Sum of Present Value of Cash Flows Low Mid High  
Fair Market Value of General and Administrative Expenses \$ 23,741 \$ 25,023 \$ 26,305

**Discount Rate Sensitivity**

15.0%	15.5%	16.0%	16.5%	17.0%
\$ 26,305	\$ 25,603	\$ 24,945	\$ 24,325	\$ 23,741

Sum of Present Value of Cash Flows Low Mid High  
Fair Market Value of General and Administrative Expenses \$ 23,741 \$ 25,023 \$ 26,305

**Discount Rate Sensitivity**

15.0%	15.5%	16.0%	16.5%	17.0%
\$ 26,305	\$ 25,603	\$ 24,945	\$ 24,325	\$ 23,741

Notes:  
[1] Forecast general and administrative ("G&A") expenses for the Company, are determined as follows:  
[2] Forecast G&A expenses for the years 2024 to 2028 are based on Management's five-year plan, which considers the amended terms of the MSA between Perpetual and Rubellite. Effective June 1, 2024, the MSA was amended to split shared costs on an 80.0 percent Rubellite and 20.0 percent Perpetual basis. To determine the G&A expenses beyond 2028, we inflated the Company's 2028 G&A expenses per boe of production at a rate of 2.0 percent annually.  
[3] Source: Economist Intelligence Unit.  
[4] Management has determined that the minimum expected annual G&A expenses are \$2.0 million, as at the Valuation Date. This amount includes various components such as professional fees, public company costs, salaries, consultants, rent, software, and other expenses. Therefore, if the computed G&A expenses based on production in the forecast period fall below the inflation-adjusted minimum expected annual G&A expenses, they are adjusted to the inflation-adjusted minimum expected amount.

Minimum Expected Annual G&A Expenses \$ 2,000  
Inflation Forecast % 2.40%

Minimum Expected Annual G&A Expenses \$ 2,048  
Inflation Forecast % 2.30%

Minimum Expected Annual G&A Expenses \$ 2,139  
Inflation Forecast % 2.10%

Minimum Expected Annual G&A Expenses \$ 2,182  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,228  
Inflation Forecast % 2.10%

Minimum Expected Annual G&A Expenses \$ 2,272  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,318  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,364  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,411  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,457  
Inflation Forecast % 2.00%

Minimum Expected Annual G&A Expenses \$ 2,503  
Inflation Forecast % 2.00%











	As at December 31,				As at March 31,		As at June 30,	
	2019	2020	2021	2022	2023	2024	2024	2024
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	-	-	1,090	-	18,272	3,015	-	-
Deposits Held in Escrow	-	-	-	-	-	10,000	-	-
Accounts Receivable	5,056	3,953	11,671	15,804	16,489	10,795	9,939	9,939
Marketable Securities	-	-	2,409	1,814	1,663	2,778	2,041	2,041
Tourmaline Oil Corp Share Investment	15,220	-	-	-	-	-	-	-
Prepaid Expenses and Deposits	1,154	872	910	1,564	1,886	1,871	1,616	1,616
Product Inventory	-	-	-	674	-	-	-	-
Risk Management Contracts	-	-	682	3,847	6,519	5,781	-	6,933
<b>Total Current Assets</b>	<b>\$ 21,430</b>	<b>\$ 4,825</b>	<b>\$ 16,762</b>	<b>\$ 23,703</b>	<b>\$ 44,829</b>	<b>\$ 34,240</b>	<b>\$ 20,529</b>	<b>\$ 20,529</b>
<b>Non-Current Assets</b>								
Property, Plant and Equipment	194,634	123,985	153,620	170,644	127,852	124,409	122,150	122,150
Exploration and Evaluation	23,609	10,272	7,329	7,168	6,997	6,997	6,997	6,997
Risk Management Contracts	-	-	-	-	2,602	676	1,532	1,532
Right-of-Use Assets	1,475	1,372	1,140	864	3,850	4,594	4,446	4,446
Deferred Tax Asset	-	-	-	15,894	13,827	21,160	20,001	20,001
<b>Total Non-Current Assets</b>	<b>\$ 219,718</b>	<b>\$ 135,629</b>	<b>\$ 162,089</b>	<b>\$ 194,570</b>	<b>\$ 155,128</b>	<b>\$ 157,836</b>	<b>\$ 155,126</b>	<b>\$ 155,126</b>
<b>Total Assets</b>	<b>\$ 241,148</b>	<b>\$ 140,454</b>	<b>\$ 178,851</b>	<b>\$ 218,273</b>	<b>\$ 199,957</b>	<b>\$ 192,076</b>	<b>\$ 175,655</b>	<b>\$ 175,655</b>
<b>LIABILITIES</b>								
<b>Current Liabilities</b>								
Accounts Payable and Accrued Liabilities	13,278	11,924	32,223	18,962	21,188	12,303	10,588	10,588
Term Loan	-	46,691	-	-	2,593	-	-	-
Tourmaline Oil Corp Share Margin Demand Loan	100	-	-	-	-	-	-	-
Other Liability	-	-	63	532	2,788	2,788	-	-
Lease Liabilities	633	710	778	705	508	448	420	420
Decommissioning Obligations	-	-	1,327	1,688	1,527	885	885	885
Other Provision	2,382	1,048	-	-	-	13,624	3,750	3,750
Senior Notes	-	-	-	-	-	7,048	-	-
Risk Management Contracts	-	-	321	-	-	-	-	-
Royalty Obligations	582	3,553	4,697	-	-	-	-	-
Revolving Bank Debt	47,552	17,495	-	-	-	-	1,478	1,478
Share-Based Compensation Payable	-	-	-	-	-	-	2,730	2,730
Fair Value of Derivates	10,542	3,373	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>\$ 75,069</b>	<b>\$ 84,794</b>	<b>\$ 39,409</b>	<b>\$ 21,887</b>	<b>\$ 28,604</b>	<b>\$ 37,096</b>	<b>\$ 19,851</b>	<b>\$ 19,851</b>

	As at December 31,		As at March 31,		As at June 30,	
	2019	2020	2021	2023	2024	2024
<b>Non-Current Liabilities</b>						
Revolving Bank Debt	\$ -	\$ -	2,487 \$	14,909 \$	- \$	- \$
Fair Value of Derivates	2,732	-	-	-	-	-
Term Loan	44,274	-	2,469	2,524	-	-
Other Liability	-	-	1,324	2,470	-	-
Senior Notes	32,255	32,359	34,189	34,527	33,099	26,117
Royalty Obligations	289	2,596	-	-	-	-
Lease Liabilities	2,052	1,791	1,324	870	3,836	4,662
Share-Based Compensation Payable	-	-	-	-	-	479
Decommissioning Obligations	-	-	31,600	25,764	13,087	12,565
Other Provisions	36,459	31,976	-	-	-	14,335
Total Non-Current Liabilities	\$ 118,061	\$ 68,722	\$ 73,393	\$ 81,064	\$ 50,022	\$ 57,645
<b>Total Liabilities</b>	\$ <b>193,130</b>	\$ <b>153,516</b>	\$ <b>112,802</b>	\$ <b>102,951</b>	\$ <b>78,626</b>	\$ <b>94,741</b>
						\$ <b>77,828</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share Capital	\$ 96,876	\$ 97,333	\$ 94,809	\$ 98,615	\$ 98,983	\$ 99,514
Share Purchase Warrants	923	-	-	-	-	-
Contributed Surplus	44,234	45,217	45,731	46,801	46,826	44,019
Retained Earnings	(94,015)	(155,612)	(74,491)	(30,094)	(24,478)	(45,706)
<b>Total Shareholders' Equity</b>	\$ 48,018	\$ (13,062)	\$ 66,049	\$ 115,322	\$ 121,331	\$ 97,827
<b>Total Liabilities &amp; Shareholders' Equity</b>	\$ <b>241,148</b>	\$ <b>140,454</b>	\$ <b>178,851</b>	\$ <b>218,273</b>	\$ <b>199,957</b>	\$ <b>175,655</b>
Current ratio	0.3	0.1	0.4	1.1	1.6	1.0
Working capital	(7,068)	(7,099)	(19,642)	(920)	(2,813)	363
Interest bearing debt to equity	1.6	-2.5	0.6	0.5	0.3	0.3
Increase / (decrease) of debt	n/a	(44,170)	6,786	12,815	(18,861)	26,083
Reserves 2P (mboe)	67,057	35,436	31,574	31,625	25,980	25,432
Production (boe/d)	8,988	5,012	5,389	6,486	6,375	n/a

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024

CAD, thousands

**Schedule 11**

**Historical Income Statements**

	For the Years Ended December 31,						Three Months Ended		Six Months Ended					
	2019	2020	2021	2022	2023	2024	March 31,	2024	June 30,	2024				
Oil and Natural Gas	\$	74,361	\$	29,486	\$	60,814	\$	109,011	\$	63,225	\$	8,890	\$	13,745
Royalties		(11,260)		(6,570)		(9,920)		(20,790)		(9,918)		(1,348)		(1,913)
Revenue	\$	63,101	\$	22,916	\$	50,894	\$	88,221	\$	53,307	\$	7,542	\$	11,832
Unrealized Gain / (Loss) on Risk Management Contracts		-		-		3,733		3,487		5,274		(2,664)		(656)
Realized Gain / (Loss) on Risk Management Contracts		(22,682)		10,609		(4,810)		(4,620)		17,599		1,225		3,559
Gas over Bitumen Royalty Credit		852		685		385		-		-		-		-
Other Income		-		812		704		980		683		39		5,060
Gross Revenues	\$	41,271	\$	35,022	\$	50,906	\$	88,068	\$	76,863	\$	6,142	\$	19,775
% Growth		n/a		-64%		122%		73%		-40%				
Expenses														
Production and Operating	\$	(18,332)	\$	(11,634)		(12,859)	\$	(16,063)	\$	(16,323)	\$	(1,769)	\$	2,699
Transportation		(6,258)		(3,617)		(2,993)		(3,872)		(4,199)		(674)		1,322
Exploration and Evaluation		(1,797)		(712)		(120)		(118)		(266)		(8)		19
General and Administrative		(11,660)		(7,870)		(10,757)		(9,911)		(11,814)		(3,236)		4,949
Share Based Payments		(2,295)		(2,017)		(2,044)		(7,434)		(2,883)		(568)		1,162
Gain / (Loss) on Disposition		-		-		47,522		-		(3,254)		-		125
Depletion and Depreciation		(31,188)		(15,533)		(14,020)		(17,962)		(23,624)		(3,953)		7,302
Impairment Reversal		(47,052)		(42,500)		30,600		7,400		-		-		-
Finance Expense		(11,951)		(11,831)		-		(10,971)		(6,666)		(987)		2,018
Provision Expense		-		-		(5,396)		(634)		(151)		(27,959)		27,959
Change in Fair Value of Marketable Securities		-		-		282		-		-		1,115		(378)
Change in Fair Value of TOU Share Investment		(3,207)		(904)		-		-		-		-		-
Restructuring Costs		(1,546)		-		-		-		-		-		-
Total Expenses	\$	(135,286)	\$	(96,618)	\$	30,215	\$	(59,565)	\$	(69,180)	\$	(38,039)	\$	47,177
Loss before Income Tax	\$	(94,015)	\$	(61,596)	\$	81,121	\$	28,503	\$	7,683	\$	(31,897)	\$	(27,402)
Income Tax Expense (Recovery)		-		-		-		(15,894)		2,067		(7,333)		(6,174)
Deferred		-		-		-		-		-		-		-
<b>Comprehensive Gain (Loss)</b>	<b>\$</b>	<b>(94,015)</b>	<b>\$</b>	<b>(61,596)</b>	<b>\$</b>	<b>81,121</b>	<b>\$</b>	<b>44,397</b>	<b>\$</b>	<b>5,616</b>	<b>\$</b>	<b>(24,564)</b>	<b>\$</b>	<b>(21,228)</b>

**Notes:**

[1] Source: Annual Reports, interim balance sheet provided by Management

**Perpetual Energy Inc.**

**Formal Valuation**

As at June 30, 2024  
CAD, thousands

**Schedule 12**  
Weighted Average Cost of Capital

Guideline Companies:	Total Book Value of Debt	Total Book Value of Preferred	Total Market Value of Equity	Total Market Value of Capital	Debt to Capital	Equity to Capital	Historical Effective Tax Rate	Levered Equity Beta	Historical Debt to Capital	Unlevered Equity Beta
Ticker	Note 1	Note 1	Note 2	Note 2	Note 3	Note 3	Note 3	Note 4	Note 5	Note 6
TSX:AAV Advantage Energy Ltd.	757	\$	1,733	\$	2,490	30.4%	26.7%	1.23	26.8%	0.97
TSX:BIR Birchcliff Energy Ltd.	441	-	1,617	2,058	21.4%	78.6%	24.6%	1.34	29.9%	1.02
TSX:PMT Perpetual Energy Inc.	38	-	30	68	56.3%	43.7%	23.0%	1.64	65.4%	0.67
TSX:PEY Peyto Exploration & Development Corp.	1,358	-	2,844	4,202	32.3%	67.7%	23.7%	1.32	44.0%	0.82
TSX:PEA Pleridae Energy Limited	176	-	62	239	74.0%	26.0%	23.0%	1.97	69.8%	0.71
TSX:PNE Pine Cliff Energy Ltd.	64	-	361	425	15.0%	85.0%	23.0%	1.32	20.5%	1.10
TSX:TOU Tourmaline Oil Corp.	1,438	-	21,842	23,280	6.2%	93.8%	19.9%	1.21	12.0%	1.09
TSX:KEL Kelt Exploration Ltd.	1	-	1,246	1,246	0.0%	100.0%	22.9%	1.70	12.1%	1.54
TSX:PRQ Petrus Resources Ltd.	59	-	172	231	25.6%	74.4%	0.0%	1.52	44.2%	0.85
TSX:SDE Spartan Delta Corp.	82	-	698	748	6.6%	93.4%	12.6%	0.88	10.5%	0.80

	Average	Median	Selected
	<b>26.8%</b>	<b>23.5%</b>	<b>30.0%</b>
	<b>73.2%</b>	<b>76.5%</b>	<b>70.0%</b>
	<b>19.9%</b>	<b>23.0%</b>	<b>19.9%</b>
	<b>1.41</b>	<b>1.33</b>	<b>1.41</b>
	<b>33.5%</b>	<b>28.3%</b>	<b>33.5%</b>
	<b>0.91</b>	<b>0.91</b>	<b>0.91</b>

	Low	High
Unlevered Equity Beta	0.86	0.95
Debt-to-Equity	42.9%	42.9%
Selected Subject Tax Rate	23.0%	23.0%
Relevered Equity Beta	<b>1.15</b>	<b>1.27</b>
Risk Free Rate	4.6%	4.6%
Equity Risk Premium	5.0%	5.0%
Levered Equity Beta	1.15	1.27
Cost of Equity Capital	<b>10.4%</b>	<b>11.0%</b>
Unsystematic Risk Factors:		
Company-Specific Risk	9.0%	11.0%
Country Adjustment Factor	0.0%	0.0%
<b>Subject's Cost of Equity Capital</b>	<b>19.4%</b>	<b>22.0%</b>

Subject's Estimated Pre-Tax Cost of Debt Capital  
Add: Country Adjustment Factor  
Tax Rate  
**After-Tax Cost of Debt**

30.0%  
70.0%  
15.1%  
2.1%  
2.4%  
14.8%

	Low	High
Debt-to-Capital	30.0%	30.0%
Equity-to-Capital	70.0%	70.0%
<b>Weighted Average Cost of Capital - USD denominated</b>	<b>15.1%</b>	<b>17.0%</b>
Local Forecast Inflation	2.1%	2.1%
US Forecast Inflation	2.4%	2.4%
<b>Weighted Average Cost of Capital - CAD denominated</b>	<b>14.8%</b>	<b>16.7%</b>
<b>Weighted Average Cost of Capital (Rounded)</b>	<b>15.0%</b>	<b>17.0%</b>
<b>Average</b>	<b>16.0%</b>	<b>16.0%</b>

WACC = [(Debt-to-Capital x Cost of Debt x (1 - Tax Rate)) + (Equity-to-Capital x Cost of Equity Capital)]

Source: Economic Intelligence Unit, Country Report, Canada.  
Source: Economic Intelligence Unit, Country Report, United States.  
WACC in local currency = [(1 + USD WACC) x (1 + Local Inflation)] / (1 + U.S. Inflation)] - 1

Based on BB-rated US energy bond yield on the low end and B-rated US energy bond yield on the high end.  
Rating-based default spread on the low end and CDS spread between Canada and US on the high end. Source: Damodaran, July, 2024.  
Based on statutory tax rates in effect, as at the Valuation Date.

**Notes:**  
 [1] Book value of debt used as an approximation of fair market value. For purposes of calculating capital structure, any preferred equity was added to equity at book value. Debt has been adjusted to exclude lease liabilities.  
 [2] Represents market capitalization, as at the Valuation Date.  
 [3] Based on the historical effective tax rate for the guideline public companies. Where applicable, the tax rates were normalized to reflect the long-term effective rates.  
 [4] Capital IQ beta based on five-year historical weekly data. Where guideline public company historical trading data is limited, the beta time period has been adjusted based on available trading data.  
 [5] Based on five-year average debt to market value of invested capital, as at Valuation Date. Debt has been adjusted to exclude lease liabilities.  
 [6] Unlevered Equity Beta = Levered Equity Beta / (1 + (1-Tax Rate) x Debt-to-Equity)

Source: Capital IQ, and Bloomberg

**Market Approach - Guideline Public Companies**

EV/EBITDA	References	Notes	Low	2024E Mid-Point	High	Low	2025E Mid-Point	High
Selected EV/EBITDA Multiples	Schedule 14	Note 1						
Estimated EBITDA		Note 2	\$ 4.8x	\$ 5.1x	\$ 5.3x	\$ 3.3x	\$ 3.4x	\$ 3.6x
Implied EV			\$ 22,260	\$ 22,260	\$ 22,260	\$ 30,256	\$ 30,256	\$ 30,256
Add: Marketable Securities	Schedule 3		\$ 106,908	\$ 112,534	\$ 118,161	\$ 98,442	\$ 103,623	\$ 108,804
Less: Net Debt	Schedule 3		\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)
Less: Other Provision	Schedule 3		\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)
Implied Equity Value			\$ 63,379	\$ 69,005	\$ 74,632	\$ 54,913	\$ 60,094	\$ 65,275
Basic Shares Outstanding	Schedule 1		\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706
Value per Basic Share			\$ 0.94	\$ 1.02	\$ 1.10	\$ 0.81	\$ 0.89	\$ 0.96
EV/DACF	References	Notes	Low	2024E Mid-Point	High	Low	2025E Mid-Point	High
Selected EV/DACF Multiples	Schedule 14	Note 1						
Estimated DACF		Note 3	\$ 5.0x	\$ 5.3x	\$ 5.5x	\$ 3.7x	\$ 3.9x	\$ 4.1x
Implied EV			\$ 20,321	\$ 20,321	\$ 20,321	\$ 29,055	\$ 29,055	\$ 29,055
Add: Marketable Securities	Schedule 3		\$ 101,452	\$ 106,792	\$ 112,132	\$ 108,381	\$ 114,085	\$ 119,790
Less: Net Debt	Schedule 3		\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)
Less: Other Provision	Schedule 3		\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)
Implied Equity Value			\$ 57,923	\$ 63,263	\$ 68,603	\$ 64,852	\$ 70,556	\$ 76,261
Basic Shares Outstanding	Schedule 1		\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706
Value per Basic Share			\$ 0.86	\$ 0.93	\$ 1.01	\$ 0.96	\$ 1.04	\$ 1.13
EV/boe/d	References	Notes	Low	2024E Mid-Point	High	Low	2025E Mid-Point	High
Selected EV/boe/d Multiples	Schedule 14	Note 1						
Estimated Production (boe/d)		Note 4	\$ 20,504	\$ 21,584	\$ 22,663	\$ 20,169	\$ 21,231	\$ 22,292
Implied EV			\$ 4,441	\$ 4,441	\$ 4,441	\$ 5,264	\$ 5,264	\$ 5,264
Add: Marketable Securities	Schedule 3		\$ 91,059	\$ 95,852	\$ 100,644	\$ 106,166	\$ 111,754	\$ 117,342
Less: Net Debt	Schedule 3		\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)
Less: Other Provision	Schedule 3		\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)
Implied Equity Value			\$ 47,530	\$ 52,323	\$ 57,115	\$ 62,637	\$ 68,225	\$ 73,813
Basic Shares Outstanding	Schedule 1		\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706
Value per Basic Share			\$ 0.70	\$ 0.77	\$ 0.84	\$ 0.93	\$ 1.01	\$ 1.09
EV/2P	References	Notes	Low	2024E Mid-Point	High	Low	2025E Mid-Point	High
Selected EV/2P Multiples	Schedule 14	Note 1						
Estimated 2P Reserves, as at Valuation Date (Mboe)		Note 4	\$ 3.54	\$ 3.73	\$ 3.92	\$ 3.12	\$ 3.29	\$ 3.47
Implied EV			\$ 25,481	\$ 25,481	\$ 25,481	\$ 31,920	\$ 31,920	\$ 31,920
Add: Marketable Securities	Schedule 3		\$ 90,295	\$ 95,048	\$ 99,800	\$ 98,442	\$ 103,623	\$ 108,804
Less: Net Debt	Schedule 3		\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)
Less: Other Provision	Schedule 3		\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)
Implied Equity Value			\$ 46,766	\$ 51,518	\$ 56,271	\$ 54,913	\$ 60,094	\$ 65,275
Basic Shares Outstanding	Schedule 1		\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706
Value per Basic Share			\$ 0.69	\$ 0.76	\$ 0.83	\$ 0.81	\$ 0.89	\$ 0.96
			-9.2%		9.2%			
EV/1P	References	Notes	Low	2024E Mid-Point	High	Low	2025E Mid-Point	High
Selected EV/1P Multiples	Schedule 14	Note 1						
Estimated 1P Reserves, as at Valuation Date (Mboe)		Note 4	\$ 5.88	\$ 6.19	\$ 6.50	\$ 5.38	\$ 5.70	\$ 6.02
Implied EV			\$ 15,338	\$ 15,338	\$ 15,338	\$ 19,713	\$ 19,713	\$ 19,713
Add: Marketable Securities	Schedule 3		\$ 90,216	\$ 94,965	\$ 99,713	\$ 88,442	\$ 93,623	\$ 98,804
Less: Net Debt	Schedule 3		\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)	\$ (32,591)
Less: Other Provision	Schedule 3		\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)	\$ (14,781)
Implied Equity Value			\$ 46,687	\$ 51,436	\$ 56,184	\$ 54,913	\$ 60,094	\$ 65,275
Basic Shares Outstanding	Schedule 1		\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706	\$ 67,706
Value per Basic Share			\$ 0.69	\$ 0.76	\$ 0.83	\$ 0.81	\$ 0.89	\$ 0.96



	References	Notes	2024E		
			Low	Mid-Point	High
Selected EV/PDP Multiples	Schedule 14	Note 1	\$ 11.31	\$ 11.91	\$ 12.50
Estimated PDP Reserves, as at Valuation Date (Mboe)	Schedule 14		\$ 8,969	\$ 8,969	\$ 8,969
Implied EV			\$ 101,459	\$ 106,799	\$ 112,139
Add: Marketable Securities	Schedule 3		3,843	3,843	3,843
Less: Net Debt	Schedule 3		(32,591)	(32,591)	(32,591)
Less: Other Provision	Schedule 3		(14,781)	(14,781)	(14,781)
Implied Equity Value			\$ 57,930	\$ 63,270	\$ 68,610
Basic Shares Outstanding	Schedule 1		67,706	67,706	67,706
Value per Basic Share			\$ 0.86	\$ 0.93	\$ 1.01

**Market Approach - Guideline Precedent Transactions**

	References	Notes	2024E		
			Low	Mid-Point	High
Selected EV/2P Multiples	Schedule 15	Note 1	\$ 1.93	\$ 2.04	\$ 2.14
Estimated 2P Reserves, as at Valuation Date (Mboe)	Schedule 4		\$ 25,481	\$ 25,481	\$ 25,481
Implied EV			\$ 49,272	\$ 51,865	\$ 54,458
Add: Marketable Securities	Schedule 3		3,843	3,843	3,843
Less: Net Debt	Schedule 3		(32,591)	(32,591)	(32,591)
Less: Other Provision	Schedule 3		(14,781)	(14,781)	(14,781)
Implied Equity Value			\$ 5,743	\$ 8,336	\$ 10,929
Basic Shares Outstanding	Schedule 1		67,706	67,706	67,706
Value per Basic Share			\$ 0.08	\$ 0.12	\$ 0.16

	References	Notes	2024E		
			Low	Mid-Point	High
Selected EV/boe/d Multiples	Schedule 15	Note 1	\$ 19,721	\$ 20,759	\$ 21,797
Estimated Production (boe/d)	Note 4		4,441	4,441	4,441
Implied EV			\$ 87,580	\$ 92,189	\$ 96,799
Add: Marketable Securities	Schedule 3		3,843	3,843	3,843
Less: Net Debt	Schedule 3		(32,591)	(32,591)	(32,591)
Less: Other Provision	Schedule 3		(14,781)	(14,781)	(14,781)
Implied Equity Value			\$ 44,051	\$ 48,660	\$ 53,270
Basic Shares Outstanding	Schedule 1		67,706	67,706	67,706
Value per Basic Share			\$ 0.65	\$ 0.72	\$ 0.79

**Notes:**

[1] The selection of the low and high multiples was determined by applying a +/- 5.0 percent range around the mid-multiple. The mid-multiple itself is derived from the range of the multiples of the guideline public companies and the guideline precedent transactions.

[2] EBITDA is computed, as follows:

	2024E	2025E
EBITDA	\$ 22,760	\$ 30,256

[3] Debt adjusted cash flow ("DACF") is computed as follows:

	2024E	2025E
Net Operating Income	\$ 20,769	\$ 29,610
Less: Interest Expense	(1,947)	(2,411)
Cash Flow From Operations	\$ 18,822	\$ 27,199
Add: Interest Expense	1,947	2,411
Less: Tax Savings on Interest	(448)	(554)
DACF	\$ 20,321	\$ 29,055

[4] Forecast 2024 and 2025 production is calculated as follows:

	2024E	2025E
boe/d	\$ 4,441	\$ 5,264

[5] 2024 figures are computed by adding up the historical results (six months ended June 30, 2024) and forecast cash flows (six months from July 1 to December 31, 2024).

[6] An effective interest rate of 8.2 percent was used to calculate the forecast interest on the net debt, based on the Q2 2024 financial statements of Perpetual.

	Net Debt	Interest Rate (%)	Annual Interest
Senior Notes	\$ 26,117	8.8%	\$ 2,285
Revolving Bank Debt	1,478	7.0%	103
Current Lease Liabilities	420	5.5%	23
	\$ 28,015	8.6%	\$ 2,411

[7] Based on enacted combined Federal and Alberta provincial corporate tax rate effective in the jurisdiction where the subject assets are located, as at the Valuation Date.

Perpetual Energy Inc.

Formal Valuation

As at June 30, 2024

Schedule 14

Guideline Public Company Analysis  
Page 1 of 2

Company	Symbol	Market Cap		Enterprise Value (EV)	2024-DAGF		2025-DAGF		2024-EBITDA		2025-EBITDA		2024-CFO		2025-CFO		2024-Production		2025-Production		1P Reserves		2P Reserves		2P Reserve Life Index	
		CAD Millions	MM		CAD Millions	MM	CAD millions	MMboe	CAD millions	MMboe	CAD millions	MMboe	CAD millions	MMboe	boe/d	MMboe	boe/d	MMboe	boe/d	MMboe	MMboe	MMboe	MMboe	MMboe		MMboe
Perpetual Energy Inc.	TSX:PMT	\$ 30	\$ 62	\$ 13	\$ 18	\$ 18	\$ 13	\$ 13	\$ 18	\$ 18	\$ 18	\$ 18	\$ 18	\$ 13	\$ 13	\$ 13	\$ 13	\$ 18	\$ 18	\$ 18	\$ 15	\$ 15	\$ 25	\$ 25	16.0	
Advantage Energy Ltd.	TSX:AAV	1,733	2,474	361	570	364	570	364	570	364	570	364	570	326	326	531	531	73,137	83,386	138	418	418	663	663	24.8	
Birchcliff Energy Ltd.	TSX:BIR	1,617	2,058	306	467	282	449	282	449	282	449	282	449	286	286	439	439	75,678	77,576	207	678	678	980	980	35.5	
Kelt Exploration Ltd.	TSX:KEL	1,246	1,246	296	414	287	465	296	465	296	465	296	465	296	296	414	414	36,538	45,214	65	251	251	407	407	30.5	
Petrus Resources Ltd.	TSX:PRQ	172	229	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17	47	47	74	74	N/A
Peyto Exploration & Development Corp.	TSX:PEY	2,844	4,169	854	987	983	1,142	987	1,142	983	1,142	983	1,142	780	780	925	925	128,940	139,852	421	808	808	1,281	1,281	27.2	
Pteridae Energy Limited	TSX:PEA	62	223	27	55	N/A	N/A	27	55	N/A	N/A	27	55	27	27	55	55	33,000	34,000	15	185	185	246	246	20.4	
Pine Cliff Energy Ltd.	TSX:PNE	361	425	57	92	N/A	N/A	57	92	N/A	N/A	57	92	57	57	92	92	24,196	24,105	49	58	58	85	85	9.6	
Spartan Delta Corp.	TSX:SDE	698	780	189	260	189	268	189	268	189	268	189	260	189	189	260	260	40,581	43,709	75	148	148	254	254	17.2	
Tourmaline Oil Corp.	TSX:TOU	21,842	23,280	3,624	4,146	3,816	4,896	3,624	4,146	3,816	4,896	3,816	4,094	3,557	3,557	4,094	4,094	584,571	619,329	1,098	2,508	2,508	4,902	4,902	23.0	
Minimum		\$ 62	\$ 223	\$ 27	\$ 55	\$ 189	\$ 268	\$ 27	\$ 27	\$ 268	\$ 404	\$ 55	\$ 55	\$ 27	\$ 27	\$ 134	\$ 27	\$ 24,196	\$ 24,105	\$ 15	\$ 47	\$ 47	\$ 74	\$ 74	9.6	
First Quartile		267	327	90	134	258	404	90	90	404	851	134	134	90	90	851	851	33,885	36,427	33	103	103	166	166	18.0	
Average		3,397	3,876	714	874	987	1,298	690	690	1,298	1,298	851	851	690	690	851	851	124,580	133,396	232	567	567	988	988	23.5	
Median		1,246	1,246	301	441	325	517	291	291	517	517	427	427	291	291	427	427	56,859	61,395	75	251	251	407	407	23.9	
Adjusted Average		1,239	1,626	344	465	479	656	322	322	656	656	444	444	322	322	444	444	64,646	70,623	139	364	364	559	559	23.9	
Third Quartile		2,289	3,321	731	882	1,691	2,081	667	667	2,081	2,081	827	827	667	667	827	827	115,624	125,736	314	743	743	1,131	1,131	29.7	
Maximum		21,842	23,280	3,624	4,146	3,816	4,896	3,557	3,557	4,896	4,896	4,094	4,094	3,557	3,557	4,094	4,094	584,571	619,329	1,098	2,508	2,508	4,902	4,902	35.5	
Perpetual (Deloitte Implied Valuation Multiples)		Schedule 1	Note 1	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Schedule 13	Note 5	Note 5	Schedule 4	Schedule 4	Note 5	Note 5	
		\$ 64	\$ 108	\$ 20	\$ 29	\$ 22	\$ 30	\$ 19	\$ 27	\$ 27	\$ 27	\$ 27	\$ 27	\$ 19	\$ 19	\$ 27	\$ 27	\$ 4,441	\$ 5,264	\$ 9	\$ 15	\$ 15	\$ 25	\$ 25	15.7	

Source: S&P Capital IQ and Public Filings

Notes:

- [1] Deloitte's determined fair market value of equity + net debt +/- redundant liabilities/(assets), if any, of the Company, as at the Valuation Date.
- [2] Production and netback data, as available in the most recent Management Discussion and Analysis document of the companies before the Valuation Date.
- [3] Reserve data is as reflected in the annual information forms of the companies, as at December 31, 2023, as adjusted for actual production, acquisitions and divestitures for the period up to the Valuation Date.
- [4] CFPS is equal to cash flow from operations before working capital adjustments divided by the total number of shares outstanding at the end of the period.
- [5] Based on the Roll-Forward report, as provided by Management.
- [6] Based on the lease operating summary for the six months ended June 30, 2024, as provided by Management.

Company	Symbol	2P Liquids Weighting		2P Gas Weighting		P/ZP %	PDP / 1P %	Netback (Pre-hedging) \$/boe	EV/PDP \$/boe	EV/1P \$/boe	EV/2P \$/boe	Valuation Date EV		Valuation Date EV			
		%	Note 3	%	Note 3							2024E DCF	2025E DCF	2024E EBITDA	2025E EBITDA		
Perpetual Energy Inc.	TSX:PMT	9.5%	Note 3	90.5%	Note 3	61.1%	Note 3	10.03	\$ 7.00	\$ 4.13	\$ 2.47	4.8x	3.5x	N/A	N/A	\$ 14,476	\$ 13,574
Advantage Energy Ltd.	TSX:AAV	14.0%		86.0%		34.9%		13.06	17.88	5.91	3.73	6.8x	4.3x	6.8x	4.3x	33,823	29,665
Birchcliff Energy Ltd.	TSX:BBR	17.0%		83.0%		31.9%		12.85	9.94	3.03	2.10	6.7x	4.4x	4.6x	4.6x	27,191	26,526
Kelt Exploration Ltd.	TSX:KEL	36.1%		63.9%		27.7%		21.69	19.12	4.97	3.06	4.2x	3.0x	4.3x	2.7x	34,101	27,557
Petrus Resources Ltd.	TSX:PRQ	28.8%		71.2%		38.0%		19.03	13.78	4.92	3.11	N/A	N/A	N/A	N/A	N/A	N/A
Peyto Exploration & Development Corp.	TSX:PEY	13.5%		86.5%		53.4%		14.70	9.90	5.16	3.25	4.9x	4.2x	3.7x	3.7x	29,810	29,810
Peridare Energy Limited	TSX:PEA	15.4%		84.6%		11.0%		4.51	15.05	1.21	0.91	8.3x	4.1x	N/A	N/A	6,764	6,565
Pine Cliff Energy Ltd.	TSX:PNE	29.5%		70.5%		85.3%		7.30	8.75	7.37	5.01	7.5x	4.6x	N/A	N/A	17,573	17,639
Spartan Delta Corp.	TSX:SDE	34.6%		65.4%		53.2%		13.92	10.36	5.29	3.07	4.1x	3.0x	4.1x	2.9x	19,226	17,850
Tourmaline Oil Corp.	TSX:TOU	24.4%		75.6%		52.2%		17.35	21.20	9.28	4.75	6.4x	5.6x	6.1x	4.8x	39,824	37,589
<b>Minimum</b>		<b>13.5%</b>		<b>63.9%</b>		<b>11.0%</b>		<b>4.51</b>	<b>8.75</b>	<b>1.21</b>	<b>0.91</b>	<b>4.1x</b>	<b>3.0x</b>	<b>4.1x</b>	<b>2.7x</b>	<b>6,764</b>	<b>6,565</b>
<b>First Quartile</b>		<b>14.7%</b>		<b>67.9%</b>		<b>29.8%</b>		<b>10.08</b>	<b>9.92</b>	<b>3.98</b>	<b>2.58</b>	<b>4.4x</b>	<b>3.3x</b>	<b>4.2x</b>	<b>2.8x</b>	<b>17,986</b>	<b>17,692</b>
<b>Average</b>		<b>23.7%</b>		<b>76.3%</b>		<b>42.4%</b>		<b>13.82</b>	<b>14.00</b>	<b>5.24</b>	<b>3.22</b>	<b>6.1x</b>	<b>4.2x</b>	<b>5.5x</b>	<b>3.8x</b>	<b>26,354</b>	<b>24,150</b>
<b>Median</b>		<b>24.4%</b>		<b>75.6%</b>		<b>38.0%</b>		<b>13.92</b>	<b>13.78</b>	<b>5.16</b>	<b>3.11</b>	<b>6.6x</b>	<b>4.3x</b>	<b>5.2x</b>	<b>4.0x</b>	<b>29,762</b>	<b>27,042</b>
<b>Adjusted Average</b>		<b>23.4%</b>		<b>76.6%</b>		<b>40.8%</b>		<b>14.03</b>	<b>13.72</b>	<b>5.24</b>	<b>3.30</b>	<b>6.1x</b>	<b>4.1x</b>	<b>5.4x</b>	<b>3.9x</b>	<b>27,374</b>	<b>24,841</b>
<b>Third Quartile</b>		<b>32.1%</b>		<b>85.3%</b>		<b>70.1%</b>		<b>18.19</b>	<b>18.50</b>	<b>6.64</b>	<b>4.24</b>	<b>7.3x</b>	<b>4.6x</b>	<b>6.9x</b>	<b>4.6x</b>	<b>34,031</b>	<b>29,774</b>
<b>Maximum</b>		<b>36.1%</b>		<b>86.5%</b>		<b>85.3%</b>		<b>21.69</b>	<b>21.20</b>	<b>9.28</b>	<b>5.01</b>	<b>8.3x</b>	<b>5.6x</b>	<b>7.3x</b>	<b>4.8x</b>	<b>39,824</b>	<b>37,589</b>
<b>Perpetual (Deloitte Implied Valuation Multiples)</b>		<b>9.5%</b>	<b>Note 5</b>	<b>90.5%</b>	<b>Note 5</b>	<b>60.2%</b>	<b>Note 5</b>	<b>10.03</b>	<b>\$ 12.04</b>	<b>\$ 7.04</b>	<b>\$ 4.24</b>	<b>5.3x</b>	<b>3.7x</b>	<b>4.9x</b>	<b>3.6x</b>	<b>\$ 24,323</b>	<b>\$ 20,521</b>

**Notes:**

- [1] Deloitte's determined fair market value of equity + net debt +/- redundant liabilities/assets, if any, of the Company, as at the Valuation Date.
- [2] Production and netback data, as available in the most recent Management Discussion and Analysis document of the companies before the Valuation Date.
- [3] Reserve data is as reflected in the annual information forms of the companies, as at December 31, 2023, as adjusted for actual production, acquisitions and divestitures for the period up to the Valuation Date.
- [4] CFPS is equal to cash flow from operations before working capital adjustments divided by the total number of shares outstanding at the end of the period.
- [5] Based on the Roll-Forward report, as provided by Management.
- [6] Based on the lease operating summary for the six months ended June 30, 2024, as provided by Management.

Target	Buyer	Close Date	Deal Size CAD millions	1P/2P (Gross) %	Reserve Life Index (years)	Production (boe/d)	2P Reserves (Gross) (Mboe)	Implied EV/boe/d (\$/boe/d)	Implied EV/2P (\$/boe)	Indexed against AECO Strip Implied EV/boe/d (\$/boe/d)	Implied EV/2P (\$/boe)
1	Repsol S.A. Assets	10/17/2023	\$ 636	63.5%	36.5	23,000	306,665	\$ 27,652	\$ 2.07	\$ 19,033	\$ 1.43
2	ARC Resources Ltd. Assets	2/15/2023	77	n/a	46.0	911	15,300	83,943	5.00	56,557	3.37
3	Leucrotta Exploration Inc.	5/31/2022	529	40.7%	47.4	2,862	49,476	158,953	9.19	44,389	2.57
4	Kelt Exploration Ltd. Assets	7/29/2021	9	n/a	37.0	400	5,400	22,500	1.67	11,811	0.87
5	Modern Resources Inc.	11/2/2020	144	n/a	26.7	9,015	88,000	15,920	1.63	10,043	1.03
6	Bellatrix Exploration Ltd. Assets	6/1/2020	109	69.2%	29.4	25,000	268,057	4,352	0.41	4,509	0.42
7	Perpetual Energy Inc. Assets	4/1/2020	53	n/a	26.3	3,126	30,000	16,748	1.75	18,859	1.96
8	Bonavista Energy Corporation Assets	9/30/2019	16	72.2%	19.8	1,525	11,037	10,492	1.45	15,740	2.17
	<b>Minimum</b>			40.7%	19.8	400	5,400	\$ 4,352	\$ 0.41	\$ 4,509	\$ 0.42
	<b>First Quartile</b>			46.4%	26.4	1,065	12,103	11,849	1.49	10,485	0.91
	<b>Average</b>			61.4%	33.6	8,230	96,742	42,570	2.90	22,618	1.73
	<b>Median</b>			66.3%	33.0	2,994	39,738	19,624	1.71	17,299	1.70
	<b>Third Quartile</b>			71.4%	43.7	19,504	223,043	69,870	4.27	38,050	2.47
	<b>Adjusted Average</b>	Note 1		66.3%	33.7	6,740	76,978	29,543	2.26	19,979	1.67
	<b>Maximum</b>			72.2%	47.4	25,000	306,665	158,953	9.19	56,557	3.37
<b>Perpetual (Deloitte Implied Valuation Multiples)</b>			<b>\$</b>	<b>Schedule 14</b>	<b>Schedule 14</b>	<b>Schedule 14</b>	<b>Schedule 14</b>	<b>Schedule 14</b>	<b>Schedule 14</b>	<b>\$</b>	<b>\$</b>
			<b>108</b>	<b>60.2%</b>	<b>15.7</b>	<b>4,441</b>	<b>25,481</b>	<b>24,323</b>	<b>4.24</b>	<b>24,323</b>	<b>4.24</b>

Notes:

[1] The highest and lowest values were excluded from the calculation of the adjusted average.

Source: Sayer Publications and company filings

# Appendices

# Appendix A – Historical Operating Results and Financial Position<sup>21</sup>

## Historical Operating Results

The historical statements of earnings of Perpetual are provided below and are reflected on Schedule 11.

	For the Years Ended December 31,					Three Months	Six Months Ended
	2019	2020	2021	2022	2023	Ended March 31, 2024	June 30, 2024
Oil and Natural Gas	\$ 74,361	\$ 29,486	\$ 60,814	\$ 109,011	\$ 63,225	\$ 8,890	\$ 13,745
Royalties	(11,260)	(6,570)	(9,920)	(20,790)	(9,918)	(1,348)	(1,913)
Revenue	\$ 63,101	\$ 22,916	\$ 50,894	\$ 88,221	\$ 53,307	\$ 7,542	\$ 11,832
Unrealized Gain / (Loss) on Risk Management Contracts	-	-	3,733	3,487	5,274	(2,664)	(656)
Realized Gain / (Loss) on Risk Management Contracts	(22,682)	10,609	(4,810)	(4,620)	17,599	1,225	3,539
Gas over Bitumen Royalty Credit	852	685	385	-	-	-	-
Other Income	-	812	704	980	683	39	5,060
Gross Revenues	\$ 41,271	\$ 35,022	\$ 50,906	\$ 88,068	\$ 76,863	\$ 6,142	\$ 19,775
% Growth	<i>n/a</i>	-64%	122%	73%	-40%		
Expenses							
Production and Operating	\$ (18,332)	\$ (11,634)	\$ (12,859)	\$ (16,063)	\$ (16,323)	\$ (1,769)	\$ 2,699
Transportation	(6,258)	(3,617)	(2,993)	(3,872)	(4,199)	(674)	1,322
Exploration and Evaluation	(1,797)	(712)	(120)	(118)	(266)	(8)	19
General and Administrative	(11,660)	(7,870)	(10,757)	(9,911)	(11,814)	(3,236)	4,949
Share Based Payments	(2,295)	(2,017)	(2,044)	(7,434)	(2,883)	(568)	1,162
Gain / (Loss) on Disposition	-	-	47,522	-	(3,254)	-	125
Depletion and Depreciation	(31,188)	(15,533)	(14,020)	(17,962)	(23,624)	(3,953)	7,302
Impairment Reversal	(47,052)	(42,500)	30,600	7,400	-	-	-
Finance Expense	(11,951)	(11,831)	-	(10,971)	(6,666)	(987)	2,018
Provision Expense	-	-	(5,396)	-	-	(27,959)	27,959
Change in Fair Value of Marketable Securities	-	-	282	(634)	(151)	1,115	(378)
Change in Fair Value of TOU Share Investment	(3,207)	(904)	-	-	-	-	-
Restructuring Costs	(1,546)	-	-	-	-	-	-
Total Expenses	\$ (135,286)	\$ (96,618)	\$ 30,215	\$ (59,565)	\$ (69,180)	\$ (38,039)	\$ 47,177
Loss before Income Tax	\$ (94,015)	\$ (61,596)	\$ 81,121	\$ 28,503	\$ 7,683	\$ (31,897)	\$ (27,402)
Income Tax Expense (Recovery)							
Deferred	-	-	-	(15,894)	2,067	(7,333)	(6,174)
<b>Comprehensive Gain (Loss)</b>	<b>\$ (94,015)</b>	<b>\$ (61,596)</b>	<b>\$ 81,121</b>	<b>\$ 44,397</b>	<b>\$ 5,616</b>	<b>\$ (24,564)</b>	<b>\$ (21,228)</b>
as a % of Revenue	(227.8%)	(175.9%)	159.4%	50.4%	7.3%	(399.9%)	(107.3%)

Perpetual recorded \$41.3 million of gross revenue for the year ended December 31, 2019, which increased to \$88.1 million in 2022, before declining to \$76.9 million in 2023. Perpetual's net income / (loss) as a percentage of revenue increased from (227.8) percent in 2019 to 7.3 percent in 2023. For the six months ended June 30, 2024, Perpetual recorded a comprehensive loss of \$21.2 million.

<sup>21</sup> Information obtained from Perpetual's historical audited financial statements for fiscal years 2019 through 2023 and the Company's unaudited financial results for six months ended June 30, 2024.

## Historical Financial Positions

The historical balance sheets of Perpetual are provided below and are reflected on Schedule 10.

	As at December 31,					As at March 31,	As at June 30,
	2019	2020	2021	2022	2023	2024	2024
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,090	\$ -	\$ 18,272	\$ 3,015	\$ -
Deposits Held in Escrow	-	-	-	-	-	10,000	-
Accounts Receivable	5,056	3,953	11,671	15,804	16,489	10,795	9,939
Marketable Securities	-	-	2,409	1,814	1,663	2,778	2,041
Tourmaline Oil Corp Share Investment	15,220	-	-	-	-	-	-
Prepaid Expenses and Deposits	1,154	872	910	1,564	1,886	1,871	1,616
Product Inventory	-	-	-	674	-	-	-
Risk Management Contracts	-	-	682	3,847	6,519	5,781	6,933
<b>Total Current Assets</b>	<b>\$ 21,430</b>	<b>\$ 4,825</b>	<b>\$ 16,762</b>	<b>\$ 23,703</b>	<b>\$ 44,829</b>	<b>\$ 34,240</b>	<b>\$ 20,529</b>
<b>Non-Current Assets</b>							
Property, Plant and Equipment	\$ 194,634	\$ 123,985	\$ 153,620	\$ 170,644	\$ 127,852	\$ 124,409	\$ 122,150
Exploration and Evaluation	23,609	10,272	7,329	7,168	6,997	6,997	6,997
Risk Management Contracts	-	-	-	-	2,602	676	1,532
Right-of-Use Assets	1,475	1,372	1,140	864	3,850	4,594	4,446
Deferred Tax Asset	-	-	-	15,894	13,827	21,160	20,001
<b>Total Non-Current Assets</b>	<b>\$ 219,718</b>	<b>\$ 135,629</b>	<b>\$ 162,089</b>	<b>\$ 194,570</b>	<b>\$ 155,128</b>	<b>\$ 157,836</b>	<b>\$ 155,126</b>
<b>Total Assets</b>	<b>\$ 241,148</b>	<b>\$ 140,454</b>	<b>\$ 178,851</b>	<b>\$ 218,273</b>	<b>\$ 199,957</b>	<b>\$ 192,076</b>	<b>\$ 175,655</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable and Accrued Liabilities	\$ 13,278	\$ 11,924	\$ 32,223	\$ 18,962	\$ 21,188	\$ 12,303	\$ 10,588
Term Loan	-	46,691	-	-	2,593	-	-
Tourmaline Oil Corp Share Margin Demand Loan	100	-	-	-	-	-	-
Other Liability	-	-	63	532	2,788	2,788	-
Lease Liabilities	633	710	778	705	508	448	420
Decommissioning Obligations	-	-	1,327	1,688	1,527	885	885
Other Provision	2,382	1,048	-	-	-	13,624	3,750
Senior Notes	-	-	-	-	-	7,048	-
Risk Management Contracts	-	-	321	-	-	-	-
Royalty Obligations	582	3,553	4,697	-	-	-	-
Revolving Bank Debt	47,552	17,495	-	-	-	-	1,478
Share-Based Compensation Payable	-	-	-	-	-	-	2,730
Fair Value of Derivates	10,542	3,373	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>\$ 75,069</b>	<b>\$ 84,794</b>	<b>\$ 39,409</b>	<b>\$ 21,887</b>	<b>\$ 28,604</b>	<b>\$ 37,096</b>	<b>\$ 19,851</b>
<b>Non-Current Liabilities</b>							
Revolving Bank Debt	\$ -	\$ -	\$ 2,487	\$ 14,909	\$ -	\$ -	\$ -
Fair Value of Derivates	2,732	-	-	-	-	-	-
Term Loan	44,274	-	2,469	2,524	-	-	-
Other Liability	-	-	1,324	2,470	-	-	-
Senior Notes	32,255	32,359	34,189	34,527	33,099	26,083	26,117
Royalty Obligations	289	2,596	-	-	-	-	-
Lease Liabilities	2,052	1,791	1,324	870	3,836	4,662	4,576
Share-Based Compensation Payable	-	-	-	-	-	-	479
Decommissioning Obligations	-	-	31,600	25,764	13,087	12,565	12,488
Other Provisions	36,459	31,976	-	-	-	14,335	14,317
<b>Total Non-Current Liabilities</b>	<b>\$ 118,061</b>	<b>\$ 68,722</b>	<b>\$ 73,393</b>	<b>\$ 81,064</b>	<b>\$ 50,022</b>	<b>\$ 57,645</b>	<b>\$ 57,977</b>
<b>Total Liabilities</b>	<b>\$ 193,130</b>	<b>\$ 153,516</b>	<b>\$ 112,802</b>	<b>\$ 102,951</b>	<b>\$ 78,626</b>	<b>\$ 94,741</b>	<b>\$ 77,828</b>
<b>SHAREHOLDERS' EQUITY</b>							
Share Capital	\$ 96,876	\$ 97,333	\$ 94,809	\$ 98,615	\$ 98,983	\$ 98,990	\$ 99,514
Share Purchase Warrants	923	-	-	-	-	-	-
Contributed Surplus	44,234	45,217	45,731	46,801	46,826	47,387	44,019
Retained Earnings	(94,015)	(155,612)	(74,491)	(30,094)	(24,478)	(49,042)	(45,706)
<b>Total Shareholders' Equity</b>	<b>\$ 48,018</b>	<b>\$ (13,062)</b>	<b>\$ 66,049</b>	<b>\$ 115,322</b>	<b>\$ 121,331</b>	<b>\$ 97,335</b>	<b>\$ 97,827</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 241,148</b>	<b>\$ 140,454</b>	<b>\$ 178,851</b>	<b>\$ 218,273</b>	<b>\$ 199,957</b>	<b>\$ 192,076</b>	<b>\$ 175,655</b>
Current ratio	0.3	0.1	0.4	1.1	1.6	0.9	1.0
Working capital	(7,068)	(7,099)	(19,642)	(920)	(2,813)	363	967
Interest bearing debt to equity	1.6	-2.5	0.6	0.5	0.3	0.3	0.3
Increase / (decrease) of debt	n/a	(44,170)	6,786	12,815	(18,861)	26,083	34
Reserves 2P (mboe)	67,057	35,436	31,574	31,625	25,980	n/a	25,432
Production (boe/d)	8,988	5,012	5,389	6,486	6,375	n/a	4,318

As at December 31, 2019 and June 30, 2024 Perpetual's PP&E decreased from \$194.6 million to \$122.2 million, partly due to the sale of certain Mannville assets in Eastern Alberta in FY2023, while the exploration and evaluation assets decreased from \$23.6 million to \$7.0 million, as the Company impaired its exploration and evaluation assets in FY2020 on account of economic uncertainty in the oil and gas industry.

Perpetual's current ratio increased from 0.3, as at December 31, 2019, to 1.0, as at June 30, 2024. Further, Perpetual's debt-to-equity ratio decreased from 1.6, as at December 31, 2019, to 0.3, as at June 30, 2024. The reserves have declined from 67,057 Mboe, as at December 31, 2019, to 25,432 Mboe, as at the Valuation Date.

Perpetual's production decreased from 8,988 boe/d in 2019 to 5,012 boe/d in 2020, primarily due to the sale of a 50 percent working interest in the East Edson property in West Central Alberta, before declining to 4,318 boe/d in June 30, 2024.



# Appendix B – Industry Overview

## Energy Industry<sup>22</sup>

The Canadian energy industry is comprised of the oil and gas, electricity, coal, nuclear, and alternative energy sub-sectors. Canada is a major player in the global energy sector, with significant production and export activities in oil, gas, and electricity, predominantly from hydropower. However, the long-term prospects for the fossil-fuel industry face several challenges. Key issues include inadequate pipeline infrastructure, environmental concerns, rising costs, and increasing carbon taxes. These uncertainties are likely to influence the industry's trajectory in the coming years.

The EIU anticipates that Canadian oil and gas companies will increasingly invest in clean energy technologies, including carbon capture and advanced bitumen processing, to achieve net-zero greenhouse gas emissions. Despite these advancements, gross domestic energy consumption is expected to grow in 2024, driven by economic expansion and a rise in natural gas use, particularly in power generation. From 2024 to 2033, total energy consumption is projected to increase at an annual average rate of 0.6 percent.

Conversely, petroleum product consumption is forecast to decline slightly due to the rising adoption of electric vehicles. Coal consumption is expected to drop significantly, with its contribution to power generation falling from 4.3 percent in 2023 to 1.6 percent by 2033. In contrast, natural gas consumption will continue to grow, with its share of power generation increasing from 14.0 percent in 2023 to 19.0 percent by 2033.

## Oil and Gas Sector<sup>23</sup>

The oil and natural gas industry is structured into three interrelated sectors: upstream, midstream, and downstream.

The upstream sector focuses on the exploration and production of oil and natural gas. This segment encompasses a variety of activities, including the discovery and extraction of reserves and resources from offshore, conventional, and oil sands locations. It involves drilling wells and implementing extraction technologies to bring crude oil and natural gas to the surface.

The midstream sector is dedicated to the transportation, processing, and storage of oil and natural gas. This includes the operation of pipelines that move oil and gas from production sites to processing facilities, as well as the establishment of natural gas processing plants and storage hubs. Midstream infrastructure is essential for efficiently moving raw resources to where they are needed for further processing or export.

The downstream sector involves refining crude oil into finished products and distributing these products to consumers. This segment includes refineries that transform oil into gasoline, diesel, jet fuel, and petrochemicals. Additionally, it covers the distribution of these refined products through pipelines to various distribution terminals, and the transportation of natural gas through local pipelines to homes, businesses, and industries.

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<sup>22</sup> The EIU Industry Report on the Energy Sector in Canada published on July 30, 2024.

<sup>23</sup> CAPP Oil and Gas Overview: <https://www.capp.ca/en/oil-natural-gas-you/oil-natural-gas-canada/>

### Canadian Oil and Gas Demand<sup>24</sup>

Statistics Canada reports a 2.3 percent year-over-year decline in local petroleum product consumption from January to April 2024, driven by a reduced demand for fuel oil and gasoline. In contrast, local natural gas consumption increased by 4.5 percent during the same period due to higher demand from the power generation and industrial sectors. The EIU anticipates a recovery in petroleum consumption during the latter half of the year, spurred by increased demand for jet fuel and higher driving activity. However, this rebound is expected to fall short of achieving positive annual demand growth in Canada.

The following table summarizes Canada's historical and forecast oil and natural gas demand as per the EIU:

#### Oil and Natural Gas Consumption

Consumption	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2033E
Crude Oil (Mbbbl)	720,942	727,766	725,091	725,216	723,346	719,366	718,772	684,138
Natural Gas (MMcf)	4,792,352	4,916,392	5,123,283	5,263,671	5,405,329	5,526,551	5,640,829	5,995,410

Source: EIU

### Canadian Oil and Gas Supply<sup>25</sup>

As of the end of 2021, Canada was estimated to have 163.1 billion barrels of proven and recoverable oil reserves, making it the fourth largest globally. These reserves are mainly located in Alberta's oil sands, which require more energy and produce higher greenhouse gas emissions than conventional methods, affecting perceptions of their environmental and economic viability.

Statistics Canada reports a 4.7 percent increase in local crude oil production from January to April 2024. The EIU expects production to rise by 4.0 percent year-over-year in 2024 to 5.3 million bbl/d, driven by expansions in oil sands projects, increased drilling, and enhanced processing. While output is projected to reach over 5.4 million bbl/d by 2033 due to technological advances and rising petrochemical demand, export capacity constraints, investor uncertainty, and volatile prices may limit growth and lead to a decline post 2030. Net crude oil exports rose by 7.2 percent year-on-year to 403.5 Mbbbls in early 2024, with most going to the US, and the EIU expects further export growth and diversification through 2024-33.

As of early 2022, the Canadian government estimated the country's proven natural gas reserves at 2.5 trillion cubic meters, representing about 1.0 percent of global reserves. Statistics Canada reports a 1.7 percent year-on-year increase in marketable natural gas production for January to April 2024. The EIU projects 1.6 percent annual growth in domestic production in 2024, driven by new wells in western Canada and expanded LNG export capacity. Advances in well productivity and drilling techniques are expected to push output to approximately 180.1 million tonnes of oil equivalent by 2033, despite a potential slowdown later in the forecast period.

Canada's net natural gas exports rose by 31.2 percent year-over-year to 23.7 billion cubic meters in early 2024, as reported by the Canada Energy Regulator. The increase is attributed to higher US consumption and exports, and reduced pipeline imports. All exports were directed to the US, either via pipelines or trucks, and as LNG shipments to China.

<sup>24</sup> The EIU Industry Report on Oil and gas in Canada, July 30, 2024.

<sup>25</sup> The Economic Intelligence Unit Industry Report on Oil and gas in Canada, July 30, 2024.

The following table summarizes Canada’s historical and forecast oil and natural gas supply as per the EIU:

#### Oil and Natural Gas Supply

Production	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2033E
Crude Oil (Mbbl)	5,044,000	5,125,000	5,330,000	5,430,000	5,470,000	5,500,000	5,510,000	5,455,000
Natural Gas (MMcf)	6,801,946	6,992,410	7,107,482	7,167,002	7,226,522	7,286,042	7,325,722	7,147,162

#### Key Natural Gas Formations in Canada

The Montney Formation, located in British Columbia and Alberta, is renowned for its vast natural gas reserves, considered one of the largest globally. Production from the Montney increased significantly from 0.82 Bcf/d in 2010 to an average of 8.06 Bcf/d by 2022. Representing 50.0 percent of Canada’s natural gas production as of 2022, the Montney is anticipated to account for over 60.0 percent of the country’s domestic gas production by 2030, driven by its extensive reserves and high production rates.

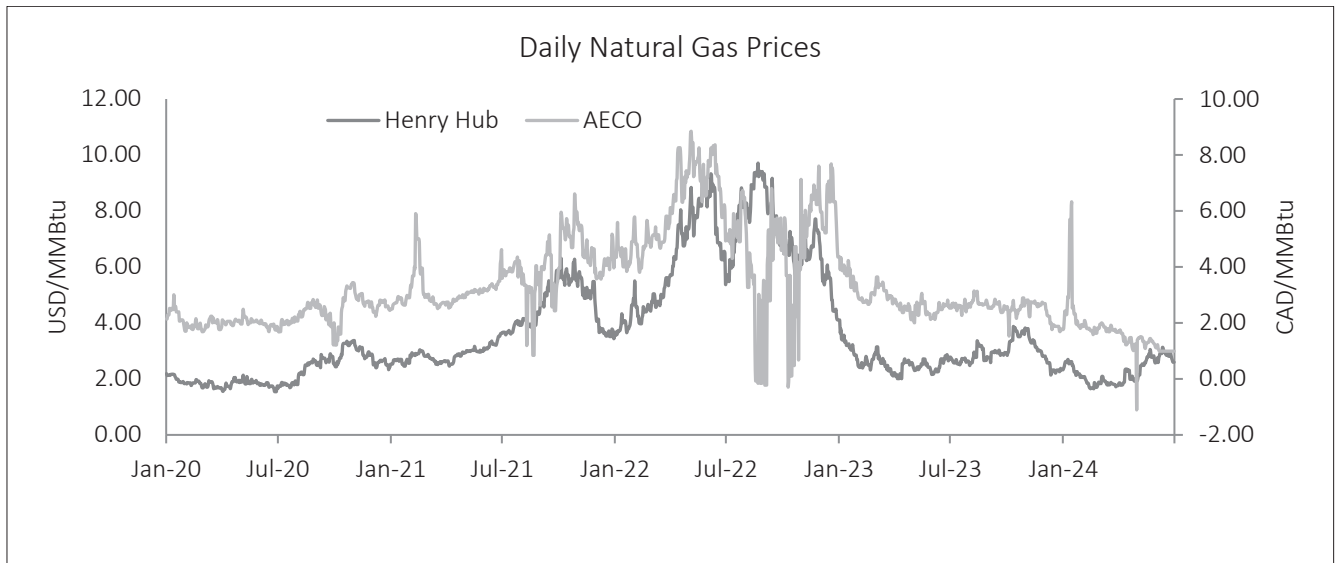
The Duvernay Formation, situated in Alberta, is another key natural gas and NGL resource within Canada. Production from the Duvernay grew from approximately 0.08 Bcf/d in 2010 to about 0.58 Bcf/d by 2022. Although it has a smaller gas production footprint compared to the Montney, the Duvernay remains a critical component of Canada’s natural gas sector, with its growth and ongoing developments expected to enhance its contribution to the country's energy landscape.

#### Trends in Natural Gas Prices<sup>26</sup>

In 2023, the primary price benchmark for US natural gas, Henry Hub, experienced a significant decline, falling by 59.0 percent to an average of \$2.67 per MMBtu. This sharp drop in the Henry Hub price was primarily driven by high North American inventories and mild winter weather, which led to reduced demand for natural gas. Additionally, robust production growth in North America contributed to the oversupply and subsequent price decrease. Looking ahead to 2024, a projected reduction in US natural gas production is anticipated to exert upward pressure on the Henry Hub spot price. The primary benchmark price for Canadian natural gas, AECO, after nearly approaching CAD10/MMBtu in mid-2022, in tandem with Henry Hub, softened following warmer than average winters in 2022 and 2023, and increasing domestic supply of natural gas.

<sup>26</sup> Source: <https://www.eia.gov/outlooks/steo/archives/Jun24.pdf> and <https://www.aer.ca/providing-information/data-and-reports/statistical-reports/st98/prices-and-capital-expenditure/natural-gas-prices>

The chart below shows daily natural gas spot prices between January 2020 and June 2024, inclusive:



Source: CapitalIQ

The following table summarizes strip prices and the 3CA price forecast.

### Commodity Price Assumptions

	2024E	2025E	2026E	Long-term
<b>Strip</b>				
<b>US benchmarks</b>				
WTI (USD/bbl)	82.50	79.05	78.03	95.66
Brent (USD/bbl)	87.00	83.13	82.19	100.94
Henry Hub (USD/MMBtu)	2.75	3.32	3.90	4.95
CDN dollar	0.75	0.75	0.75	0.75
<b>Canadian benchmarks</b>				
Edmonton Par (CDN/bbl)	105.33	100.64	99.18	121.39
WCS (CDN/bbl)	87.43	84.54	83.32	101.97
AECO Gas (CDN/MMBtu)	1.75	3.06	3.90	4.95
<b>3 Consultant Average (McDaniel, GLJ and Sproule)</b>				
<b>US benchmarks</b>				
WTI (USD/bbl)	80.75	77.35	77.01	96.56
Brent (USD/bbl)	85.08	81.54	81.23	101.69
Henry Hub (USD/MMBtu)	2.92	3.61	4.02	5.10
<b>Canadian benchmarks</b>				
Edmonton Par (CDN/bbl)	105.08	98.87	97.49	122.17
WCS (CDN/bbl)	89.79	84.78	83.41	104.56
AECO Gas (CDN/MMBtu)	1.70	3.18	3.89	5.15

Source: McDaniel Oil and Gas Price Forecasts, as at July 1, 2024.

## Active Drilling Rigs

The table below presents the active rig count during each quarter of 2023 and the forecast active rig count and utilization for 2024.

### Drilling Rig Count by Quarter

Quarterly Rig Counts <sup>27</sup>	Active Rigs	Average Fleet	Operating Days
Q4 2024 (forecast)	205	421	18,881
Q3 2024 (forecast)	187	421	17,180
Q2 2024 (forecast)	115	421	10,408
Q1 2024 (forecast)	210	421	18,930
<b>Average 2024 (forecast)</b>	<b>179</b>	<b>421</b>	
Q4 2023 (forecast)	185	431	17,039
Q3 2023	169	440	15,576
Q2 2023	109	440	9,930
Q1 2023	198	440	17,808
<b>Average 2023</b>	<b>165</b>	<b>438</b>	

Source: CAOEC.

## Historical Well Completions

As drilling rig activity has increased, so too have well completions. The following table highlights well completions.

Rig Release Wells Drilled	2021	2022	2023	2024E
Total Wells Drilled	4,638	5,723	5,748	6,229
Year-over-year % growth		23.4%	0.4%	8.4%

Source: CAOEC

As can be seen above, the projected 2024 wells drilled of 6,229 is an increase of 481 wells (or 8.4 percent) from 2023 (5,748). Further, the projected 2024 drilling operating days of 65,399 is an increase of 5,046 operating days from 2023 of 60,353 operating days indicating an increase in oil production within Canada.

## Outlook

Canadian oil is set to regain prominence in 2024, globally, driven by increased output from major facilities and continued sector investment, all amid a supportive commodities environment. This boost in production is expected to positively impact Canadian real GDP, contributing an additional 0.2 to 0.4 percentage points to total GDP, which is significant given the anticipated cyclical slowdown with growth projected to remain under 1.0 percent. Canada could be the largest source of increased oil supply in 2024, benefiting from higher oil prices and improved access to international markets. However, this robust growth is unlikely to continue at the same pace beyond this year due to potential pipeline capacity constraints and evolving emissions regulations, which could lead to a slowdown in production growth to below-average levels starting in 2025.<sup>28</sup>

<sup>27</sup> <https://caoec.ca/>

<sup>28</sup> TD Economics Report on 2024 Canadian Oil Production, March 7, 2024

# Appendix C – Economic Overview

## Overview

As Perpetual operates in Canada, we reviewed the condition of the Canadian economy, as at the Valuation Date.

Relevant economic statistics for the period preceding the Valuation Date and forecast results as they relate to the Canadian economy are outlined in the following table:<sup>29</sup>

Metric	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>	2028 <sup>b</sup>
Real GDP growth (percent)	1.1	1.9	2.0	2.1	1.7	2.2
Consumer price inflation (average percent)	3.9	2.4	2.3	2.1	2.0	2.1
Unemployment rate (percent)	5.4	6.0	5.7	5.4	5.3	5.1
Exchange rate (average C\$:US\$)	1.35	1.33	1.28	1.26	1.25	1.24
Overnight target rate (average percent)	4.7	4.8	3.9	3.2	2.5	2.5

1. *a – Actual; b – EIU forecast*

- The EIU expects real growth to remain subdued in the first half 2024 owing to higher debt repayments, two years of high inflation and a gradual increase in the unemployment rate as the economic activity in Canada has started to slow. Real GDP growth rates are expected to return to pre-pandemic levels averaging at 2.0 percent per year from 2025 to 2028, supported by government incentives to invest in green energy and technologies, an uptick in demand for non-Chinese or Russian commodities from countries seeking to diversify their supply chains, and the completion of planned oil and gas export facilities.
- The EIU anticipates consumer price inflation to reach the BoC's target rate of 2.0 percent by the end of 2024. With the help of 2023's high base, consumer prices are expected to gradually decline. However, pockets of inflationary pressure, particularly in the property market would remain. It is projected that the inflation rate will average at 2.1 percent in the years 2025 to 2028. The EIU has kept the unemployment rate constant at 6.0 percent from the last update for 2024. This comes after a slowdown in the economy in the third quarter of 2023 that did not cause unemployment to rise in proportion.
- As the Bank of Canada begins to lower interest rates, the pressure from tight monetary policy on the economy will gradually ease, leading to an expected acceleration in real GDP growth to 1.9 percent in 2024 and 2.0 percent in 2025. Neutral interest rates from 2026-28 should support an average annual growth rate of 2.0 percent. Canada's economy, highly sensitive to interest rates due to its significant household debt and exposure to interest-rate-sensitive sectors like housing, faces risks including potential inflation spikes and shifts in US trade policy. While higher rates have improved bank interest margins and investment returns, they are also slowing the economy and affecting exports.

<sup>29</sup> Economist Intelligence Unit – Country Forecast June 2024 - Canada.

- The EIU expects that a steady interest-rate differential between the BoC and the Fed from mid 2023 would help to keep CAD stable against the USD. Also, the excellent access to international debt markets and continued expansion would shield the CAD from major depreciation. The EIU expects the CAD to remain below its historic levels in the second half of 2024 and appreciate gradually from mid 2024 as safe-haven currency demand for the USD recedes and the interest-rate differential between the Fed and the BoC stabilises. In the long-term, the EIU expects the currency to average at C\$1.26:US\$1.00 from 2025 to 2028.

## Outlook

Canada is the tenth largest economy in the world. Consumer prices are expected to increase by 2.4 percent in 2024, down from a 3.9 percent increase in 2023, driven by the increase in policy / interest rates by the BoC. As interest rates start to decline, the BoC will gradually relieve some of the pressure that tight monetary policy is placing on the economy. As a result, real GDP growth is expected to increase, reaching 1.9 percent in 2024 and 2.0 percent in 2025. An average annual growth rate of 2.0 percent should be possible from 2026 to 2028 with neutral interest rates. The aforementioned analysis of Canada's key economic indicators was considered predominantly when calculating the WACC used in the Valuation.



# Appendix D – Guideline Public Company Descriptions

Company	Description <sup>30</sup>
Advantage Energy Ltd.	Advantage Energy Ltd., together with its subsidiaries, engages in the acquisition, exploitation, development, and production natural gas, crude oil, and natural gas liquids (NGLs) in the Province of Alberta, Canada. Its assets are located approximately 4 to 80 km northwest of the city of Grande Prairie, Alberta. The company was formerly known as Advantage Oil & Gas Ltd. and changed its name to Advantage Energy Ltd. in May 2021. Advantage Energy Ltd. was founded in 2001 and is headquartered in Calgary, Canada.
Birchcliff Energy Ltd.	Birchcliff Energy Ltd., an intermediate oil and natural gas company, explores for, develops, and produces natural gas, light oil, condensate, and other natural gas liquids in Western Canada. The company holds interests in the areas of Montney/Doig Resource Play, including the Pouce Coupe and Gordondale properties in Alberta. Birchcliff Energy Ltd. was founded in 2004 and is headquartered in Calgary, Canada.
Kelt Exploration Ltd.	Kelt Exploration Ltd., an oil and gas company, engages in the exploration, development, and production of crude oil and natural gas resources primarily in Western Canada. The company markets its crude oil and natural gas liquids primarily to third party. Kelt Exploration Ltd. was incorporated in 2012 and is headquartered in Calgary, Canada.
Petrus Resources Ltd.	Petrus Resources Ltd., together with its subsidiaries, engages in the acquisition, exploration, development, and exploitation of assets in Canada. The company primarily explores for crude oil and condensate, natural gas, and natural gas liquids. Its principal property is the Ferrier Area with approximately 94,614 acres of land located in the west Central Alberta near the town of Rocky Mountain House, Alberta. Petrus Resources Ltd. was incorporated in 2015 and is headquartered in Calgary, Canada.

<sup>30</sup> Descriptions sourced directly from S&P Capital IQ.

Company	Description <sup>30</sup>
Peyto Exploration & Development Corp.	Peyto Exploration & Development Corp., an energy company, engages in the exploration, development, and production of natural gas, oil, and natural gas liquids in Deep Basin of Alberta. The company was formerly known as Peyto Energy Trust and changed its name to Peyto Exploration & Development Corp. in January 2011. Peyto Exploration & Development Corp. was incorporated in 1997 and is headquartered in Calgary, Canada.
Pieridae Energy Limited	Pieridae Energy Limited operates as an integrated midstream and upstream energy company in Canada. It develops, produces, and processes natural gas, natural gas liquids, condensate, and sulphur. The company is headquartered in Calgary, Canada.
Pine Cliff Energy Ltd.	Pine Cliff Energy Ltd. engages in the acquisition, exploration, development, and production of natural gas and crude oil in the Western Canadian Sedimentary Basin. The company primarily holds interest in oil and gas properties in the Viking and Ghost Pine area of Central Alberta, as well as in the Southern Alberta, Southern Saskatchewan, and Edson areas. The company was incorporated in 2004 and is based in Calgary, Canada.
Spartan Delta Corp.	Spartan Delta Corp. engages in the exploration, development, and production of oil and natural gas reserves in the Western Canada. Its assets are located in Montney and Deep Basin. The company was formerly known as Return Energy Inc. and changed its name to Spartan Delta Corp. in May 2020. The company was incorporated in 2006 and is headquartered in Calgary, Canada.
Tourmaline Oil Corp.	Tourmaline Oil Corp. explores for and develops oil and natural gas properties in the Western Canadian Sedimentary Basin. The company holds interests in properties located in the Alberta Deep Basin, Northeast British Columbia Montney, and the Peace River High Triassic oil complex. Tourmaline Oil Corp. was incorporated in 2008 and is headquartered in Calgary, Canada.

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September 16, 2024

Special Committee of the Board of Directors of Perpetual Energy Inc.  
Suite 3200, 605 – 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3H5

Dear Mesdames and Sirs:

**Subject: Fairness Opinion in Connection with the Proposed Recombination of Perpetual Energy Inc. and Rubellite Energy Inc.**

## Introduction

Deloitte LLP (“Deloitte,” “we,” “us,” or “our”) understands that on September 16, 2024, Perpetual Energy Inc. (“Perpetual” or the “Company”) entered into a definitive arrangement agreement (the “Arrangement Agreement”) with Rubellite Energy Inc. (“Rubellite”) whereby Perpetual and Rubellite will recombine in an all-share transaction by way of an arrangement (the “Arrangement”) under the *Business Corporations Act* (Alberta) (the “Proposed Transaction”). Pursuant to the Proposed Transaction, among other things, holders of Rubellite common shares (the “Rubellite Shares”) will receive one common share (the “New Shares”) of the recombined company (“Newco Amalco”) for each Rubellite Share held and holders of Perpetual common shares (the “Perpetual Shares”) will receive one New Share for every five Perpetual Shares held.

The terms of the Proposed Transaction are more fully described in the Arrangement Agreement and will also be described in the Joint Information Circular of Perpetual and Rubellite (the “Circular”) to be mailed to the Perpetual and Rubellite shareholders in connection with the Proposed Transaction.

We understand that the Proposed Transaction constitutes a ‘business combination’ for Perpetual pursuant to *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

The board of directors of Perpetual (the “Perpetual Board”) has appointed a special committee of independent directors (the “Perpetual Special Committee”) to consider and evaluate the Proposed Transaction and to provide a recommendation to the Perpetual Board.

Our fairness opinion (the “Fairness Opinion”) herein relates to whether the consideration contemplated to be received by the shareholders of Perpetual in connection with the Proposed Transaction is fair, from a financial point of view, to the shareholders of Perpetual.

## Engagement

The Perpetual Special Committee has requested that Deloitte, acting independently and objectively, provide the Fairness Opinion. We have been asked to prepare the Fairness Opinion, as at September 16, 2024 (the “Opinion Date”).

The Fairness Opinion has been prepared in conformity with Practice Standards Nos. 510, 520, and 530 of the Canadian Institute of Chartered Business Valuators, which pertain to fairness opinions. It also has been prepared in accordance

with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Canadian Investment Regulatory Organization (“CIRO”), but the CIRO has not been involved in the preparation or review of this Fairness Opinion.

The Perpetual Special Committee formally retained Deloitte by way of an engagement agreement dated August 6, 2024 (the “Engagement Agreement”) to provide, among other matters, the Fairness Opinion. Under the Engagement Agreement, the Perpetual Special Committee also retained Deloitte to provide a formal valuation under MI 61-101 of the Perpetual Shares (the “Formal Valuation Report” or the “Valuation”). Further, pursuant to the Engagement Agreement, a special committee of independent directors appointed by the board of directors of Rubellite retained Deloitte to provide a formal valuation under MI 61-101 of the Rubellite Shares (the “Rubellite Formal Valuation Report”). The Perpetual Special Committee initially contacted Deloitte regarding a potential engagement in July 2024.

The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee for providing the Fairness Opinion and the Formal Valuation. In addition, Deloitte is to be reimbursed for reasonable out-of-pocket expenses and indemnified by the Perpetual Special Committee in respect of certain liabilities, which may arise in connection with the provision of our services thereunder. The fees received by Deloitte in connection with the Engagement Agreement are not material to Deloitte. No part of Deloitte’s fee is contingent upon the completion of the Proposed Transaction or the conclusions of the Fairness Opinion or the Formal Valuation Report.

### **Credentials of Deloitte<sup>1</sup>**

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of every five Fortune Global 500 companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients’ most complex business challenges.

Deloitte’s professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters, and corporate income tax, amongst other things.

As a global market leader with over 1,200 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen, and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Chartered Professional Accountant (CPA), and Accredited Senior Appraiser (ASA).

### **Independence of Deloitte**

Deloitte has represented to the Perpetual Special Committee that we have disclosed to it all information of which we are aware, after due inquiry, pertaining to their assessment of our independence within the meaning of MI 61-101.

Deloitte is independent of Perpetual, Rubellite, and any other “interested party” for the purposes of Section 6.1 of MI 61-101. Neither Deloitte nor any of its affiliates:

- is an associated or affiliated entity or issuer insider of any “interested party,” as each such term is defined in MI 61-101, in respect of the Arrangement;
- is acting as an advisor to any “interested party” in respect of the Arrangement (except to provide the Valuation and the Fairness Opinion, as contemplated by its engagement by the Perpetual Special Committee);
- is subject to any circumstances whereby the compensation of Deloitte depends in whole or in part on an agreement, arrangement, or understanding that gives Deloitte a financial incentive in respect of the conclusions reached in the Valuation and the Fairness Opinion of the outcome of the Arrangement;

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<sup>1</sup> Source: Deloitte website.

- is or will be (i) a manager or co-manager of a soliciting dealer group for the Arrangement, or (ii) a member of a soliciting dealer group for the Arrangement whereby, in its capacity as a soliciting dealer, it would perform services beyond the customary soliciting dealer's function or would receive more than the per security of per security holder fees payable to other members of the group;
- is an external auditor of Perpetual or of an "interested party;"
- has any material financial interest in the completion of the Arrangement;
- has any interest or relationship with any "interested party," which is set out in Section 5.2(a) or (c) of Companion Policy 61-101; and/or
- during the twenty-four (24) months prior to the date Deloitte was first contacted for the purposes of the Valuation and the Fairness Opinion, had any relationship with any "interested party," which is set out in Section 5.2(b) of Companion Policy 61-101.

There are no understandings, agreements, or commitments between Deloitte and any of the "interested parties" with respect to future business dealings. Deloitte may, in the future, in the ordinary course of business, provide financial advisory or other services to one or more of the "interested parties" from time to time.

The principal preparer and other staff involved in the preparation of the Fairness Opinion are all independent from Perpetual and any other "interested party."

### **Definitions and Approach to Fairness**

For the purposes of the Fairness Opinion, we were guided by the definition of *fair market value* outlined in MI 61-101. *Fair market value* is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act. In determining the fair market value of the Perpetual Shares, and consistent with MI 61-101, we have not included a downward adjustment to reflect the liquidity of any of these shares, the effect of the Proposed Transaction on any of these shares, or the fact that any of these shares do not form part of a controlling interest. Consequently, the Formal Valuation provides a conclusion on a per share basis with respect to Perpetual's "en bloc" fair market value, being the price at which all of the Perpetual Shares could be sold to one or more buyers at the same time.

With respect to the Fairness Opinion, we assessed fairness, from a financial point of view, based on whether the fair market value of the consideration, in the form of the New Shares, to be received by the Perpetual common shareholders falls within the range of values determined by dividing the range of fair market values of the Perpetual Shares by the range of fair market values of the Rubellite Shares, as determined by us and summarized in the Formal Valuation Report and the Rubellite Formal Valuation Report, both as at June 30, 2024 (the "Valuation Date"). Complete copies of the Formal Valuation Report and the Rubellite Formal Valuation Report will be included in the Circular. Our methodology, information relied upon, and analysis are set forth in these reports and readers are encouraged to read them in their entirety.

The Fairness Opinion is rendered, as at the Opinion Date, while our Formal Valuation Report and the Rubellite Formal Valuation Report are also dated, as at the Opinion Date. However, the Formal Valuation Report and the Rubellite Formal Valuation Report both have June 30, 2024 valuation dates (i.e., the Valuation Date). Therefore, in assessing fairness, we also considered any significant intervening events that occurred between the Valuation Date and the Opinion Date, and assessed the potential impact on the fair market values set forth in the Formal Valuation Report and the Rubellite Formal Valuation Report.

### **Currency**

Unless otherwise indicated, all currency amounts shown in this Fairness Opinion are expressed in Canadian dollars and are denoted as "\$."

## Scope of Review

In connection with the Fairness Opinion, we reviewed and relied upon the following:

- Discussions with management of Perpetual ("Management"), the Perpetual Special Committee, and legal counsel to the Perpetual Special Committee;
- Audited financial statements of the Company for the years ended December 31, 2019 to December 31, 2023, inclusive;
- Management discussion and analysis for Perpetual for the year ended December 31, 2023;
- Unaudited financial statements of the Company for the six months ended June 30, 2024;
- Management discussion and analysis for the Company for the six months ended June 30, 2024;
- Perpetual Annual Information Form for the year ended December 31, 2023;
- Reserve report for the Company prepared by McDaniel & Associates Consultants Ltd., as at December 31, 2023, and roll forward reserve report prepared by Management (the "Roll-Forward Reserve Report"), as at June 30, 2024;
- Internal forecasts, projections, estimates, and budgets prepared or provided by Management;
- Certain internal financial, operating, corporate, and other information provided by Management relating to the business, operations, and financial condition of Perpetual;
- Corporate presentation dated June 20, 2024 for the Company, as provided by Management;
- Tax related information for Perpetual, as at December 31, 2023 and June 30, 2024, as provided by Management;
- Details related to the fixed assets owned by the Company, as provided by Management;
- Information regarding Perpetual's financial instruments held, as at the Valuation Date, as provided by Management;
- Information relating to Perpetual's share-based compensation awards issued and outstanding, as at the Valuation Date, as provided by Management;
- Information regarding Perpetual's liability related to a statement of claim that was filed by PricewaterhouseCoopers Inc., in its capacity as trustee in the bankruptcy proceedings of Sequoia Resources Corp., with the Alberta Court of King's Bench against Perpetual, and the settlement agreement entered into on March 22, 2024;
- Public information related to the business, operations, financial performance, and stock trading history of the Company and other selected public entities considered by us to be relevant;
- Public information with respect to other transactions of a comparable nature considered by us to be relevant;
- Various institutional analyst research reports related to the Company;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from Management as to the completeness and accuracy of the information upon which the Valuation is based;
- Representations contained in a certificate addressed to us, dated as at September 16, 2024, from the Perpetual Special Committee as to our reliance on the scope of review set forth in the Valuation and the certificate referenced above from Management, as well as confirmation that the Perpetual Special Committee has no knowledge of any information that would affect the conclusions noted in the Valuation; and
- Such other corporate, industry, financial market information, investigations, and analyses as we considered necessary or appropriate in the circumstances.

We also relied upon the information and documents set forth in the scope of review of the Rubellite Formal Valuation Report. We have not, to the best of our knowledge, been denied access to any information that we have requested.

We have not audited or otherwise verified the information relied upon in completing the Fairness Opinion. Also, we did not meet with the auditors of Perpetual or Rubellite and have assumed the accuracy, completeness, and fair

presentation of, and have relied upon, without independent verification, the financial statements of Perpetual and Rubellite and any reports of the auditors thereon.

### **Restrictions, Limitations, and Assumptions**

Our Fairness Opinion is provided solely for the use of the Perpetual Special Committee in considering the Proposed Transaction. It is not intended for general circulation or publication, nor is it to be reproduced for any reason other than the stated purpose or as otherwise provided in the Engagement Agreement without the prior written consent of Deloitte in each specific instance. We do not assume any responsibility or liability for losses incurred by any party as a result of the circulation, publication, reproduction, or use of the Fairness Opinion contrary to the provisions in this paragraph. Subject to the terms of the Engagement Agreement, we consent to the inclusion of the Fairness Opinion in its entirety, and a summary thereof in a form acceptable to us, in the Circular and to the filing thereof, as necessary, by Perpetual with the applicable securities commissions or similar regulatory authorities in Canada.

We have relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions, or representations obtained by us from public sources or provided to us by Management or other advisors to Perpetual (collectively referred to as the "Information"). The Fairness Opinion is conditional upon the completeness, accuracy, and fair presentation of such Information. We have not attempted to independently verify the completeness, accuracy, or fair presentation of the Information.

No opinion, counsel, or interpretation is intended in matters that require legal, regulatory, or tax analysis or other appropriate professional advice. It is assumed that such opinions, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company or the Perpetual Special Committee. To the extent that there are legal issues relating to assets, properties, or business interests, or issues relating to compliance with applicable laws, regulations, and policies, we assume no responsibility, in connection with such matters, other than as specifically disclosed to us, that:

- The title to all such assets, properties, or business interests purportedly owned by Perpetual and its subsidiaries is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning, or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens, encumbrances, or encroachments other than as disclosed to us;
- There is compliance with all applicable federal, local, and national regulations and laws, in all material respects, as well as the policies of all applicable regulators, and that all required licenses, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency, or organization have been or can be obtained or renewed for the operation of Perpetual and its subsidiaries in their ordinary course of business;
- There are no material legal proceedings regarding the business, assets, or affairs of Perpetual and its subsidiaries other than as disclosed to us;
- There are no material contingent or unrecorded liabilities, environmental liabilities, and litigation pending or threatened in the ordinary course of business other than as disclosed to us;
- The financial information provided by Management, as referred to in the Scope of Review section above, is fairly presented in accordance with generally accepted accounting principles and would not require any significant adjustments, if it was subject to audit;
- The net book values of the assets and liabilities of Perpetual approximate their fair market values, as at the Valuation Date, on a going concern basis, unless otherwise indicated in the Formal Valuation Report;
- The forecast cash flows in the Roll-Forward Reserve Report, as that term is defined in the Formal Valuation Report, are considered reasonable and representative of Management's best estimates of future operating results, as at the Valuation Date;
- Based on discussions with Management, there have been no material events or changes between the Valuation Date and the Opinion Date that would impact the values presented in the Formal Valuation Report; and



- Other than the Proposed Transaction, as described in the Arrangement Agreement, and other than as disclosed to us by Management, Management has represented to Deloitte that, to the best of its knowledge, information, and belief after reasonable inquiry, there have been no valuations or appraisals relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities made in the preceding 24 months and in its possession or control.

Based on our discussions with Management and the Perpetual Special Committee, we understand that nothing has occurred prior to, or is pending as at, the Opinion Date, which has not been disclosed to us, and which could be expected to have a material effect on the Fairness Opinion, as at the Opinion Date.

This Fairness Opinion is given, as at the Opinion Date, on the basis of securities markets, economic, financial, and general business conditions prevailing, as at that date, and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to us in discussions with Management. In our analyses and in preparing the Fairness Opinion, we made numerous assumptions with respect to industry performance, general business, and economic conditions, all of which we believe to be reasonable and appropriate and many of which are beyond the control of any party involved in the Proposed Transaction.

In preparing this Fairness Opinion, we have assumed that the executed Arrangement Agreement will not differ in any material respect from the draft that we reviewed, and that the Arrangement will be consummated in accordance with the terms and conditions of the Arrangement Agreement without waiver of, or amendment to, any term or condition that is in any way material to our analyses. We have assumed that the representations and warranties made by the parties in the Arrangement Agreement will be true and correct.

Our Fairness Opinion relies, in part, on publicly available information and other information provided by Management, which includes Management prepared forecasts, and other assumptions and limiting conditions. Changes to market conditions could substantively affect the Company and our Fairness Opinion.

The Fairness Opinion is rendered, as at the Opinion Date, and Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting the Fairness Opinion, which may come or be brought to our attention after this date. Without limiting the foregoing, in the event that there is any material change in any facts or matters affecting the Fairness Opinion after the date hereof, we reserve the right to change, modify, or withdraw the Fairness Opinion in accordance with the terms of the Engagement Agreement.

The Fairness Opinion is not to be construed as a recommendation to the Perpetual Special Committee, the Perpetual Board, or any shareholder of Perpetual to support or reject the Proposed Transaction. We have not been retained to comment on the investment or strategic merit of the Proposed Transaction or the future operations of Newco Amalco. Future business conditions are subject to change and are beyond our control and the control of the parties involved in the Proposed Transaction. Also, the Fairness Opinion does not address the relative merits of the Proposed Transaction as compared to any other strategic alternatives that may be available to Perpetual.

We believe that the Fairness Opinion and underlying analyses must be considered as a whole and that selecting portions of the analyses, or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. This Fairness Opinion letter should be read in its entirety.

#### **Formal Valuation Report and Rubellite Formal Valuation Report Conclusions**

The Formal Valuation Report and the Rubellite Formal Valuation Report imply the following range of share exchange ratios:

		Formal Valuations Range		
<b>Fair Market Value per Fully Diluted Share</b>				
Perpetual	A	\$0.77	\$0.83	\$0.89
Rubellite	B	\$3.99	\$3.82	\$3.64
<b>Implied Exchange Ratio</b>				
Number of New Shares per Perpetual Share	A/B	0.19	0.22	0.24
<b>Proposed Transaction Exchange Ratio</b>			0.20	

**Fairness Opinion Conclusion**

The exchange ratio of one New Share for every five Perpetual Shares falls within the range of exchange ratios implied by the Formal Valuation Report and the Rubellite Formal Valuation Report.

Based upon and subject to the foregoing, we are of the opinion that, as at the Opinion Date, the consideration contemplated to be received by the shareholders of Perpetual in connection with the Proposed Transaction is fair, from a financial point of view, to the shareholders of Perpetual.

Yours truly,

Deloitte LLP

Deloitte LLP

**APPENDIX H**  
**INFORMATION CONCERNING RUBELLITE ENERGY INC.**

**Rubellite**

Rubellite Energy Inc. is a Canadian energy company engaged in the exploration, development and production of conventional heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral horizontal drilling technology. Rubellite has a pure play Clearwater asset base and is pursuing a robust growth plan focused on superior corporate returns and adjusted funds flow generation while maintaining a conservative capital structure and prioritizing environmental, social and governance excellence. Rubellite was incorporated by Perpetual and established through plan of arrangement in September 2021.

Rubellite's common shares are listed for trading on the TSX under the symbol "RBY". On September 16, 2024, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price per share of Rubellite Shares on the TSX was \$2.28. On September 25, 2024, the closing price per share of Rubellite Shares on the TSX was \$2.27.

Rubellite is a reporting issuer or the equivalent in all of the provinces of Canada. For a description of Rubellite's subsidiaries, see "Corporate Structure – Intercorporate Relationships" in the Rubellite AIF. The head and registered office of Rubellite is located at 3200, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H5.

For further information regarding Rubellite, its business activities and capital structure, see the Rubellite AIF and Rubellite's most recently filed management's discussion and analysis and financial statements, which are available under Rubellite's SEDAR+ issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are encouraged to review such documents as they contain important information about Rubellite.

**Documents Incorporated by Reference**

The following documents of Rubellite, filed with the securities commissions or similar securities regulatory authorities in each province of Canada, are specifically incorporated by reference into and form an integral part of this Circular:

- (a) the Rubellite AIF;
- (b) the management information circular dated April 4, 2024 in respect of the annual meeting of holders of Rubellite Shares held on May 22, 2024;
- (c) the audited annual consolidated financial statements of Rubellite as at and for the years ended December 31, 2023 and 2022, together with the notes thereto (the "**Rubellite Information Circular**");
- (d) the Rubellite Annual MD&A;
- (e) the unaudited interim condensed consolidated financial statements of Rubellite as at and for the three and six months ended June 30, 2024 and 2023, together with the notes thereto;
- (f) the Rubellite Interim MD&A;
- (g) the material change report dated August 9, 2024 in respect of Rubellite's acquisition of Buffalo Mission Energy Corp., a private Mannville Stack-focused heavy oil producer, for a total purchase price of approximately \$97.5 million; and
- (h) the material change report dated September 25, 2024 in respect of the Arrangement.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Rubellite with the applicable securities regulatory authorities subsequent to the date of this Circular and prior to the completion of the Arrangement shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Copies of the documents incorporated herein by reference may be obtained under Rubellite's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and upon request, Rubellite, will promptly provide a copy of any such document without charge.

### Prior Sales

During the past 12 month period, the only Rubellite Shares and securities convertible or exchangeable into Rubellite Shares issued by Rubellite were: (i) 32,125 Rubellite Shares issued upon exercise of options to acquire Rubellite Shares at exercise prices ranging from \$2.00 to \$2.55 and having a weighted average exercise price of \$2.02 per Rubellite Share; (ii) the issuance of 19,000 options at exercise prices ranging from \$2.24 to \$2.24 and having a weighted average exercise price of \$2.24 per Rubellite Share; (iii) the issuance of 147,960 Rubellite Shares as settlement for restricted share units or performance share units of Rubellite; (iv) 14,000 restricted share units and 323,500 performance share units, which may be settled in Rubellite Shares (see the Rubellite Information Circular for further information); and (v) 5,000,000 Rubellite Shares issued in connection with the BMEC Acquisition at a deemed price of \$2.25 per Rubellite Share.

### Market Trading Price and Volume

The following table sets forth the price ranges and volume traded on the TSX on a monthly basis for each month of the periods indicated. Numbers have been rounded to the nearest whole cent.

	Price Range (\$ per share)		Trading Volume
	High	Low	
<b>2024</b>			
January	2.33	1.97	353,051
February	2.35	2.18	141,697
March	2.66	2.19	480,314
April	2.93	2.55	1,823,233
May	2.71	2.40	897,480
June	2.43	2.08	1,022,170
July	2.39	2.18	164,325
August	2.86	2.00	1,305,842
September (1 to 25)	2.45	2.17	595,328

### Risk Factors

Whether or not the Arrangement is completed, Rubellite will continue to face the risk factors that it currently faces with respect to its business and affairs. The risk factors are further detailed in the Rubellite AIF, which is incorporated

by reference into this Circular, and other documents of Rubellite filed with the Canadian securities authorities and available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). If any event arising from such risk factors occurs, Rubellite's business, prospects, financial condition, results of operation or cash flows could be materially adversely affected. If the Arrangement is completed, Rubellite will also be subject to some of the risks faced by Perpetual, see "*Risk Factors*" in the Perpetual AIF. In addition, Perpetual Shareholders should carefully review and consider all other information contained in this Circular together with all other information included or incorporated by reference in this Circular, before making an investment decision or a decision to vote for or against the Rubellite Arrangement Resolution or Perpetual Arrangement Resolution and consult their own experts where necessary. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in the Circular.

### **Additional Information**

Additional information relating to Rubellite may be found under Rubellite's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information concerning Rubellite is contained in Rubellite's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, which are incorporated herein by reference and can be accessed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). In addition, copies of such documents may be obtained by contacting Rubellite at 3200, 605 – 5th Avenue S.W., Calgary, Alberta T2P 3H5.

## APPENDIX I

### INFORMATION CONCERNING PERPETUAL ENERGY INC.

#### Perpetual

Perpetual Energy Inc. is an oil and natural gas exploration, production, and marketing company headquartered in Calgary, Alberta. Perpetual owns a diversified asset portfolio, including liquids-rich conventional natural gas assets in the deep basin of West Central Alberta and undeveloped bitumen leases in Northern Alberta.

Perpetual's common shares are listed for trading on the TSX under the symbol "PMT". On September 16, 2024, the last full trading day prior to the public announcement of the signing of the Arrangement Agreement, the closing price per share of Perpetual Shares on the TSX was \$0.40. On September 25, 2024, the closing price per share of Perpetual Shares on the TSX was \$0.45.

Perpetual is a reporting issuer or the equivalent in all of the provinces of Canada. For a description of Perpetual's subsidiaries, see "*Corporate Structure – Inter-Corporate Relationships*" in the Perpetual AIF. The head and principal office of Perpetual is located at 3200, 605 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3H5.

For further information regarding Perpetual, its business activities and capital structure, see the Perpetual AIF and Perpetual's most recently filed management's discussion and analysis and financial statements, which are available under Perpetual's SEDAR+ issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are encouraged to review such documents as they contain important information about Perpetual.

#### Documents Incorporated by Reference

The following documents of Perpetual, filed with the securities commissions or similar securities regulatory authorities in each province of Canada, are specifically incorporated by reference into and form an integral part of this Circular:

- (a) the Perpetual AIF;
- (b) the management information circular dated March 28, 2024 in respect of the annual meeting of holders of Perpetual Shares held on May 15, 2024 (the "**Perpetual Information Circular**");
- (c) the audited annual consolidated financial statements of Perpetual as at and for the years ended December 31, 2023 and 2022, together with the notes thereto;
- (d) the Perpetual Annual MD&A;
- (e) the unaudited interim condensed consolidated financial statements of Perpetual as at and for the three and six months ended June 30, 2024 and 2023, together with the notes thereto;
- (f) the Perpetual Interim MD&A;
- (g) the material change report dated March 28, 2024 in respect of the resolution of the previously announced Sequoia Litigation, among other things; and
- (h) the material change report dated September 25, 2024 in respect of the Arrangement.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by Perpetual with the applicable securities regulatory authorities subsequent to the date of this Circular and prior to the completion of the Arrangement shall be deemed to be incorporated by reference in this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Copies of the documents incorporated herein by reference may be obtained under Perpetual's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), and upon request, Perpetual, will promptly provide a copy of any such document without charge.

### Prior Sales

During the past 12 month period, the only Perpetual Shares and securities convertible or exchangeable into Perpetual Shares issued by Perpetual were: (i) 73,466 Perpetual Shares issued upon exercise of options to acquire Perpetual Shares at exercise prices ranging from \$0.25 to \$0.25 and having a weighted average exercise price of \$0.25 per Perpetual Share; (ii) the issuance of 1,305,000 options at exercise prices ranging from \$0.55 to \$0.55 and having a weighted average exercise price of \$0.55 per Perpetual Share; (iii) the issuance of 80,345 Perpetual Shares as settlement for restricted share units, performance share units or deferred share units of Perpetual; (iv) 150,830 restricted share units, 1,619,000 performance share units and 2,294,773 deferred share units of Perpetual, which may be settled in Perpetual Shares (see the Perpetual Information Circular for further information).

### Market Trading Price and Volume

The following table sets forth the price ranges and volume traded on the TSX on a monthly basis for each month of the periods indicated. Numbers have been rounded to the nearest whole cent.

	Price Range (\$ per share)		Trading Volume
	High	Low	
<b>2024</b>			
January	0.48	0.38	210,722
February	0.43	0.35	186,487
March	0.65	0.38	862,835
April	0.56	0.51	528,345
May	0.54	0.46	495,259
June	0.50	0.42	385,279
July	0.55	0.41	557,545
August	0.50	0.40	138,964
September (1 to 24)	0.47	0.39	816,489

### Risk Factors

Whether or not the Arrangement is completed, Perpetual will continue to face the risk factors that it currently faces with respect to its business and affairs. The risk factors are further detailed in the Perpetual AIF, which is incorporated by reference into this Circular, and other documents of Perpetual filed with the Canadian securities authorities and available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). If any event arising from such risk factors occurs, Perpetual's business, prospects, financial condition, results of operation or cash flows could be materially adversely affected. If the Arrangement is completed, Perpetual will also be subject to some of the risks faced by Rubellite, see "*Risk Factors*" in the Rubellite AIF. In addition, Rubellite Shareholders and Perpetual Shareholders should carefully review and

consider all other information contained in this Circular together with all other information included or incorporated by reference in this Circular, before making an investment decision or a decision to vote for or against the Rubellite Arrangement Resolution or Perpetual Arrangement Resolution and consult their own experts where necessary. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in the Circular.

#### **Additional Information**

Additional information relating to Perpetual may be found under Perpetual's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information concerning Perpetual is contained in Perpetual's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, which are incorporated herein by reference and can be accessed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). In addition, copies of such documents may be obtained by contacting Perpetual at 3200, 605 – 5th Avenue S.W., Calgary, Alberta T2P 3H5.









