



COURT FILE NUMBER 2401-17052

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS NORTH SHORE PETROLEUM LTD. and JOHN ZANG

RESPONDENT PISMO ENERGY LTD.

DOCUMENT **ORDER (Sales Approval and Vesting)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Attention: Keely Cameron / Luc Rollinson
Telephone No.: 403-298-3324/7971
Fax No.: 403-265-7219
Client File No.: 98495.01

DATE ON WHICH ORDER WAS PRONOUNCED: December 6, 2024

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice L.K. Harris

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Northshore Petroleum Ltd. and John Zang (the "**Applicants**"); for an Order approving and authorizing the disposition of certain of Pismo Energy Ltd.'s ("**Pismo**") interests to Poker Chip Exploration Ltd.. ("**Poker Chip**" or "**Purchaser**"), **AND UPON having read** the Affidavit of John Zang, sworn November 27, 2024; **AND UPON noting** the Municipalities of Flagstaff County, County of Vermillion River No. 24, and the County of Paint Earth No. 18 (collectively the "**Municipalities**") are

owed arrears of municipal taxes; **AND UPON hearing** the submissions of counsel for the Applicant, and any other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and the supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application.

APPROVAL OF DISPOSITION

2. The Transaction is hereby approved, and the Disposition commercially reasonable and in the best interests of Pismo and its stakeholders. The disposition by Pismo is hereby ratified, confirmed and approved, and Pismo is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the disposition of the assets set out in Schedule "A" hereto (the "**Transferred Assets**") to North Fork.

VESTING OF PROPERTY

3. Subject to an acceptable payment plan for the payment of municipal taxes and penalties in relation to the Transferred Assets ("**Municipal Tax Obligations**") being entered into between the applicable Municipalities and Purchaser within 14 days from the issuance of the Order and subject to approval by the Alberta Energy Regulator ("**Energy Regulator**") of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), and upon approval by the and upon the delivery of a Receiver's Certificate to North Fork substantially in the form attached as Schedule "B" hereto (the "**Receiver's Certificate**"), all of Pismo's rights, title and interest in and to the Transferred Assets shall vest absolutely in North Fork, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (i) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, the *Mines and Minerals Act*, the *Land Titles Act* or any other personal, mineral or real property registry system;
- (ii) any liens or claims of lien under the *Builders' Lien Act* (Alberta) or the *Prompt Payment and Construction Lien Act* (Alberta);
- (iii) any outstanding amounts owing in respect of the AER Orphan Fund Levy and Administration Fees; and
- (iv) those Claims listed in Schedule "C" hereto,

(all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "D" (collectively, "**Permitted Encumbrances**")) and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Transferred Assets are hereby expunged, discharged and terminated as against the Transferred Assets.

4. Upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of Land Titles ("**Land Titles Registrar**") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel existing Certificates of Title identified and legally described in Schedule "A" of the Sale Agreement (the "**Lands**");
 - (ii) issue a new Certificate of Title for the Lands in the name of Northfork;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule "D", to this Order, and to issue and register against the New Certificate of Title

such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "D"; and

- (iv) discharge and expunge the Encumbrances listed in Schedule "C" to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;
- (b) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Applicant in any of the Transferred Assets which are of a kind prescribed by applicable regulations as serial-number goods.
5. In order to affect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order. Presentment of this Order shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
 6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Transferred Assets is required for the due execution, delivery and performance by Pismo of the Sale Agreement.
 7. Upon delivery of the Receiver's Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by KSV Restructuring Inc., in its capacity as Receiver of the Applicant and not in its personal capacity.
 8. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall solely by completion of the Transaction not have liability of any kind whatsoever in respect of any Claims against Pismo.

9. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall not, solely by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against Pismo. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by Pismo, or any person claiming by, through or against Pismo.
10. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against Pismo associated with the Purchased Assets.
11. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

12. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Applicant, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of Pismo; and
 - (d) the provisions of any federal or provincial statute,

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Pismo and shall not be void or voidable by creditors of Pismo, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

13. Pismo, the Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
14. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist Pismo and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to Pismo, as may be necessary or desirable to give effect to this Order or to assist Pismo and its agents in carrying out the terms of this Order.
15. Service of this Order shall be deemed good and sufficient by:
- (a) Serving the same on:
- (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
- service on any other person is hereby dispensed with.
16. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



J.C.K.B.A

Schedule "A"

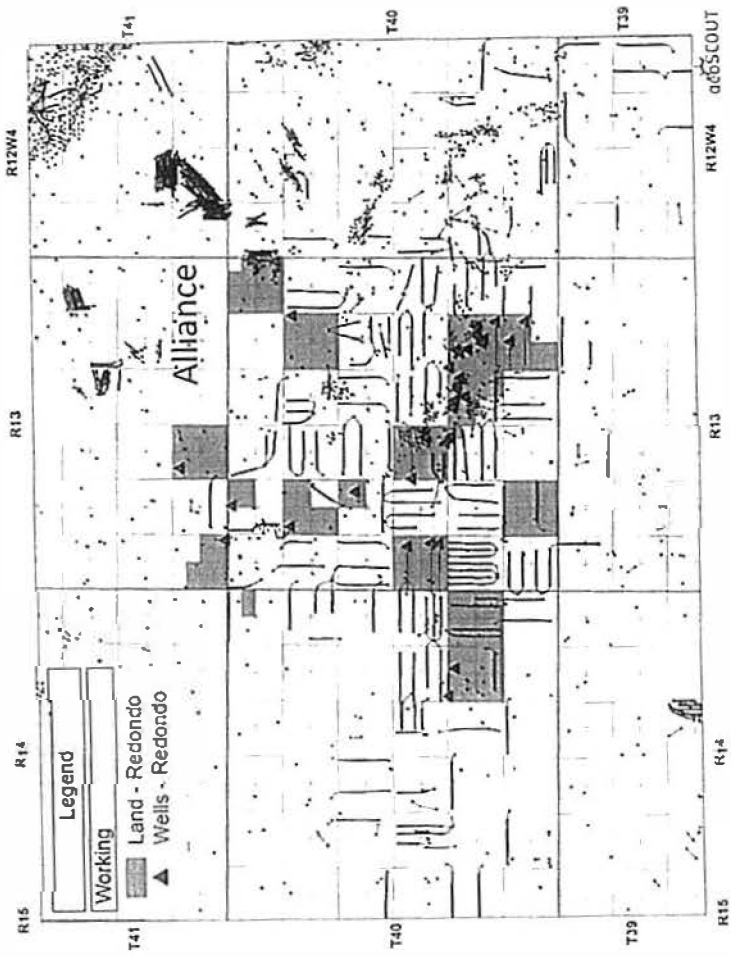
| Wells | Pismo | Poker Chip | Quattro |
|---------------------|--------------|-------------------|----------------|
| 15-2 -40-13-W4 | 10 | 50 | |
| 102/13-11 -40-13-W4 | 10 | 50 | 0 |
| 9-18 -40-14-W4 | 10 | 50 | 0 |
| 8-18 -40-14-W4 | 10 | 46.67 | 16.67 |
| 1-18 -40-14-W4 | 10 | 46.67 | 16.67 |
| 102/12-16 -40-13-W4 | 10 | 46.67 | 16.67 |
| 9-2 -40-13-W4 | 10 | 46.67 | 16.67 |
| 9-20 -40-13-W4 | 10 | 46.67 | 16.67 |
| 102/13-29 -40-13-W4 | 1 | 29 | |

| Facilities | | | |
|-------------------|----|-------|-------|
| F43553 | 10 | 46.67 | 16.67 |

Lands:

See Exhibit "A"

Schedule "A"



SCHEDULE "B"

Form of Receiver's Certificate

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF PISMO ENERGY LTD.

DOCUMENT

SALE AND VESTING ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF

BENNETT JONES LLP

PARTY FILING THIS

Barristers and Solicitors
4500 Bankers Hall East
855 – 2 Street SW
Calgary, Alberta T2P 4K7

DOCUMENT

Attention: Keely Cameron/Luc Rollingson

Telephone No.: 403-298-3324/7971

Fax No.: 403-265-7219

Client File No.: 98495.01

RECITALS

- A. Pursuant to an Order of the Court dated _____, the Court approved the agreement of purchase and sale made as of _____ (the "**Sale Agreement**") between Pismo Energy Inc. ("**Pismo**") and Poker Chip Exploration Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of Pismo's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate

confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing of the Sale Agreement have been satisfied or waived by Pismo and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

B. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. An agreement has been entered into with the Municipalities concerning the Municipal Tax Obligations;
3. The conditions to Closing of the Sale Agreement have been satisfied or waived by Pismo and the Purchaser (or its nominee); and
4. The Transaction has been completed to the satisfaction of the Receiver.
5. This Certificate was delivered by the Receiver at [Time] on [Date].

**KSV Restructuring Inc., in its
capacity as Receiver of Pismo Energy
Ltd., and not in its personal capacity.**

Per: _____

Name: Andrew Basi

SCHEDULE "C"

Identified Claims

SCHEDULE "D"

Permitted Encumbrances

Permitted Encumbrances consist of the following (with capitalized terms having the definitions given to them in the Sale Agreement, unless otherwise defined in this Order):

- (i) any overriding royalties, net profits interests and other burdens, which are provided for under the Title Documents;
- (ii) the Municipal Tax Obligations;
- (iii) the terms and conditions of the Assumed Contracts and the Title Documents, including ROFRs, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Laws to terminate any Title Document;
- (v) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (vii) agreements for the sale, processing, transmission or transportation of Petroleum Substances entered into by the Vendor, subsequent to the date of this Agreement;
- (viii) any obligation of the Vendor to hold any portion of their interest in and to any of the Assets in trust for Third Parties;
- (ix) any rights reserved to or vested in any Governmental Authority to control or regulate the ownership, use or operation of any of the Assets in any manner, including governmental requirements imposed by statute or Governmental Authorities as to rates of production from operations or otherwise affecting recoverability of Petroleum Substances;
- (x) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards the Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof;
- (xi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xii) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations;

- (xiii) any requirement to post or maintain any deposits or other form of security required by any Governmental Authority; and
- (xiv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such public utility, municipality or Governmental Authority which are not due or delinquent as of the date hereof.