

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

**Laredo Oil, Inc.**

**Form: 10-K**

**Date Filed: 2020-08-31**

Corporate Issuer CIK: 1442492

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 333-153168



**Laredo Oil, Inc.**

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

26-2435874

(I.R.S. Employer  
Identification No.)

110 N. Rubey Dr., Suite 120; Golden, Colorado 80403

(Address of principal executive offices) (Zip Code)

(720) 295-1214

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b of the Act). Yes  No

The aggregate market value of the registrant's outstanding shares of voting common stock held by non-affiliates based on the closing price of these shares on November 29, 2019 of \$0.0285 per share as reported on the OTC Bulletin Board, was \$0.56 million. That date was the last business day of the most recently completed second fiscal quarter when shares were traded. Shares held by each executive officer and director and by each person who owns 10% or more of the outstanding common stock are considered affiliates. The determination of affiliate status is not necessarily a conclusive determination for other purposes.



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## ANNUAL REPORT FOR THE YEAR ENDED MAY 31, 2020 ON FORM 10-K

## PART I

Item 1. *Business*

## Summary

Laredo Oil, Inc. ("the Company") is a management services company managing the acquisition and conventional operation of mature oil fields and the further recovery of stranded oil from those fields using enhanced oil recovery ("EOR") methods for its sole customer, Stranded Oil Resources Corporation ("SORC"), a direct, wholly owned subsidiary of Alleghany Corporation ("Alleghany").

From its inception through October 2009, the Company was primarily engaged in acquisition and exploration efforts for mineral properties. After a change in control in October 2009, the Company shifted its focus to locating mature oil fields with the intention of acquiring those oil fields and recovering stranded oil using EOR methods. The Company was unable to raise the capital required to purchase any suitable oil fields. On June 14, 2011, the Company entered into several agreements with SORC to seek recovery of stranded crude oil from mature, declining oil fields by using the EOR method known as Underground Gravity Drainage ("UGD"). Such agreements consist of a license agreement between the Company and SORC (the "SORC License Agreement"), a license agreement between the Company and Mark See, the Company's Chairman and Chief Executive Officer ("CEO") (the "MS-Company License Agreement"), an Additional Interests Grant Agreement between the Company and SORC, a Management Services Agreement between the Company and SORC (the "MSA"), a Finder's Fee Agreement between the Company and SORC (the "Finder's Fee Agreement"), and a Stockholders Agreement (the "Stockholders Agreement") among the Company, SORC and Alleghany Capital Corporation, a wholly-owned subsidiary of Alleghany ("Alleghany Capital"), each of which are dated June 14, 2011 (collectively, the "Agreements").

The Company and Mark See provide to SORC both management services and expertise pursuant to the SORC License Agreement, MS-Company License Agreement and the MSA. As consideration for the licenses to SORC, the Company will receive a 19.49% interest in SORC net profits as defined in the SORC License Agreement (the "Royalty"). Under the SORC License Agreement, the Company agreed that a portion of the Royalty equal to at least 2.25% of the net profits (the "Incentive Royalty") be used to fund a long-term incentive plan for the benefit of its employees, as determined by the Company's board of directors (the "Board"). On October 11, 2012, the Laredo Royalty Incentive Plan (the "Plan") was approved and adopted by the Board and the Incentive Royalty was assigned by the Company to Laredo Royalty Incentive Plan, LLC, a special purpose Delaware limited liability company and wholly owned subsidiary of Laredo Oil, Inc. formed to carry out the purposes of the Plan (the "Plan Entity"). As a result of the assignment of the Incentive Royalty to the Plan Entity, the Royalty retained by the Company has been reduced from 19.49% to 17.24% subject to reduction to 15% under certain events stipulated in the SORC License Agreement. Additionally, in the event of a SORC initial public offering or certain other defined corporate events, the Company will receive 17.24%, subject to reduction to 15% under the SORC License Agreement, of the SORC common equity or proceeds emanating from the event in exchange for termination of the Royalty. Under certain circumstances regarding termination of exclusivity and license terminations, the Royalty could be reduced to 7.25%.

The MSA provides that the Company will provide the services of various employees ("Service Employees"), including Mark See, in exchange for monthly and quarterly management service fees. Mark See acts as the CEO of SORC pursuant to the MSA. He and other members of Company management spend substantially all their time and effort fulfilling the terms of the Agreements whereby they use their best efforts to evaluate, acquire, develop and recover crude oil from fields conducive to the UGD oil recovery method. The quarterly management services fee is \$137,500 and the monthly management services fee is payment towards the salaries, benefit costs, and employment taxes specified for the Service Employees identified in the Agreements. In addition, SORC reimburses the Company for expenses incurred by Service Employees in connection with their rendition of services under the MSA. The Company may submit written requests to SORC for additional funding for payment of the Company's operating costs and expenses which SORC, in its sole and absolute discretion, will determine whether or not to fund. To date, no requests for additional funding have been submitted by the Company to SORC.

SORC is funded solely by Alleghany in exchange for issuance by SORC of 12% Cumulative Preferred Stock. As of June 30, 2020, SORC has received approximately \$275.9 million in net funding from Alleghany. Prior to the Company receiving any cash distributions from SORC, all accrued dividends (in excess of \$260 million as of June 30, 2020) must be paid and preferred shares redeemed.

Under the MS-Company License Agreement, Mark See granted the Company an exclusive license to use certain know how and expertise. The Stockholders Agreement, which shall not be effective unless and until the Royalty is converted into SORC common stock pursuant to the Agreements, provides, among other things, that the Company shall have certain registration rights with respect to the SORC common stock it acquires.

**Item 1. Business - continued**

The Agreements require the Company to maintain confidentiality of SORC confidential information, except to the extent such confidential information is required to be disclosed under applicable law, but such disclosure is expressly limited to the sole purpose of complying with such law and such disclosure is permitted only to the extent required by such law.

The original UGD method uses conventional mining processes to establish a drilling chamber underneath an existing oil field from where closely spaced wellbores are intended to be drilled up into the reservoir, using residual radial pressure and gravity to then drain the targeted reservoir through the wellbores. As experience is gained through practical application of the processes involved in oil recovery, variants of the UGD concept are continually developed and evaluated. The UGD method is applicable to mature oil fields that have very specific geological characteristics. The Company has done extensive research and has identified oil fields within the United States that it believes are qualified for UGD recovery methods. The Company continues to manage and support SORC's efforts to recover stranded oil from previously acquired fields. In its recently filed quarterly filing for the period ended June 30, 2020, Alleghany disclosed that SORC's oil field assets are held for sale and, consequently, were written down to estimated fair value which reflects a significant decline in oil prices, less costs to sell.

We believe the costs of implementing the UGD method are significantly lower than those presently experienced by commonly used EOR methods. We also estimate that we can materially increase the field oil production rate from prior periods and, in some cases, recover amounts of oil equal to or greater than amounts previously recovered from the mature fields selected.

Our shares are currently listed for trading on the Over-the-Counter Bulletin Board ("OTCBB") under the symbol LRDC. As of the date of this report, there has been light to medium trading for our common stock and we cannot provide assurance that an active trading market for our securities will ever develop.

**Subsequent Event**

On June 30, 2020, subsequent to the period covered by this report, the Company entered into the Limited Liability Company Agreement (the "LLC Agreement") of Cat Creek Holdings LLC ("Cat Creek"), a Montana limited liability company formed as a joint venture with Lipson Investments LLC ("Lipson") and Viper Oil & Gas, LLC ("Viper") for the purchase of certain oil and gas properties in the Cat Creek Field in Petroleum and Garfield Counties in the State of Montana (the "Cat Creek Properties"). Cat Creek entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement") with Carrell Oil Company ("Seller") on July 1, 2020 for the purchase of the Cat Creek Properties from Seller. Upon closing under the Purchase Agreement, Seller will receive consideration of \$400,000, subject to certain adjustments resulting from pre- and post-effective date revenue, expense and tax allocations. Closing under the Purchase Agreement is contingent upon Seller obtaining the requisite legal authority to sell the assets to Cat Creek and has not occurred to date. In accordance with the LLC Agreement, the Company invested \$448,900 in Cat Creek for 50% of the ownership interests in Cat Creek using cash on hand. Each of Lipson Investments LLC and Viper Oil & Gas, LLC, the other two members of Cat Creek, have ownership interests in Cat Creek of 25% in consideration of their respective investments of \$224,450. Cat Creek will be managed by a Board of Directors consisting of four directors, two of which shall be designated by the Company.

**Competition**

Our operating results are largely dependent upon SORC's net profits as defined in the SORC License Agreement. We believe that SORC will encounter competition from other oil companies in all areas of operation, including the acquisition of mature fields, and that such competitors may include large, well established companies with substantial capital resources.

**Dependence on One or a Few Major Customers**

The Company is dependent upon maintaining the Agreements with SORC and Alleghany for its funding and for access to SORC's net profits as defined in the Agreements. There is no assurance that such funding will continue nor that such net profits will be achieved.

**Pandemic; Oil and Gas Price Volatility**

Market prices for oil and gas collapsed in the first six months of calendar year 2020 as the combination of the COVID-19 global pandemic (the "Pandemic") and geopolitical tensions among the world's energy producers resulted in the simultaneous reduction of demand and increase in supply of crude. The price shock has adversely affected the results, prospects and values of investments in energy-related businesses which businesses are likely to remain pressured until the uncertainty around the Pandemic and the price of energy products recovers.

**Operating Hazards and Uninsured Risks**

Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered. We believe that the cost and timing of drilling, completing and operating wells is often uncertain and that drilling operations may be curtailed, delayed or canceled as a result of numerous factors, including low oil prices, title problems, reservoir characteristics, weather conditions, equipment failures, delays by project participants, compliance with governmental requirements, shortages or delays in the delivery of equipment and services and increases in the cost for such equipment and services. SORC's future oil recovery activities may not be successful and, if unsuccessful, such failure may result in cancellation of the Agreements and have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Item 1. Business - continued**

Operations that the Company will manage for SORC are subject to hazards and risks inherent in drilling for and producing and transporting oil, such as fires, natural disasters, explosions, encountering formations with abnormal pressures, blowouts, craterings, pipeline ruptures and spills, any of which can result in the loss of hydrocarbons, environmental pollution, personal injury claims and other damage to SORC properties and those of others. The Company maintains insurance against some, but not all, of the risks described above. In particular, the insurance we maintain does not cover claims relating to failure of title to oil leases, loss of surface equipment at well locations, business interruption, loss of revenue due to low commodity prices or loss of revenues due to well failure. The occurrence of an event that is not covered, or not fully covered, by insurance which we maintain or which SORC may acquire, could have a material adverse effect on our Royalty in the period such event may occur.

**Governmental Regulation**

Oil and natural gas exploration, production, transportation and marketing activities are subject to extensive laws, rules and regulations promulgated by federal and state legislatures and agencies, including but not limited to the Mine Safety and Health Administration ("MSHA"), the Federal Energy Regulatory Commission ("FERC"), the Environmental Protection Agency ("EPA"), the Bureau of Land Management ("BLM"), and various state regulatory agencies. Failure to comply with such laws, rules and regulations can result in substantial penalties, including the delay or stopping of our operations. The legislative and regulatory burden on the oil industry increases our cost of doing business and affects our Royalty.

State regulatory agencies, as well as the federal government when operating on federal or Indian lands, require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil. These governmental authorities also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum rates of production from wells and the regulation of spacing, plugging and abandonment of such wells. In each jurisdiction, we will most likely need exceptions to some regulations requiring regulatory approval. All of these matters could affect the Royalty.

**Environmental Matters**

The oil industry is subject to extensive and changing federal, state and local laws and regulations relating to environmental protection, including the generation, storage, handling, emission, transportation and discharge of materials into the environment, as well as safety and health. The recent trend in environmental legislation and regulation is generally toward stricter standards, and this trend is likely to continue. These laws and regulations may require a permit or other authorization before construction or drilling commences, and for certain other activities, limit or prohibit access, seismic acquisition, construction, drilling and other activities on certain lands lying within wilderness and other protected areas, impose substantial liabilities for pollution resulting from its operations, and require the reclamation of certain lands.

The permits that are required for oil and gas operations are subject to revocation, modification and renewal by issuing authorities.

Federal regulations require certain owners or operators of facilities that store or otherwise handle oil to prepare and implement spill prevention, control countermeasure and response plans relating to the possible discharge of oil into surface waters. The Oil Pollution Act of 1990 ("OPA") contains numerous requirements relating to the prevention of and response to oil spills into waters of the United States. For onshore and offshore facilities that may affect waters of the United States, the OPA requires an operator to demonstrate financial responsibility. Regulations are currently being developed under federal and state laws concerning oil pollution prevention and other matters that may impose additional regulatory burdens on participants in the oil and gas industry. In addition, the Clean Water Act and analogous state laws require permits to be obtained to authorize discharge into surface waters or to construct facilities in wetland areas. The Clean Air Act of 1970 and its subsequent amendments in 1990 and 1997 also impose permit requirements and necessitate certain restrictions on point source emissions of volatile organic carbons (nitrogen oxides and sulfur dioxide) and particulates with respect to certain of our operations. The EPA and designated state agencies have in place regulations concerning discharges of storm water runoff and stationary sources of air emissions. These programs require covered facilities to obtain individual permits, participate in a group or seek coverage under an EPA general permit. Most agencies recognize the unique qualities of oil and natural gas exploration and production operations. A number of agencies, including but not limited to MSHA, the EPA, the BLM, and similar state commissions, have adopted regulatory guidance in consideration of the operational limitations on these types of facilities and their potential to emit pollutants.

**Formation**

We were incorporated under the laws of the State of Delaware on March 31, 2008 under the name of "Laredo Mining, Inc." with authorized common stock of 90,000,000 shares at \$0.0001 par value and authorized preferred stock of 10,000,000 shares at \$0.0001 par value. On October 21, 2009 the name was changed to "Laredo Oil, Inc." Effective October 21, 2009, all shares of the Company's common stock issued and outstanding were combined and reclassified on a 1-to-6.25 basis. In connection with this change, the Certificate of Incorporation was amended to retain the par value at \$0.0001 per share.

**Facilities**

Our principal executive office is located in Golden, Colorado, at 110 N. Rubey Dr., Suite 120, Golden, Colorado 80403.

**Item 1. Business - continued**

**Employer**

As of May 31, 2020, we had 40 full-time employees and two non-employee directors.

**Website Access**

We make available, free of charge through our website, [www.laredo-oil.com](http://www.laredo-oil.com), our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Information on our website is not a part of this report.

**Item 2. Properties**

We currently do not own any material physical property or own any real property. Physical property consists of office equipment and furniture, and offices are rented on an annual basis.

**Item 3. Legal Proceedings**

We are not currently involved in any legal proceedings and we are not aware of any pending or potential legal actions.

As of May 31, 2020, there are no known environmental or other regulatory matters related to our operations that are reasonably expected to result in a material liability to us.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

The Company's common stock currently is quoted on the OTCBB which is not recognized as a stock exchange for SEC reporting purposes. Since the Company began trading November 5, 2009 on the OTCBB, there has been a limited trading market for the Company's common stock. The following table presents the range of high and low bid information for the common equity for each full quarterly period within the two most recent fiscal years.

Laredo Oil, Inc. High/Low Market Bid Prices (\$)				
	Fiscal Q1: Jun 2019 — Aug 2019	Fiscal Q2: Sep 2019 — Nov 2019	Fiscal Q3: Dec 2019 — Feb 2020	Fiscal Q4: Mar 2020 — May 2020
High Bid	0.0441	0.0385	0.066	0.0481
Low Bid	0.022	0.0214	0.02	0.015

  

	Fiscal Q1: Jun 2018 — Aug 2018	Fiscal Q2: Sep 2018 — Nov 2018	Fiscal Q3: Dec 2018 — Feb 2019	Fiscal Q4: Mar 2019 — May 2019
High Bid	0.10	0.09	0.0605	0.0642
Low Bid	0.062	0.04	0.025	0.042

Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

The Securities and Exchange Commission ("SEC") has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or quotation system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type, size and format, as the SEC shall require by rule or regulation. The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a suitable written statement.

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - continued**

These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our stock if it becomes subject to these penny stock rules. Therefore, if our common stock becomes subject to the penny stock rules, stockholders may have difficulty selling those securities.

**Holders**

As of August 31, 2020, the Company had 54,514,765 shares of common stock issued and outstanding estimated to be held by more than 700 beneficial holders including those who own units through their brokers "in street name". Additionally, the Company had outstanding warrants to purchase 5,374,501 shares of stock at an exercise price equal to \$0.70 per share. The Company also had outstanding options to purchase 254,000 shares of common stock at \$0.25 per share, 800,000 shares of common stock at \$0.36 per share, 1,100,000 shares of common stock at \$0.38 per share, 600,000 shares of common stock at \$0.40 per share, 250,000 shares of common stock at \$0.405, and 1,500,000 shares of common stock at \$2.00 per share, all of which total 4,504,000 shares and are fully vested. If shares underlying all outstanding warrants and options were issued, the fully diluted number of shares outstanding would be 64,393,266 shares.

**Dividends**

Since its inception, the Company has not paid any dividends on its common stock, and the Company does not anticipate that it will pay dividends before the Royalty is paid to the Company by SORC, and there can be no assurance provided that the Royalty will be received, and if received, that such Royalty will be in sufficient amounts to warrant payment of a dividend.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The Company is a management services company managing the acquisition and conventional operation of mature oil fields and the further recovery of stranded oil from those fields using enhanced oil recovery methods for its sole customer, SORC, a direct, wholly owned subsidiary of Alleghany. See "Item 1. Business" for a discussion of our business and our transactions with SORC. The sole source of revenue for the Company comes from the management fees described in the MSA and from a Royalty based upon the success of SORC. As of May 31, 2020, no royalties have been accrued or paid.

From SORC's formation in 2011 through June 30, 2020, Alleghany's net investment into SORC has been \$275.9 million. This investment has been channeled primarily into three major projects discussed in the following paragraphs.

The first project was located in Kansas. SORC funds have been used to acquire oil and gas leases and to purchase mineral rights totaling approximately 2,500 acres and used to construct and develop an Underground Gravity Drainage ("UGD") facility. SORC completed construction of its underground facility in 2014 and commenced its drilling program in 2015. After a thorough evaluation of the project, SORC sold substantially all its assets to third parties as of December 29, 2017 and no longer has oil and gas properties in Kansas.

The second project was located in Louisiana where SORC had acquired oil and gas leases on approximately 9,244 acres in a targeted oil reservoir. The oil field assets there were operational, producing crude oil using both conventional and UGD production methods, and were sold to a third party in July 2020.

The third project is located in Wyoming. On January 30, 2015, SORC, through one of its subsidiaries, purchased the Department of Energy's Naval Petroleum Reserve Number 3 (NPR-3), the Teapot Dome Oilfield, for \$45.2 million. The purchase culminated a competitive bidding process that closed on October 16, 2014. Under the terms of the sale, operation and ownership of all of NPR-3's mineral rights and approximately 9,000 acres of land immediately transferred to SORC. The remaining surface acreage transferred in June 2015, bringing the total acres purchased to 9,318. The oil field there is operational, currently producing crude oil using both conventional and UGD production methods, and classified by SORC as held for sale.

In its Form 10-Q report for the second quarter ended June 30, 2020, Alleghany reported that (a) for the second quarter and first six months of 2020, Alleghany recorded \$44.5 million and \$74.4 million, respectively, of impairment charges at SORC from write-downs of SORC's oil field assets; (b). SORC's oil field assets are held for sale and consequently, were written down to estimated fair value, which reflects a significant decline in oil prices, less costs to sell; and (c) as of June 30, 2020, SORC's stockholder's equity was \$26 million, which consisted primarily of deferred tax assets and current taxes receivable.

### Liquidity and Capital Resources

In accordance with the SORC license and management services agreements, the Company believes that it will receive from SORC sufficient working capital necessary to meet its obligations under the Agreements. The Company provides the know-how, expertise, and management required to identify, evaluate, acquire, test and develop targeted properties, and SORC provides all required funding and owns any acquired assets. It is expected that SORC will be funded primarily by Alleghany in exchange for issuance by SORC to Alleghany of 12% Cumulative Preferred Stock. As of June 30, 2020, SORC had received \$275.9 million in net funding from Alleghany. Prior to the Company receiving any Royalty cash distributions from SORC, all SORC preferred share accrued dividends (in excess of \$260 million as of June 30, 2020) must be paid, preferred shares redeemed, and debt retired to comply with any loan agreements. With such uncertainty, Royalty cash distributions are not foreseen in the near future, and the main source of income for the Company will continue to be the management fee revenue under the Management Services Agreement.

On April 28, 2020, the Company entered into a note in the amount of \$1,233,656 (the "PPP Note") pursuant to the terms of the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act (the "Program"). The Program provides loans to qualifying businesses for amount up to 2.5 times the average monthly payroll expenses of the qualifying business. Under the terms of the Program, PPP loan participants can apply for and be granted forgiveness for all or a portion of the loan (including interest) granted pursuant to the PPP. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for eligible purposes. No assurance can be given that the Company will obtain forgiveness of the PPP Loan, in whole or part.

Our cash and cash equivalents at May 31, 2020 was \$1,532,511. Total debt outstanding as of the filing date of this report is \$1,583,656 comprised of \$350,000 owed to Alleghany Capital, which is classified as short-term notes payable and \$1,233,656 pursuant to the PPP Note. Based on the terms of the PPP Note, \$759,878 is classified as a long-term note, net of the current portion totaling \$473,778 which is classified as a current note payable.

### Recently issued accounting pronouncements

Refer to Note 3 of the Notes to Financial Statements for a discussion of recently issued accounting pronouncements.

### Results of Operations

Pursuant to the Management Services Agreement with SORC, the Company received and recorded management fee revenue and direct costs totaling \$8,145,167 and \$7,968,985, respectively, for the fiscal year ending May 31, 2020 and \$8,479,855 and \$8,283,877, respectively, for the fiscal year ending May 31, 2019. The decrease in revenues and direct costs is primarily attributable to a decrease in average number of employees as operations contracted in fiscal year ending May 31, 2020 as compared to fiscal year ending May 31, 2019.

During the years ended May 31, 2020 and 2019, respectively, we incurred operating expenses of \$307,048 and \$308,509. These expenses consisted of general operating expenses incurred in connection with the day to day operation of our business, the preparation and filing of our required reports and stock option compensation expense. The decrease in expenses for the year ended May 31, 2020 as compared to the same period in 2019 is primarily attributable to decreases in share-based compensation expense.

Due to the nature of the Agreements, the Company is relatively unaffected by the impact of inflation. Usually, when general price inflation occurs, the price of crude oil increases as well, which may have a positive effect on sales. However, as the price of oil increases, it also most likely will result in making targeted oil fields more expensive.

### Critical Accounting Policies and Estimates

The process of preparing financial statements requires that we make estimates and assumptions that affect the reported amounts of liabilities and stockholders' equity/(deficit) at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to stock options and warrants as of the date of the financial statements; accordingly, actual results may differ from estimated amounts. Our estimates and assumptions are based on current facts, historical experience and various other factors we believe to be reasonable under the circumstances. The most significant estimates with regard to the financial statements included with this report relate to stock options.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**Off Balance Sheet Arrangements**

We do not currently have any off-balance sheet arrangements or other such unrecorded obligations, and we have not guaranteed the debt of any other party.

**Item 8. Financial Statements and Supplementary Data**

Our Financial Statements required by this item are included on the pages immediately following the Index to Financial Statements appearing on page F-1.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended ("Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission ("SEC") rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives, and management necessarily is required to use its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

An evaluation was carried out under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, the CEO and CFO have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are not effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties. Therefore, it is difficult to effectively segregate accounting duties which comprises a material weakness in internal controls. This lack of segregation of duties leads management to conclude that the Company's disclosure controls and procedures are not effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based on the framework in Internal Controls – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control – Integrated Framework, our management concluded that our internal controls over financial reporting were not effective as of May 31, 2020. As we grow, we are working on further improving our segregation of duties and level of supervision.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to SEC rules adopted in conformity with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) that occurred during the quarter ended May 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B Other Information**

None.

**PART III****Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth as of August 31, 2020, the name, age, and position of each executive officer and director and the term of office of each director of the Company.

Name	Age	Position Held	Term as Director or Officer
			Since
Donald Beckham	60	Director	March 1, 2011
Christopher E. Lindsey	54	General Counsel and Secretary	October 16, 2013
Michael H. Price	72	Independent Director	August 3, 2012
Mark See	59	Chief Executive Officer and Chairman	October 16, 2009
Bradley E. Sparks	73	Chief Financial Officer, Treasurer and Director	March 1, 2011

Each director of the Company serves for a term of three years and until his successor is elected at the Company's annual shareholders' meeting and is qualified, subject to removal by the Company's shareholders. Each officer serves at the pleasure of the Board of Directors for a term of one year and until his successor is elected at the Annual General Meeting of the Board of Directors.

Set forth below is certain biographical information regarding each of the Company's executive officers and directors.

**DONALD BECKHAM** has served as a director of the Company since March 1, 2011. Since July 2015, he has been a Partner with Copestone Energy Partners, LLC. In 1993 he founded Beckham Resources, Inc. ("BRI") which for the past 20 years has been a licensed, bonded and insured operator in good standing with the Railroad Commission of Texas. Through BRI, Mr. Beckham has drilled and operated fields for his own account. His expertise is in the acquisition, exploitation, exploration and production enhancement of mature oil and gas fields through which he has been able to enhance production by compressor optimization, pump design, work-over programs, stimulation techniques and identifying new pay zones. BRI has operated wells in the following fields: Hull, Liberty, Aransas Pass, McCampbell, Mission River, Garcitas Creek, Sour Lake, Batson, Barton Ranch and Dayton. Prior to BRI, Mr. Beckham was the chief operations manager for Houston Oil Fields Corporation ("HOFCO") where he began his career. There he was responsible for drilling, production and field operations and managed approximately 100 people including engineers, geologists, land men, pumpers, and other contract personnel, as well as state and federal environmental and regulatory functions. He managed an annual capital budget of approximately \$30 million and operated approximately 100 wells. HOFCO drilled about 20 wells per annum and performed approximately 30 recompletions and work over operations each year. HOFCO owned interests in about 10 key fields principally in Texas, and company-managed production was approximately 1,000 bpd of crude oil and 10 mm cfd of natural gas. Fields that he managed were as follows: Manvell, Cold Springs, Shepherd, Turtle Bay, Red Fish Bay, Dickinson, Refugio, Lost Lake, Liberty and Abbeville. Mr. Beckham is a petroleum engineer and 1984 graduate of Mississippi State University.

**CHRISTOPHER E. LINDSEY** has served as the General Counsel and Secretary of the Company since October 16, 2013. Prior to joining the Company, Mr. Lindsey served briefly as a partner in the Houston office of Liskow & Lewis, representing oil and gas clients. Prior to Liskow, in 2013 Mr. Lindsey was a partner at Gordon Arata McCollam Duplantis & Eagan LLC as an oil and gas partner in the Houston office. Before that Mr. Lindsey was an oil and gas partner in the Houston office of Burlson LLP from 2011 to 2012. From 2010 to 2011, Mr. Lindsey was in the legal department of Boxer Property Management Corporation. Prior to that Mr. Lindsey was a partner in the Greensboro, North Carolina office of Purrington Moody Weil LLP from 2001 to 2009. He has practiced law both in-house and at various firms for over 21 years, including in-house positions as general counsel of Mariner Energy, LLC from 1998 to 2000 and SalvageSale.com from 2000 to 2001. Mr. Lindsey began his career as an associate in the Houston office of Bracewell and Giuliani LLP from 1993 to 1998. Mr. Lindsey graduated from the University of Virginia with a BA in Economics in 1988, from the University of Texas School of Law with a JD in 1993 and from the University of Texas at Austin with an MBA in 2003.

**MICHAEL H. PRICE**, has over 40 years of senior financial and petroleum experience in the global oil and gas industry. He has been a principal in Octagon Energy Advisors, a Houston based energy investment advisory firm, from 2002 to the present. The firm advises financial institutions and institutional investors participating in energy investments. Since 2008, he has been a Managing Director at ING Capital which provides debt financing to domestic exploration and production companies. From 1998 through 2002, Mr. Price was the Chief Financial Officer of Forman Petroleum Corporation. Before that, Mr. Price was Managing Director at Chase Manhattan Bank for fifteen years where he was in charge of technical support for Chase's worldwide energy merchant banking activities. In his early career, he worked as a consulting principal on domestic petroleum engineering and landowner matters, and gained extensive international experience working with major oil companies in a variety of operating positions. He holds a BS and MS from Illinois Institute of Technology, an MBA from the University of Chicago, a M.Sc. from the London School of Economics, and a MS in Petroleum Engineering from Tulane University.

**Item 10. Directors, Executive Officers and Corporate Governance - continued**

**MARK SEE** has been the Chief Executive Officer and Chairman of the Board of Directors for the Company since October 16, 2009. He has over 25 years experience in tunneling, natural resources and the petroleum industries. He was the founder and founding CEO of Rock Well Petroleum, a private oil & gas company from January 2005 until December 2008 and worked from then until October of 2009 forming Laredo Oil. He was employed with Albian Sands as the Manager for the Alberta Oil Sands Projects at Fort McMurray, Alberta, Canada, a joint venture between Shell Canada and Chevron. Mr. See was also President of Oil Recovery Enhancement LLC in Bozeman, Montana, a private oil company. He was selected as one of the top 25 Engineers in North America by the *Engineering News Record* for his innovations in the petroleum industry. He is a member of the Society of Mining Engineers and the Society of Petroleum Engineers.

**BRADLEY E. SPARKS** currently serves as the Chief Financial Officer and Treasurer and has been a director of the Company since March 1, 2011. Before joining Laredo Oil in October 2009, he was the Chief Executive Officer, President and a Director of Visualant, Inc. Prior to joining Visualant, he was the Chief Financial Officer of WatchGuard Technologies, Inc. from 2005-2006. Before joining WatchGuard, he was the founder and managing director of Sunburst Growth Ventures, LLC, a private investment firm specializing in emerging-growth companies. Previously, he founded Pointer Communications and served as Chief Financial Officer for several telecommunications and internet companies, including eSpire Communications, Inc., Digex, Inc., Omnipoint Corporation, and WAM!NET. He also served as Vice President and Treasurer of MCI Communications from 1988-1993 and as Vice President and Controller from 1993-1995. Before his tenure at MCI, Mr. Sparks held various financial management positions at Ryder System, Inc. Mr. Sparks currently serves on the Board of Directors of Comrise. Mr. Sparks graduated from the United States Military Academy at West Point in 1969 and is a former Army Captain in the Signal Corps. He received a Master of Science in Management degree from the Sloan School of Management at the Massachusetts Institute of Technology in 1975 and is a licensed CPA in Florida.

To the knowledge of management, except as noted below, during the past ten years, no present or former director, executive officer or person nominated to become a director or an executive officer of the Company:

- (1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by the court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filings;
- (2) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities:
  - (i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
  - (ii) engaging in any type of business practice; or
  - (iii) engaging in any activities in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;
- (4) was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activities;
- (5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated;
- (6) was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;
- (7) was the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
  - (i) Any federal or state securities or commodities law or regulation; or
  - (ii) Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
  - (iii) Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- (8) was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

**Item 10. Directors, Executive Officers and Corporate Governance - continued**

In calendar year 2014, Mr. Beckham served as an executive officer of Mining Oil, Inc. which filed for bankruptcy in January 2015. Four months prior to that filing, Mr. Beckham had resigned his position due to policy differences with members of the management team.

**Section 16(a) Beneficial Ownership Reporting Compliance**

During the fiscal year ended May 31, 2020, the Company had no class of equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934. Accordingly, no reports were required to be filed pursuant to Section 16(a) with respect to the Company's officers, directors, and beneficial holders of more than ten percent of any class of equity securities.

**Code of Ethics**

The Company's Code of Ethics is attached by reference as Exhibit 14.1 to this Form 10-K and can be found on the Company's web site at [www.laredo-oil.com](http://www.laredo-oil.com).

**Item 11. Executive Compensation****Compensation Summary for Executive Officers**

The following table sets forth compensation paid or accrued by the Company for the last two years ended May 31, 2020 and 2019 with regard to individuals who served as the Principal Executive Officer and for executive officers receiving compensation in excess of \$100,000 during these fiscal periods.

Name and Principal Position	Fiscal Year	Salary(\$)	Bonus(\$)	Option Awards(\$)	All Other Compensation(\$)	Total(\$)
Mark See (1) Chief Executive Officer and Chairman of the Board	2020	525,000	-	-	-	525,000
	2019	525,000	-	-	-	525,000
Bradley E. Sparks (2) Chief Financial Officer, Treasurer and Director	2020	415,000	-	-	-	415,000
	2019	415,000	-	-	-	415,000
Christopher E. Lindsey General Counsel and Secretary	2020	333,261	10,000	-	-	343,261
	2019	337,212	10,000	-	-	347,212

(1) The salary amounts shown in fiscal year 2020 include \$520,746 in cash payments and \$4,254 of deferred compensation and in fiscal year 2019 include \$521,981 in cash payments and \$3,019 of deferred compensation. As of May 31, 2020, Mr. See has cumulative deferred compensation of \$163,153.

(2) The amounts shown in 2020 include \$257,600 of salary paid in cash and \$157,400 in deferred compensation and in 2019 include \$264,893 of salary paid in cash and \$150,107 in deferred compensation. As of May 31, 2020, Mr. Sparks has cumulative deferred compensation of \$1,133,770.

**Named Executive Officers Compensation and Termination of Employment Provisions**

Pursuant to a letter agreement dated October 16, 2009 between the Company and Mr. See, the Company agreed to pay Mr. See an annual base salary of \$240,000, and, after the Company is funded with a minimum of \$7.5 million of capital, a base salary of \$450,000 per year. The base salary has an automatic cost of living increase of 10% per year. He also is entitled to a monthly automobile allowance of \$1,000, a monthly professional allowance of \$1,000, and a monthly communication allowance of \$500. We also granted to Mr. See 12,844,269 shares of our common stock. In October 2012, the Laredo Board of Directors voted to increase Mr. See's salary to \$450,000 per year as a result of the SORC Board of Directors both authorizing commencement of UGD development on the Company's initial project with SORC and increasing the monthly management fee to fund the salary increase. When the Company receives insufficient funds under the MSA to pay the base salary, including automatic cost of living increases, the difference of his actual paid base salary rate and the contractual per year rate, calculated monthly, is treated as deferred compensation until such time as the Company has adequate operating funds to satisfy such obligation or until otherwise paid through the issuance of equity or debt securities of the Company as determined by the Compensation Committee. If Mr. See is terminated by us without "Cause" (as such term is defined in the letter agreement), we will pay severance to Mr. See equal to 100% of his then-current annualized base salary, and any bonuses earned, paid out on a pro rata basis over our regular payroll schedule over the three-year period following the effective date of such termination. In addition, Mr. See will continue to receive all applicable benefits under our standard benefits plans currently available to other senior executives, for a period not to exceed 24 months following the termination of employment. Moreover, pursuant to a change in control severance agreement between us and Mr. See, if Mr. See is terminated by us within 12 months following a change in control of the Company without Cause (as such term is defined in the change in control agreement) or if Mr. See terminates his employment with us for "Good Reason" (as such term is defined in the change in control agreement), he will be entitled to receipt of 100% of bonuses earned and his annual base salary paid out on a pro rata basis over our regular payroll schedule until contract expiration. In addition, Mr. See will continue to receive all applicable benefits under our standard benefits plans currently available to other senior executives, for a period not to exceed 24 months following the termination of employment.

**Item 11. Executive Compensation - continued**

On October 14, 2014, the letter agreement dated October 16, 2009 between the Company and Mr. See was amended to set the salary amount at \$495,000 per year (which, together with previously approved allowances for Mr. See equaling \$30,000, is an aggregate of \$525,000 per year) and delete the automatic cost of living increase of 10% per year. In addition, the amendment modified the terms of the severance so that if Mr. See is terminated by us without "Cause" (as such term is defined in the letter agreement), we will pay severance to Mr. See equal to 100% of his then-current annualized base salary, and any bonuses earned, paid out on a pro rata basis over our regular payroll schedule over the two-year period following the effective date of such termination, provided that if such termination occurs within 12 months after a Change of Control, such two-year period shall be increased to a three-year period. On March 1, 2016, the rate of cash salary compensation paid to Mr. See was reduced by 10% from \$490,000 to \$441,000 per year as part of an overall company salary reduction. Beginning January 1, 2017, the rate of annual cash salary compensation paid to Mr. See was increased by 3% from \$441,000 to \$454,230 per year. Beginning January 1, 2018, the rate of annual cash salary compensation paid to Mr. See was increased by 3% from \$454,230 to \$468,000 per year (which, together with previously approved allowances for Mr. See equaling \$30,000, is an aggregate of \$498,000 per year). Beginning January 1, 2019, the rate of annual cash salary compensation paid to Mr. See was increased from \$468,000 to \$485,000 per year (which, together with previously approved allowances for Mr. See equaling \$30,000, is an aggregate of \$515,000 per year). Beginning January 1, 2020, the rate of annual cash salary compensation paid to Mr. See was increased from \$485,000 to \$498,580 per year (which, together with previously approved allowances for Mr. See equaling \$30,000, is an aggregate of \$528,580 per year). Amounts received above the \$495,000 contract salary will reduce cumulative deferred compensation. Under his contract with Laredo and as of May 31, 2020, Mr. See has \$163,153 of cumulative deferred compensation owed him which is the difference between his contract salary and the actual cash compensation he has received thereunder through May 31, 2020.

Pursuant to a letter agreement dated October 20, 2009 between the Company and Mr. Sparks, we agreed to pay Mr. Sparks an annual base salary of \$180,000, and, after the Company is funded with a minimum of \$7.5 million of capital, a base salary of \$350,000 per year. The base salary has an automatic cost of living increase of 10% per year. He also is entitled to a monthly automobile allowance of \$1,000, a monthly professional allowance of \$1,000, and a monthly communication allowance of \$500. We also granted to Mr. Sparks 2,824,857 shares of our common stock. In April 2013 the Laredo Board of Directors voted to increase Mr. Sparks' salary to \$350,000 per year with the effect of the SORC Board of Directors authorizing commencement of UGD development on the Company's initial project with SORC. When the Company receives insufficient funds under the MSA to pay the base salary, including automatic cost of living increases, the difference of his actual paid base salary rate and the contractual per year rate, calculated monthly, is treated as deferred compensation until such time as the Company has adequate operating funds to satisfy such obligation or until otherwise paid through the issuance of equity or debt securities of the Company as determined by the Compensation Committee. If Mr. Sparks is terminated by us without "Cause" (as such term is defined in the letter agreement), we will pay severance to Mr. Sparks equal to 100% of his then-current annualized base salary, and any bonuses earned, paid out on a pro rata basis over our regular payroll schedule over the three-year period following the effective date of such termination. In addition, Mr. Sparks will continue to receive all applicable benefits under our standard benefits plans currently available to other senior executives, for a period not to exceed 24 months following the termination of employment. Moreover, pursuant to a change in control severance agreement between us and Mr. Sparks, if Mr. Sparks is terminated by us within 12 months following a change in control of the

Company without Cause (as such term is defined in the change in control agreement) or if Mr. Sparks terminates his employment with us for "Good Reason" (as such term is defined in the change in control agreement), he will be entitled to receipt of 100% of bonuses earned and his annual base salary paid out on a pro rata basis over our regular payroll schedule until contract expiration. In addition, Mr. Sparks will continue to receive all applicable benefits under our standard benefits plans currently available to other senior executives, for a period not to exceed 24 months following the termination of employment.

On October 14, 2014, the letter agreement dated October 20, 2009 between the Company and Mr. Sparks was amended to set the salary amount at \$385,000 per year (which, together with previously approved allowances for Mr. Sparks equaling \$30,000, is an aggregate of \$415,000 per year) and delete the automatic cost of living increase of 10% per year. In addition, the amendment modified the terms of the severance so that if Mr. Sparks is terminated by us without "Cause" (as such term is defined in the letter agreement), we will pay severance to Mr. Sparks equal to 100% of his then-current annualized base salary, and any bonuses earned, paid out on a pro rata basis over our regular payroll schedule over the two-year period following the effective date of such termination, provided that if such termination occurs within 12 months after a Change of Control, such two-year period shall be increased to a three-year period. On March 1, 2016, the rate of cash salary compensation paid to Mr. Sparks was reduced by 5% from \$239,580 to \$227,601 per year as part of an overall company salary reduction. Under his contract with Laredo and as of May 31, 2020, Mr. Sparks has \$1,133,770 of cumulative deferred compensation owed him which is the difference between his contract salary and the actual cash compensation he has received thereunder.

Pursuant to a letter agreement dated October 16, 2013 between the Company and Mr. Lindsey, we agreed to pay Mr. Lindsey an annual base salary of \$300,000 per year. He also is entitled to a monthly professional allowance of \$1,000. We also granted to Mr. Lindsey an option to purchase 800,000 shares of our common stock at a price of \$0.36 per share in accordance with the Laredo Oil, Inc. 2011 Equity Incentive Plan. If Mr. Lindsey is terminated by us without "Cause" (as such term is defined in the letter agreement), we will pay severance to Mr. Lindsey equal to 100% of his then-current annualized base salary, and any bonuses earned, paid out on a pro rata basis over our regular payroll schedule over the one-year period following the effective date of such termination. In addition, Mr. Lindsey will continue to receive all applicable benefits under our standard benefits plans currently available to other senior executives, for a period not to exceed 24 months following the termination of employment. In January 2015, the Laredo Board of Directors increased the annual base salary of Mr. Lindsey to \$314,000 per year. Effective March 1, 2016, as part of an overall company salary reduction, the annual base salary for Mr. Lindsey was reduced 5% to \$298,300. Beginning January 1, 2017, the rate of annual cash salary compensation paid to Mr. Lindsey was increased by 3% from \$298,300 to \$307,249 per year, and he received a one-time bonus of \$6,000 in December 2017. Beginning January 1, 2018, the rate of annual cash salary compensation paid to Mr. Lindsey was increased from \$307,249 to \$311,000 per year (which, together with previously approved allowances for Mr. Lindsey equaling \$12,000, is an aggregate of \$323,000 per year). Beginning January 1, 2019, the rate of annual cash salary compensation paid to Mr. Lindsey was increased from \$311,000 to \$317,500 per year (which, together with previously approved allowances for Mr. Lindsey equaling \$12,000, is an aggregate of \$329,500 per year). Beginning January 1, 2020, the rate of annual cash salary compensation paid to Mr. Lindsey was increased from \$317,500 to \$326,390 per year (which, together with previously approved allowances for Mr. Lindsey equaling \$12,000, is an aggregate of \$338,390 per year).

**Item 11. Executive Compensation - continued**

Effective June 29, 2012, the Board approved the Laredo Management Retention Plan (the "Royalty Plan") that outlines the terms and conditions under which employees of the Company are eligible to participate in the Incentive Royalty to be assigned to the Royalty Plan. In accordance with the terms of the Royalty Plan, a new special purposes entity was formed on July 3, 2012 as a Delaware limited liability company (the "Plan Entity"). On October 11, 2012, the Board (i) amended the Royalty Plan to, among other things, change the name of the Royalty Plan to "Laredo Royalty Incentive Plan", (ii) appointed a Compensation Committee of the non-employee board members (the "Compensation Committee") to administer the Royalty Plan and make awards thereunder, (iii) authorized the filing of an Amendment to the Certificate of Formation of the Plan Entity to change its name to "Laredo Royalty Incentive Plan, LLC", (iv) adopted and approved an Assignment Agreement pursuant to which the Incentive Royalty was assigned to the Plan Entity in accordance with the Royalty Plan. Also, on October 11, 2012, the Compensation Committee made awards of Restricted Common Units of the Plan Entity (the "Plan Units") pursuant to Award Agreements to certain of its employees. These Plan Units vest over a period of three years from the grant date but are subject to accelerated vesting upon the commencement of production under the initial UGD project as provided in the award agreement. Ten thousand (10,000) Plan Units are authorized for issuance under the Royalty Plan, of which 5,520 Plan Units were issued and outstanding as of May 31, 2020.

**Outstanding equity awards as of May 31, 2020:**

(a) Name and Principle Position	(b) Number of Securities Underlying Unexercised Options Exercisable	(e) Option Exercise Price (\$)	(f) Option Expiration Date
Christopher E. Lindsey General Counsel and Secretary	800,000	0.36	November 22, 2023
Bradley E. Sparks CFO, Treasurer & Director	1,500,000	2.00	April 11, 2022

In February 2011, the Company approved the Laredo Oil, Inc. 2011 Equity Incentive Plan. The Equity Incentive Plan was filed with the Securities and Exchange Commission on Form S-8 on November 8, 2011 and was amended in December 2014 to increase the number of shares available for issuance thereunder to an aggregate of 15,000,000 shares.

**Director Compensation**

(a) Name	(b) Fees Earned or Paid in Cash (\$)	(c) Stock Awards (\$)	(d) Option Awards (\$)	(j) Total (\$)
Donald Beckham	50,000	-	-	50,000
Michael H. Price	50,000	-	-	50,000

The compensation for each non-employee director is as follows: quarterly cash payment of \$12,500 payable mid-quarter in arrears, 500,000 shares of restricted common stock vesting in three equal installments over three years, and all reasonable expenses associated with attendance at Board meetings. Five hundred thousand shares of the aforementioned restricted stock were granted in January 2012 to Mr. Beckham and were fully vested in January 2015. In August 2012, Mr. Price was granted 500,000 shares of restricted common stock vesting in three equal installments over three years and were fully vested in August 2015. On August 8, 2013, each non-employee director was awarded 50,000 restricted shares vesting in equal installments over three years. As of August 2016, all 50,000 shares were vested for Messrs. Beckham and Price. Since they are executive officers, Messrs. See and Sparks receive no additional compensation for Board service.

On January 2, 2015, the Company granted options to purchase 1,100,000 common shares to Mr. Beckham with an exercise price of \$0.38 per share, the fair market value on the date of grant. The options vest monthly over three years and expire on January 2, 2025. As of May 31, 2020, all 1,100,000 options had vested.

**Item 12. Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth as of the date of the filing of this Form 10-K, the name and address and the number of shares of the Company's common stock, with a par value of \$0.0001 per share, held of record or beneficially by each person who held of record, or was known by the Company to own beneficially, more than 5% of the issued and outstanding shares of the Company's common stock, and the name and shareholdings of each executive officer, director and of all officers and directors as a group.

Name and Address of Beneficial Owner	Nature of Ownership (1)	Amount of Beneficial Ownership (1)	Percent of Class
Bedford Holdings, LLC (2) 44 Polo Drive Big Horn, WY 82833	Direct	12,829,269	23.5%
Darlington, LLC (2) P.O. Box 723 Big Horn, WY 82833	Direct	5,423,138	9.9%
Mark See (3) 110 N. Rubey Dr., Suite 120 Golden, Colorado 80403	Direct	31,096,676	57.0%
Bradley E. Sparks (4) 110 N. Rubey Dr., Suite 120 Golden, Colorado 80403	Direct	4,324,857	7.7%
Donald Beckham (5) 110 N. Rubey Dr., Suite 120 Golden, Colorado 80403	Direct	1,650,000	3.0%
Christopher E. Lindsey 110 N. Rubey Dr., Suite 120 Golden, Colorado 80403	Direct	800,000	1.4%
Michael H. Price 110 N. Rubey Dr., Suite 120 Golden, Colorado 80403	Direct	550,000	1.0%
All Directors and Officers as a Group (5) persons)	Direct	38,421,533	66.3%

(1) All shares owned directly are owned beneficially and of record, and such shareholder has sole voting, investment and dispositive power, unless otherwise noted. Amounts of beneficial ownership include all options to purchase common stock expected to be vested 60 days after the filing date of this Form 10-K.

(2) These shares are mutually owned by Mr. and Mrs. See, and Mr. See has a proxy from Mrs. See to vote the shares.

(3) Includes 18,252,407 shares mutually owned by Mr. and Mrs. See, through Bedford Holdings, LLC and Darlington, LLC, as shown in the table above. These 18,252,407 shares are the only shares owned by relatives which are required to be included in the total number of shares owned by all directors and officers as a group (5 persons).

(4) Includes fully vested options to purchase 1,500,000 shares of common stock at \$2.00 per share.

(5) Includes fully vested options to purchase 1,100,000 shares of common stock at \$0.38 per share.

**Item 12. Security Ownership of Certain Beneficial Owners and Management - continued**

**Securities authorized for issuance under equity compensation plans**

The following table provides information as of May 31, 2020 concerning the issuance of equity securities with respect to compensation plans under which our equity securities are authorized for issuance.

**Equity Compensation Plan Information**

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted –average exercise price of outstanding options, warrants and rights (\$) (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders (1)	4,679,000	0.89	8,695,000(2)
Equity compensation plans not approved by security holders (3)	5,374,501	0.70	N/A
<b>Total</b>	<b>10,053,501</b>	<b>0.79</b>	<b>8,695,000</b>

(1) Effective November 6, 2011, the holders of a majority of the shares of Common Stock of Laredo Oil, Inc. (the “Company”) took action by written consent to approve the Company’s 2011 Equity Incentive Plan (the “Plan”). Stockholders then owning an aggregate of 31,096,676 shares, or 59.8% of the then issued and outstanding Common Stock of the Company, approved the matter. The Plan and corresponding agreements are exhibits to the Company’s Registration Statement on Form S-8 filed with the Securities and Exchange Commission on November 8, 2011. The Plan reserved 10,000,000 shares of common stock for issuance to eligible recipients. In December 2014, the holders of a majority of the shares of Common Stock of Laredo Oil, Inc. (the “Company”) took action by written consent to amend the Plan by reserving an additional 5,000,000 shares of common stock for issuance to eligible recipients. The Company filed a Registration Statement on Form S-8 with the Securities and Exchange Commission on December 19, 2014 regarding the additional shares.

(2) During fiscal year 2012, we issued 500,000 restricted shares to each of our two non-employee directors for a total of one million shares. During fiscal year 2013, we issued 500,000 restricted shares to our third non-employee director. In fiscal year 2014, we issued to our non-employee directors 150,000 restricted shares of which 50,000 restricted shares were later forfeited. In total, a net 1,600,000 restricted shares have been issued to our non-employee directors under the Plan. Since restricted shares were issued to directors, they are not available for issuance under the Plan and thus reduce the number of securities remaining available in this column. In addition, we granted options to purchase 6,010,000 shares of common stock to employees and contractors during fiscal year 2012, none in fiscal year 2013, 2,990,000 in fiscal year 2014, 1,700,000 in fiscal year 2015, 925,000 in fiscal year 2016, and none in fiscal years 2017, 2018, 2019, and 2020. Also, during fiscal year 2014, options to purchase 600,000 shares of common stock previously granted to Mr. See were forfeited and subsequently granted to key contractors in the form of options to purchase shares of common stock. In April 2017, the remaining 900,000 options to purchase common stock held by Mr. See expired and were returned to the unissued option pool. In addition to the See options forfeited, 5,420,000 options to purchase shares of common stock have been forfeited by terminated employees and returned to the option pool for future grants as per the Plan. Since Plan inception, 26,000 common shares have been issued pursuant to option exercises and are not available for issuance under the Plan. The aforementioned restricted stock and options were issued under the 2011 Equity Incentive Plan, as amended (the “Amended Plan”) which has 15,000,000 shares of common stock reserved for issuance for directors, employees and contractors.

(3) Associated with the Alleghany transaction, and as payment for arranging the transaction between the Company and SORC, Laredo agreed to issue Sunrise Securities Corporation warrants equal to 10% of the total issued and outstanding fully diluted number of shares of common stock of the Company. In September 2011, Laredo issued warrants to purchase 5,374,501 shares of common stock at an exercise price of \$0.70 per share to two Sunrise Securities Corporation members to satisfy the finders’ fee obligation associated with the Alleghany transaction. The warrants will expire June 14, 2021.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

**Transactions with Management and Others**

None

**Director Independence.**

Both Mr. Price and Mr. Beckham serve as “independent” directors based on the definition of independence in the listing standards of NASDAQ Marketplace Rule 4200(a)(15).

**Item 14. Principal Accounting Fees and Services**

(1) Audit Fees

The aggregate fees billed by the independent accountants for each of the last two fiscal years for professional services for the audit of the Company’s annual financial statements and the review of financial statements included in the Company’s Form 10-Q and services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements for those fiscal years were \$77,000 for the fiscal year ended May 31, 2020 and \$89,500 for the fiscal year ended May 31, 2019.

(2) Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under paragraph (1) above was \$0.

(3) Tax Fees

The aggregate fees billed in each of the last two fiscal years ending May 31, 2020 and 2019 for professional services rendered by the principal accountants for tax compliance, tax advice, and tax planning was \$9,225 and \$6,891, respectively.

(4) All Other Fees

During the last two fiscal years ending May 31, 2020 and 2019, respectively there were \$0 fees charged by the principal accountants other than those disclosed in (1), (2) and (3) above.

(5) Audit Committee’s Pre-approval Policies and Procedures

The Audit Committee pre-approves the engagement with the independent auditor. It meets four times annually and reviews financial statements with the independent auditor. Additionally, the Audit Committee meets in executive session with the independent auditor at the conclusion of those meetings.

**Item 15. Exhibits, Financial Statement Schedules**

(a) (1) **Financial Statements.** See Index to Financial Statements on page F-1.

(a) (2) **Financial Statement Schedules**

The following financial statement schedules are included as part of this report:

None.

(a) (3) **Exhibits**

The exhibits required to be filed herewith by Item 601 of Regulation S-K, as described in the following index of exhibits, are attached hereto unless otherwise indicated as being incorporated herein by reference, as follows:

- [3.1 Certificate of Incorporation, included as Exhibit 3.1 in our Form S-1 filed August 25, 2008, File No. 333-153168 and incorporated herein by reference.](#)
- [3.2 Certificate of Amendment of Certificate of Incorporation, included as Exhibit 10.1 to our Form 8-K filed October 22, 2009 and incorporated herein by reference.](#)
- [3.3 Bylaws, included as Exhibit 3.2 in our S-1 filed August 25, 2008, File No. 333-153168 and incorporated herein by reference.](#)
- [10.1 Letter Agreement dated October 16, 2009 between the Company and Mark See, CEO, regarding CEO compensation package, included as Exhibit 10.1 to our Form 10-K filed September 14, 2010 and incorporated herein by reference.](#)
- [10.2 Letter Agreement dated October 20, 2009 between the Company and Bradley E. Sparks regarding CFO compensation package, included as Exhibit 10.2 to our Form 10-K filed September 14, 2010 and incorporated herein by reference.](#)
- [10.3 Letter Agreement dated October 16, 2013 between the Company and Christopher E. Lindsey, General Counsel and Secretary, regarding compensation, included as Exhibit 10.3 to our Form 10-K filed August 29, 2014 and incorporated herein by reference.](#)
- [10.4 Purchase Agreement, included as Exhibit 10.1 to our Form 8-K filed June 9, 2010 and incorporated herein by reference.](#)
- [10.5 Amended and Restated Form of Warrant to Purchase Stock of Laredo Oil, Inc. \(amending Form of Warrant to Purchase Stock of Laredo Oil, Inc. included as Exhibit 10.2 in our Current Report on Form 8-K filed June 9, 2010\), included as Exhibit 10.1 to our Form 10-Q filed October 17, 2011 and incorporated herein by reference.](#)
- [10.6 Form of Subordinated Convertible Promissory Note, included as Exhibit 10.3 to our Form 8-K filed June 9, 2010 and incorporated herein by reference.](#)
- [10.7 Securities Purchase Agreement, dated as of July 26, 2010, among the Company and each Purchaser identified on the signature pages thereto, included as Exhibit 10.1 to our Form 8-K filed July 28, 2010 and incorporated herein by reference.](#)
- [10.8 Amended and Restated Form of Common Stock Purchase Warrant \(amending Form of Common Stock Purchase Warrant included as Exhibit 10.7 in our Current Report on Form 8-K filed June 20, 2011\), included as Exhibit 10.2 to our Form 10-Q dated October 17, 2011 and incorporated herein by reference.](#)
- [10.9 Loan Agreement dated November 22, 2010 between Laredo Oil, Inc. and Alleghany Capital Corporation, included as Exhibit 10.1 to our Form 8-K filed November 24, 2010 and incorporated herein by reference.](#)

Item 15. Exhibits, Financial Statement Schedules - continued

- [10.10](#) [Form of Amended and Restated Senior Promissory Note accompanying Loan Agreement dated November 22, 2010 between Laredo Oil, Inc. and Alleghany Capital Corporation \(amending the Form of Senior Promissory Note included as Exhibit 10.2 in our Current Report on Form 8-K filed November 24, 2010\), included as Exhibit 10.1 to our Form 8-K filed November 18, 2011 and incorporated herein by reference.](#)
- [10.11](#) [Loan Agreement dated April 6, 2011 between Laredo Oil, Inc. and Alleghany Capital Corporation, included as Exhibit 10.1 to our Form 8-K filed April 8, 2011 and incorporated herein by reference.](#)
- [10.12](#) [Form of Amended and Restated Senior Promissory Note accompanying Loan Agreement dated April 6, 2011 between Laredo Oil, Inc. and Alleghany Capital Corporation \(amending the Form of Senior Promissory Note included as Exhibit 10.2 in our Current Report on Form 8-K filed April 12, 2011\), included as Exhibit 10.2 to our Form 8-K filed November 18, 2011 and incorporated herein by reference.](#)
- [10.13](#) [Laredo Oil, Inc. 2011 Equity Incentive Plan, included as Exhibit 4.1 to our Form S-8 filed on November 8, 2011 and incorporated by reference herein.](#)
- [10.14](#) [Form of Laredo Oil, Inc. 2011 Equity Incentive Plan Stock Option Award Certificate, included as Exhibit 4.2 to our Form S-8 filed on November 8, 2011 and incorporated by reference herein.](#)
- [10.15](#) [Form of Laredo Oil, Inc. 2011 Equity Incentive Plan Restricted Stock Award Certificate, included as Exhibit 4.3 to our Form S-8 filed on November 8, 2011 and incorporated by reference herein.](#)
- [10.16](#) [Amended and Restated Laredo Management Retention Plan dated as of October 11, 2012, included as Exhibit 10.1 to our Form 10-Q filed on October 15, 2012 and incorporated by reference herein.](#)
- [10.17](#) [Certificate of Formation of Laredo/SORC Incentive Plan Royalty, LLC., included as Exhibit 10.16 to our Form 10-K filed on August 29, 2012 and incorporated by reference herein.](#)
- [10.18](#) [Amendment to Certificate of Formation of Laredo/SORC Incentive Plan Royalty, LLC, included as Exhibit 10.2 to our Form 10-Q filed on October 15, 2012 and incorporated by reference herein.](#)
- [10.19](#) [Limited Liability Company Agreement of Laredo Royalty Incentive Plan, LLC, dated as of October 11, 2012, included as Exhibit 10.3 to our Form 10-Q filed on October 15, 2012 and incorporated by reference herein.](#)
- [10.20](#) [Form of Restricted Common Unit Agreement for Laredo Royalty Incentive Plan, LLC., included as Exhibit 10.4 to our Form 10-Q filed on October 15, 2012 and incorporated by reference herein.](#)
- [10.21](#) [Note dated April 28, 2020 executed by Laredo Oil, Inc. in favor of IBERIABANK, included as Exhibit 10.1 to our Form 8-K filed May 1, 2020 and incorporated herein by reference.](#)
- [10.22](#) [Limited Liability Company Agreement of Cat Creek Holdings LLC, a Montana limited liability company, dated effective as of June 30, 2020, executed by the Company, Lipson Investments LLC and Viper Oil & Gas, LLC.](#)
- [10.23](#) [Asset Purchase and Sale Agreement dated as of July 1, 2020, by and between Carrell Oil Company and Cat Creek Holdings LLC.](#)
- [14.1](#) [Code of Ethics for Employees and Directors, included as Exhibit 14.1 to our Form 10-K filed September 14, 2010 and incorporated herein by reference](#)
- [31.1](#) [Certification by Chief Executive Officer pursuant to Rule 13a-14\(a\).](#)
- [31.2](#) [Certification by Chief Financial Officer pursuant to Rule 13a-14\(a\).](#)
- [32.1](#) [Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [32.2](#) [Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**LAREDO OIL, INC.**  
(the "Registrant")

Date: August 31, 2020

By: /s/ Mark See  
Mark See  
Chief Executive Officer and Chairman of  
the Board

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 31, 2020

By: /s/ Mark See  
Mark See  
Chief Executive Officer and Chairman of the Board  
(Principal Executive Officer)

Date: August 31, 2020

By: /s/ Bradley E. Sparks  
Bradley E. Sparks  
Chief Financial Officer, Treasurer and Director  
(Principal Financial and Accounting Officer)

Date: August 31, 2020

By: /s/ Donald Beckham  
Donald Beckham  
Director

Date: August 31, 2020

By: /s/ Michael H. Price  
Michael H. Price  
Director

LAREDO OIL, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
of Laredo Oil, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Laredo Oil, Inc. (the Company) as of May 31, 2020 and 2019, and the related statements of operations, stockholders' deficit, and cash flows for each of the two years in the period ended May 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of May 31, 2020 and 2019, and the results of its operations and cash flows for each of the two years in the period ended May 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the entity has routinely incurred losses since inception, resulting in an accumulated deficit, and is dependent upon one customer for its revenue. These factors raise substantial doubt that the Company will be able to continue as a going concern. Management's plans regarding these matters are also described in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits include performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

WEAVER AND TIDWELL, L.L.P.

**We have served as Laredo Oil, Inc.'s auditor since 2011.**

Austin, Texas  
August 31, 2020

**WEAVER AND TIDWELL LLP**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
[WWW.WEAVER.COM](http://WWW.WEAVER.COM)

**AUSTIN**  
1601 SO. MoPAC EXPRESSWAY,  
SUITE D250, AUSTIN, TX 78746  
P: (512) 609 1900 F: (512) 609 1911

**Laredo Oil, Inc.**  
**Balance Sheets**

	May 31, 2020	May 31, 2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,532,511	\$ 289,559
Receivable – related party	32,058	27,990
Prepaid expenses and other current assets	58,492	39,551
Total Current Assets	1,623,061	357,100
<b>TOTAL ASSETS</b>	<b>\$ 1,623,061</b>	<b>\$ 357,100</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,954	\$ 11,690
Accrued payroll liabilities	1,581,847	1,427,940
Accrued interest	259,133	223,083
Deferred management fee revenue	45,833	45,833
Notes payable – related party	350,000	350,000
Current note payable	473,778	-
Total Current Liabilities	2,731,545	2,058,546
Long-term note, net of current note payable	759,878	-
<b>TOTAL LIABILITIES</b>	<b>3,491,423</b>	<b>2,058,546</b>
Commitments and Contingencies	-	-
<b>Stockholders' Deficit</b>		
Preferred stock: \$0.0001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock: \$0.0001 par value; 90,000,000 shares authorized; 54,514,765 and 54,514,765 issued and outstanding, respectively	5,451	5,451
Additional paid in capital	8,844,592	8,844,592
Accumulated deficit	(10,718,405)	(10,551,489)
<b>Total Stockholders' Deficit</b>	<b>(1,868,362)</b>	<b>(1,701,446)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 1,623,061</b>	<b>\$ 357,100</b>

The accompanying notes are an integral part of these financial statements.

**Laredo Oil, Inc.**  
**Statements of Operations**

	<b>Year Ended May 31, 2020</b>	<b>Year Ended May 31, 2019</b>
Management fee revenue	\$ 8,145,167	\$ 8,479,855
Direct costs	7,968,985	8,283,877
Gross profit (loss)	176,182	195,978
General, selling and administrative expenses	75,000	77,894
Consulting and professional services	232,048	230,615
Total Operating Expense	307,048	308,509
Operating income/(loss)	(130,866)	(112,531)
Interest expense	(36,050)	(33,596)
Net income/(loss)	\$ (166,916)	\$ (146,127)
Net income/(loss) per share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of basic and diluted common shares outstanding	54,514,765	54,514,765

The accompanying notes are an integral part of these financial statements.

**Laredo Oil, Inc.**  
**Statement of Stockholders' Deficit**  
**For the Years Ended May 31, 2020 and 2019**

	Common Stock		Preferred Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance at June 1, 2018</b>	54,514,765	\$ 5,451	-	\$ -	\$ 8,830,531	\$ (10,405,362)	\$ (1,569,380)
Share based compensation	-	-	-	-	14,061	-	14,061
Net Loss	-	-	-	-	-	(146,127)	(146,127)
<b>Balance at May 31, 2019</b>	54,514,765	\$ 5,451	-	\$ -	\$ 8,844,592	\$ (10,551,489)	\$ (1,701,446)
Net Loss	-	-	-	-	-	(166,916)	(166,916)
<b>Balance at May 31, 2020</b>	54,514,765	\$ 5,451	-	\$ -	\$ 8,844,592	\$ (10,718,405)	\$ (1,868,362)

The accompanying notes are an integral part of these financial statements.

**Laredo Oil, Inc.**  
**Statements of Cash Flows**

	<b>Year Ended May 31, 2020</b>	<b>Year Ended May 31, 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$ (166,916)	\$ (146,127)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Used in Operating Activities:		
Share based compensation	-	14,061
(Increase)/decrease in receivable – related party	(4,068)	92,134
(Increase)/decrease in prepaid expenses and other current assets	(18,941)	430
(Decrease)/Increase in accounts payable and accrued liabilities	199,221	222,750
<b>NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES</b>	<b>9,296</b>	<b>183,248</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	1,233,656	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,233,656</b>	<b>-</b>
Net (increase)/decrease in cash and cash equivalents	1,242,952	183,248
Cash and cash equivalents at beginning of period	289,559	106,311
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 1,532,511</b>	<b>\$ 289,559</b>

The accompanying notes are an integral part of these financial statements.

## NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

The accompanying financial statements have been prepared by management of Laredo Oil, Inc. ("the Company"). In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of and for the years ended May 31, 2020 and 2019 presented have been made.

The Company was incorporated under the laws of the State of Delaware on March 31, 2008 under the name of "Laredo Mining, Inc." with authorized common stock of 90,000,000 shares at \$0.0001 par value and authorized preferred stock of 10,000,000 shares at \$0.0001 par value. On October 21, 2009 the name was changed to "Laredo Oil, Inc."

The Company is a management services company managing the acquisition and conventional operation of mature oil fields and the further recovery of stranded oil from those fields using enhanced oil recovery ("EOR") methods for its sole customer, Stranded Oil Resources Corporation ("SORC"), a direct, wholly owned subsidiary of Alleghany Corporation ("Alleghany").

From its inception through October 2009, the Company was primarily engaged in acquisition and exploration efforts for mineral properties. After a change in control in October 2009, the Company shifted its focus to locating mature oil fields with the intention of acquiring those oil fields and recovering stranded oil using enhanced oil recovery methods. The Company was unable to raise the capital required to purchase any suitable oil fields.

On June 14, 2011, the Company entered into agreements with Stranded Oil Resources Corporation ("SORC") to seek recovery of stranded crude oil from mature, declining oil fields by using the Enhanced Oil Recovery ("EOR") method known as Underground Gravity Drainage ("UGD"). Such agreements include license agreements, management services agreements, and other agreements (collectively the "Agreements"). SORC is a subsidiary of Alleghany Corporation ("Alleghany").

The Agreements stipulate that the Company and Mark See, the Company's Chairman and Chief Executive Officer ("CEO"), will provide to SORC, management services and expertise through exclusive, perpetual license agreements and a management services agreement (the "Management Service Agreement") with SORC. As consideration for the licenses to SORC, the Company will receive an interest in SORC's net profits as defined in the Agreements (the "Royalty"). The Management Service Agreement ("MSA") outlines that the Company will provide the services of various employees ("Service Employees"), including Mark See, in exchange for monthly and quarterly management service fees. The monthly management service fees provide funding for the salaries, benefit costs, and FICA taxes for the Service Employees identified in the MSA. SORC remits payment for the monthly management fees in advance and is payable on the first day of each calendar month. The quarterly management fee is \$137,500 and is paid on the first day of each calendar quarter, and, as such, \$45,833 has been recorded as deferred management fee revenue at May 31, 2020. In addition, SORC will reimburse the Company for monthly expenses incurred by the Service Employees in connection with their rendition of services under the MSA. The Company may submit written requests to SORC for additional funding for payment of the Company's operating costs and expenses, which SORC, in its sole and absolute discretion, will determine whether or not to fund. As of the filing date, no such additional funding requests have been made.

As consideration for the licenses to SORC, the Company will receive a 19.49% interest in SORC net profits as defined in the SORC License Agreement (the "SORC License Agreement"). Under the SORC License Agreement, the Company agreed that a portion of the Royalty equal to at least 2.25% of the net profits ("Incentive Royalty") be used to fund a long-term incentive plan for the benefit of its employees, as determined by the Company's board of directors. On October 11, 2012, the Laredo Royalty Incentive Plan (the "Plan") was approved and adopted by the Board and the Incentive Royalty was assigned by the Company to Laredo Royalty Incentive Plan, LLC, a special purpose Delaware limited liability company and wholly owned subsidiary of Laredo Oil, Inc. formed to carry out the purposes of the Plan (the "Plan Entity"). Through May 31, 2020 the subsidiary has received no distributions from SORC. As a result of the assignment of the Incentive Royalty to the Plan Entity, the Royalty retained by the Company has been reduced from 19.49% to 17.24% subject to reduction to 15% under certain events stipulated in the SORC License Agreement. Additionally, in the event of a SORC initial public offering or certain other defined corporate events, the Company will receive 17.24%, subject to reduction to 15% under the SORC License Agreement, of the SORC common equity or proceeds emanating from the event in exchange for termination of the Royalty. Under certain circumstances regarding termination of exclusivity and license terminations, the Royalty could be reduced to 7.25%. If any Incentive Royalty is funded as a result of those conditions being met, the Company may record compensation expense for the fair value of the Incentive Royalty, once all pertinent factors are known and considered probable.

### *Basic and Diluted Loss per Share*

The Company's basic earnings per share ("EPS") amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period. For the years ended May 31, 2020 and 2019, all options and warrants potentially convertible into common equivalent shares are considered antidilutive and have been excluded in the calculation of diluted earnings per share.

## NOTE 2 – GOING CONCERN

These financial statements have been prepared on a going concern basis. The Company has routinely incurred losses since inception, resulting in an accumulated deficit, and is dependent on one customer for its revenue. The Company entered into the Agreements with SORC to fund operations and to provide working capital. However, there is no assurance that in the future such financing will be available to meet the Company's needs. This situation raises substantial doubt about the Company's ability to continue as a going concern within one year of the issuance date of the financial statements.

Management has undertaken steps as part of a plan to improve operations with the goal of sustaining our operations for the next twelve months and beyond. These steps include (a) providing services and expertise under the Agreements to expand operations; and (b) controlling overhead and expenses. In that regard, the Company has worked to attract and retain key personnel with significant experience in the industry to enhance the quality and breadth of the services it provides. At the same time, in an effort to control costs, the Company has required a number of its personnel to multi-task and cover a wider range of responsibilities in an effort to restrict the growth of the Company's headcount at a time of expanding demand for its services under the Management Services Agreement. Further, the Company works closely with SORC to obtain its approval in advance of committing to material costs and expenditures in order to keep the Company's expenses in line with the management fee revenue. There can be no assurance that the Company can successfully accomplish these steps and it is uncertain that the Company will achieve a profitable level of operations and obtain additional financing. There can be no assurance that any additional financing will be available to the Company on satisfactory terms and conditions, if at all.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

### REVENUE RECOGNITION

#### *Monthly Management Fee*

The Company generates monthly management revenues from fees for labor and benefit costs. The Company recognizes revenue for these services in the month the labor and benefits are received by the customer. As a result, the Company records deferred revenue for services that have not been provided. Monthly management fee revenues of \$7,595,167 and \$7,929,855, respectively, were recognized for the years ended May 31, 2020 and 2019.

#### *Quarterly Management Fee*

The Company generates management fee revenue each quarter. The Company recognizes revenue over the applicable quarter on a straight-line basis. The management fee is billed quarterly in advance. As a result, the Company recorded deferred revenue for services that have not been provided of \$45,833 as of May 31, 2020 and 2019. Quarterly management fees recognized for the years ended May 31, 2020 and 2019 were \$550,000 and \$550,000, respectively.

### CASH AND CASH EQUIVALENTS

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of May 31, 2020 and 2019. At times, the Company maintains cash balances deposited at its financial institution that exceed FDIC insured limits.

### RECEIVABLE – RELATED PARTY

Receivable – related party balances arise from employee expense reports and estimated monthly license fees incurred in accordance with the Company's revenue recognition policy, but not paid at period end.

### PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Company prepaid directors' and officers' insurance is recorded and amortized to expense over the 12-month contract life.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825-10-50, *Financial Instruments*, include cash, trade accounts receivable, accounts payable, accrued liabilities and notes payable. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at May 31, 2020.

Based on the borrowing rates currently available to the Company for loans with similar terms and average maturities, the fair value of notes payable approximate their carrying value.

FASB ASC 820, *Fair Value Measurements* ("FASB ASC 820"), defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. FASB ASC 820 provides a framework for measuring fair value, establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

The three level fair value hierarchies for disclosure of fair value measurements defined by FASB ASC 820 are as follows:

**Level 1** – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2** – Inputs, other than quoted prices in active markets, that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

**Level 3** – Prices or valuations that require unobservable inputs that are both significant to the fair value measurement and unobservable. Valuation under level 3 generally involves a significant degree of judgment from management.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of May 31, 2020 and 2019, there are no remaining assets measured at fair value on a recurring basis.

#### SHARE BASED EXPENSES

FASB ASC 718, *Compensation - Stock Compensation* prescribes accounting and reporting standards for all stock-based payment awards to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Stock-based payment awards may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50, *Equity - Based Payments to Non-Employees*. Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

#### INCOME TAXES

The Company accounts for income taxes by the asset and liability method in accordance with FASB ASC 740, *Income Taxes*. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized in the current year for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

In addition, the Company utilizes the two-step approach to recognizing and measuring uncertain tax positions taken or expected to be taken in a tax return. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained in an audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. The Company recognizes interest and penalties accrued on unrecognized tax benefits within general and administrative expense. To the extent that accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction in general and administrative expenses in the period that such determination is made.

## RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In July 2018, the FASB issued ASU 2018-11, "Leases (Topic 842) Targeted Improvements". The updated guidance provides an optional transition method, which allows for the application of the standard as of the adoption date with no restatement of prior period amounts. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The Company adopted the standard on June 1, 2019. The Company does not have any current leases and accordingly, the adoption of ASU 2016-09 does not have a material effect on its business, its financial position, results of operations or cash flows.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

## NOTE 4 – EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share is computed by dividing net income/(loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings/(loss) per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive earnings/(loss) per share excludes all potential common shares if their effect is anti-dilutive. For both years ended May 31, 2020 and 2019, warrants to purchase 5,374,501 shares of common stock, and options to purchase 4,679,000 shares of common stock were not included in the computation of diluted earnings/(loss) per share because they were anti-dilutive.

	For the Year Ended May 31,	
	2020	2019
Numerator - net income/(loss) attributable to common stockholders	\$ (166,916)	\$ (146,127)
Denominator - weighted average number of common shares outstanding	54,514,765	54,514,765
Basic and diluted earnings/(loss) per common share	\$ (0.00)	\$ (0.00)

NOTE 5 - RELATED PARTY TRANSACTIONS

Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. FASB ASC 850, *Related Party Disclosures* ("FASB ASC 850") requires that transactions with related parties that would make a difference in decision making shall be disclosed so that users of the financial statements can evaluate their significance. Related party transactions typically occur within the context of the following relationships:

- Affiliates of the entity;
- Entities for which investments in their equity securities is typically accounted for under the equity method by the investing entity;
- Trusts for the benefit of employees;
- Principal owners of the entity and members of their immediate families;
- Management of the entity and members of their immediate families.
- Other parties that can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

SORC and Alleghany are considered related parties under FASB ASC 850. All management fee revenue reported by the Company for the years ended May 31, 2020 and 2019 is generated from charges to SORC. The Company also recorded an approximate \$32,000 and \$28,000 receivable from SORC as of May 31, 2020 and 2019, respectively, for employee expense reports covered by SORC pursuant to the management services agreements. Outstanding notes payable totaling \$350,000 and related accrued interest at May 31, 2020 and 2019, respectively, are held by Alleghany. See Note 7.

NOTE 6 - STOCKHOLDERS' DEFICIT

Share Based Compensation

Effective November 6, 2011, the holders of a majority of the shares of common stock approved the Plan to reserve 10,000,000 shares of common stock for issuance to eligible recipients. Effective December 2014, an additional 5,000,000 shares of common stock were reserved for issuance to eligible recipients under the Plan. Shares under the plan can be issued in the form of options, restricted stock, and other forms of equity securities. The Company's board of directors has the discretion to set the amount and vesting period of award grants. As of May 31, 2020, 8,695,000 shares remain available for issuance under the Plan.

The Black-Scholes option pricing model is used to estimate the fair value of options granted under our stock incentive plan.

For the years ended May 31, 2020 and May 31, 2019, respectively, the Company recorded share-based compensation expense related to stock options totaling \$0 and \$14,061. These stock option expenses are classified in general, selling and administrative expenses in the Statements of Operations.

Stock Options

For the year ended May 31, 2019, \$14,061 (for 35,415 vested shares) was recognized as expense related to the stock options. As of May 31, 2020, there were no remaining unvested and unrecognized shares.

The following table summarizes information about options granted during the years ended May 31, 2020 and 2019:

	Number of Shares	Weighted Average Exercise Price
Balance, May 31, 2018	4,754,000	\$ 0.89
Options granted and assumed	-	-
Options expired	-	-
Options cancelled, forfeited	(75,000)	(0.41)
Options exercised	-	-
<b>Balance, May 31, 2019</b>	<b>4,679,000</b>	<b>\$ 0.89</b>
Options granted and assumed	-	-
Options expired	-	-
Options cancelled, forfeited	-	-
Options exercised	-	-
<b>Balance, May 31, 2020</b>	<b>4,679,000</b>	<b>\$ 0.89</b>

All stock options are exercisable upon vesting.

As of May 31, 2020 and 2019, 4,679,000 options are outstanding at a weighted average exercise price of \$0.89 for both years.

#### Restricted Stock

During fiscal years ending May 31, 2020 and 2019, no restricted stock has been granted. The Company granted 1.6 million shares of restricted stock during fiscal year 2014. As of May 31, 2020, all granted shares are fully vested. The Company recognized \$0 in expense for each of the years ended May 31, 2020 and 2019.

#### Warrants

As of May 31, 2020 and 2019, there were 5,374,501 warrants remaining to be exercised at a price of \$0.70 per share to Sunrise Securities Corporation to satisfy the finders' fee obligation associated with the Alleghany transaction. The warrants will expire June 14, 2021.

No warrants have been granted, exercised or cancelled during the years ended May 31, 2020 and 2019.

All warrants are exercisable as of May 31, 2020.

#### NOTE 7 – NOTES PAYABLE

##### Alleghany Notes

During the fiscal year ended May 31, 2011, the Company entered into two Loan Agreements with Alleghany for a combined available borrowing limit of \$350,000. The notes accrue interest on the outstanding principal of \$350,000 at the rate of 6% per annum. As of May 31, 2020 and 2019, accrued interest totaling \$257,984 and \$223,083, respectively, is recorded in accrued interest on the accompanying balance sheets. The interest is payable in either cash or in kind. The notes have been amended and restated and now have a maturity date of December 31, 2020 and are classified as short-term notes payable as of May 31, 2020. The loan agreements require any stock issuances for cash be utilized to pay down the outstanding loan balance unless written consent is obtained from Alleghany.

##### Paycheck Protection Program Loan

	For the Year Ended May 31,	
	2020	2019
PPP Loan	\$ 1,233,656	\$ -
Total Long-Term Notes	1,233,656	-
Less amounts classified as current	473,778	-
Long-term note, excluding current portion	\$ 759,878	\$ -

On April 28, 2020, the Company entered into a Note (the "Note") with IBERIABANK for \$1,233,656.00 pursuant to the terms of the Paycheck Protection Program ("PPP") authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act ("Program"). The Note will accrue interest on the outstanding principal sum at the rate of 1% per annum, and is due two years from the date of the Note, at which time all unpaid principal, accrued interest and any other amounts will be due and payable. No interest or principal will be due during the first six months after April 28, 2020, although interest will continue to accrue over this six-month deferral period. As of May 31, 2020, accrued interest totaling \$1,149 is recorded in accrued interest on the accompanying balance sheets. After such six-month deferral period and after taking into account any loan forgiveness applicable to the Note pursuant to the Program, as approved by the Small Business Administration, an agency of the United States of America, any remaining principal and accrued interest will be payable in substantially equal monthly installments on the first day of each month over the remaining 18-month term of the Note.

The Company did not provide any collateral or guarantees for the loan, nor did the Company pay any facility charge to obtain the loan. The Note provides for customary events of default, including, among others, those relating to failure to make payment, bankruptcy, breaches of representations and material adverse effects. The Company may prepay the Note at any time without payment of any penalty or premium.

As noted above, under the terms of the Program, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and the maintenance of the Company's payroll levels. No assurance can be given that the Company will obtain forgiveness of the loan, in whole or in part. If all or a portion of a loan is ultimately forgiven, the Company plans to record income from the extinguishment of its loan obligation when it is legally released from being the primary obligor in accordance with ASC 405-20-40-1.

## NOTE 8 - PROVISION FOR INCOME TAXES

We did not provide any current or deferred U.S. federal income tax provision or benefit for any of the periods presented because we have experienced operating losses since inception. Per the authoritative literature when it is more likely than not that a tax asset cannot be realized through future income the Company must allow for this future tax benefit. We provided a full valuation allowance on the net deferred tax asset, consisting of net operating loss carryforwards, because management has determined that it is more likely than not that we will not earn income sufficient to realize the deferred tax assets during the carryforward period.

The Company has not taken any tax positions that, if challenged, would have a material effect on the financial statements for the twelve-months ended May 31, 2020 and 2019. The Company's tax returns for the fiscal years ended May 31 of 2012 to 2019 remain subject to examination by the tax authorities.

The components of the Company's deferred tax asset as of May 31, 2020 and 2019 are as follows:

	2020	2019
Net operating loss	\$ 298,177	\$ 297,665
Other	608,115	573,575
Valuation allowance	(906,292)	(871,240)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

A reconciliation of income taxes computed at the statutory rate to the income tax amount recorded is as follows:

	2020	2019
Tax at statutory rate (21%)	\$ 35,052	\$ 30,687
Effect of non-deductible permanent differences	-	(2,953)
Effect of change in statutory tax rate	-	-
Other	-	-
Increase/(decrease) in valuation allowance	(35,052)	(27,734)
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

The net federal operating loss carry forward will expire between 2029 and 2039. This carry forward may be limited upon the consummation of a business combination under IRC Section 381.

## NOTE 9 – OFFICE LEASES

No office leases currently extend beyond one year. Rent expense amounted to \$0 for each of the years ending May 31, 2020 and 2019.

## NOTE 10 – DEFINED CONTRIBUTION PLAN

The Company has a savings and investment plan (the "401(k) Plan") covering substantially all employees. Company contributions are discretionary. Effective August 2019, the Company commenced matching employee contributions based on the level of employee contributions up to a maximum of 3% of an employee's eligible salary, subject to an annual maximum. The Company discontinued matching in April 2020. Amounts expensed in connection with the 401(k) Plan totaled \$49,237 and \$0 for the years ending May 31, 2020 and 2019, respectively.

## NOTE 11 – SUBSEQUENT EVENTS

On June 30, 2020, Laredo Oil, Inc. (“Laredo”) entered into a Limited Liability Company Agreement (the “LLC Agreement”) of Cat Creek Holdings LLC (“Cat Creek”), a Montana limited liability company formed as a joint venture for the purchase of certain oil and gas properties in the Cat Creek Field in Petroleum and Garfield Counties in the State of Montana (the “Cat Creek Properties”). In accordance with the LLC Agreement, Laredo invested \$448,900 in Cat Creek for 50% of the ownership interests in Cat Creek using cash on hand. Each of Lipson Investments LLC and Viper Oil & Gas, LLC, the other two members of Cat Creek, have ownership interests in Cat Creek of 25% in consideration of their respective investments of \$224,450. Cat Creek will be managed by a Board of Directors consisting of four directors, two of which shall be designated by Laredo.

Cat Creek entered into an Asset Purchase and Sale Agreement (the “Purchase Agreement”) with Carrell Oil Company (“Seller”) on July 1, 2020 for the purchase of the Cat Creek Properties from Seller. Upon closing under the Purchase Agreement, Seller will receive consideration of \$400,000, subject to certain adjustments resulting from pre- and post-effective date revenue, expense, and allocations. Closing under the Purchase Agreement is contingent upon Seller obtaining the requisite legal authority to sell the assets to Cat Creek.

LIMITED LIABILITY COMPANY

AGREEMENT

OF

CAT CREEK HOLDINGS LLC

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**LIMITED LIABILITY COMPANY AGREEMENT  
OF CAT CREEK HOLDINGS LLC**

This Limited Liability Company Agreement of Cat Creek Holdings LLC (the "Company") is made as of June 30, 2020, by Laredo Oil, Inc., a Delaware corporation ("Laredo"), as the sole Member of the Company, and each Person who becomes an Additional Member of the Company in accordance with the provisions hereof and whose name is set forth as a Member on Schedule A hereto.

WHEREAS, the Company was formed on May 28, 2020 by filing of a Certificate of Formation with the Secretary of State of the State of Montana;

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, the Members hereby agree as follows:

**ARTICLE I  
DEFINED TERMS**

Section 1.1 *Definitions*. Unless the context otherwise requires, the terms defined in this Article I shall, for the purposes of this LLC Agreement, have the meanings herein specified.

"Additional Member" has the meaning set forth in Section 13.1 hereof.

"Affiliate" means, with respect to a specified Person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Board" means the Board of Directors of the Company.

"Capital Account" means, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 4.4 hereof.

"Capital Contribution" means, with respect to any Member, the aggregate amount of money and the fair market value of any property (other than money) contributed to the Company pursuant to Section 4.1 hereof with respect to such Member's Interest.

"Certificate" means the Certificate of Formation of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Montana pursuant to the Montana Act.

"Chair" or "Chair of the Board" means the Person elected by the Board of Directors as the chair of the Board of the Company who shall perform the duties described below in Section 7.4 of this LLC Agreement.

"Chief Executive Officer" means the Person elected by the Board of Directors as the chief executive officer of the Company who shall perform the duties described below in Section 7.6 of this LLC Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the date of this LLC Agreement. A reference to a specific section (§) of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this LLC Agreement, as such specific section or corresponding provision is in effect on the date of application of the provisions of this LLC Agreement containing such reference.

"Company" means Cat Creek Holdings LLC, a Montana limited liability company.

"Covered Person" means a Member, a Director, an Officer, a Manager, any Affiliate of a Member, a Director, an Officer or a Manager, any officers, directors, shareholders, partners, employees, representatives or agents of a Member, a Director, an Officer or a Manager, or their respective Affiliates, or any employee or agent of the Company or its Affiliates.

"Montana Act" means the Montana Limited Liability Company Act, as amended from time to time.

"Director" means a director of the Company.

"Fiscal Year" of the Company means (i) the calendar year, or (ii) any portion of the period described in clause (i) of this sentence for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article VIII hereof.

"Interest" means a Member's limited liability company interest in the Company which represents such Member's share of the profits and losses of the Company and a Member's right to receive distributions of the Company's assets in accordance with the provisions of this LLC Agreement and the Montana Act.

"Laredo" means Laredo Oil, Inc., a Delaware corporation.

"Laws" means:

(i) all constitutions, treaties, laws, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international;

(ii) all judgments, orders, writs, injunctions, decisions, rulings, decrees and awards of any governmental body;

(iii) all policies, practices and guidelines of any governmental body; and

(iv) any amendment, modification, re-enactment, restatement or extension of the foregoing, in each case binding on or affecting the party or Person referred to in the context in which such word is used; and "Law" shall mean any one of them.

"LLC Agreement" means this Limited Liability Company Agreement of the Company, as further amended, modified, supplemented or restated from time to time.

"Majority Vote" means the written approval of, or the affirmative vote by, Members holding a majority of the Percentage Interests.

"Manager" means any Person designated by the Members as a manager of the Company within the meaning of the Montana Act and shall include the Directors of the Company.

"Member" means Laredo and includes any Person subsequently admitted as an Additional Member or a substitute Member pursuant to the provisions of this LLC Agreement, in such Person's capacity as a member of the Company, and "Members" means two (2) or more of such Persons when acting in their capacities as members of the Company. For purposes of the Montana Act, the Members shall constitute one (1) class or group of members.

"Net Cash Flow" means, for each Fiscal Year or other period of the Company, the gross cash receipts of the Company from all sources, but excluding any amounts, such as gross receipts taxes, that are held by the Company as a collection agent or in trust for others or that are otherwise not unconditionally available to the Company, less all amounts paid by or for the account of the Company during the same Fiscal Year or any other period (including, without limitation, payments of principal and interest on any Company indebtedness and expenses reimbursed to the Members under Section 5.2 hereof), and less any amounts determined by the Members to be necessary to provide a reasonable reserve for working-capital needs or any other contingencies of the Company. Net Cash Flow shall be determined in accordance with the cash receipts and disbursements method of accounting and otherwise in accordance with generally accepted accounting principles, consistently applied. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions, depletion, similar allowances or other non-cash items, but shall be increased by any reduction of reserves previously established.

"Officer" means an officer of the Company.

"Percentage Interest" means the Interest of a Member, expressed as a portion of one hundred percent, as shown on Schedule A hereto, which reflects the Member's ownership interest in the Company, as determined by the unanimous written consent of the Members as adjusted from time to time.

"Person" includes any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

"President" means the Person elected by the Board as the president of the Company, who shall perform the duties described in [Section 7.7](#) of this LLC Agreement.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with § 703(a) of the Code.

"Secretary" means the Person elected by the Board as the secretary of the Company, who shall perform the duties described in [Section 7.10](#) of this LLC Agreement.

"Treasurer" means the Person elected by the Board as the treasurer of the Company, who shall perform the duties described in [Section 7.9](#) of this LLC Agreement.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Vice Chair" means the Person elected by the Board as the vice chair of the Company, who shall perform the duties described in [Section 7.5](#) of this LLC Agreement.

"Vice President" means the Person elected by the Board as a vice president of the Company, who shall perform the duties described in [Section 7.8](#) of this LLC Agreement.

Section 1.2 *Headings*. The headings and subheadings in this LLC Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this LLC Agreement or any provision hereof.

## **ARTICLE II NAME AND TERM**

Section 2.1 *Name*. The name of the Company is Cat Creek Holdings LLC. The business of the Company may be conducted upon compliance with all applicable Laws under any other name designated by the Board.

Section 2.2 *Term*. The term of the Company commenced on May 28, 2020 and shall continue until the Company is dissolved in accordance with the provisions of this LLC Agreement. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Montana Act.

Section 2.3 *Registered Agent and Office*. The Company's registered agent and office in the State of Montana shall be Bill D. Metzler, whose address is 231 Skookum Road, Lakeside, Montana 59922. At any time, the Members may designate another registered agent and/or registered office.

Section 2.4 *Qualification in Other Jurisdictions*. The Board shall cause the Company to be qualified, formed or registered under assumed or fictitious name statutes or similar Laws in any jurisdiction in which the Company transacts business. Any Officer of the Company, as an authorized person within the meaning of the Montana Act, shall be empowered to execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

**ARTICLE III  
PURPOSE AND POWERS OF THE COMPANY**

Section 3.1 *Purpose*. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Montana Act and engaging in any and all activities reasonably necessary, appropriate or advisable from time to time in furtherance of the foregoing.

Section 3.2 *Powers of the Company*. The Company shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purpose set forth in Section 3.1 hereof.

**ARTICLE IV  
CAPITAL CONTRIBUTIONS, INTERESTS, CAPITAL  
ACCOUNTS AND ADVANCES**

Section 4.1 *Capital Contributions*. The Percentage Interest for each Member is set out beside that Member's name on the attached Schedule A. No Member shall be required to make any additional capital contribution to the Company. However, a Member may make additional capital contributions to the Company with the written consent of all of the Members.

Section 4.2 *Member's Interest*. A Member's Interest shall for all purposes be personal property. A Member has no interest in specific Company property.

Section 4.3 *Status of Capital Contributions*. Except as otherwise provided in this LLC Agreement, the amount of a Member's Capital Contributions may be returned to it, in whole or in part, at any time, but only with the consent of all of the Members. Any such returns of Capital Contributions shall be made to all Members in proportion to their Percentage Interests. Notwithstanding the foregoing, no return of a Member's Capital Contributions shall be made hereunder if such distribution would violate applicable law. Under circumstances requiring a return of any Capital Contribution, no Member shall have the right to demand or receive property other than cash, except as may be specifically provided in this LLC Agreement or as may be specifically agreed to by all of the Members.

(i) No Member shall receive any interest, salary or drawing with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Company or otherwise in its capacity as a Member, except as otherwise specifically provided in this LLC Agreement.

(ii) Except as otherwise provided herein and by applicable law, the Members shall be liable only to make their capital contributions pursuant to Section 4.1 hereof, and no Member shall be required to lend any funds to the Company or, after a Member's Capital Contributions have been fully paid pursuant to Section 4.1 hereof, to make any additional capital contributions to the Company. No Member shall have any personal liability for the repayment of any Capital Contribution of any other Member.

Section 4.4 *Capital Accounts*. An individual Capital Account shall be established and maintained for each Member.

(i) The Capital Account of each Member shall be maintained in accordance with the following provisions:

(a) to such Member's Capital Account there shall be credited such Member's Capital Contributions (consisting of cash or the fair market value of any property net of any liabilities secured by such contributed property that the Company is considered to assume or take subject to under § 752 of the Code); such Member's distributive share of Profits; and such Member's distributive share of other items of income, gain or credits; and

(b) to such Member's Capital Account there shall be debited the amount of cash and the fair market value of property distributed by the Company to such Member (net of liabilities secured by such distributed property which the Member is considered to assume or take subject to under § 752 of the Code); such Member's distributive share of Losses; and such Member's distributive share of other items of loss or deduction.

Section 4.5 *Advances*. If any Member shall advance any funds to the Company in excess of its Capital Contributions, the amount of such advance shall neither increase its Capital Account nor entitle it to any increase in its share of the distributions of the Company. The amount or any such advance shall be a debt obligation of the Company to such Member and shall be subject to such terms and conditions acceptable to the Company and each Member. Any such advance shall be payable and collectible only out of Company assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any nonrecourse loan to the Company shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the Company, other than as a creditor.

**ARTICLE V**  
**MEMBERS**

Section 5.1 *Powers of Members*. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this LLC Agreement. The Members agree that the rights, duties and liabilities of the Members shall be as provided in the Montana Act, except as otherwise provided herein. The Members shall also have the power to authorize the Board, by Majority Vote, to possess and exercise any right or power not already vested in the Board pursuant to Article VI or any other provision of this LLC Agreement. In addition to the foregoing, the Members have the power to exercise any and all other rights or powers of the Company and to do all lawful acts and things as are not by the Montana Act or this LLC Agreement directed or required to be exercised or done by the Board. Except as provided herein, the Members shall have no power to bind the Company.

(i) The name and mailing address of each Member and the Percentage Interest of each Member shall be listed on Schedule A attached hereto. The Secretary shall be required to update Schedule A from time to time as necessary to accurately reflect the information therein. Any amendment or revision to Schedule A made in accordance with this LLC Agreement shall not be deemed an amendment to this LLC Agreement. Any reference in this LLC Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time.

Section 5.2 *Reimbursements*. The Company shall reimburse the Members for all ordinary and necessary out-of-pocket expenses incurred by the Members on behalf of the Company. Such reimbursement shall be treated as an expense of the Company that shall be deducted in computing the Net Cash Flow and shall not be deemed to constitute a distributive share of Profits or a distribution or return of capital to any Member.

Section 5.3 *Partition*. Each Member waives any and all rights that it may have to maintain an action for partition of the Company's property.

Section 5.4 *Resignation*. A Member may not resign from the Company prior to the dissolution and winding up of the Company.

Section 5.5 *Meetings of Members*. The annual meeting of the Members for the election of Directors and the transaction of other business shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof. Special meetings of the Members, for any purpose or purposes, may be called by the Chair and shall be called by the Chair or Secretary at the request in writing of a majority of the Board. Such request shall state the purpose or purposes of the proposed meeting.

(i) All meetings of the Members for the election of Directors or for any other purpose shall be held at any such place, either within or without the State of Montana, as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof.

(i) At the annual meeting of the Members, Laredo Oil, Inc. shall be entitled to elect two (2) Directors, Lipson Investments LLC shall be entitled to elect one (1) Director, and Viper Oil & Gas, LLC shall be entitled to elect one (1) Director.

(ii) Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Member entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days before the date of the meeting, to each Member entitled to vote at such meeting.

(iv) Business transacted at any special meeting of Members shall be limited to the purposes stated in the notice, unless otherwise agreed to by all of the Members.

(v) The holders of a majority of the Percentage Interests issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Members for all the transactions of business except as otherwise provided by this LLC Agreement. If, however, such quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

(vi) When a quorum is present at any meeting, the vote of the holders of the majority of the Percentage Interests having voting power, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of this LLC Agreement a different vote is required, in which case such express provision shall govern and control the decision of such question.

(vii) Unless otherwise provided in this LLC Agreement, each Member shall at every meeting of the Members be entitled to vote in person or by proxy, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

(viii) Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment, provided all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

(ix) Unless otherwise provided in this LLC Agreement, any action required to be taken at any annual or special meeting of the Members of the Company, or any action which may be taken at any annual or special meeting of such Members, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the actions taken, shall be signed by the holders of Percentage Interest having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Prompt notice of taking of the action without a meeting by less than unanimous consent shall be given to those Members who have not consented in writing.

**ARTICLE VI  
MANAGEMENT**

Section 6.1 *Board of Directors*. Subject to Section 5.1 of this LLC Agreement, the business and affairs of the Company shall be managed by or under the direction of a Board of one or more Directors. A person elected a Director is by such election designated a Manager by the Members for the purposes of the Act. The Members at their annual meeting shall determine the number of Directors to constitute the Board for the ensuing year, provided that thereafter the authorized number of Directors may be increased by the Members or decreased by the Members. The initial number of Directors shall be four (4), and the initial Directors of the Company shall be:

Mark See	Chairman of the Board of Directors
Kenneth Lipson	Director
Curt Thurmon	Director
Chris Lindsey	Director

At each annual meeting of the Members, commencing with the 2020 annual meeting, the Directors shall be elected, except as provided in this Article, and each Director elected shall hold office until a successor is elected and qualified or until such Director's earlier death, resignation or removal. Directors need not be Members. Vacancies, except vacancies caused by removal pursuant to Section 6.7, and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, though less than a quorum, or by a sole remaining Director, and the Directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 6.2 *Meetings of the Board of Directors*. The Board of Directors of the Company may hold meetings, both regular and special, within or outside the State of Montana. The first meeting of each newly elected Board of Directors shall be held immediately after the annual meeting of Members and at the same place, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at that time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the Directors. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the Chair on three (3) days' notice to each Director, either personally, by telephone, by mail, by telegram or by any other means of communication; special meetings shall be called by the Chair or Secretary in like manner and on like notice on the written request of one or more of the Directors.

Section 6.3 *Quorum and Acts of the Board*. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and, except as otherwise provided in any other provision of this LLC Agreement, the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board. For the purposes of establishing a quorum, a majority shall comprise either (a) at least three (3) Directors or (b) any two (2) Directors, if one is the Chairman of the Board. In the event that the vote of the Directors present at any meeting at which there is a quorum results in a tie, the majority shall be determined by the Chairman of the Board. If a quorum shall not be present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 6.4 *Telephonic Meetings*. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

Section 6.5 *Committee of Directors*. The Board may designate one or more committees of not less than one member, each of whom shall be a director. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company except such committee shall not have the power or authority to amend this LLC Agreement. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

Section 6.6 *Compensation of Directors*. The Board shall have the authority to fix the compensation of Directors. The Directors may be paid their expenses, if any, of attendance at such meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as Director. No such payment shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 6.7 *Removal of Directors*. Unless otherwise restricted by Law, any Director or the entire Board of Directors may be removed, with or without cause, by the holder of a majority of Percentage Interests entitled to vote at any election of Directors. Any vacancy caused by any such removal may be filled by action of the Members.

Section 6.8 *Directors as Agents*. The Directors, to the extent of their powers set forth in this LLC Agreement, are agents of the Company for the purpose of the Company's business, and the actions of the Directors taken in accordance with such power shall bind the Company.

## **ARTICLE VII OFFICERS**

Section 7.1 *Officers*. The Board of Directors may appoint a director as Chair of the Board and may also appoint a director as Vice Chair of the Board. The Board of Directors shall appoint a President, a Secretary and a Treasurer. The Board of Directors may also appoint an Executive Vice President and one or more Vice Presidents, none of whom need be directors. All Officers of the Company shall hold office at the pleasure of the Board of Directors. Any two or more offices, except those of President and Executive Vice President or Vice President and except those of Chair and Vice Chair, may, at the discretion of the Board of Directors, be held by the same person. The Board of Directors may, from time to time, appoint such other officers and agents with such powers and duties as the Board may prescribe.

Section 7.2 *Resignation and Removal*. Any Officer of the Company may resign at any time by giving written notice of his or her resignation to the Company. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon receipt by the Company. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective. Any Officer of the Company may be removed, either with or without cause, at any time, by the Board of Directors at any meeting thereof.

Section 7.3 *Vacancies*. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each successor shall hold office for the unexpired term of his or her predecessor and until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal.

Section 7.4 *Chair of the Board*. The Chair of the Board shall preside at all meetings of the Board of Directors and shall perform such other duties and exercise such other powers as may be assigned to him or her from time to time by the Board of Directors. The Chair shall be the Chief Executive Officer of the Company.

Section 7.5 *Vice Chair of the Board*. In the absence of the Chair of the Board, the Vice Chair of the Board shall preside at all meetings of the Board of Directors and shall perform such other duties and exercise such other powers as may be assigned to him or her from time to time by the Board of Directors.

Section 7.6 *Chief Executive Officer*. The Chief Executive Officer shall, subject to the Board of Directors, have general executive charge, management, and control of the properties and operations of the Company in the ordinary course of its business, with all such powers with respect to such properties and operations as may be reasonably incident to such responsibilities.

Section 7.7 *President*. The President shall be the chief operating officer of the Company and shall perform all such duties as from time to time may be assigned to him or her by the Board of Directors, the Chair of the Board or the Vice Chair of the Board. At the request of the Chief Executive Officer or in his or her absence or in the event of his or her inability or refusal to act, the President shall perform the duties of the Chief Executive Officer, and, when so acting, shall have the powers of and be subject to the restrictions placed upon the Chief Executive Officer.

Section 7.8 *Vice President*. Each Vice President shall perform all such duties as from time to time may be assigned to him or her by the Board of Directors, the Chair of the Board, the Vice Chair of the Board or the President. At the request of the President or in his or her absence or in the event of his or her inability or refusal to act, the Vice President, or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors (or if there be no such determination, then the Vice Presidents in the order of their election), shall perform the duties of the President, and, when so acting, shall have the powers of and be subject to the restrictions placed upon the President.

Section 7.9 *Treasurer*. The Treasurer shall, in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Chair of the Board, the Vice Chair of the Board or the President.

Section 7.10 *Secretary*. The Secretary shall, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the Board of Directors, the Chair of the Board, the Vice Chair of the Board or the President. In the absence of the Secretary at any meeting of the Board of Directors, a committee of the Board of Directors or the Members, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

Section 7.11 *Assistant Treasurer*. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as from time to time may be assigned by the Board of Directors, the Chair of the Board, the Vice Chair of the Board, the President or the Treasurer.

Section 7.12 *Assistant Secretary*. The Assistant Secretary, or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties as from time to time may be assigned by the Board of Directors, the Chair of the Board, the Vice Chair of the Board, the President or the Secretary.

Section 7.13 *Officers as Agents*. The Officers, to the extent of their powers set forth in this LLC Agreement or otherwise vested in them by action of the Board, are agents of the Company for the purpose of the Company's business, and the actions of the Officers taken in accordance with such powers shall bind the Company.

## **ARTICLE VIII ALLOCATIONS**

### *Section 8.1 Profits and Losses.*

(i) Subject to the allocation rules of Section 8.2 hereof, Profits for any Fiscal Year shall be allocated among the Members in proportion to their Percentage Interests.

(ii) Subject to the allocation rules of Section 8.2 hereof, Losses for any Fiscal Year shall be allocated among the Members in proportion to their Percentage Interests.

### *Section 8.2 Allocation Rules.*

(i) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Members using any method that is permissible under § 706 of the Code and the Treasury Regulations thereunder.

(ii) Except as otherwise provided in this LLC Agreement, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(iii) The Members are aware of the income tax consequences of the allocations made by this Article VIII and hereby agree to be bound by the provisions of this Article VIII in reporting their shares of Company income and loss for income tax purpose.

(iv) The Members intend that the allocation provisions set forth in this LLC Agreement are intended to comply with § 704(b) of the Code and the Treasury Regulations issued thereunder and the provisions are to be interpreted in a manner consistent with those Treasury Regulations.

Section 8.3 *Tax Allocations; Section 704(c) of the Code*. In accordance with § 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial fair market value.

## **ARTICLE IX DISTRIBUTIONS**

Section 9.1 *Net Cash Flow*. Except as otherwise provided in Article XIV hereof (relating to the dissolution of the Company), any distribution of the Net Cash Flow during any Fiscal Year shall be made to the Members in proportion to their Percentage Interests.

Section 9.2 *Distribution Rules*. All distributions pursuant to Section 9.1 hereof shall be at such times and in such amounts as shall be determined by the Board; provided, however, that subject to Section 9.3, the Members shall receive an annual distribution, at least equal to the amount of their respective tax liability in connection with the Company K-1, calculated at the highest federal income tax rate in effect at the time of such calculation and grossed up for tax on the amount of the distribution, if any.

Section 9.3 *Limitations on Distribution*. Notwithstanding any provision to the contrary contained in this LLC Agreement, the Company, and the Board on behalf of the Company, shall not make a distribution to any Member on account of its interest in the Company if such distribution would violate applicable Law.

**ARTICLE X  
BOOKS AND RECORDS**

Section 10.1 *Books, Records and Financial Statements.*

(i) At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this LLC Agreement. Such books of account, together with a copy of this LLC Agreement and of the Certificate, shall at all times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's interest in the Company.

(ii) The Company, and the Board on behalf of the Company, shall prepare and maintain, or cause to be prepared and maintained, the books of account of the Company. The Company, and the Board on behalf of the Company, shall prepare and file, or cause to be prepared and filed, all applicable federal and state tax returns.

**ARTICLE XI  
TAX MATTERS**

Section 11.1 *Taxation as a Disregarded Entity.* Laredo is the sole Member of the Company, and the Company has not made and will not make the election permitted to be made under Treasury Regulation § 301.7701-3(c). Accordingly, the Company is classified as a "disregarded entity" for Federal income tax purposes under Treasury Regulation § 301.7701-3(b)(1), and no action which would change or adversely affect that classification shall be taken without the written consent of Laredo.

**ARTICLE XII  
LIABILITY, EXCULPATION AND INDEMNIFICATION**

Section 12.1 *Liability.* Except as otherwise provided by the Montana Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or Manager.

Section 12.2 *Exculpation.*

(i) No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this LLC Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

(ii) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, Profits, Losses or Net Cash Flow or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

Section 12.3 *Fiduciary Duty*. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting under this LLC Agreement shall not be liable to the Company or to any Member for its good faith reliance on the provisions of this LLC Agreement. The provisions of this LLC Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Covered Person.

Section 12.4 *Indemnification*. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Covered Person by this LLC Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of gross negligence or willful misconduct with respect to such acts or omissions; *provided, however*, that any indemnity under this Section 12.4 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability with respect to such indemnity.

Section 12.5 *Expenses*. To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in Section 12.4 hereof.

Section 12.6 *Insurance*. The Company may purchase and maintain insurance, to the extent and in such amounts as the Board shall, in its sole discretion, deem reasonable, on behalf of Covered Persons and such other Persons as the Board shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of the Company or such indemnities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this LLC Agreement. The Company may enter into indemnity contracts with Covered Persons and such other Persons as the Board shall determine and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 12.5 hereof and containing such other procedures regarding indemnification as are appropriate.

Section 12.7 *Outside Businesses*. Any Member or Affiliate thereof may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Company, and the Company and the Members shall have no rights by virtue of this LLC Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity.

### **ARTICLE XIII ADDITIONAL MEMBERS**

Section 13.1 *Admission*. By approval of a Majority, the Company is authorized to admit any Person as an additional member of the Company (each, an "Additional Member" and collectively, the "Additional Members"). Each such Person shall be admitted as an Additional Member at the time such Person (i) executes this LLC Agreement or a counterpart of this LLC Agreement and (ii) is named as a Member on Schedule A hereto. The legal fees and expenses associated with such admission shall be borne by the Company.

Section 13.2 *Allocations*. Additional Members shall not be entitled to any retroactive allocation of the Company's income, gains, losses, deductions, credits or other items; *provided* that, subject to the restrictions of § 706(d) of the Code, Additional Members shall be entitled to their respective share of the Company's income, gains, losses, deductions, credits and other items arising under contracts entered into before the effective date of the admission of any Additional Members to the extent that such income, gains, losses, deductions, credits and other items arise after such effective date. To the extent consistent with § 706(d) of the Code and Treasury Regulations promulgated thereunder, the Company's books may be closed at the time Additional Members are admitted (as though the Company's tax year had ended) or the Company may credit to the Additional Members *pro rata* allocations of the Company's income, gains, losses, deductions, credits and items for that portion of the Company's Fiscal Year after the effective date of the admission of the Additional Members.

**ARTICLE XIV**  
**DISSOLUTION, LIQUIDATION AND TERMINATION**

Section 14.1 *No Dissolution*. The Company shall not be dissolved by the admission of Additional Members or substitute Members in accordance with the terms of this LLC Agreement.

Section 14.2 *Events Causing Dissolution*. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

(i) the written consent of all Members;

(ii) the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event under the Montana Act that terminates the continued membership of a Member in the Company unless, within ninety (90) days after the occurrence of such an event, all of the remaining Members agree in writing to continue the business of the Company; or

(iii) the entry of a decree of judicial dissolution of the Company under the Montana Act.

Section 14.3 *Liquidation*. Upon dissolution of the Company, the Board shall carry out the winding up of the Company and shall immediately commence to wind up the Company's affairs; *provided, however*, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share Profits and Losses during liquidation in the same proportions, as specified in Article VIII hereof, as before liquidation. The proceeds of liquidation shall be distributed in the following order and priority:

(i) to creditors of the Company, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of the liabilities of the Company (whether by payment or the making of reasonable provision for payment thereof); and

(ii) to the Members in accordance with their Capital Account balances, after giving effect to all contributions, distributions and allocations for all periods.

Section 14.4 *Termination*. The Company shall terminate when all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for in this Article XIV and the Certificate shall have been canceled in the manner required by the Montana Act.

Section 14.5 *Claims of the Members*. The Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

**ARTICLE XV  
MISCELLANEOUS**

Section 15.1 *Notices*. All notices provided for in this LLC Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, mailed via an overnight courier service, telecopied or mailed by registered or certified mail, as follows:

(i) if given to the Company, at the following address: 231 Snookum Road, P.O. Box 953, Lakeside, MT 59922;

(ii) if given to a Director, at such Director's mailing address as provided to the Company; or

(iii) if given to any Member, at the address set forth opposite its name on Schedule A attached hereto, or at such other address as such Member may hereafter designate by written notice to the Company.

All such notices shall be deemed to have been given when received.

Section 15.2 *Failure to Pursue Remedies*. The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this LLC Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

Section 15.3 *Cumulative Remedies*. The rights and remedies provided by this LLC Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law or otherwise.

Section 15.4 *Binding Effect*. This LLC Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this LLC Agreement, their successors, legal representatives and assigns.

Section 15.5 *Interpretation*. Throughout this LLC Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. All references herein to "Articles," "Sections" and "Paragraphs" shall refer to corresponding provisions of this LLC Agreement.

Section 15.6 *Severability*. The invalidity or unenforceability of any particular provision of this LLC Agreement shall not affect the other provisions hereof, and this LLC Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

Section 15.7 *Counterparts*. This LLC Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

Section 15.8 *Integration*. This LLC Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 15.9 *Governing Law*. This LLC Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Montana, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

Section 15.10 *Amendments*. Any amendment to this LLC Agreement shall be adopted and be effective as an amendment hereto if it received the affirmative vote of all of the Members, provided that such amendment be in writing and executed by all of the Members.

Section 15.11 *No Implied Rights or Remedies*. Nothing expressed or implied shall be construed to confer upon any Person, except the Members and Managers, any rights or remedies under or by reason of this LLC Agreement.

IN WITNESS WHEREOF, the undersigned has executed and delivered this LLC Agreement as of the date first above stated.

**MEMBERS:**

LAREDO OIL, INC.

By: /s/ Mark See

Name: Mark See

Title: President and CEO

LIPSON INVESTMENTS LLC

By: /s/ Kenneth Lipson

Name: Kenneth Lipson

Title: Managing Member

VIPER OIL & GAS, LLC

By: /s/ Curt Thurmon

Name: Curt Thurmon

Title: Managing Member

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## SCHEDULE OF MEMBERSHIP INTERESTS

<u>Name and Address</u>	<u>Percentage Interest</u>	<u>Initial Capital Contribution</u>
Laredo Oil, Inc. P.O. Box 953 231 Snookum Road Lakeside, MT 59922	50%	\$448,900
Lipson Investments LLC 75 27 <sup>th</sup> Ave San Francisco, CA 94121	25%	\$224,450
Viper Oil & Gas, LLC 830 Havens Road Shreveport, LA 71107	25%	\$224,450

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**ASSET PURCHASE AND SALE AGREEMENT**

by and between

**Carrell Oil Company**

and

**Cat Creek Holdings LLC**

**Dated as of July 1, 2020**

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ASSET PURCHASE AND SALE AGREEMENT

This Asset Purchase and Sale Agreement ("Agreement") dated July 1, 2020, is by and between CARRELL OIL COMPANY, a Montana corporation (hereinafter called "Seller") and CAT CREEK HOLDINGS LLC, a Montana limited liability company (hereinafter called "Buyer) and LARRY CARRELL, SUCCESSOR CO-TRUSTEE OF THE FIRST AMENDED LLOYD CARRELL TRUST, DATED MARCH 28, 2018 (hereinafter "Seller Shareholder") (each a "Party" and collectively the "Parties").

RECITALS

Seller desires to sell, and Buyer desires to buy, all of Seller's right, title, and interest in certain oil and gas properties in the Cat Creek Field in Petroleum and Garfield Counties, Montana, as described in Section 2.1 below, and this Agreement sets forth the terms and conditions for such transaction; and

Seller Shareholder is the sole shareholder of Seller and will execute this Agreement and the contemplated conveyance as a party for the purpose of ensuring the conveyance of any interest deemed to have been distributed from Seller to Seller Shareholder for any reason.

AGREEMENT

NOW, THEREFORE, in consideration of mutual promises and the representations, warranties and covenants herein made, and other valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1  
DEFINED TERMS

- 1.1 Certain Defined Terms. Defined terms used in this Agreement shall have the meanings set forth in Appendix I hereto.

ARTICLE 2  
SALE AND PURCHASE OF ASSETS

2.1 Property to be Sold and Purchased. Seller agrees to sell and Buyer agrees to purchase, for the consideration hereinafter set forth, and subject to the terms and provisions herein contained, the following described properties, assets, rights and interests:

- (a) All of Seller's right, title, and interest in and to the oil and gas leases and lands described in Exhibit A hereto (and any ratifications and/or amendments to such leases, whether or not such ratifications or amendments are described in Exhibit A) (such leases, the "Leases", and together with such lands, the "Lands and Leases") subject to the restrictions, exceptions, reservations, conditions, limitations, interests and other matters set forth therein, including landowner's royalties, overriding royalties and all contracts, agreements, and other instruments pertaining to the same;
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(b) Without limitation of the foregoing, all other right, title and interest (of whatever kind or character, whether legal or equitable, and whether vested or contingent) of Seller in and to the oil, gas and other minerals that may be produced from the Lands and Leases (including, without limitation overriding royalties, production payments and net profits interests) in such Lands and Leases and any fee mineral interests, fee royalty interests, and other interests in such Lands and Leases;

(c) All right, title and interest of Seller in and to, or otherwise derived from, all presently existing and valid oil, gas and/or mineral unitization, pooling, and/or communitization agreements, declarations and/or orders, and in and to the properties covered and the units created thereby ( including, without limitation, all units formed under orders, rules, regulations, or other official acts of any Governmental Authority having jurisdiction, voluntary unitization agreements, designations and/or declarations, and so called "working interest units" created under operating agreements or otherwise), relating to the properties described in subsections (a) and (b) above, to the extent, and only to the extent, such right, title and interest are attributable to the properties described in subsections (a) and (b) above;

(d) All right, title and interest of Seller in and to all presently existing and valid production sales contracts, operating agreements, Surface Rights agreements or easements, and other agreements and Contracts, and Permits (to the extent transferable), which relate to any of the properties described in subsections (a), (b) and (c) above, or which relate to the exploration, development, operation or maintenance thereof or the treatment, storage, transportation or marketing of production therefrom (or allocated thereto), to the extent, and only to the extent, such right, title and interest are attributable to the properties described in subsections (a), (b) and (c) above; and

(e) All right, title and interest of Seller in and to all materials, supplies, machinery, equipment, improvements and other personal property and fixtures (including, but not by way of limitation, all Wells, wellhead equipment, pumping units, flowlines, tanks, buildings, saltwater disposal facilities, and other equipment), located on properties described in subsections (a), (b) and (c) above, and being used in connection with the exploration, development, operation, or maintenance thereof. The Parties acknowledge there are no shared facilities in existence regarding the Oil Producing Properties and the Excluded Assets (both as defined below) and all items of personal property and fixtures described in this paragraph (e) and currently used in connection with the Oil Producing Properties will be conveyed to Seller at Closing; and

(f) All of Seller's lease files, abstracts and title opinions, production records, well files, accounting records (but not including general financial accounting or tax accounting records), electric logs, and other files, documents, and records which directly relate to the properties described above in subsections (a) through (e) ("Records"), but excluding those Records which Seller is precluded from transferring to Buyer because of contractual or legal restrictions. Originals or copies of all such Records will be provided to Buyer in their current format.

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(The properties and interests specified in the foregoing subsections (a), (b) and (c) are herein collectively called the "Oil Producing Properties," and the properties and interests specified in the foregoing subsections (a), (b), (c), (d), (e), and (f) are herein collectively called the "Assets.")

2 . 2 Effective Date. The purchase and sale of the Assets shall be effective for all purposes as of July 1, 2020 at 8:00 a.m., Mountain Time (the "Effective Date").

2 . 3 Excluded Assets. Seller shall reserve and retain all of the Excluded Assets. "Excluded Assets" shall mean all assets of Seller other than the Assets, including: (a) Seller's corporate minute books, financial records and other business records that relate to Seller's business generally; (c) all trade credits, all accounts, receivables and all other proceeds, income, or revenues attributable to the Assets during the period of time prior to the Effective Date, other than oil production produced but not sold prior to the Effective Date; (d) all claims and causes of action of Seller arising under or with respect to any Contracts that are attributable to periods of time prior to the Effective Date (including claims for adjustments or refunds); (e) subject to Section 17.2, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events, or damage to or destruction of property; (f) all oil production produced and sold from the Oil Producing Properties prior to the Effective Date; (g) all claims of Seller for refunds of or loss carry forwards with respect to (i) oil production or any taxes attributable to any period prior to the Effective Date, (ii) income or franchise taxes or (iii) any taxes attributable to the Excluded Assets; (h) all of Seller's proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (i) all documents and instruments of Seller that may be protected by an attorney-client privilege, except as provided in Section 7.1; (j) all data that cannot be disclosed to Buyer as a result of confidentiality arrangements under agreements with Third Parties; and (k) all audit rights arising under any of the Contracts or otherwise attributable to any period prior to the Effective Date or to any of the Excluded Assets.

### ARTICLE 3 PURCHASE PRICE AND DEPOSIT

3.1 Purchase Price. The purchase price for the Assets shall be FOUR HUNDRED THOUSAND and No/100 Dollars (\$400,000.00) (herein called the "Base Purchase Price"). Such Base Purchase Price may be adjusted as provided in Section 6.1(c) and Articles 8 and 14 hereof (the Base Purchase Price, as so adjusted, and as the same may otherwise be adjusted by mutual agreement of the Parties, being herein called the "Purchase Price"). The Purchase Price shall be paid in cash at the Closing as hereinafter provided, subject to post-Closing adjustments determined pursuant to Article 8 or Article 14. The Base Purchase Price has been allocated among the Wells in the manner set forth in Exhibit B (herein called the "Allocated Values" and each such Well allocated value therein an "Allocated Value Property"). To the extent required by the Code and other applicable Law, and subject to mutual agreement of the Parties, Seller and Buyer also agree (i) to use such Allocated Values in the preparation, filing and audit of any tax return (including filing Form 8594 with its federal income tax return for the taxable year that includes the Closing Date) in which the Allocated Values are relevant except as otherwise required by the Code or applicable Law, and (ii) to provide the other with a copy of the Form 8594 proposed to be filed by it no later than thirty (30) days prior to such filing. If any adjustment is made to the Purchase Price as provided herein, a corresponding adjustment shall be made to the Allocated Values for the affected Allocated Value Properties in such Exhibit B.

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ARTICLE 4  
REPRESENTATIONS AND WARRANTIES OF SELLER

4.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer that:

- (a) Organization and Qualification. Seller is a corporation created under the laws of the State of Montana and is qualified to do business and in good standing in Montana and Montana.
  - ( b ) Power and Authority. Seller has full power to enter into and perform its obligations under this Agreement and has taken all proper action to authorize entering into this Agreement and performance of its obligations hereunder.
  - ( c ) No Conflict or Violation. Other than Preference Rights and Transfer Requirements, and except for approvals required to be obtained from Governmental Authorities who are lessors under Leases (or who administer such leases on behalf of such lessors) which are customarily obtained post-closing ("Routine Governmental Approvals"), neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the compliance with the terms hereof, will result in any default under any Contract or instrument to which Seller is a party or by which the Assets are bound, or violate any Law or Order applicable to Seller or to the Assets.
  - ( d ) Enforceability. This Agreement, and the Seller's Closing Documents provided for herein to be delivered at Closing will, when executed and delivered, constitute the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as limited by bankruptcy or other laws applicable generally to creditor's rights and as limited by general equitable principles.
  - ( e ) Actions or Proceedings. There are no pending Actions or Proceedings in which Seller is a party which affect the Assets (including, without limitation, any actions challenging or pertaining to Seller's title to any of the Assets), or affecting the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.
  - (f) Title. Seller does not warrant title to the Assets, but does warrant that its interest is free and clear of any and all Liens, options, overriding royalties, net profits interests, title defects or other burdens for which Buyer will be responsible that were created by, through or under Seller, except for the Permitted Encumbrances.
  - (g) No Default. There has been no act or omission by Seller whereby it is, or would be, in default under any Law or Order or any of the leases or Contracts to which Seller is a party applicable to the Assets, which default would reasonably be expected to have a material adverse effect on: (1) the aggregate value of the Assets, or (2) Buyer's ability to obtain access to, and enjoy the use and benefit of, the Assets from and after Closing.
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(h) Royalties and O&G Taxes. With respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, except as disclosed on Schedule 4.1(h) for suspense accounts or otherwise, all royalties and all O&G Taxes and all amounts due and payable in connection with Permitted Encumbrances, or the receipt of proceeds therefrom, payable in respect of the Oil Producing Properties prior to the date hereof have been fully paid and discharged, or will be paid by Seller upon coming due.

(i) Preference Rights and Consents. No Person has any Preference Rights, and each Material Contract which is being assigned to or assumed by Buyer under this Agreement is assignable by Seller to Buyer without the consent or approval of any other Person, except as disclosed on Schedule 4.1(i).

(j) Environmental. Except as specifically disclosed on Schedule 4.1(j), with respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, there have been no:

(i) Orders under any Environmental Law which require any work, repairs, construction or capital expenditures with respect to the Assets, where any such Order has not been complied with in all material respects; or

(ii) Actions or Proceedings as a result of any breach of any Environmental Law applicable to the Assets, including any Law or Order respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which Actions or Proceedings remain outstanding at the date hereof.

(k) Capital Projects and AFEs. Schedule 4.1(k) sets forth a list and description of all capital projects with respect to the Oil Producing Properties (i) approved and budgeted by Seller or (ii) for which the Seller has issued or received a currently effective authorization for expenditure ("AFE") and associated costs or estimates thereof, in each case to the extent such costs or estimates exceed \$2,500.00 per capital project net to the Seller's interest.

(l) Audits. With respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, Schedule 4.1(l) lists all audits that have been conducted since January 1, 2018 (i) by any Governmental Authority for the payment of or calculation of O&G Taxes or royalties attributable to the Oil Producing Properties ("Government Audits") and (ii) by parties (other than through Government Audits) under the Operating Agreements, or other operating agreements or arrangements, for the payment of or calculation of royalties or operating expenses or revenues attributable to the Oil Producing Properties ("Third Party Audits"). Except as disclosed in Schedule 4.1(l), with respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, the Oil Producing Properties are not currently undergoing any Government Audits or Third Party Audits.

(m) Calls on Production. Except as disclosed in Schedule 4.1(m), with respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, there are no calls on or preferential rights to purchase production from the Oil Producing Properties. Except as disclosed in Schedule 4.1(m), with respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, no amounts of oil produced from the Oil Producing Properties is the subject of a sales Contract, and no Person has any call upon, option or similar rights under any sales Contract with respect to the Oil Producing Properties which is not terminable within 31 days.

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(n) Certain Contractual Arrangements. Except as disclosed in Schedule 4.1(n), with respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, Seller has not delivered nor will Seller be obligated by virtue of any prepayment made under any production sales Contract or any other Contract containing a "take or pay" clause, or under any similar arrangement, to deliver oil produced from or allocated to any of the Oil Producing Properties at some future time without receiving full payment therefor at the time of delivery.

(o) Material Contracts. With respect to the Operated Assets, and to Seller's Knowledge with respect to the Nonoperated Assets, Schedule 4.1(o) sets forth all Material Contracts.

4.2 Scope of Representations of Seller and Disclaimer of Warranties. EXCEPT AS SET FORTH IN THIS AGREEMENT AND THE SELLER'S CLOSING DOCUMENTS, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS, STATUTORY OR IMPLIED AS TO, AND BUYER RELEASES SELLER WITH RESPECT TO, CLAIMS ARISING FROM: (I) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY DATA, INFORMATION OR RECORDS FURNISHED (ORALLY OR IN WRITING) TO BUYER IN CONNECTION WITH THE ASSETS OR OTHERWISE CONSTITUTING A PORTION OF THE ASSETS, INCLUDING WITHOUT LIMITATION, SEISMIC DATA AND SELLER'S INTERPRETATION AND OTHER ANALYSIS THEREOF; (II) THE PRESENCE, QUALITY AND QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE ASSETS; (III) THE ABILITY OF THE ASSETS TO PRODUCE HYDROCARBONS, INCLUDING, WITHOUT LIMITATION, PRODUCTION RATES, DECLINE RATES AND RECOMPLETION OPPORTUNITIES; (IV) THE PRESENT OR FUTURE VALUE OF THE ANTICIPATED INCOME, COSTS OR PROFITS, IF ANY, TO BE DERIVED FROM THE ASSETS; (V) THE ENVIRONMENTAL CONDITION OR ANY OTHER CONDITION OF THE ASSETS; (VI) ANY PROJECTIONS AS TO EVENTS THAT COULD OR COULD NOT OCCUR WITH RESPECT TO THE ASSETS; (VII) THE TAX ATTRIBUTES OF ANY ASSETS; (VIII) TITLE TO ANY OF THE ASSETS, OR (IX) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS.

## ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BUYER

5.1 Representations and Warranties of Buyer. Buyer represents and warrants to Seller that:

(a) Organization and Qualification. Buyer is a limited liability company duly organized and legally existing under the laws of the State of Montana and is qualified to do business and in good standing in the State of Montana.

(b) Power and Authority. Buyer has full power to enter into and perform its obligations under this Agreement and has taken all proper action to authorize entering into this Agreement and performance of its obligations hereunder.

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(c) No Conflict or Violation. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor the compliance with the terms hereof, will result in any default under any Contract or instrument to which Buyer is a party or by which the Assets are bound, or violate any Law or Order applicable to Buyer or to the Assets.

(d) Enforceability. This Agreement constitutes, and the Buyer's Closing Documents provided for herein to be delivered at Closing will, when executed and delivered, constitute the legal, valid and binding obligation of Buyer, enforceable in accordance with its terms, except as limited by bankruptcy or other laws applicable generally to creditor's rights and as limited by general equitable principles.

(e) Actions or Proceedings. There are no pending Actions or Proceedings in which Buyer is a party which affect the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

ARTICLE 6  
RESERVED

ARTICLE 7  
RESERVED

ARTICLE 8  
RESERVED

ARTICLE 9  
TRANSFER OF OPERATORSHIP AND JOA REQUIREMENTS

9.1 Transfer of Operatorship. As of the Effective Date, and subject to any Operator Transfer Restrictions, Buyer shall succeed Seller as operator for any Operated Assets. Buyer agrees to use commercially reasonable efforts, and Seller agrees to use commercially reasonable efforts to assist Buyer, both before and after Closing, as applicable, to address any Operator Transfer Restrictions and to effect the transfer of operatorship from Seller to Buyer, including (i) obtaining the necessary consents or approvals or other actions required to address Operator Transfer Restrictions, and any related communications to non-operators advising them of the transfer of operatorship, (ii) the preparation and filing post-Closing of the necessary forms or other instruments documenting such transfer as required by applicable Laws with the MBOGC or BLM, or any other Governmental Authority as required, (iii) the preparation and filing of the necessary forms or other instruments for the transfer of any operator-related Permits, or issuance of new operator-related Permits to Buyer, as required by applicable Laws, with DEQ or any other Governmental Authority, (iv) obtaining any necessary consents and preparing and executing necessary assignments or partial assignments or other instruments for the assignment of applicable operator-related Contracts, or entering into new operator-related Contracts with applicable Third Parties, (v) the post-Closing posting by Buyer of the necessary bond(s) required by MBOGC or BLM or such other appropriate Governmental Authority as security for any and all Plugging and Abandonment Obligations and any other operatorship obligations for said Operated Assets promptly after Buyer obtains knowledge of such required additional bond(s), and (vi) the release or partial release of Seller's bonds applicable to the Oil Producing Properties as soon as practical following Closing; provided that Seller shall not be required to expend any funds (other than the cost of Seller's internal resources and personnel) in satisfaction of its obligations under this Section 9.1 and any Governmental Authority or Third Party costs associated with this Section 9.1 shall be the responsibility of Buyer.

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9.2 JOA Requirements. In the event any Third Party who is a party to an Operating Agreement (a "Contesting JOA Party") asserts a claim that Seller has not complied with a JOA Requirement and seeks to challenge the transfer pursuant to this Agreement of Seller's interest in the Lease(s) or Well(s) subject to such Operating Agreement (the "Associated Property"), then Buyer may, at its option, retransfer the Associated Property to Seller and Seller shall pay to Buyer the Allocated Value of such property. Upon the exercise of such option by Buyer, Seller shall use commercially reasonable efforts to comply with the applicable JOA Requirements. Upon compliance with the applicable JOA Requirements by Seller, to the reasonable satisfaction of Buyer, Seller and Buyer agree that Buyer shall repurchase the Associated Property from Seller for the Allocated Value thereof, such repurchase subject to the terms and conditions herein, tailored as appropriate for the closing of such repurchase. For purposes of this Section 9.2, "JOA Requirement" shall mean with respect to an Operating Agreement, any advance notice requirement or provision requiring Seller to provide a party notice of the Seller's intent to sell its interest in the Associated Property.

ARTICLE 10  
POSSESSION AND CORPORATE AUTHORITY FOR CLOSING

10.1 Possession. Buyer shall be entitled to possession of the Assets on the Effective Date, subject to Closing and the terms of this Article.

10.2 Authorization to Close. The Parties recognize that Seller is, as of the date of this Agreement, an involuntarily dissolved corporation by the Montana Secretary of State. Buyer's obligation to close shall be contingent upon Seller obtaining the requisite legal authority to sell and convey the assets to Buyer per the terms of this Agreement.

10.3 Operations. In the interim between the Effective Date and Closing, Buyer and Seller agree to collaborate in transferring the operating rights and responsibilities associated with the Assets to Buyer under a form of contract operator or sublease to be mutually agreed to and negotiated in good faith between the Parties. Provided, however, in the event that Closing does not occur, Seller shall - subject to Buyer's remedies in the event Closing does not occur by reason of Seller's breach - be entitled to retake possession and operation of the Assets.

ARTICLE 11  
RESERVED

ARTICLE 12  
RESERVED

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ARTICLE 13  
CLOSING

13.1 Closing Date. The closing under this Agreement shall take place at 9:00 a.m. on July 31, 2020, at the offices of Patten, Peterman, Bekkedahl & Green, PLLC in Billings, Montana, or at such other time as Buyer and Seller may mutually agree upon, but in no event later than thirty (30) days subsequent to July 31, 2020 it being understood that time is of the essence of this Agreement, provided that Seller shall have secured the legal authority and ability to sell the Assets.

13.2 Closing Actions. At the Closing:

(a) Seller shall:

- (i) execute, acknowledge and deliver to Buyer a conveyance of the Assets, in the form attached hereto as Exhibit C (with Exhibits A and B attached thereto), effective as to runs of oil as of the Effective Date (the "Conveyance"); and
- (ii) deliver to Buyer such other bills of sale, assignments, documents and other instruments of transfer and conveyance as may reasonably be requested by Buyer, each in form and substance satisfactory to Buyer and Seller; and
- (iii) execute and deliver to Buyer mutually agreeable transfer orders or letters in lieu thereof, directing the applicable operator to make payment of proceeds attributable to production from the Oil Producing Properties after the Effective Date to Buyer; and
- (iv) execute and deliver to Buyer necessary governmental form assignments for any federal or state leases included in Exhibit A, each in form and substance satisfactory to Buyer and Seller; and
- (v) subject to Section 9.1, execute and deliver to Buyer the necessary documents required by applicable Governmental Authorities, or to address Operator Transfer Restrictions, for the change of operator from Seller to Buyer for the Operated Assets, and execute and deliver the necessary documents to assign (or partially assign, as applicable) the operator-related Contracts or Permits with respect to the Operated Assets;
- (vi) deliver to Buyer a non-foreign affidavit, as such affidavit is referred to in Section 1445(b)(2) of the Code, dated as of the Closing Date; and
- (vii) turn over possession of the Assets; and
- (viii) within fourteen (14) days after Closing, deliver to Buyer the Records described in Section 2.1(f).

(b) Buyer shall:

- (i) deliver to the Seller, by wire transfer to an account designated by Seller in a bank located in the United States, an amount equal to the Purchase Price minus the Deposit ; and
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(ii) execute, acknowledge and deliver to Seller the Conveyance; and

(iii) execute necessary governmental form assignments for federal leases included in Exhibit A, each in form and substance satisfactory to Buyer and Seller; and

(iv) subject to Section 9.1, execute and deliver to Seller the necessary documents required by applicable Governmental Authorities or to address Operator Transfer Restrictions for the change of operator from Seller to Buyer for the Operated Assets, and execute and deliver the necessary documents to assign (or partially assign, as applicable) the operator-related Contracts or Permits with respect to the Operated Assets.

(c) Seller Shareholder shall:

(i) along with Seller, execute, acknowledge and deliver to Buyer a conveyance of the Assets, in the form attached hereto as Exhibit C (with Exhibits A and B attached thereto), effective as to runs of oil as of the Effective Date (the "Conveyance"); and

(ii) deliver to Buyer such other bills of sale, assignments, documents and other instruments of transfer and conveyance as may reasonably be requested by Buyer, each in form and substance satisfactory to Buyer and Seller.

13.3 Immediate Post-Closing Actions. Actions. Seller, Seller Shareholder, and Buyer shall cooperate to record the Conveyances with the Clerk and Recorder's Office in Petroleum and Garfield Counties, Montana, as applicable, on the Closing Date, unless recording on such date is not logistically possible, in which case it shall be recorded the next Business Day or such other day mutually agreed by the Parties. Recording costs shall be paid by Buyer. Seller and Buyer shall cooperate to promptly deliver for filing, as soon as logistically possible after Closing, required governmental form assignments with the applicable Governmental Authorities, with any filing fees paid by Buyer. Seller and Buyer shall cooperate to promptly deliver for filing, as soon as logistically possible after Closing, all necessary documents and instruments to effectuate the transfer of operatorship from Seller to Buyer for the Operated Assets, including the transfer or assignment of any associated operator-related Permits or Contracts. Any filing fees or other fees or costs of Governmental Authorities or Third Parties associated with such transfer of operatorship shall be paid by Buyer.

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ARTICLE 14  
ACCOUNTING ADJUSTMENTS

14.1 General Provisions. Appropriate adjustments shall be made between Buyer and Seller so that (i) all expenses which are incurred in the operation of the Oil Producing Properties before the Effective Date will be borne by Seller and all proceeds (net of applicable production, severance and similar taxes) from sale of oil produced therefrom before the Effective Date will be received by Seller, and (ii) all expenses which are incurred in the operation of the Oil Producing Properties after the Effective Date will be borne by Buyer and all proceeds (net of applicable production, severance and similar taxes) from the sale of oil produced therefrom after the Effective Date will be received by Buyer. It is agreed that, in making such adjustments: (i) all expenses or proceeds as provided in the first sentence in this Section 14.1 shall be calculated using Seller's accrual method accounting practices consistent with the practices used to prepare its financial statements; (ii) oil which was produced from the Oil Producing Properties and which was, on the Effective Date, stored in tanks located on the Oil Producing Properties (or located elsewhere but used by Seller to store oil produced from the Oil Producing Properties prior to delivery to oil purchasers) shall be deemed to have been produced after the Effective Date; (iii) ad valorem taxes assessed with respect to a period which the Effective Date splits (regardless of whether such taxes are computed based upon production in a prior period) shall be prorated based on the number of days in such period which fall on each side of the Effective Date (with the day on which the Effective Date falls being counted in the period after the Effective Date), and shall, where the current year's taxes are not yet known, be based on the previous year's taxes; and (iv) no consideration shall be given to the local, state or federal income tax liabilities of any Party. With respect to the Operated Assets, the above provisions shall apply to Seller's applicable share corresponding to Seller's applicable Working Interests for such Operated Assets. The provisions of this Section shall apply in such a manner so as not to give the components and calculations duplicative effect to any item of adjustment and, except as otherwise expressly provided in this Agreement.

14.2 Final Purchase Price. As soon as practicable after Closing, but in no event more than sixty (60) days thereafter, Seller shall prepare in accordance with this Agreement and with generally accepted accounting principles, a statement (the "Statement") setting forth each adjustment or payment that was not finally determined at Closing, and showing the calculation of the final Purchase Price based upon such Statement (the "Final Purchase Price"). As soon as practicable after the receipt of the Statement, but in no event longer than ten (10) days from date of receipt, Buyer shall deliver to Seller a written report containing any proposed changes. In the event Buyer shall fail to propose any changes to the Statement, the Statement shall be deemed to set forth the Final Purchase Price. The Parties shall attempt to agree as to the amount due pursuant to such post-Closing adjustment no later than ten (10) days after the Buyer's receipt of the Statement. The date upon which said agreement is reached shall be herein called the "Settlement Date." In the event that (i) the Final Purchase Price is more than the amount delivered to Seller at the Closing, Buyer shall pay to Seller within five (5) Business Days subsequent to the Settlement Date, in immediately available federal funds, the amount of such difference, or (ii) the Final Purchase Price is less than the amount delivered to Seller at Closing, Seller shall pay to Buyer within five (5) Business Days subsequent to the Settlement Date, in immediately available federal funds, the amount of such difference. All invoices received prior to the Settlement Date for expenses which are incurred in the operation of the Oil Producing Properties (i) before the Effective Date will be forwarded to and paid by Seller and (ii) after the Effective Date will be forwarded to and paid by Buyer. All proceeds received prior to the Settlement Date (net of applicable production, severance and similar taxes) from sale of oil therefrom (i) before the Effective Date will be forwarded to and retained by Seller, and (ii) after the Effective Date will be forwarded to and retained by Buyer. The treatment of invoices and proceeds in the preceding two sentences shall be reflected in the Statement as appropriate.

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ARTICLE 15  
ASSUMPTION OF LIABILITIES, INDEMNIFICATION AND DAMAGES

15.1 Assumption of Liabilities. Subject to Section 15.2 and Section 16.1, Buyer shall, on the date of Closing, agree (and, upon the delivery to Buyer of the Conveyance shall be deemed to have agreed) (a) to assume, and to timely pay and perform, all duties, obligations and liabilities relating to the ownership and/or operation of the Assets after the Effective Date (including, without limitation, those arising under the Contracts described in Section 2.1(d) above), and (b) to defend, indemnify and hold Seller Indemnitees harmless from and against any and all Adverse Consequences of any kind or character arising out of or otherwise relating to the ownership and/or operation of the Assets after the Effective Date. In connection with (but not in limitation of) the foregoing, and again subject to Section 15.2 and Section 16.1, it is specifically understood and agreed that matters arising out of or otherwise relating to the ownership and/or operation of the Assets after the Effective Date shall include all matters arising out of the condition of the Assets on the Effective Date (including, without limitation, within such matters all Plugging and Abandonment Obligations with respect to Wells, obligations to restore the surface of the Oil Producing Properties, and to comply with, or to bring the Oil Producing Properties into compliance with, applicable Environmental Laws, including conducting any remediation activities which may be required on or otherwise in connection with activities on the Oil Producing Properties), regardless of when the events occurred which give rise to such condition (and regardless of whether Seller, its officers, employees, agents or other representatives, were wholly or partially negligent or otherwise, at fault), and the above provided for assumptions and indemnifications by Buyer shall expressly cover and include such matters so arising out of such condition. This indemnification expressly includes any claims that arise as a result of strict liability.

15.2 Audits. Notwithstanding any other provision in this Agreement, Seller shall be fully responsible for, and shall defend, indemnify and hold harmless the Buyer Indemnitees from any Adverse Consequences resulting from any Third Party Audit or any Government Audit relating to the ownership and/or operation of the Oil Producing Properties prior to the Effective Date.

15.3 RESERVED.

15.4 Indemnification Procedure. Whenever any claim shall arise for indemnification hereunder, either between the Parties or involving a claim by a Third Party, the Person entitled to indemnification (the "Indemnified Person") shall provide written notice to the other Party (the "Indemnifying Party") within ten (10) days of receipt of a Third Party Claim, or within sixty (60) days of becoming aware of the right to indemnification for other claims, and, as expeditiously as possible thereafter, the facts constituting the basis for such claim. In connection with any claim giving rise to indemnity hereunder, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Person, may assume the defense of any such claim or legal proceeding with counsel reasonably satisfactory to the Indemnified Person. The Indemnified Person shall be entitled to participate in the defense of any such action, with its counsel and at its own expense. If the Indemnifying Party does not assume the defense of any such claim or litigation resulting therefrom, the Indemnified Person may, but shall not be obligated to, defend against such claim or litigation in such manner as it may deem appropriate including, but not limited to, settling such claim or litigation, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Person may deem appropriate and no action taken by the Indemnified Person in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided.

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15.5 Damages. NOTWITHSTANDING ANYTHING CONTAINED TO THE CONTRARY IN ANY OTHER PROVISION OF THIS AGREEMENT OR THE CLOSING DOCUMENTS, SELLER AND BUYER AGREE THAT THE RECOVERY OF ANY DAMAGES SUFFERED OR INCURRED AS A RESULT OF ANY BREACH BY EITHER PARTY OF ANY OF ITS REPRESENTATIONS, WARRANTIES OR OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE ACTUAL DAMAGES SUFFERED OR INCURRED AS A RESULT OF THE BREACH BY THE BREACHING PARTY OF ITS REPRESENTATIONS, WARRANTIES OR OBLIGATIONS HEREUNDER AND IN NO EVENT SHALL THE BREACHING PARTY BE LIABLE TO THE NON-BREACHING PARTY FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY DAMAGES ON ACCOUNT OF LOST PROFITS OR OPPORTUNITIES OR LOST OR DELAYED PRODUCTION) SUFFERED OR INCURRED BY THE NON-BREACHING PARTY AS A RESULT OF THE BREACH BY THE BREACHING PARTY OF ANY OF ITS REPRESENTATIONS, WARRANTIES OR OBLIGATIONS HEREUNDER, EXCEPT FOR SUCH DAMAGES ACTUALLY PAYABLE BY EITHER PARTY TO A THIRD PARTY PURSUANT TO INDEMNITY OBLIGATIONS HEREIN.

15.6 Plugging and Abandonment Obligations. NOTWITHSTANDING ANYTHING CONTAINED TO THE CONTRARY IN ANY OTHER PROVISION OF THIS AGREEMENT, IT IS EXPRESSLY AGREED FOR ALL PURPOSES OF THIS AGREEMENT THAT (a) THE PLUGGING AND ABANDONMENT OBLIGATIONS CONSTITUTE OBLIGATIONS ASSUMED BY BUYER, (b) THE PLUGGING AND ABANDONMENT OBLIGATIONS SHALL NOT CONSTITUTE DEFECTS, (c) EXCEPT AS PROVIDED IN THIS AGREEMENT, (i) SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, WITH RESPECT TO THE PLUGGING AND ABANDONMENT OBLIGATIONS, AND (ii) SELLER SHALL HAVE NO LIABILITIES OR OBLIGATIONS WITH RESPECT TO THE PLUGGING AND ABANDONMENT OBLIGATIONS; PROVIDED THAT NOTHING IN THIS SECTION 12.3 SHALL LIMIT BUYER'S REMEDIES FOR A BREACH OF THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 4.1(j).

ARTICLE 16  
SURVIVAL

16.1 Survival of Provisions. Except where a different time is specified therein, the representations and warranties in Articles 4 and 5 of this Agreement shall be true at the Closing Date. All representations and warranties made by the Buyer and Seller, respectively, will survive the Closing for a period of one (1) year from the Closing Date, except that any such representation and warranty that would otherwise terminate will continue to survive if a notice has been given pursuant to Section 15.4 in good faith containing specific facts establishing a valid indemnity claim on or prior to such termination date, until such claim for indemnification has been satisfied or otherwise resolved. Subject to the foregoing, and to Section 16.1. Notwithstanding the foregoing, nothing contained in this Section shall alter, limit or otherwise affect the rights and obligations of the Parties set forth in Articles 14 through 16 inclusive that shall also survive the Closing and the delivery of the Conveyance. Subject to the above provisions in this Section and in Article 15, Seller shall defend, indemnify and hold harmless Buyer Indemnitees from and against, any and all Adverse Consequences suffered, incurred or sustained by it or to which it becomes subject, resulting from, arising out of or relating to any breach of representation or warranty of Seller.

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ARTICLE 17  
GENERAL PROVISIONS

17.1 No Brokers. Seller and Buyer represent and warrant to each other that neither has used the services of a broker or other finder or will become obligated to pay any claim for brokerage commissions, finder's fees or similar compensation in connection with the execution or performance of this Agreement of the transactions contemplated herein. Seller agrees to defend, indemnify and hold harmless Buyer Indemnitees from and against any and all Adverse Consequences of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by, or on behalf of, Seller with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Buyer agrees to defend, indemnify and hold harmless Seller Indemnitees from and against any and all Adverse Consequences of any kind or character arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by, or on behalf of, Buyer with any broker or finder in connection with this Agreement or the transaction contemplated hereby.

17.2 [RESERVED.]

17.3 Notices. All notices and other communications required under this Agreement shall (unless otherwise specifically provided herein) be in writing and be delivered personally, by recognized commercial courier or delivery service (which provides a receipt), by facsimile (with receipt acknowledged), by electronic transmission, or by registered or certified mail (postage prepaid), at the following addresses:

If to Buyer:

Cat Creek Holdings LLC  
P.O. Box 953  
231 Skookum Road  
Lakeside, MT 59922

With a copy to:

Patten, Peterman, Bekkedahl & Green, PLLC  
Attn: Patrick G.N. Beddow  
2817 2<sup>nd</sup> Ave. North, Ste. 300  
Billings, MT 59101

If to Seller:

Larry Carrell  
773 Hanson Creek Road  
Lewistown, MT 59457

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and shall be considered delivered on the date of receipt. Either Seller or Buyer may specify as its proper address any other post office address within the continental limits of the United States by giving notice to the other Party, in the manner provided in this Section, at least ten (10) days prior to the effective date of such change of address.

17.4 Public Announcements; Confidential Information. Neither Party will issue any press release or otherwise make any public statements with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other Party, which consent shall not be unreasonably withheld, unless required by Law or applicable securities agencies. Failure of either Party to respond within three (3) business days to a request by the other Party for consent to a press release or public statement shall be deemed a consent to such request. If a Party is required by Law to make any such disclosure, including, but not limited to, disclosure in connection with any United States securities offering or public financing by such Party or its Affiliates, to the extent permitted by Law, it must first provide to the other Party the content of the proposed disclosure and afford such other Party a reasonable opportunity to comment upon and propose changes in the disclosure.

17.5 Disclaimers Conspicuous. Seller and Buyer agree that, to the extent required by applicable Law to be effective, the disclaimers of certain representations and warranties or other disclaimers herein are "conspicuous" disclaimers for the purpose of any such Laws.

17.6 Further Assurances. After the Closing, each Party shall execute and deliver, and shall otherwise cause to be executed and delivered, from time to time and upon the other Party's reasonable request, such further instruments, notices, division orders, transfer orders and other documents, and do such other and further acts and things, as may be reasonably necessary to more fully and effectively grant, convey and assign the Assets to Buyer and to transfer operatorship of the Operated Assets to Buyer.

17.7 Assignment. Neither Party shall have the right to assign its rights under this Agreement, without the prior written consent of the other Party first having been obtained, which consent shall not be unreasonably withheld. The Agreement shall be binding on the Parties hereto and their respective permitted successors and assigns.

17.8 Expenses. Each Party shall bear and pay all expenses incurred by it in connection with the transaction contemplated by this Agreement.

17.9 Entire Agreement. This Agreement and the Closing Documents contain the entire understanding of the Parties hereto with respect to subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions among the Parties with respect to such subject matter.

17.10 Interpretation. The descriptive headings contained in this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement. Within this Agreement words of any gender shall be held and construed to cover any other gender, and words in the singular shall be held and construed to cover the plural, unless the context otherwise requires. The term "including" shall mean "including without limitation."

17.11 [RESERVED.]

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17.12 Amendment and Waiver. This Agreement may be amended, modified, supplemented, restated or discharged (and provisions hereof may be waived) only by an instrument in writing signed by the Party against whom enforcement of the amendment, modification, supplement, restatement or discharge (or waiver) is sought.

17.13 No Merger. The representations and warranties herein and the indemnity obligations herein shall be deemed to apply to any representations or warranties contained in all assignments, conveyances, transfers and other documents conveying any of the Assets from Seller to Buyer, provided, however, that as so applied such representations and warranties and indemnity obligations shall be subject to all applicable provisions in the Agreement, including without limitation, the survival period provisions in Section 16.1. There shall not be any merger of any such representations or warranties or indemnity obligations in such assignments, conveyances, transfers or other documents, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

17.14 Counterparts. This Agreement may be executed by Seller and Buyer in any number of counterparts, each of which shall be deemed to be an original instrument, but all of which together shall constitute one and the same instrument. Execution may be evidenced by facsimile or electronic signatures with original signatures to follow promptly.

17.15 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Montana, and venue shall be in Yellowstone County, Montana.

17.16 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect without being impaired or invalidated in any way and shall be construed in accordance with the purposes and intent of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK - SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto on the date set forth above.

Carrell Oil Company

By: /s/ Larry Carrell  
Name: Larry Carrell  
Title: President

Cat Creek Holdings LLC

By: /s/ Mark See  
Name: Mark See  
Title: President

THE FIRST AMENDED LLOYD CARRELL TRUST, DATED MARCH 28, 2018

/s/ Larry Carrell  
Larry Carrell, Successor Co-Trustee

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**APPENDIX 1**  
**DEFINED TERMS**

The following terms shall have the applicable defined meaning as used in this Agreement:

“Actions or Proceedings” means any action, suit, proceeding, claims, demands, complaints, arbitration or Governmental Authority notice or investigation.

“Adverse Consequences” means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, deficiencies, costs, liabilities, obligations, taxes, liens, losses, expenses, and fees, including, without limitation, court costs, interest and reasonable fees of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings or of any claim, default or assessment.

“AFE” has the meaning ascribed to it in Section 4.1(k).

“Affiliate” means any Person that directly, or indirectly through one of more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by Contract or otherwise.

“Allocated Value” has the meaning ascribed to it in Section 3.1.

“Allocated Value Property” has the meaning ascribed to it in Section 3.1.

“Agreement” has the meaning ascribed to it in the preamble.

“Assets” has the meaning ascribed to it in the last paragraph of Section 2.1.

“Associated Property” has the meaning ascribed to it in Section 9.2.

“Base Purchase Price” has the meaning ascribed to it in Section 3.1.

“BLM” shall mean the United States Department of the Interior Bureau of Land Management.

“Business Day” shall mean a day on which national banks in Montana are open for business.

“Buyer” has the meaning ascribed to it in the preamble.

“Buyer Indemnitees” means Buyer and its Affiliates and their respective directors, officers, employees and agents.

“Buyer’s Closing Documents” shall mean the documents delivered by Buyer at Closing pursuant to Section 13.2(b)(ii), (iii) and (iv).

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"Closing" shall mean the execution and and delivery by the Parties of this Agreement and the other documents and agreements required to be executed and exchanged simultaneously with this Agreement.

"Closing Date" shall have the meaning ascribed to it in Section 13.1.

"Closing Documents" shall mean collectively the Seller's Closing Documents and the Buyer's Closing Documents.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Contract" means any agreement, lease, license, evidence of indebtedness, mortgage, indenture, security agreement or other contract.

"Contesting JOA Party" has the meaning ascribed to it in Section 9.2.

"Conveyance" has the meaning ascribed to it in Section 13.2(a)(i).

"COPAS" has the meaning commonly ascribed to such term in the oil and gas industry.

"Defect" means the following:

(a) Seller's ownership of the Oil Producing Properties is such that, with respect to an Allocated Value Property listed on Exhibit B hereto, (A) Seller is entitled to receive a decimal share of the oil produced from, or allocated to, such Allocated Value Property, at any time throughout the entire productive life of such Allocated Value Property, which is less than the decimal share set forth on Exhibit B in connection with such Allocated Value Property in the column headed "Net Revenue Interest" or (B) Seller is obligated to bear a decimal share of the cost of operation of such Allocated Value Property, at any time throughout the entire productive life of such Allocated Value Property, greater than the decimal share set forth on Exhibit B in connection with such Allocated Value Property in the column headed "Working Interest" without a proportionate (or greater) increase in the Net Revenue Interest.

(b) Seller's ownership of an Oil Producing Property is subject to a Lien other than (A) a Lien reflected on Schedule 7.2(b) hereto (any such Lien to be released at or prior to Closing), (B) a lien for taxes not yet delinquent, or (C) a construction, mechanic's or materialmen's lien (or other similar lien), or a lien under an operating agreement or similar agreement, to the extent the same relates to expenses incurred which are not yet due; or

(c) Seller's ownership of an Oil Producing Property is subject to a Preference Right or a Transfer Requirement requiring that consent to assignment be obtained, unless a waiver of such right or consent has been obtained with respect to the transaction contemplated hereby or, in the case of a Preference Right, an appropriate tender of the applicable interest has been made to the party holding such right, and such party has either declined to exercise such right, or the period of time required for such party to exercise such right has expired without such party exercising such right; or

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(d) Seller's ownership of an Oil Producing Property is subject to an imperfection in title which, if asserted, could have a material adverse effect on Seller's ability to obtain access to, produce, treat, transport or otherwise market hydrocarbons from the Oil Producing Properties, and such imperfection in title is not such as would normally be waived by persons engaged in the oil and gas industry and in possession of all relevant facts when purchasing producing properties; or

(e) An Oil Producing Property is in violation of applicable Environmental Laws in any material respect.

"Effective Date" has the meaning ascribed to it in [Section 2.2](#).

"Environmental Law" means any Law or Order relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata).

"Environmental Liabilities" shall mean all Adverse Consequences and liabilities pertaining to the Assets arising from any Environmental Law which results from oil and gas exploration and production operations or other operations conducted with respect to the Assets, including but not limited to Adverse Consequences and liabilities related to:

1. the transportation, storage, use or disposal of toxic or hazardous substances or hazardous, dangerous or non-dangerous oilfield substances or waste;
2. the release, spill, escape or emission of toxic or hazardous substances;
3. any other pollution or contamination of the surface, substrata, soil, air, ground water, surface water or marine environments;
4. Adverse Consequences and liabilities suffered by Third Parties as a result of the occurrences in subparagraphs 1, 2 and 3 above; and
5. any obligations imposed by any Law or Order to protect the environment or to rectify environmental problems.

"Government Audits" has the meaning ascribed to it in [Section 4.1\(l\)](#).

"Governmental Authority" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any state, county, city or other political subdivision.

"Indemnified Person" has the meaning ascribed to it in [Section 15.4](#).

"Indemnifying Party" has the meaning ascribed to it in [Section 15.4](#).

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“JOA Requirements” has the meaning ascribed to it in Section 9.2.

“Lands and Leases” has the meaning ascribed to it in Section 2.1(a).

“Laws” means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law, including the common law, of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental Authority.

“Leases” has the meaning ascribed to it in Section 2.1(a).

“Lien” means any mortgage, pledge, assessment, security interest, lease, lien, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

“Material Contract” means any written Contract currently in force and effect and constituting a part of the Assets, which if terminated, would materially and adversely affect the value of the Assets or Buyer’s ability to obtain access to, produce, treat, transport or otherwise market hydrocarbons from the Oil Producing Properties from and after the Closing.

“MBOGC” shall mean the State of Montana Board of Oil and Gas Conservation.

“Net Revenue Interest” or “NRI” has the meaning commonly ascribed to such term in the oil and gas industry.

“Nonoperated Assets” shall mean the Oil Producing Properties for which Seller is not the operator under applicable Operating Agreements, as identified in the definition of Operating Agreements.

“O&G Taxes” means all ad valorem, property, production, excise, net proceeds, severance, windfall profit and all other taxes and similar obligations assessed against the Oil Producing Properties or based upon or measured by the ownership of the Oil Producing Properties or the production of oil or the receipt of proceeds therefrom, other than income taxes.

“Oil Producing Properties” has the meaning ascribed to it in the last paragraph of Section 2.1.

“Operated Assets” shall mean the Oil Producing Properties for which Seller is the operator under applicable Operating Agreements, as identified in the definition of Operating Agreements.

“Operating Agreements” means the following agreements applicable to the Oil Producing Properties, under which the Seller is either the operator or a non-operator as identified below:

[PAT TO PROVIDE AGREEMENTS TO FILL IN]

\_\_\_\_\_ ;  
\_\_\_\_\_ ;  
\_\_\_\_\_ ;  
\_\_\_\_\_ ; and  
\_\_\_\_\_ .

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"Operator Transfer Restriction" shall mean any required notice to, or consent, approval, or authorization from, any Third Party which is required under an Operating Agreement or any other agreement or instrument to be obtained, made or complied with for or in connection with the transfer of operator from Seller to Buyer with respect to the Operated Assets.

"Order" means any writ, judgment, decree, injunction or other order of any Governmental Authority (in each such case whether preliminary or final).

"Party" and "Parties" has the meaning ascribed to it in the preamble.

"Permits" means all licenses, permits, certificates of authority, authorizations, registrations, franchises and similar consents granted or issued by any Governmental Authority.

"Permitted Encumbrances" shall mean:

1. Liens for taxes, assessments and governmental charges which are not due or delinquent at the Closing Date;
  2. division orders and sales contracts terminable without penalty upon no more than 60 days notice;
  3. Preference Rights and Transfer Requirements requiring Third Party consents to assignment and similar agreements with respect to which waivers or consents are obtained from the appropriate parties or the appropriate time period for asserting the rights has expired on or prior to Closing without an exercise of such rights;
  4. lessors' royalties, overriding royalties, net profits interests, production payments, reversionary interests and similar burdens if the net cumulative effect of such burdens does not operate to reduce the NRI for the applicable Allocated Value Property below that described in Exhibit B for the entire productive life of such properties.
  5. construction, mechanics', builders', materialmen's, contractor's, operator's or similar liens and charges arising in the ordinary course of business for obligations incurred, services rendered or goods supplied for which payment is not delinquent, or if delinquent, that are being contested in good faith by appropriate action at the Closing Date;
  6. Routine Governmental Approvals;
  7. conventional rights of reassignment prior to termination of a lease or other interest requiring not more than 60 days written notice to the holders of such rights;
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8. easements, rights of way, servitudes and other similar rights in lands which in total do not materially impair the use of the Oil Producing Properties as being used at the Closing Date;
9. legally binding requirements imposed by Law or Governmental Authorities concerning rates of production from operations on any of the Oil Producing Properties or otherwise affecting recoverability of natural gas from the Oil Producing Properties which are generally applicable to the oil and gas industry in Montana;
10. all other Liens, charges, Contracts, leases, agreements, (including but not limited to all operating agreements, unit agreements and unit operating agreements affecting the Oil Producing Properties), Orders, instruments, documents, obligations, defects and irregularities affecting the Oil Producing Properties or the units or wells to which they relate that individually or in the aggregate:
  - (a) are not such as to interfere with the operation, value or use of the Oil Producing Property to which they pertain, or
  - (b) do not unreasonably delay the receipt or prevent Buyer from receiving the proceeds of production from any of the units or wells to which the Oil Producing Property pertains, or
  - (c) do not and will not, with respect to the interest of Seller (or Buyer from and after the Closing) with respect to oil produced from any Well (i) reduce such interest below the NRI for the applicable Allocated Value Property described in Exhibit B or (ii) increase the percentage of the costs or expenses applicable to such interest above the WI set forth on Exhibit B for such Allocated Value Property for the entire productive life of such property.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

"Plugging and Abandonment Obligations" shall mean any and all liabilities arising out of or attributable to the plugging, abandonment or removal or any obligation to plug, abandon or remove any Well, flow lines, equipment, fixtures, facilities or other property comprising part of the Assets.

"Preference Rights" means a right of first refusal, preferential right to purchase, pre-emptive right of purchase or similar right whereby a Third Party has the right to acquire or purchase a portion of the Oil Producing Properties as a consequence of Seller having agreed to sell the Oil Producing Properties to Buyer in accordance with the terms of this Agreement.

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"Purchase Price" has the meaning ascribed to it in Section 3.1.

"Records" has the meaning ascribed to it in Section 2.1(f).

"Routine Governmental Approvals" has the meaning ascribed to it in Section 4.1(c).

"Seller" has the meaning ascribed to it in the preamble; however, to the extent any distributions were deemed to have occurred from Carrell Oil Company as a result of, or since, the death of Lloyd Carrell, Seller Shareholder shall be deemed to be included in said definition.

"Seller Indemnitees" means Seller and its Affiliates and their respective directors, officers, employees and agents.

"Seller Shareholder" has the meaning ascribed to it in the preamble.

"Seller's Closing Documents" shall mean the documents delivered by Seller at Closing pursuant to Section 13.2(a)(i) through (vi).

"Seller's Knowledge" means the constructive knowledge of any of the following Persons: Larry Carrell and \_\_\_\_\_, and \_\_\_\_\_,

"Settlement Date" has the meaning ascribed to it in Section 14.2.

"Statement" has the meaning ascribed to it in Section 14.2.

"Surface Rights" means all rights to use the surface of land in connection with the Oil Producing Properties, including the right to enter upon and occupy the surface of land on which the Wells are located and rights to cross or otherwise use the surface of land for access to the Oil Producing Properties.

"Third Party" shall mean any Person other than Seller or Buyer or their respective Affiliates.

"Third Party Audits" has the meaning ascribed to it in Section 4.1(l).

"Transfer Requirement" shall mean any consent, approval, or authorization of, or required notice or governmental filing with, any Third Party or Governmental Authority which is required to be obtained, made or complied with for or in connection with the sale of the Assets to Buyer as contemplated by this Agreement, including Operator Transfer Restrictions.

"Well" has the meaning ascribed to it in Section 2.1(a).

"Working Interest" or "WI" has the meaning commonly ascribed to such term in the oil and gas industry.

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EXHIBIT A  
LEASES AND LANDS

Attached to that certain Asset Purchase and Sale Agreement  
By and Carrell Oil Company and Cat Creek Holdings LLC.

Dated July 1, 2020

LANDS:

Township 15 North, Range 29 East, MPM

- Section 9: NE, E/2SE
- Section 10: S/2NW, S/2
- Section 11: NWSW, S2S2
- Section 12: SWSW
- Section 13: W2NW
- Section 14: N2NW, SENW, NE

LEASES/LANDS/UNITS:

**- Unit designation (Cat Creek Sands)**

**- MTM-068656-X - Oil and Gas Secondary Unit 1,240 acres**

- Established: August 25, 1958
  - Cat Creek 1<sup>st</sup> Formation
  - Cat Creek 2<sup>nd</sup> Formation

**- Operator: Carrell Oil Company**

- January 15, 1999
- Bond: MT-0929
- January 15, 1999

OGL's:	MTBIL-022077	MTBIL-022167-A	MTBIL-022205-A
	MTBIL-022205-B	MTBIL-022237	MTBIL-022307
	MTBIL-022314	MTBIL-022316	MTBIL-022317
	MTBIL-022331-A	MTBIL-035347	MTBIL-039901

**- MTM-068656-B - Oil and Gas Participating Area 560 acres**

- Established: August 25, 1958
  - UA Cat Creek Sands
  - West Dome PA 2
- Effective: 8-1-1959

**- Operator: Carrell Oil Company**



- **MTM-068656-A - Oil and Gas Participating Area 680 acres**

- Established: July 18-1961
- UA Cat Creek Sands
- East Dome PA 1
- Effective: 11-1-1961

- **Operator: Carrell Oil Company**

- **Unit designation (Cat Creek East Ellis)**

- **MTM-068657-X - Oil and Gas Secondary Unit 589.91 acres**

- Established: July 19, 1973
- Ellis; Ellis Sand Formation

- **Operator: Carrell Oil Company**

- August 13, 1997
- Bond: MT-0929
- August 13, 1997

OGL's: MTBIL-038176

- **MTBIL-038176 [Tract #1, 2 & 3 – Cat Creek East Ellis]**

- Effective: 6-1-1941
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Robert L. Hoss to Carrell Oil Co.
- Filed: 3-31-1997
- Approved: 8-25-1997

14N-31E/6: Lots 2; 3; 4; 5; 6; 7; SWNE; SENW; E2SW; W2SE

- **MTBIL-022077 [Tract #1 East Dome] - Effectively Committed**

- Effective: 1-17-1921
- *Lessee : Herbert D. Hadley – 97.24%*
- Jewell Enlow – 2.76%*

15N-29E/10: SESE 11: SWSW

- **MTBIL-022167-A [Tract #2 East Dome] - Effectively Committed**

- Effective: 12-14-1920
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.
- Filed: 2-25-1997
- Effective: 2-1-1999

15N-29E/11: SWSE  
14: NWNE; N2NW

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- **MTBIL-022307 [Tract #3 East Dome] - Effectively Committed**

- Effective: 1-25-1920
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.  
Filed: 2-25-1997  
Effective: 2-1-1999

15N-29E/14: SWNE

- **MTBIL-022314 [Tract #4 East Dome] - Effectively Committed**

- Effective: 9-9-1920
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.  
Filed: 2-25-1997  
Effective: 2-1-1999

15N-29E/13: SWNW

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation (known as the deep sands)

- **MTBIL-022316 [Tract #5 East Dome] - Fully Committed**

- Effective: 4-4-1922
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.  
Filed: 2-25-1997  
Effective: 2-1-1999

15N-29E/11: SESE

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation (known as the deep sands)

- **MTBIL-022317 [Tract #6 East Dome]- Effectively Committed**

- Effective: 5-24-1923
- **Lessee: Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.  
Filed: 2-25-1997  
Effective: 2-1-1999

15N-29E/14: SENW

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone

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**- MTBIL-022331-A [Tract #7 East Dome] - Effectively Committed**

- Effective: 1-24-1921

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/13: NWNW 14: E2NE

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation:

15N-29E/13: NWNW

**- MTBIL-034347 [Tract #8 East Dome] - Effectively Committed**

- Effective: 3-30-1921

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/12: SWSW

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation (known as the deep sands)

**- MTBIL-022205-A [Tract #11 West Dome]-Effectively Committed**

- Effective: 11-13-1920

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/9: E2NE; SWNE; NESE

**- MTBIL-022205-B [Tract #12 West Dome]-Effectively Committed**

- Effective: 11-1-1920

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/9: SESE

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**- MTBIL-022237 [Tract #13 West Dome] - Effectively Committed**

- Effective: 4-15-1921

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/10: N2SW; SWSW

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the Ellis formation:

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation:

**- MTBIL-039901 [Tract #14 West Dome] - Effectively Committed**

- Effective: 1-17-1921

- Lessee: **Carrell Oil Company – 100%**

- Assignment: Cenex to Carrell Oil Co.

Filed: 2-25-1997

Effective: 2-1-1999

15N-29E/10: SESW; SWSE

Subject to outstanding segregated operating rights limited to all depths and formations below the base of the swift sandstone formation (known as the deep sands):

**FEE LEASES:**

- Robert Fifer, et ux  
Bk.55, Pg.460  
15N-30E/20: E2NE  
21: Lots 3; 4 (N2NW)

- H.A. Brown  
Bk.9, Pg.497  
15N-30E/17: SE; W2NW; NESW

- Bert R. Benson  
Bk.4, Pg.496  
15N-29E/10: N2SE; N2NE

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- Bert R. Benson  
Bk.4, Pg.496  
15N-29E/10: SWNE; N2NE (Overriding Royalty Interest Only)  
11: W2NW (Overriding Royalty Interest Only)

- Richard Ihde  
Bk.6, Pg.423  
15N-29E/11: N2SW; SENW; N2SE; SESW; S2SENE

- Earl Harlan  
Bk.4, Pg.441  
15N-29E/3: SW  
10: SENW; SWNW

- Nels D. Fradd  
Bk.84, Pg.256  
15N-29E/9: E2NWNE

STATE OF MONTANA LEASES:

- Agreement No.: OG-6039-60  
Status: Producing – Active  
Customer: Carrell Oil Company – 100% working Interest  
Legal Description: 15N-30E/16: NESW; SESW; SWSE  
- Mosby Dome-Swift Sand Unit

- Agreement No.: OG-8550-66  
Status: Producing – Active  
Customer: Carrell Oil Company – 100% working Interest  
Legal Description: 15N-30E/16: NWSW  
- Mosby Dome-Swift Sand Unit

- Agreement No.: OG-8551-66  
Status: Producing – Active  
Customer: Carrell Oil Company – 100% working Interest  
Legal Description: 15N-30E/16: SWSW  
- Mosby Dome-Swift Sand Unit

FEE INTEREST - SURFACE ESTATE:

Township 15 North, Range 29 East, M.P.M.  
Section 14: SWNE; SENW

Vesting Document: Certificate of Redemption  
Doc #53485  
Dated: 8-11-2017  
  
United States Patent (Exchange)  
Doc.#42581;42582  
Patent No.: 25-99-0149  
25-99-150  
Dated: 2-3-1999

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DEEDED ROYALTY INTERESTS:

- Co-Personal Doris J. Foley, Deceased  
Representatives' -to-  
Royalty Deed Carrell Oil Company, Montana corporation  
Doc.#: 52221  
Dated: 3-18-2013

Conveys "All interest of the Estate in and to the Estate's royalty interest in the following... 15N-29E/10

- Co-Personal Everard Book, Deceased  
Representatives' -to-  
Royalty Deed Carrell Oil Company, Montana corporation  
Doc.#: 52222  
Date: 3-6-2013

Conveys "All interest of the Estate in and to the Estate's royalty interest in the following... 15N-30E/21

- Conservator's Nancy B. Johnson, Estate  
Royalty Deed -to-  
Doc.#: 52223 Carrell Oil Company, Montana corporation  
Date: 1-8-2013

Conveys "All interest of the Conservatorship Estate in and to the Estate's royalty interest in the following ... 15N-29E/11

- Trustee's John S. Underwood Trust  
Royalty Deed -to-  
Doc.#: 52560 Carrell Oil Company, Montana corporation  
Date: 5-21-2014

Conveys "All interest of the Conservatorship Estate in and to the Estate's royalty interest in the following... 15N-29E/10 & 11

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DEEDED WORKING INTERESTS:

- Working Interest                    Neil T. Bassett  
Deed                                        -to-  
Doc.#: 52678                            Carrell Oil Company, Montana corporation  
Date: 9-23-2014

Conveys "All my working interest in the following ... 15N-29E/11; 12; 13 & 14

- Working Interest                    McKenna Oil, LLC  
Deed                                        -to-  
Doc.#: 53308                            Carrell Oil Company, Montana corporation  
Date: 12-28-2016

Conveys "All working interest in the following ... 15N-30E/16 & 21

- Working Interest                    Kathleen Woodward  
Deed                                        -to-  
Doc.#: 53309                            Carrell Oil Company, Montana corporation  
Date: 12-30-2016

Conveys "All my working interest in the following ... 15N-30E/16 & 21

PROPERTY – SURFACE – LEASEHOLD

- Geocode Number:                    55-2479-16-3-03-03-0000  
Primary Owner:                        Carrell Oil Company  
Property Category:                    Real Property – Agricultural/Timber  
Legal Description:                    15N-30E/16: Part SWNWSWSW; Part N2NWSWSWSW 2.36 acres  
Appraisal:                                Land= \$18,187 (2020)

PERSONAL PROPERTY – MANUFACTURED HOMES

- Geocode Number:                    55-2478-14-2-01-01-8001  
Primary Owner:                        Carrell Oil Company  
Property Category:                    Real Property  
Legal Description:                    Manufactured Home not attached to Real property  
Serial# R276961  
Title# E228142  
Make: Schult. 1997 16x76  
Location: 15N-29E/14

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- Geocode Number: 55-2478-14-2-01-01-0001  
Primary Owner: Lloyd A. & Karen A. Carrell  
Property Category: Real Property  
Legal Description: Manufactured Home not attached to Real Property  
Serial # HK5960AB  
Make: 1996 Silvercrest Double Wide 28x72  
Location: 15N-29E/14: SWNE

OILFIELD PERSONAL PROPERTY

- Geocode Number: 55-0001000702-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Oil & Gas Equipment; Portable Building

- Geocode Number: 55-0001000703-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Oil & Gas Equipment; Portable Building

- Geocode Number: 55-0001000704-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Ag. Implements/Machinery  
Oil & Gas Equipment; Portable Building  
Service/Workover Rigs & Related Equipment

- Geocode Number: 55-0001000705-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Oil & Gas Equipment; Portable Building  
Service/Workover Rigs & Related Equipment

- Geocode Number: 55-0001000706-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Heavy Equipment and SM Equipment  
Oil & Gas Equipment; Portable Building

- Geocode Number: 55-00010001216-001  
Primary Owner: Carrell Oil Company  
Property Category: Personal Property  
Legal Description: Oil & Gas Equipment; Portable Building

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EXHIBIT B  
WELLS, WI, NRI AND ALLOCATED VALUES

Attached to that certain Asset Purchase and Sale Agreement  
By and Carrell Oil Company and Cat Creek Holdings LLC.

Dated July 1, 2020

**Area: Township 15 North, Range 29 East - Petroleum County, MT**

Well Name: Unit 2 39  
Field: Cat Creek  
Well Type: Injection, EOR  
Well Status: Active Injection  
Location: 15N-29E/9: SENESE  
API#: 25-069-05192-00-00

Well Name: Harlan 11  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: SWSWNW  
API#: 25-069-05213-00-00

Well Name: Harlan 12  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: SWSENW  
API#: 25-069-05215-00-00

Well Name: Harlan 13  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10 : SWSWNW  
API #: 25-069-05212-00-00

Well Name: Oldham Govt. 23  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: NWNWSW  
API #: 25-069-05201-00-00

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Well Name: UN (BNSN 1) 44  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/10: SWNWSE  
API#: 25069601990000

Well Name: Unit 8  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/10: W2SWNW  
API#: 25-069-60082-00-00

Well Name: Unit 13 (5)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: SESWNW  
API#: 25-069-60085-00-00

Well Name: Unit 14 (4)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/10: S2SWNW  
API#: 25-069-60084-00-00

Well Name: Unit #26 (11-A)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: NENWSW  
API#: 25-069-60099-00-00

Well Name: Unit 27 (#16)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/10: NWNESW  
API#: 25-069-06541-00-00

Well Name: Unit 28 (17)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: NESW  
API#: 25-069-06542-00-00

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Well Name: Unit 2 (Benson) 30  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/10: NWNWSE  
API#: 25-069-05211-00-00

Well Name: Unit 2 #11 (14)  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/10: SENW  
API#: 25-069-05226-00-00

Well Name: Unit 2 #53 (28)  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/10: NESWSW  
API#: 25-069-05189-00-00

Well Name: Unit 33 (21)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: SWNESW  
API#: 25-069-05368-00-00

Well Name: Unit 41 (#6)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/10: SENWSW  
API#: 25-069-60094-00-00

Well Name: Unit 54 (4)  
Field: Cat Creek  
Well Type: Water Service  
Well Status: Producing  
Location: 15N-29E/10: SWSE  
API #: 25-069-06526-00-00

Well Name: Unit 63  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/11: SESESE  
API#: 25-069-21024-00-00

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Well Name: Unit 1 #57  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/11: N2SESE  
API#: 25-069-05193-00-00

Well Name: lhde 3  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/11: SWSESW  
API#: 25-069-60113-00-00

Well Name: lhde 10  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/11: SESW  
API#: 25-069-6012-00-00

Well Name: Cat Creek Unit 1 65  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/11: NESWSW  
API#: 25-069-21072-00-00

Well Name: Unit (lhde 11) 21  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/11: SESW  
API#: 25-069-60121-00-00

Well Name: Unit #27 (#5)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/12: SESWSW  
API#: 25-069-05367-00-00

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Well Name: Unit (Catlett 10) 60  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/12: SWSWSW  
API#: 25-069-05184-00-00

Well Name: Unit 1-11 (7-A)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/12: SWSW  
API#: 25-069-06525-00-00

Well Name: CAT CR UN. 1-64  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/13: NWNWNW  
API#: 25-069-21025-00-00

Well Name: Unit 1-42  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/13: NWNW  
API#: 25-069-60005-00-00

Well Name: Unit 1 #38 (8)  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/14: SWNWNE  
API#: 25-069-60030-00-00

Well Name: Unit 1 #47 (6)  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-29E/14: S2NWNE  
API#: 25-069-60028-00-00

Well Name: Unit 1 #14-B  
Field: Cat Creek  
Well Type: Water Source  
Well Status: Producing  
Location: 15N-29E/14: NWSENE  
API#: 25-069-06536-00-00

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Well Name: Unit 1 #29 (4)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/14: NENWNE  
API#: 25-069-60026-00-00

Well Name: Unit 1 #31 (5)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/14: NWNWNE  
API#: 25-069-60027-00-00

Well Name: Unit 1 #35 (8)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/14: NWNENW  
API#: 25-069-60035-00-00

Well Name: Unit 1 #37 (19)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/14: NENW  
API#: 25-069-60039-00-00

Well Name: Unit 1 #49 (18)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/14: SENENW  
API#: 25-069-60038-00-00

Well Name: Unit 1 #53 (6)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-29E/14: NWSENE  
API#: 25-069-60013-00-00

Well Name: Unit 1 #61 (17)  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-29E/14: NENENE  
API#: 25-069-05177-00-00

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**Area: Township 15 North, Range 30 East - Petroleum County, MT**

Well Name: State 9  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-30E/16: NESWSW  
API#: 25-069-210140-00-00

Well Name: State 6  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location : 15N-30E/16: SWSW  
API#: 25-069-05159-00-00

Well Name: State 4  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location : 15N-30E/16: NWSWSW  
API #: 25-069-05163-00-00

Well Name: State 3  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location : 15N-30E/16: SWNWSW  
API#: 25-069-05167-00-00

Well Name: State 2  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-30E/16: SESWSW  
API#: 25-069-05149-00-00

Well Name: H.A. Brown 20  
Field: Cat Creek  
Well Type: Oil  
Well Status: Completed  
Location : 15N-30E/17: NESWSE  
API#: 25-069-21011-00-00

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Well Name: H.A. Brown 19  
Field: Cat Creek  
Well Type: Oil  
Well Status: Completed  
Location: 15N-30E/17: NESWSE  
API#: 25-069-21010-00-00

Well Name: H.A. Brown 21  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-30E/17: SWNESE  
API#: 25-069-21012-00-00

Well Name: Fifer 2  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 15N-30E/21: NWNW  
API#: 25-069-06574-00-00

Well Name: Fifer 5  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-30E/21: NENWNW  
API#: 25-069-05144-00-00

Well Name: Fifer 4  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-30E/20: NENENE  
API#: 25-069-05146-00-00

Well Name: Fifer 3  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 15N-30E/21: SWNWNW  
API#: 25-069-05141-00-00

Well Name: Brown 15  
Field: Cat Creek  
Well Type: Oil  
Well Status: Completed  
Location: 15N-30E/17: NESESE  
API#: 25-069-05161-00-00

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Well Name: Brown 12  
Field: Cat Creek  
Well Type: Oil  
Well Status: Completed  
Location: 15N-30E/17: SESESE  
API#: 25-069-05166-00-00

Well Name: Brown 10  
Field: Cat Creek  
Well Type: Oil  
Well Status: Completed  
Location: 15N-30E/17: SESESE  
API#: 25-069-05155-00-00

Well Name: Brown 1  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 15N-30E/17: SESESE  
API#: 25-069-60044-00-00

**Area: Township 14 North, Range 31 East - Garfield County, MT**

Well Name: Federal 16  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 14N-31E/6: SWSWNE  
API#: 25-033-05041-00-00

Well Name: Federal 17  
Field: Cat Creek  
Well Type: Oil  
Well Status: Producing  
Location: 14N-31E/6: NWSWNE  
API#: 25-033-05046-00-00

Well Name: Govt. 13  
Field: Cat Creek  
Well Type: Water Source  
Well Status: Completed  
Location: 14N-31E/6: SENWSW  
API#: 25-033-05030-00-00

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Well Name: Govt. 15  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 14N-31E/6: SWNWNW  
API#: 25-033-05044-00-00

Well Name: Govt. 4  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: Active Injection  
Location: 14N-31E/6: SWNWSE  
API#: 25-033-05028-00-00

Well Name: U.S.14  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 14N-31E/6: NWSWNW  
API #: 25-033-05047-00-00

Well Name: U.S. 2  
Field: Cat Creek  
Well Type: Injection EOR  
Well Status: P&A Approved  
Location: 14N-31E/6: SENESW  
API#: 25-033-05027-00-00

Well Name: U.S. 8  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 14N-31E/6: SESENW  
API #: 25-033-05037-00-00

**Area: Township 14 North, Range 30 East - Garfield County, MT**

Well Name: NPRR#1  
Field: Cat Creek  
Well Type: Oil  
Well Status: Shut In  
Location: 14N-30E/1 : NENESE  
API #: 25-033-06177-00-00

AND ANY AND ALL OTHER WELLS, LANDS, LEASES, OR PROPERTIES OF SELLER IN PETROLEUM AND GARFIELD COUNTIES, MONTANA WHETHER OR NOT SPECIFICALLY SET FORTH AND ENUMERATED HEREIN – WITHOUT LIMITATION

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**ALLOCATIONS**

**REAL PROPERTY:**

80 Acres	\$	40,344.61
1995 Fleetwood 28'X80' double-wide manufactured home	\$	36,142.05
1997 Schult 16' X 76' manufactured mobile home	\$	21,012.82
Permanent Operational Support Buildings: Shop, Office, Storage	\$	33,620.51
<b>TOTAL REAL PROPERTY</b>	\$	<b>131,119.98</b>

**PICKUP TRUCKS:**

1979 Ford F250 4 w/d: VIN F26SRFC6806 (crew cab-welding truck)	\$	2,101.28
1979 Ford F150 4 w/d: VIN F14BCEJ3774	\$	1,260.77
2001 Ford F150 4 w/d: VIN 1FTRW08L11KE20845	\$	2,941.79
<b>TOTAL PICKUP TRUCKS</b>	\$	<b>6,303.85</b>

**HEAVY DUTY TRUCKS & MAJOR MAINTENANCE EQUIPMENT**

1989 International 2+ ton truck: VIN 1HTSCZWPXLH223339, with 50 Bbl. Tank, 3" Roper Pump, hoses & fittings.	\$	5,043.08
1996 Ford F800 2+ ton truck: VIN 1FDYF80E5TVA16578, with 20,000# winch on headache rack & 10' Leland bed w/live tailroll	\$	5,043.08
2007 Peterbilt Conventional 33 AWD: VIN 2NPLHD7X87M730891 with Pull Star P38000HD rig (new in 2007) mounted+ tools	\$	126,076.91
Komatsu Backhoe: Serial #KMTWB001E36R21151	\$	25,215.38
Swabbing Unit w/tools	\$	6,724.10
Vermeil trenching machine	\$	2,521.54
<b>TOTAL HEAVY DUTY EQUIPMENT</b>	\$	<b>170,624.08</b>

**TRAILERS:**

Titan Gooseneck w/Tandem Duals Axles, 32' Deck w/beavertail SN 4TGF33200X1011716	\$	6,724.10
Tandem Axle Flatbed, Bumper Pull, 16' wood deck	\$	1,260.77
Single Axle Light Weight Utility, Ramp Tailgate, 5'X8' bed	\$	588.36
30' Single Axle Pipe Trailer	\$	1,260.77
<b>TOTAL TRAILERS</b>	\$	<b>9,834.00</b>

**MISCELLANEOUS EQUIPMENT AND TOOLS:**

Electric well logging machine w/tools	\$	4,202.56
Trailer mounted wire line unit w/gas engine and Amerada bomb tools for measuring bottom hole pressure	\$	4,202.56
Pump shop tools & pump parts inventory	\$	5,043.08
Small mechanics hand tools and field tools	\$	6,724.10
Acetylene & electric welding equipment & plasma cutter	\$	5,043.08
Air compressors	\$	840.51
Trailer mounted Landa hot water pressure washer w/tank	\$	1,681.03
Cementing pump, tank & high pressure 2" piping	\$	4,202.56
Fusion machine for connecting PVC pipe	\$	2,521.54
Propane tanks: 2-1,000 & 1-500 gallon	\$	1,260.77
Fuel tanks : 3-500 & 3-250 gallon	\$	1,008.62
Pumping units, motors, control panels and down-hole equipment (rods, tubing & pumps) in 18 active wells	\$	40,344.61
All surplus & warehouse equipment not currently being used	\$	4,202.56
Metal lathe	\$	840.51
<b>TOTAL MISC EQUIPMENT &amp; TOOLS</b>	\$	<b>82,118.09</b>

**TOTAL**

\$ **400,000.00**

EXHIBIT C  
FORM OF CONVEYANCE

Attached to that certain Asset Purchase and Sale Agreement  
By and Carrell Oil Company and Cat Creek Holdings LLC.

Dated July 1, 2020

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934  
RULE 13a-14(a) OR 15d-14(a)**

I, Mark See, Chief Executive Officer of Laredo Oil, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the year ended May 31, 2020 of Laredo Oil, Inc., the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 31, 2020

*/s/ Mark See*

Mark See

Chief Executive Officer

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934  
RULE 13a-14(a) OR 15d-14(a)**

I, Bradley E. Sparks, Chief Financial Officer and Treasurer of Laredo Oil, Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the year ended May 31, 2020 of Laredo Oil, Inc., the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 31, 2020

*/s/ Bradley E. Sparks*

Bradley E. Sparks

Chief Financial Officer and Treasurer

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Laredo Oil, Inc. on Form 10-K for the year ended May 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark See, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Mark See*

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Mark See  
Chief Executive Officer

Date: August 31, 2020

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Laredo Oil, Inc. on Form 10-K for the year ended May 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley E. Sparks, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Bradley E. Sparks*

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Bradley E. Sparks  
Chief Financial Officer and Treasurer

Date: August 31, 2020

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