FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 <u>Name and Address of Company:</u>

Cuda Oil and Gas Inc. (formerly Junex Inc.)
Suite 2110, 440 – 2nd Street SW
Calgary, Alberta T2P 5E9
("**Cuda**" or the "**Corporation**")

Item 2 <u>Date of Material Change:</u>

August 14, 2018

Item 3 <u>News Release:</u>

Three separate news releases relating to the material changes described herein were issued by the Corporation on June 11, 2018, August 2, 2018 and August 15, 2018, and disseminated through the facilities of [**Marketwired**].

Item 4 <u>Summary of Material Change:</u>

The Corporation previously announced on June 11, 2018 that it had entered into an arrangement agreement dated June 8, 2018 (the "**Arrangement Agreement**") with Cuda Energy Inc. ("**Old Cuda**" or "**Cuda Energy**") to complete a business combination by way of plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Québec), resulting in the combination of Cuda and Junex under the new name "Cuda Oil and Gas Inc."

Approval of the Arrangement was obtained at a special meeting of the shareholders of the Corporation (then, the "**Junex Shareholders**") held August 2, 2018. The final order of the Superior Court of Quebec was obtained on August 13, 2018 (the "**Final Order**") and the Arrangement was completed on August 14, 2018. New directors and executive officers of the Corporation were appointed upon completion of the Arrangement.

As a result of the steps under the Arrangement, the Corporation completed a consolidation of its common shares (each, a "**Common Share**") on a 10:1 basis (the "**Consolidation**") and amended its articles to change the name of the Corporation from "Junex Inc." to "Cuda Oil and Gas Inc." Additionally, each shareholder of Old Cuda (each, a "**Old Cuda Shareholder**") received 0.35856 Common Shares and 0.04167 of an arrangement warrant of the Corporation (each, an "**Arrangement Warrant**") (on a post-Consolidation basis) for each Old Cuda share held resulting in the issuance of 8,603,907 Common Shares and 999,907 Arrangement Warrants.

Concurrently with the Arrangement, the Corporation completed the acquisition of a high growth light oil asset in the Powder River Basin in Wyoming (the "**Wyoming Assets**") for total consideration of US$37,000,000 (the "**Purchase Price**"). The purchase price for the Wyoming Assets was payable by way of US$31,000,000 cash consideration obtained from a credit facility of Cdn.$35,000,000 obtained from an arm's length Canadian institutional lender (the "**Acquisition Facility**") and the issuance of 2,090,645 Common Shares (on a post-consolidation basis) with a deemed value of US$6,000,000 (the Arrangement, Consolidation, Credit Facility and acquisition of the Wyoming Assets, are referred to collectively as the "**Transactions**").

Item 5 <u>Full Description of Material Change:</u>

5.1 Full Description of Material Change

<u>The Arrangement</u>

On Jun 11, 2018, the Corporation announced that it entered into the Arrangement Agreement with Old Cuda, which contemplated the acquisition of Old Cuda by way of a statutory plan of arrangement under the *Business Corporations Act* (Québec) to create a new, well-capitalized, high netback, light oil, North American producer. The Arrangement Agreement contemplated an exchange ratio of 55:45 between the existing Junex Shareholders and Old Cuda

Shareholders respectively (the "**Exchange Ratio**"). Based on the Exchange Ratio, the Corporation agreed to issue to each Old Cuda Shareholder 3.85856 pre-Consolidation Common Shares and 0.4167 of an Arrangement Warrant of the Corporation (on a pre-Consolidation Basis). In connection with the Arrangement, the Corporation agreed to complete the Consolidation of its Common Shares on a 10:1 basis.

Approval of the Arrangement was obtained at a special meeting of the Junex Shareholders held in Quebec City, Quebec on August 2, 2018. The Arrangement was approved by 98.9% of the total shares voted by the Junex Shareholders at the meeting, which represented 58.5% of the shares then outstanding. The Arrangement was unanimously approved by the Old Cuda Shareholders that voted on the Transaction. The Corporation applied to the Superior Court of Quebec for a final order approving the Arrangement on August 9, 2018. The Final Order approving the arrangement was obtained on August 13, 2018 and the Arrangement was completed on August 14, 2018.

In connection with the Arrangement, the Corporation completed the Consolidation of its Common Shares on a 10:1 basis and amended its articles to change the Corporation's name from "Junex Inc." to "Cuda Oil and Gas Inc." As consideration payable to the Old Cuda Shareholders for the acquisition of all the shares of Old Cuda each Old Cuda Shareholders received 0.35856 of a post-Consolidation Common Shares and 0.04167 of an Arrangement Warrant (on a post-Consolidation basis) for each Old Cuda share held. The Old Cuda Shareholders received an aggregate of 8,603,907 Common Shares and 999,907 Arrangement Warrants in consideration for their Old Cuda shares.

The Arrangement, Consolidation and Name Change were approved the TSX Venture Exchange (the "**Exchange**") and effected upon the issuance of a final bulletin on August 20, 2018. The Common Shares began trading on a post-Consolidation basis on the Exchange on August 22, 2018 under the new ticker symbol "CUDA".

Each whole Arrangement Warrant will entitle the holder thereof to purchase one Common Share at a price of $4.00 per Common Share (post-Consolidation) for a period of 24 months from the date of the Arrangement. The Arrangement Warrants will vest and become exercisable by the holders thereof upon the earlier of: (i) the date on which the Common Shares achieve a 20-day weighted average price of $6.40 per Common Share (post-Consolidation) and (ii) the date on which the Corporation completes an equity financing of for minimum total gross proceeds to the Corporation of Cdn.$10,000,000 at price of at least $6.00 per Common Share (post-Consolidation).

The Asset Acquisition and Facility

The Corporation also announced on June 11, 2018 that it and Cuda Energy entered into a definitive agreement with an arm's-length party to acquire the Wyoming Assets for total consideration of US$37,000,000 million. The Asset Acquisition was completed on August 14, 2018 concurrently with completion of the Arrangement. The Purchase Price for the Wyoming Assets was paid by way of US$31,000,000 cash consideration (the "**Cash Consideration**") and the issuance of 2,090,645 Common Shares (on a post-Consolidation basis) (the "**Stock Consideration**"). The Stock Consideration payable for the Wyoming Assets are subject to lock-up agreements under which any Common Shares cannot be sold, transferred, or otherwise disposed of, until 6 months after the closing of the Asset Acquisition (February 14, 2019).

The Cash Consideration paid to the Vendor of the Wyoming Assets obtained from the Cdn.$35,000,000 Acquisition Facility with an arm's length Canadian institutional lender, as previously disclosed concurrently with the announcement of the other Transactions. Under the terms of the Acquisition Facility, interest will accrue monthly on the outstanding principal balance of the Acquisition Facility at a rate of 10.5% *per annum* and shall be payable monthly. The Acquisition Facility is payable on demand and will mature 12 months from closing of the Transactions. The Acquisition Facility may be repaid in whole or in part, together with all accrued interest thereon, at any time prior with 90 days' notice. The Acquisition Facility has a first ranking security over the assets of the Corporation.

The Corporation will be participating with the vendor of the Wyoming Assets to jointly develop, construct, own and operate an oil sales pipeline connecting to regional infrastructure and a high pressure natural gas system to facilitate gas volumes required to implement the miscible gas flood into the Shannon field (the "**Midstream Facilities**"). The Midstream Facilities will be owned 33 1/3% by the Corporation and 66 2/3 % by the vendor, and will be operated by an affiliate of the vendor. The Corporation has agreed to contribute approximately US$5,000,000 for the construction and development of the project.

The Wyoming Assets consist of 25,000 gross acres to be developed through vertical development drilling along with four additional deeper zones. The Wyoming Assets are located where several large U.S. independent oil and gas producers have licensed 5,000 horizontal wells and are developing these deeper zones via horizontal development and achieving initial 30 day production rates in excess of 1,000 bbl/d. A complete description of the Wyoming Assets is included in the Corporation's press release of June 11, 2018 announcing the Transactions.

New Management

In connection with the Arrangement, new directors and executive officers of the Corporation were appointed. The Corporation's board of directors is now comprised of a total of seven members: five from Old Cuda, being R. Glenn Dawson, Edward (Ted) Hirst, Rich Frommer, Scott Dawson, Bruce Lawrence, and two from Junex, being Jean-Yves Lavoie and Guylaine Saucier.

The Corporation is now led by the existing management team of Cuda including: R. Glenn Dawson as President & Chief Executive Officer, Terry Schneider as Chief Operating Officer, Ron Purvis as Chief Financial Officer, Tim Bushell as Executive Vice President Exploration, Chad Gutor as Vice President, Engineering, Bruce Lawrence, as Corporate Secretary and (from Junex) Mathieu Lavoie as Vice President, Québec.

5.2 Disclosure for Restructuring Transaction

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7 Omitted Information:

Not applicable.

Item 8 Executive Officer:

The name and business telephone number of an executive officer of the Corporation who is knowledgeable about the material change and who can be contacted is:

R. Glenn Dawson
President and Chief Executive Officer
Cuda Oil and Gas Inc.
Telephone: (403) 454-0862

Item 9 Date of Report:

August 24, 2018

Abbreviations

bbl	barrel
bbls	barrels
bbls/d	barrels per day

ADVISORIES

Forward-Looking Information

This material change report contains forward-looking statements and forward-looking information (collectively "**forward-looking information**") within the meaning of applicable securities laws relating to the Corporation's plans and other aspects of the Corporation's anticipated future operations, management focus, strategies, plans, financial, operating and production results and business opportunities. In addition, and without limiting the generality of the foregoing, this material change report contains forward-looking information regarding: the development of the Wyoming Assets and Midstream Facilities; the performance characteristics of the Wyoming Assets and the anticipated potential of the Wyoming Assets; the production of the Assets; anticipated drilling locations, drilling inventories, and drilling strategy(ies); the total land position (acreage) associated with the Wyoming Assets to be jointly developed by the Corporation and the vendor of the Wyoming Assets; the completion of the development project of the Wyoming Assets and Midstream Facilities; the anticipated total costs to the Corporation contributed to the project for the development of the Wyoming Assets and Midstream Facilities; and potential growth. Forward-looking information typically uses words such as "*anticipate(s)*", "*believe(s)*", "*project(s)*", "*expect(s)*", "*goal*", "*plan(s)*", "*intend(s)*" or similar words suggesting future outcomes, statements that actions, events or conditions "*may*", "*would*", "*could*" or "*will*" be taken or occur in the future.

The forward-looking information is based on certain key expectations and assumptions made by management, including expectations and assumptions concerning: the Corporation's ability to develop the Wyoming Assets and Midstream Facilities, and obtain the anticipated benefits thereof; cooperation of the vendor of the Wyoming Assets for the development plans associated with the project for the development of the Wyoming Assets and Midstream Facilities; prevailing and future commodity prices and differentials, exchange rates, interest rates, inflation rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; the regulatory framework regarding royalties, taxes and environmental law; the maintenance of current trade agreements between Canada and the United States which affect the oil and gas industry overall; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; the ability to efficiently integrate assets and employees acquired through Transactions; the ability to market oil and natural gas successfully and the Corporation's ability to access capital.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions, expectations or assumptions upon which they are based will occur. Although Cuda believes that the expectations and assumptions reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated.

Forward-looking information necessarily involves both known and unknown risks and uncertainties that could cause actual results to differ materially from those anticipated, including, but not limited to: failure to realize the anticipated benefits of the development of the Wyoming Assets and the Midstream Facilities; unforeseen difficulties in integrating the Wyoming Assets and Midstream Facilities into the Corporation's operations; unforeseen challenges of the joint development project for the Wyoming Assets and Midstream Facilities with the vendor; the general economic, market and business conditions which will, among other things, impact the demand for and market prices of Cuda's products and Cuda's access to capital; volatility of crude oil and natural gas prices; fluctuations in currencies, exchange rates and interest rates; operational risks and liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; the accuracy of oil and natural gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates; geological, technical, drilling, construction and processing problems; uncertainty of geological and technical data; changes in tax laws, crown royalty rates, environmental laws and incentive programs relating to the oil and natural gas industry and other actions by government authorities, including changes to the royalty and carbon tax regimes and the imposition or reassessment of taxes; the cost of compliance with current and future environmental laws; political uncertainty and uncertainty associated with government policy changes, including but not limited to changes in trade policy(ies) of the governments of Canada and the United States and associated treaties between Canada and the United States; uncertainties and risks associated with pipeline restrictions and outages to third-party infrastructure that could cause disruptions to production; the inability to secure adequate production transportation for Cuda's products; the occurrence of unexpected events such as fires, equipment failures and other similar events affecting Cuda or other parties whose operations or assets directly or indirectly affect Cuda; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; stock market volatility; environmental risks, claims and liabilities; incorrect assessments of the value of acquisitions and exploration and development programs; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, equipment and skilled personnel; and uncertainties associated with credit facilities.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the Corporation's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Management has included the above summary of assumptions and risks related to forward-looking information provided in this material change report in order to provide securityholders with a more complete perspective on the Corporation's future operations and such information may not be appropriate for other purposes. These forward-looking statements are made as of the date of this material change report and the Corporation disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This material change report contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about Cuda's financial contributions to the development of the Wyoming Assets and Midstream Facilities, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this material change report was made as of the date of this material change report and was provided for the purpose of providing further information about Cuda's anticipated future business operations. Cuda disclaims any intention or obligation to update or revise any FOFI contained in this material change report, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this material change report should not be used for purposes other than for which it is disclosed herein.

Oil and Gas Advisories

Drilling Locations

Cuda's ability to drill and develop anticipated locations and the drilling locations on which Cuda actually drills wells depends on a number of uncertainties and factors, including, but not limited to, the availability of capital, equipment and personnel, oil and natural gas prices, capital and operating costs, inclement weather, seasonal restrictions, drilling results, additional geological, geophysical and reservoir information that is obtained, production rate recovery, gathering system and transportation constraints, net price received for commodities produced, regulatory approvals and regulatory changes. As a result of these uncertainties, there can be no assurance that the potential future drilling locations Cuda has identified will ever be drilled or if Cuda will be able to produce oil, natural gas or associated natural gas liquids from these or any other potential drilling locations. As such, Cuda's actual drilling activities may materially differ from those presently identified, which could adversely affect the Corporation's business. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of the other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.