

Fan Xia
Chief Financial Officer
Rally Canada Resources Ltd.
Suite 1310, 734 7 AVE. SW
Calgary, AB T2P 3P8

Date: September 01, 2021

Tim Timmons
County Manager
Lacombe County
RR 3,
Lacombe, AB T4L 2N3

Dear Mr. Timmons,

My name is Fan Xia and I am the Chief Financial Officer for Rally Canada Resources Ltd.

We have received the tax bills for the year 2021 with a total amount of \$112,072.05, which will be due on September 30, 2021.

While we do fully intend to pay off all taxes, COVID and the extremely high production recovering cost after the pandemic have negatively impacted Rally; in addition, our wellhead facilities were stolen and damaged, and our wells did not produce last year. We are trying to fix the damages and restore production now, so our fund is extremely limited currently and we simply cannot afford \$112,072.05 lump sum payment by the due date.

We would like to work with the Lacombe County to arrange a six-month payment plan this year. I would like to request you to kindly waive the late payment penalty, as we are trying our best to pay. If approved, we will pay off the property taxes of \$233,727.53 for both 2020 and 2021 by 6 equal payments in the next 6 months, from September, 2021 to February, 2022, \$38,954.59/month. This monthly amount is more than we can afford, while repairing the damaged facilities, ensuring safe operation, being responsible to environment and comply with all regulations, but with no production and revenue from the field; however, we truly understand the importance of maintaining the tax base for the county, and will meet our commitment to pay all the taxes if our proposal gets accepted.

We hope the County can consider our proposal as we are trying our best to be fiscal, keep the company survive and recover, and be responsible to all stakeholders including the County, land owners, over 30 staffs plus their families, and the province.

At any time, please feel free to call me at 403-262-6860 or email fan.xia@rallyoil.com to discuss.

Sincerely,

Section 17(1), FOIPP Act

Fan Xia

Chief Financial Officer