

**Purchase and Sale Agreement
Willesden Green/Garrington Areas, Alberta**

This Agreement made May 13, 2019.

BETWEEN:

SAMOTH OILFIELD INC., a body corporate incorporated under the laws of the Province of Alberta and having an office in St Albert, Alberta (hereinafter called the "Vendor")

- and -

[redacted], a body corporate, registered to carry on business in the Province of Alberta and having an office in Calgary, Alberta (hereinafter called the "Purchaser")

Whereas Vendor wishes to sell, and Purchaser wishes to purchase the Assets, the Parties agree as follows in consideration of the premises hereto and the covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged:

1. Definitions

Except as otherwise defined herein, each capitalized term used in this Head Agreement will have the meaning given to it in the Property Transfer Procedure. In addition:

- (a) "**ABCA**" means the *Business Corporations Act* (Alberta);
- (b) "**AER**" means the Alberta Energy Regulator;
- (c) "**Closing**" means the completion of the Transaction and the resultant transfer of possession of the Assets from Vendor to Purchaser provided that references to the dates of actions that are required to be taken after Closing shall mean such dates after the Release Condition is satisfied instead;
- (d) "**Effective Date**" means 8:00 a.m. on May 1, 2019.
- (e) "**Lands**" means, subject to the exclusion of the Excluded Assets, all lands, formations and associated Petroleum Substances described in the Land Schedule, insofar only as rights relating thereto are granted under the Leases, and all of Vendor's interest in the lands within the Whitemap Area.
- (f) "**Outside Date**" means September 15, 2019 or such other date as may be agreed to in writing by the Parties.
- (g) "**Scheduled Closing Date**" means the third Business Day following the satisfaction or waiver of all conditions set forth in Section 9, or such other date as may be agreed in writing by the Parties.
- (h) "**Transaction**" means the sale of the Assets contemplated herein.

- (i) “**TSXV**” means the TSX Venture Exchange.
- (j) “**Whitemap Area**” means the area outlined in red on the map attached as Schedule “L”.

2. Schedules

The following Schedules are attached hereto and made part of this Agreement:

- (a) Schedule “A”, which is a list of elections and amendments to the 2017 CAPL Property Transfer Procedure;
- (b) Schedule “B”, which identifies the Lands and the Leases;
- (c) Schedule “C”, which identifies the Wells and Inactive Assets;
- (d) Schedule “D” which identifies the Facilities and Pipelines;
- (e) Schedule “E” which identifies Production and Marketing Contracts;
- (f) Schedule “F” which identifies any AFE’s;
- (g) Schedule “G” which identifies Take or Pay Obligations;
- (h) Schedule “H” which identifies Excluded Assets;
- (i) Schedule “I” which identifies Lawsuits and Claims;
- (j) Schedule “J”, which is a copy of the General Conveyance;
- (k) Schedule “K”, which is the form of the Officers Certificate regarding Representations and Warranties; and
- (l) Schedule “L” which is the White Map Area.

Subject to the elections and amendments identified in Schedule “A”, in Section 2A below or otherwise overridden or modified by this Agreement, the Property Transfer Procedure is incorporated by reference into this Agreement.

2A. Overridden Clauses of Property Transfer Procedure

The provisions contained Clauses 2.01 and 2.02 of the Property Transfer Procedure are deleted and replaced with Section 3 of this Agreement. The provisions contained in Clause 3.03 of the Property Transfer Procedure are deleted and replaced with Section 5 of this Agreement. If there is any conflict between the text of this Agreement and the Property Transfer Procedure, the text of this Agreement shall prevail to the extent of the conflict.

2B. Whitemap Area

The Parties acknowledge that although Vendor has prepared, and Purchaser has reviewed, the Schedules attached hereto diligently, they recognize that there may be unintended omissions or

misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include Vendor's entire interest in and to all Assets falling within the Whitemap Area, any of such additional unscheduled Assets, if any, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.

To the extent that any Unscheduled Assets are identified by either Party after Closing, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendor's interest in such Unscheduled Assets to Purchaser.

3. Purchase and Sale

Purchaser agrees to purchase the Assets from Vendor and Vendor agrees to sell the Assets to Purchaser on the terms and conditions set forth in this Agreement. Allocation of the Purchase Price shall be as set forth below. In addition to other adjustments as may be provided for in this Agreement, the Purchase Price shall be adjusted by \$365,100.00 in favor of Purchaser as a special environmental and regulatory liability adjustment.

Petroleum and Natural Gas Rights	\$ 80.00
Tangibles	\$ 19.00
Miscellaneous Interest	<u>\$ 1.00</u>
Base Purchase Price	\$ 100.00
Minus liability	
Environmental and Regulatory Adjustment	<u>-\$ 365,100.00</u>
Adjusted Purchase Price (payable by Vendor)	\$ 365,000.00

Accordingly, all provisions in the Property Transfer Procedure relating to a payment to be made by Purchaser to Vendor shall read payable by Vendor to Purchaser. The Parties will report the Transaction for all federal, provincial and local tax purposes in a manner consistent with the allocation referred to in this Clause.

4. Shareholder Approval

The Parties acknowledge that Vendor is a reporting issuer listed on TSXV and the Assets represent substantially all of the property of Vendor and, accordingly, the Transaction requires the approval of TSXV and the shareholders of Vendor. Vendor agrees to seek the approval of its shareholders for the Transaction at an annual and special meeting of shareholders to be held on or before June 30, 2019 and it agrees to work diligently to obtain conditional approval of TSXV prior to the Vendor's shareholder meeting.

5. Closing into Escrow

The Parties acknowledge that the AER must grant approval for the transfer of Vendor's licenses and permits to Purchaser. Purchaser agrees to work diligently with the AER to determine under what terms and conditions the AER would approve the application to transfer the Assets to Purchaser.

The Parties acknowledge they are aware of AER Bulletins 2016-16 and 2017-13 wherein the time periods for receiving transfers is extended for a minimum of a thirty (30) day period after the transfer request is submitted. Accordingly the Transaction shall be closed into escrow at Closing and the Parties shall execute and deliver to one another and Vendor's solicitors, as escrow agent ("**Escrow Agent**") an escrow agreement ("**Escrow Agreement**") in the form mutually agreed upon between the Parties to facilitate closing into escrow.

Subject to the handling of Specific Conveyances prescribed by Clauses 3.05, 3.06 and 3.07 of the Property Transfer Procedure, Vendor will deliver to the Escrow Agent at the Closing Time, to be held in accordance with this Agreement and the Escrow Agreement:

- (a) a General Conveyance, which has been prepared and executed by Vendor;
- (b) all required Specific Conveyances, prepared and executed by Vendor, except insofar as Vendor is permitted to deliver the Specific Conveyances at a later date under the Head Agreement or as agreed in writing by Purchaser;
- (c) payment of any amount owing at Closing by Vendor under this Agreement;
- (d) copies of all waivers and exercises of Rights of First Refusal received by Vendor respecting the disposition of the Assets to Purchaser;
- (e) the Representations and Warranties Certificate executed on behalf of Vendor; and
- (f) those other documents as are specifically required under the Agreement or as may be reasonably requested by Purchaser upon reasonable notice to Vendor, including registrable discharges of all Security Interests or a "no interest" letter that is satisfactory to Purchaser, acting reasonably, from the financial institution(s) or other third parties holding those Security Interests, if requested by Purchaser under Paragraph 10.02(c) of the Property Transfer Procedure (collectively, the "**Vendor Documents**").

Subject to the handling of Specific Conveyances prescribed by Clauses 3.05, 3.06 and 3.07 of the Property Transfer Procedure, Purchaser will deliver to the Escrow Agent at the Closing Time, to be held in accordance with this Agreement and the Escrow Agreement:

- (a) a receipt for the Purchase Price;
- (b) a General Conveyance duly executed by Purchaser;
- (c) the Representations and Warranties Certificate executed on behalf of Purchaser;
- (d) copies of Specific Conveyances that have been executed by it; and
- (e) those other documents as may be specifically required under the Agreement (collectively, the "**Purchaser Documents**").

6. LTA Applications

Vendor shall prepare and at Closing submit a Well, Pipeline and Facility license transfer in accordance with the AER Directive 69 Energy Development License Transfer and using the AER Digital Data Submission Transfer License Transfer Application system (the "**LTA**") for all of its AER licensed Assets and provide Purchaser with a copy of the AER email submission notification and Purchaser shall immediately thereafter accept the submitted LTA and provide Vendor with a copy of the AER email submission notification.

If the AER notifies the Parties in writing that the sole remaining undertaking required to be satisfied in order to complete the LTAs is payment of a deposit not to exceed the amount of cash held by the Escrow Agent as a Vendor Document, the Parties may jointly and

irrevocably direct Escrow Agent to release all or a portion of the cash held by it to the AER directly to facilitate the LTAs.

7. Release from Escrow

If the AER approves and processes all of the LTAs on or prior to the Outside Date (“**Release Condition**”), as may be extended from time to time, each of Vendor and Purchaser shall jointly and irrevocably direct the Escrow Agent to release the Vendor Documents to Purchaser and the Purchaser Documents to Vendor.

In the event the Release Condition is not satisfied on or prior to the Outside Date:

- (i) each of Vendor and Purchaser shall jointly and irrevocably direct the Escrow Agent to release the Vendor Documents to Vendor and the Purchaser Documents to Purchaser;
- (ii) this Agreement shall terminate and the Parties will be released from all further obligations hereunder, except for the confidentiality obligations under Article 16.00 of the Property Transfer Procedure; and
- (iii) Vendor and Purchaser shall jointly cancel the pending LTA.

8. Additional Representation and Warranty

Vendor makes the following additional representation and warranty under Paragraph 6.02(bb) of the Property Transfer Procedure:

- (a) Inactive Assets: Except as identified in Schedule “C”, to Vendor’s knowledge with respect to Assets operated by it, the Assets do not include any inactive well or inactive facility as described in the Regulations issued under the *Oil And Gas Conservation Act* (Alberta).

9. Additional Conditions

A. The following additional conditions precedent are included for the benefit of Purchaser under Paragraph 10.02(d) of the Property Transfer Procedure:

- (a) Environmental Review: Purchaser will have completed a review of the environmental condition of the Assets prior to June 26, 2019, through which Purchaser is satisfied, acting reasonably, with the environmental condition of the Assets; and
- (b) Escrow: Purchaser shall have received confirmation that the escrow amounts and documents described in Clause 5 have been received by Vendor’s solicitor and the terms of the escrow agreement are acceptable to Purchaser.

B. The following additional conditions precedent are included for the benefit of Vendor under Paragraph 10.03(c) of the Property Transfer Procedure:

- (a) Shareholder Approval: Vendor shall have obtained approval of its shareholders for the Transaction in accordance with the requirements of TSXV and the ABCA;
- (b) TSXV Approval: Vendor shall have obtained conditional approval of TSXV for the Transaction; and
- (c) Dissent: In connection with the resolution of Vendor’s shareholders to approve the Transaction, the holders of not more than 5% of the outstanding common

shares of the Vendor shall have exercised rights of dissent pursuant to the ABCA.

10. **Additional Amendments to Property Transfer Procedure**

In Clause 4.02 of the Property Transfer Procedure, Clause 4.02C and 4.02E shall be deleted in their entirety.

In Clause 6.05 of the Property Transfer Procedure, the words "one year" shall be replaced with the words "six months".

In Clause 13.03B of the Property Transfer Procedure, the words "will not exceed the Purchase Price, as adjusted under Clause 4.02" shall be replaced with the words "will not exceed \$35,000".

In witness whereof the Parties have duly executed this Agreement.

Samoth Oilfield Inc.

[redacted]

Per: (signed) "Leonard Jaroszuk"
Leonard Jaroszuk
President

Per: (signed)
[redacted]
President

This is Schedule "A" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Property Transfer Procedure Elections and Amendments

Note: The elections and this election sheet are for illustrative purposes only.

1. **Definition of Title Defect (Clause 1.01):** Alternate 1 will apply.
2. **Definition of Wells (Clause 1.01):** (Specify) Alternate 1 only ; a combination of Alternates 1 and 2 √; a combination of Alternates 1 and 3: ; or Alternate 2 only will apply.
3. **Base Purchase Price And Tax Allocations (Clause 2.02):** Base Purchase Price: \$100.00.
4. **Receipt And Handling Of Deposit (Clause 2.03):** Optional Clause will / will not √ apply.
5. **GST/HST And Other Sales Taxes (Subclause 2.05A):** (i) GST/HST Election: Alternate 2 will apply.
(ii) GST/HST Registration Numbers: 85120 0725RT0001 for Vendor and 73606 7927 RT0001 for Purchaser.
6. **Interest Accrual (Clause 2.06):** Alternate / Neither Alternate 1 or 2 √ will apply.
7. **Place of Closing (Clause 3.01):** Changed to "the office of Purchaser"
8. **Distribution Of Specific Conveyances (Clause 3.05):** Alternate 2 will apply.
9. **Pipeline Records And Associated Licence Transfers (Subclause 3.07B):** Alternate 1 will apply.
10. **Per Diem Rental Adjustment (Paragraph 4.01(d)):** Optional Paragraph will / will not √ apply.
11. **Adjustment For Income Tax-Interim Period Income (Clause 4.03):** Adjustment: 10%.
12. **Vendor's Representations and Warranties (Clause 6.02):** The representations and warranties that apply are indicated by a Yes below. (Those indicated by a No, N/A or strikethrough do not apply.)

Note: Those with a reference to B would apply only to Scenario B.

<u>Yes</u>	(a)	Residency For Tax Purposes	<u>Yes</u>	(o)	Condition Of Tangibles
<u>Yes</u>	(b)	Lawsuits And Claims	<u>Yes</u>	(p)	Provision Of Documents
<u>Yes</u>	(c)	No Default Notices	<u>Yes</u>	(q)	Well And Tangibles Transfers
<u>Yes</u>	(d)	Compliance With Title And Op Docs	<u>Yes</u>	(r)	Records Relating To Op Tang.
<u>Yes</u>	(e)	Payment Of Royalties And Taxes	<u>Yes</u>	(s)	Reg. Production Penalties
<u>Yes</u>	(f)	Encumbrances & ROFRs	<u>Yes</u>	(t)	Reg. Production Allowables
<u>Yes</u>	(g)	No Reduction	<u>Yes</u>	(u)	Area Of Mutual Interest/Exc.
<u>Yes</u>	(h)	Authorized Expenditures	<u>Yes</u>	(v)	No Notice Of Offset Obligations
<u>Yes</u>	(i)	Sale Agreements	<u>Yes</u>	(w)	No Commitment To Deliver
<u>Yes</u>	(j)	Production Handling Agreements	<u>No</u>	(x)	Not A Disposition Of Sub. All
<u>Yes</u>	(k)	Environmental Matters	<u>Yes</u>	(y)	Leased Vehicles & Equipment
<u>Yes</u>	(l)	Operations And Compliance	<u>Yes</u>	(z)	No Removal Of Assets
<u>Yes</u>	(m)	Condition Of Wells	<u>Yes</u>	(aa)	Quiet Enjoyment
<u>Yes</u>	(n)	Abandonment Of Wells	<u>Yes</u>	(bb)	Additional Representations

13. **Right Of First Refusal Values (Subclause 7.01B):** Optional sentence will √ / will not apply.
14. **Rights Of First Refusal And Consents (Subclause 7.01E):** Optional Subclause will / will not √ apply.
15. **Purchaser's Review (Article 8.00):** Optional Article will √ / will not apply.
16. **Election Respecting Title Defects (Subclause 8.02B):** Alternate 2 will apply.
17. **Addresses For Service (Clause 15.02):**

Vendor

Samoth Oilfield Inc.
Attention: Leonard Jaroszuk
#2. 64 Riel Drive.
St. Albert, AB T8N 5B3
Phone: (780) 418-4400

Purchaser

[redacted]

This is Schedule “B” attached to and forming part of that Purchase and Sale Agreement dated May ____, 2019 made between Samoth Oilfield Inc. and [redacted]

[redacted]

This is Schedule "C" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "C", which identifies the Wells and Inactive Assets

[redacted]

This is Schedule "D" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "D" which identifies the Facilities and Pipelines

[redacted]

This is Schedule "E" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "E" which identifies Production and Marketing Contracts

[redacted]

This is Schedule "F" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "F" which identifies any AFE's

None

This is Schedule "G" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "G" which identifies Take or Pay Obligations

None

This is Schedule "H" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "H" which identifies Excluded Assets

None

This is Schedule "I" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "I" which identifies Lawsuits and Claims Clause 6.02 (b) of the PTP;

[redacted]

This is Schedule "J" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

CONVEYANCE

THIS CONVEYANCE is dated as of June •, 2019.

BETWEEN:

SAMOTH OILFIELD INC., an Alberta corporation having an office and carrying on business in the City of St. Albert, in the Province of Alberta (hereinafter called "**Samoth**")

- and -

[redacted], an Alberta corporation, having an office and carrying on business in the City of Calgary, in the Province of Alberta (hereinafter called ("**[redacted]**")

WHEREAS pursuant to a Purchase and Sale Agreement made as of the ____ day of May, 2019, (the "**Purchase and Sale Agreement**"), Samoth has agreed to convey, and **[redacted]** has agreed to acquire, on the terms and conditions therein set forth, the Assets;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for the consideration set forth in the Purchase and Sale Agreement and the respective covenants and agreements of the Parties contained herein, the Parties covenant and agree as follows:

1. Definitions

All capitalized terms used herein shall have the meanings ascribed thereto in the Purchase and Sale Agreement.

2. Headings

The insertion of headings in this Conveyance is for convenience of reference only and shall not affect the construction or interpretation hereof.

3. Conveyance

Samoth hereby exchanges, assigns, transfers, conveys and sets over unto **[redacted]**, the Assets, to have and hold the same, together with all benefit and advantage to be derived therefrom, absolutely.

4. Purchase and Sale Agreement

This Conveyance is executed in furtherance of the Purchase and Sale Agreement. In the event of an inconsistency between the provisions of this Conveyance and the Purchase and Sale Agreement, the provisions of the Purchase and Sale Agreement will prevail.

5. Enurement and Assignment

This Conveyance shall be binding upon and shall enure to the benefit of the Parties and their respective trustees, receivers, receiver-managers, successors and permitted assigns.

6. Governing Law

This Conveyance shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and applicable laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. Each Party irrevocably attorns and submits to the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom in respect of all matters arising out of or in connection with this Conveyance.

7. Non-Merger

The provisions of this Conveyance shall not merge in any transfer, assignment, novation agreement or other document or instrument issuing pursuant hereto or in connection herewith.

8. Counterpart Execution

This Conveyance may be executed in as many counterparts as are necessary and all executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed and delivered this Conveyance as of the date first above written.

SAMOTH OILFIELD INC.

Per: _____

Per: _____

[redacted]

Per: _____

Per: _____

This is Schedule "K" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "K", which is the form of the Officers Certificate regarding Representations and Warranties.

OFFICER'S CERTIFICATE

I, _____ of the City of _____, in _____, do hereby certify that:

- 1. I am the President of _____ (hereinafter called the "Corporation") and as such have a full and complete knowledge of the business affairs of the Corporation in respect of the matters herein set forth and contained.
- 2. I am making this certificate pursuant to Article 6 of the 2017 CAPL Property Transfer

CERTIFICATE

[Date]

The undersigned, _____, hereby certifies that he has been duly elected and qualified as, and at this date is the [TITLE] of [COMPANY NAME], a _____ corporation (the "Company"), and further certifies pursuant to Section [] of the [NAME OF AGREEMENT] dated as of _____, 20__ by and among the Company and _____ (the "Agreement") that:

1. The representations and warranties of the Company contained in Section [] of the Agreement are true, complete and correct in all material respects on and as of the date hereof with the same effect as though such representations and warranties had been made on and as of the date hereof.

2. The Company has performed or complied with all agreements, obligations and conditions contained in the Agreement that it is required to perform or comply with on or before the date hereof.

3. All of the conditions set forth in Section [] of the Agreement have been and remain satisfied as of the date hereof.

IN WITNESS WHEREOF, the undersigned have caused this certificate to be executed as of the date first written above.

Name: _____
Title: _____

This is Schedule "L" attached to and forming part of that Purchase and Sale Agreement dated May 13, 2019 made between Samoth Oilfield Inc. and [redacted]

Schedule "L", which is the form of the Officers Certificate regarding Representations and Warranties.

WHITEMAP AREA

[redacted]