

**ARRANGEMENT AGREEMENT**

**BETWEEN**

**LYCOS ENERGY INC.**

**- AND -**

**DURHAM CREEK EXPLORATION LTD.**

**September 13, 2023**

## TABLE OF CONTENTS

### ARTICLE 1 INTERPRETATION

1.1	Definitions .....	1
1.2	Interpretation Not Affected by Headings, etc. ....	12
1.3	Number and Gender .....	12
1.4	Date for Any Action .....	12
1.5	Entire Agreement .....	12
1.6	Statute and Agreement References .....	12
1.7	Currency .....	12
1.8	Accounting Matters .....	12
1.9	Interpretation Not Affected by Party Drafting .....	13
1.10	Knowledge .....	13
1.11	Enforceability .....	13
1.12	Exhibit .....	13

### ARTICLE 2 THE ARRANGEMENT

2.1	Plan of Arrangement .....	13
2.2	Preparation of Filings .....	14
2.3	Employees and Contractors .....	15
2.4	After-Acquired Assets .....	16
2.5	Indemnities, Directors' and Officers' Insurance.....	16
2.6	Treatment of DCEL Options and DCEL Warrants .....	17
2.7	Recommendation of DCEL Board .....	17
2.8	Tax Withholdings .....	17
2.9	Arrangement Resolution .....	18
2.10	Independent Operations Notices .....	18
2.11	Northern Disposition .....	18

### ARTICLE 3 COVENANTS

3.1	Covenants of DCEL .....	19
3.2	Covenants of Lycos .....	24
3.3	Mutual Covenants Regarding the Arrangement .....	27
3.4	Covenants Regarding Non-Solicitation.....	27
3.5	Provision of Information; Access .....	29
3.6	Confirmation of DCEL Working Capital .....	29

### ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1	Representations and Warranties of DCEL.....	29
4.2	Representations and Warranties of Lycos.....	46
4.3	Privacy Issues.....	51

**ARTICLE 5  
CONDITIONS PRECEDENT**

5.1	Mutual Conditions Precedent .....	53
5.2	Additional Conditions to Obligations of DCEL .....	53
5.3	Additional Conditions to Obligations of Lycos.....	55
5.4	Notice and Effect of Failure to Comply with Conditions .....	56
5.5	Satisfaction of Conditions.....	57

**ARTICLE 6  
AGREEMENT AS TO REMEDIES**

6.1	Injunctive Relief and Remedies.....	57
-----	-------------------------------------	----

**ARTICLE 7  
AMENDMENT**

7.1	Amendment .....	57
7.2	Amendment of Plan of Arrangement .....	57

**ARTICLE 8  
TERMINATION**

8.1	Termination.....	58
-----	------------------	----

**ARTICLE 9  
NOTICES**

9.1	Notices.....	59
-----	--------------	----

**ARTICLE 10  
GENERAL**

10.1	Binding Effect.....	60
10.2	Assignment .....	60
10.3	Public Communications.....	60
10.4	Costs .....	61
10.5	Severability .....	61
10.6	Further Assurances.....	61
10.7	Time of Essence .....	61
10.8	Applicable Law and Enforcement.....	61
10.9	Waiver .....	61
10.10	Third Party Beneficiaries .....	62
10.11	Counterparts .....	62

**ADDENDA**

EXHIBIT "A" - PLAN OF ARRANGEMENT

## ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 13th day of September, 2023.

### BETWEEN:

**LYCOS ENERGY INC.**, a corporation existing under the laws of the Province of Alberta ("**Lycos**")

- and -

**DURHAM CREEK EXPLORATION LTD.**, a corporation existing under the laws of the Province of Alberta ("**DCEL**")

### WHEREAS:

- A. Lycos and DCEL (the "**Parties**") wish to propose an arrangement involving, among other things, the business combination of Lycos and DCEL on the terms set forth in the Plan of Arrangement (as defined herein);
- B. Concurrently with the execution of this Agreement (as defined herein), DCEL Shareholders (as defined herein) representing, in the aggregate, not less than 66.67% of the issued and outstanding DCEL Shares (as defined herein) have executed the Written Resolution (as defined herein);
- C. the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the ABCA (as defined herein); and
- D. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, including, without limitation, the Arrangement, the North Asset Disposition and the Excluded Asset Disposition, any inquiry or the making of any offer or proposal, whether or not in writing or subject to a due diligence or other condition, to DCEL, or DCEL's Shareholders or any other securityholder of DCEL (including any take-over bid initiated by advertisement or circular) from any Person or Persons acting "**jointly or in concert**" (where such phrase has the meaning

ascribed thereto in Applicable Canadian Securities Laws) prior to the termination of this Agreement or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

- (i) any direct or indirect, sale, issuance or acquisition of securities of DCEL that, when taken together with any securities of DCEL held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of DCEL or rights or interests therein;
  - (ii) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), of any assets of DCEL (other than the sale of production in the ordinary course);
  - (iii) an amalgamation, arrangement, merger, business combination, consolidation, share exchange, joint venture, partnership or other similar transaction involving DCEL;
  - (iv) a take-over bid, issuer bid, tender offer, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving DCEL;
  - (v) any other transaction or series of transactions, the consummation of which would or could reasonably be expected to impede, interfere with, prevent, impair or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Lycos under this Agreement or the Arrangement; or
  - (vi) any announcement or other disclosure of an intention to do any of the foregoing;
- (c) "**affiliate**" and "**associate**" have the meanings ascribed thereto in the Securities Act;
- (d) "**After-Acquired Assets**" has the meaning ascribed thereto in Section 2.4;
- (e) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules and exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (f) "**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;

- (g) "**Applicable Laws**", in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial, municipal, regional or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms or conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities, including the TSXV;
- (h) "**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth herein and in the Plan of Arrangement as supplemented, modified or amended;
- (i) "**Arrangement Resolution**" means the special resolution of DCEL Shareholders approving the Arrangement;
- (j) "**Area of Exclusion Agreements**" means the area of exclusion agreements to be entered into among Lycos and the individuals set forth in Schedule 1.1(j) of the DCEL Disclosure Letter on the Effective Date, in the form set forth in the DCEL Disclosure Letter;
- (k) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Order has been made to give effect to the Arrangement;
- (l) "**BOE/d**" means barrels of oil equivalent per day based on a conversion ratio of six thousand cubic feet of natural gas per one barrel of oil;
- (m) "**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta, are not generally open for business;
- (n) "**Cash Consideration**" has the meaning ascribed thereto in the Plan of Arrangement;
- (o) "**Confidentiality Agreement**" means the confidentiality agreement dated July 3, 2023, between Lycos and DCEL entered into in connection with the transactions contemplated herein;
- (p) "**Contract**" means, with respect to a Party, a contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party is a Party or under which such Party is bound, has unfulfilled obligations or contingent Liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;
- (q) "**Court**" means the Court of King's Bench of Alberta;
- (r) "**Data Room**" means the electronic data room of DCEL Firmex "Durham Creek/ LCX/ Data Exchange" hosted by National Bank of Canada.

- (s) "**DCEL**" means Durham Creek Exploration Ltd., a corporation existing under the ABCA, and includes any predecessors thereto, unless the context implies otherwise;
- (t) "**DCEL Board**" means the board of directors of DCEL as it may be comprised from time to time;
- (u) "**DCEL Budget**" means DCEL's forecast for capital and operating expenditures as disclosed in the DCEL Disclosure Letter;
- (v) "**DCEL Change of Control Payments**" means, without duplication, the obligations of DCEL, pursuant to all employment or consulting services agreements, director compensation programs, termination, severance, change of control, bonus and retention plans or policies for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments DCEL is required by law or contract or intends to make in connection with the termination of all employees of DCEL at the Effective Time in accordance with the terms of this Agreement, arising out of or in connection with the Arrangement;
- (w) "**DCEL Disclosure Letter**" means the disclosure letter from DCEL to Lycos dated the date hereof;
- (x) "**DCEL Field Workers**" means those contractors of DCEL that perform their services for DCEL in the field;
- (y) "**DCEL Financial Statements**" means, collectively, the annual financial statements of DCEL as at and for the year ended December 31, 2022, together with the notes thereto and the interim financial statements of DCEL for the three and six month periods ended June 30, 2023, together with the notes thereto;
- (z) "**DCEL Interests**" has the meaning ascribed thereto in Section 4.1(w);
- (aa) "**DCEL Material Contract**" has the meaning ascribed thereto in Section 4.1(dd);
- (bb) "**DCEL Option Plan**" means the DCEL share option plan in effect on the date hereof and the agreements entered into thereunder;
- (cc) "**DCEL Options**" means options granted pursuant to the DCEL Option Plan;
- (dd) "**DCEL Plans**" has the meaning ascribed thereto in Section 4.1(ee);
- (ee) "**DCEL Shareholders**" means holders of DCEL Shares;
- (ff) "**DCEL Shares**" means the common shares in the capital of DCEL;
- (gg) "**DCEL Surrender Agreements**" means agreements entered into as of the date hereof between DCEL, Lycos and the holders of DCEL Options and DCEL Warrants whereby each holder of DCEL Options or DCEL Warrants shall surrender such DCEL Options and DCEL Warrants, as applicable, in accordance with Section 2.6;

- (hh) "**DCEL Third Party Beneficiaries**" has the meaning ascribed thereto in Section 10.10;
- (ii) "**DCEL Transaction Costs**" means, without duplication, all costs and expenses incurred by DCEL in connection with the transactions contemplated by this Agreement, including all legal, accounting, engineering, financial advisory, fairness opinion, severance, bonuses, printing and other administrative or professional fees, costs and expenses of third parties incurred by DCEL, office lease commitments and all amounts payable by DCEL in respect of the Arrangement, including but not limited to, the DCEL Change of Control Payments, the costs of obtaining "run off" directors' and officers' liability insurance in accordance with Section 2.5(b);
- (jj) "**DCEL Warrants**" means the share purchase warrants to purchase DCEL Shares;
- (kk) "**DCEL Working Capital**" means, without duplication, and to the extent applicable, calculated in accordance with GAAP and in accordance with the methodology and in the form disclosed in Schedule 1.1(kk) of the DCEL Disclosure Letter (A) the current assets of DCEL, including cash and cash equivalents (including the cash proceeds from the sale of: (i) the North Assets if the North Asset Disposition is completed prior to the Effective Date; and/or (ii) the Excluded Assets if the Excluded Asset Disposition is completed prior to the Effective Date), accounts receivable (net of allowances for doubtful accounts), all current tax assets or tax receivables including all tax refunds and tax credits, product inventory, accrued income, unbilled revenue and prepaid expenses and deposits (including DCEL's deposit with the Alberta Energy Regulator to the extent not received by DCEL prior to the Effective Date) plus the purchase price of any After-Acquired Assets; less (B) the current liabilities of DCEL, including accounts payable, bank debt and other loans, accrued liabilities, current tax liabilities and all cash tax liabilities in respect of the Excluded Asset Disposition and the North Asset Disposition, deferred revenue liability and the DCEL Transaction Costs;
- (ll) "**Depository**" has the meaning ascribed thereto in the Plan of Arrangement;
- (mm) "**Disclosed Personal Information**" has the meaning ascribed thereto in Section 4.3(b);
- (nn) "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Applicable Canadian Securities Laws; and "**distribute**" has a corresponding meaning;
- (oo) "**Effective Date**" has the meaning ascribed thereto in Section 2.1(d);
- (pp) "**Effective Time**" means the time on the Effective Date when the Arrangement becomes effective pursuant to the Plan of Arrangement;
- (qq) "**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, rights of first refusal, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or

against title to, such property or asset, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Law, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;

- (rr) "**Environmental Approvals**" means all Permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;
- (ss) "**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental, health or safety matters including legislation governing the use and storage of Hazardous Substances and the abandonment and reclamation of wells;
- (tt) "**Estimated DCEL Working Capital**" has the meaning ascribed thereto in Section 3.6;
- (uu) "**Excluded Assets**" means assets of DCEL to be sold pursuant to the Excluded Asset Disposition;
- (vv) "**Excluded Asset Disposition**" means the proposed sale of certain assets by DCEL for cash consideration pursuant to the Excluded Asset Purchase and Sale Agreement;
- (ww) "**Excluded Asset Purchase and Sale Agreement**" means the asset purchase and sale agreement in respect of the Excluded Assets in the form attached as Schedule 1.1(j) of the DCEL Disclosure Letter;
- (xx) "**GAAP**" has the meaning ascribed thereto in Section 1.8;
- (yy) "**Governmental Authority**" means any:
  - (i) international, multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign;
  - (ii) subdivision, agency, agent or authority of any of the foregoing;
  - (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency, stock exchange or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
  - (iv) stock exchange;
- (zz) "**Governmental Authorization**" means with respect to a Person, all licenses, Permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no- action relief and other authorizations (including in

connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now being or proposed to be conducted;

- (aaa) "**Hazardous Substances**" means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws, including but not limited to petroleum and all derivatives thereof or synthetic substitutes therefore, and asbestos or asbestos containing materials, polychlorinated biphenyl and production waters;
- (bbb) "**Hold Period Agreement**" means the hold period agreement to be entered into among Lycos and the individuals set forth in Schedule 1.1(bbb) of the DCEL Disclosure Letter on the Effective Date, substantially in the form set forth in the DCEL Disclosure Letter, or in such other form as the Parties may agree;
- (ccc) "**Liabilities**" means any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, including those arising under any Applicable Law, Contract, Permit, license or other undertaking and as a result of any act or omission, but specifically excludes the value of any hedges;
- (ddd) "**Lycos**" means Lycos Energy Inc., a corporation existing under the ABCA;
- (eee) "**Lycos Board**" means the board of directors of Lycos, as it may be comprised from time to time;
- (fff) "**Lycos Financial Statements**" means, collectively, the audited consolidated financial statements of Lycos as at and for the years ended December 31, 2022 and 2021, together with the notes thereto and the auditors' report thereon and the interim unaudited financial statements of Lycos for the three and six month periods ended June 30, 2023, together with the notes thereto;
- (ggg) "**Lycos Financing**" has the meaning ascribed thereto in Section 4.2(k);
- (hhh) "**Lycos Public Record**" means all information, documents and reports filed by or on behalf of Lycos on or after January 1, 2023 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws which is available for public viewing on the SEDAR+ website under Lycos' profile at [www.sedarplus.ca](http://www.sedarplus.ca);
- (iii) "**Lycos Shares**" means the common shares in the capital of Lycos;
- (jjj) "**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to either Party, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations or cash flows of such Party (taken as a whole), or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Party to consummate the transactions contemplated by this

Agreement, other than any fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:

- (i) conditions affecting the oil and gas industry generally in jurisdictions in which such Party carries on business, including, without limitation, changes in commodity prices, royalties, Applicable Laws or taxes, including, without limitation, changes as a result of, or relating to, any escalation of the Russian invasion of Ukraine;
- (ii) general economic or financial conditions, currency exchange rates, or securities or commodity markets in Canada, the United States or elsewhere, including, without limitation, changes as a result of, or relating to, any escalation of the Russian invasion of Ukraine;
- (iii) any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (iv) any matter which has been publicly disclosed prior to the date hereof or that is set forth in the DCEL Disclosure Letter;
- (v) changes in Applicable Laws (including tax laws);
- (vi) any changes in GAAP;
- (vii) any changes or effects arising, directly or indirectly, from the Arrangement or any other matters or actions permitted or contemplated by this Agreement, including any public announcement of the foregoing, or consented to or approved in writing by the Other Party; or
- (viii) with respect to Lycos, a change in the market trading price or trading volume of the Lycos Shares (provided, however, that the causes underlying such changes may be considered to determine whether such causes constitute a Material Adverse Change or Material Adverse Effect),

provided, however, that the change or effect referred to in clause (i), (ii) or (iii) above does not primarily relate only to (or have the effect of primarily relating only to) a Party or disproportionately affects a Party compared to other entities of similar size operating in the oil and gas exploration, exploitation, development and production industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

- (kkk) "**misrepresentation**", "**material change**" and "**material fact**" shall have the meanings ascribed thereto under Applicable Canadian Securities Laws;
- (lll) "**North Assets**" means assets of DCEL subject to the North Asset Disposition;
- (mmm) "**North Asset Disposition**" means the proposed sale of certain assets by DCEL to a third party purchaser for cash consideration;

- (nnn) **"Northern Asset Purchase and Sale Agreement"** means the asset purchase and sale agreement in respect of the Northern Assets in the form attached as Schedule 1.1(nnn) of the DCEL Disclosure Letter;
- (ooo) **"Other Party"** means, with respect to:
  - (i) DCEL, Lycos; and
  - (ii) Lycos, DCEL;
- (ppp) **"Order"** means the order of the Court approving the Arrangement to be applied for by DCEL following the date hereof and to be granted pursuant to Subsection 193(4) of the ABCA in respect of DCEL Shareholders and DCEL, as such order may be affirmed, amended or modified by the Court (with the consent of each of DCEL and Lycos, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of DCEL and Lycos, each acting reasonably) on appeal;
- (qqq) **"Outside Date"** means October 16, 2023 or such other date as the Parties may agree in writing;
- (rrr) **"Parties"** has the meaning ascribed thereto in the recitals to this Agreement, and **"Party"** means either one of them;
- (sss) **"Permit"** means any license, permit, certificate, franchise, consent, order, grant, easement, covenant, approval, classification, registration or other authorization of and from any person, including any Governmental Authority;
- (ttt) **"Permitted Encumbrances"** means: (i) any overriding royalties, net profits interests or other like Encumbrances applicable to the interests of DCEL in respect of its petroleum and natural gas rights and leases and all related tangibles, equipment, facilities and miscellaneous interests to the extent disclosed in the Data Room or taken into account in the DCEL Disclosure Letter; (ii) easements, rights of way, servitudes or other similar rights, including, without limitation, rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, and wires; (iii) the regulations and any rights reserved to or vested in any municipality or governmental, statutory or public authority to levy taxes or to control or regulate DCEL's interests in any manner, including, without limitation, the right to control or regulate production rates and the conduct of operations; (iv) statutory exceptions to title and the reservations, limitations and conditions in any grants or transfers from the Crown of mines and minerals; (v) undetermined or inchoate liens incurred or created in the ordinary course of business as security for DCEL's share of the costs and expenses of the development or operation of any of its assets, which costs and expenses are not delinquent as of the Effective Time; (vi) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Effective Time; (vii) liens granted in the ordinary course of business to a Governmental Authority respecting operations pertaining to petroleum and natural gas rights; and (viii) Encumbrances on the Excluded Assets or Northern Assets or arising as result of the Excluded

Asset Purchase and Sale Agreement or the Northern Asset Purchase and Sale Agreement;

- (uuu) **"Person"** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (vvv) **"Plan of Arrangement"** means the plan of arrangement under the ABCA pursuant to which Lycos will acquire all of the issued and outstanding DCEL Shares and certain other transactions will be completed, all on the terms and conditions described herein, which plan of arrangement shall be substantially in the form set forth in Exhibit "A" to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with Article 7 hereof;
- (www) **"Registrar"** means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
  - (a) **"Representatives"** means, with respect to a Party, the officers, directors, advisors, employees, representatives and agents of such Party;
  - (b) **"Securities Act"** means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
  - (c) **"Securities Authorities"** means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces or Territories of Canada;
  - (d) **"Share Consideration"** has the meaning ascribed thereto in the Plan of Arrangement;
  - (e) **"subsidiary"** has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned or controlled by a Person);
  - (f) **"Tax"** or **"Taxes"** shall mean (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales, use and goods and services taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, carbon taxes, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party, or any of its subsidiaries, as applicable, is required to pay, withhold, remit or collect (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by

any Taxing Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii); and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period;

- (g) "**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5<sup>th</sup> Supp.), as amended, together with the regulations promulgated thereunder and any applicable provincial income tax law;
- (h) "**Tax Pools**" means undepreciated capital cost of any particular class of depreciable property, cumulative Canadian exploration expense, cumulative Canadian development expense, cumulative Canadian oil and gas property expense, capital losses, non-capital losses and investment tax credits, all as defined in the Tax Act, and financing expenses referred to in paragraph 20(1)(e) of the Tax Act;
- (i) "**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports), including any amendments thereto;
- (j) "**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (k) "**threatened**" when used in relation to legal action or any other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that such legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;
- (l) "**TSXV**" means the TSX Venture Exchange;
- (m) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (n) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules, regulations and orders promulgated thereunder;
- (o) "**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time; and
- (p) "**Written Resolution**" means the irrevocable approval of the Arrangement Resolution by way of written resolution.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number and Gender**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by either Party is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

## **1.5 Entire Agreement**

This Agreement, the Confidentiality Agreement, the Hold Period Agreements, the Area of Exclusion Agreements and the DCEL Disclosure Letter, together with the agreements and documents herein and therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. To the extent of any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall supersede the Confidentiality Agreement.

## **1.6 Statute and Agreement References**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

## **1.7 Currency**

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

## **1.8 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under generally accepted accounting principles ("**GAAP**") from time to time approved by the Chartered Professional Accountants of Canada, or any successor institute, which, for greater certainty, shall include International Financial Reporting Standards, and all determinations of an accounting nature required to be made shall be made in accordance with

GAAP applicable as at the date on which such calculation is made or required to be made on a basis consistent with preceding years but subject to the adoption of any new accounting principles and rules and the transition rules pertaining thereto.

### **1.9 Interpretation Not Affected by Party Drafting**

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

### **1.10 Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of DCEL or Lycos, as applicable, it refers to the actual knowledge of any officer of DCEL in respect of DCEL and any officer of Lycos in respect of Lycos, in each case after reasonable inquiry and in each case in their capacity as officers of DCEL or Lycos, as applicable, and not in their personal capacity, as of the date of this Agreement and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

### **1.11 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

### **1.12 Exhibit**

The following exhibit attached hereto is incorporated into and forms an integral part of this Agreement:

Exhibit "A" — Plan of Arrangement

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

- (a) The Parties agree to carry out the Arrangement pursuant to which (among other things):
  - (i) the Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement;
  - (ii) as soon as reasonably practicable, but in any event not later than October 12, 2023 or such other date as is agreed to by the Parties, DCEL shall submit the Arrangement to the Court and apply to the Court, in a manner

reasonably acceptable to DCEL and Lycos, pursuant to section 193(4) of the ABCA for the Order; and

- (iii) upon the issuance of the Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, Lycos shall forthwith proceed to file the Articles of Arrangement, the Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to Subsection 193(4) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set forth therein without any further act or formality.
- (b) The Arrangement shall be structured such that on the Effective Date the issuance of the Lycos Shares issuable to the DCEL Shareholders, pursuant to the Arrangement and all other trades of securities pursuant to the Arrangement will be made in compliance with Applicable Canadian Securities Laws.
- (c) The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Order, the issuance of the Lycos Shares issuable to DCEL Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set out in this Section 2.1(c).
- (d) As soon as reasonably practicable, but in any event not later than two (2) Business Days after the last of the conditions set forth in Article 5 have been satisfied or, waived by the applicable Party in whose favour the condition is, the Parties will complete the Arrangement (the "**Effective Date**"), including by executing and delivering such closing documents and instruments and filing with the Registrar pursuant to subsection 193(4)(1) of the ABCA, the Articles of Arrangement, the Order and such other documents as may be required to give effect to the Arrangement, and the Arrangement shall become effective at the Effective Time and the steps comprising the Plan of Arrangement will be deemed to occur in the order, at the times, and in the manner set forth therein. The closing of the transactions contemplated hereby will take place electronically.
- (e) The Parties shall use their reasonable commercial efforts to cause the Effective Date to occur on or about October 13, 2023 or as soon thereafter as is reasonably practical and in any event by the Outside Date.

## 2.2 Preparation of Filings

- (a) DCEL and Lycos shall cooperate in:
  - (i) seeking the Order, including by:
    - (A) DCEL providing Lycos on a timely basis any information required to be supplied by DCEL concerning itself in connection therewith;
    - (B) Lycos providing DCEL on a timely basis any information required to be supplied by Lycos concerning itself in connection therewith; and

- (C) DCEL shall provide Lycos and legal counsel to Lycos with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments. DCEL shall also provide legal counsel to Lycos on a timely basis with copies of any notice of appearance and evidence served on DCEL or its legal counsel in respect of the application for the Order or any appeal therefrom. Subject to Applicable Laws, DCEL shall not file any material with the Court in connection with the Arrangement or serve any such material, and shall not agree to modify or amend materials so filed or served, except with Lycos' prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Lycos to agree or consent to any increase in the consideration to be received by the DCEL Shareholders or other modification or amendment to such filed or served materials that expands or increases Lycos' obligations, or diminishes or limits Lycos' rights, set forth in any such filed or served materials or under this Agreement; and
    - (ii) the taking of all such action as may be required under the ABCA, Applicable Canadian Securities Laws and U.S. Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Each of DCEL and Lycos shall promptly furnish to the Other Party all information concerning it as may be required for the effectuation of the actions described in Section 2.1 and the foregoing provisions of this Section 2.2, and each Party covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Arrangement and the other transactions contemplated by this Agreement will contain any misrepresentation at the time such information is filed with the Court or printed for distribution to the securityholders of the Parties, as the case may be.
- (c) No Party shall file any material with the Court in connection with the Arrangement or serve any such material or agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the Other Party, such consent not to be unreasonably withheld, conditioned or delayed.

### **2.3 Employees and Contractors**

- (a) Unless Lycos provides written notice to DCEL at least three (3) Business Days prior to the Effective Date of a request to terminate the contracts with the DCEL Field Workers set forth in the notice, all of the DCEL Field Workers shall have their service continued with Lycos following the Effective Date subject to and in accordance with the terms of the consulting services agreements with such DCEL Field Workers.
- (b) If DCEL receives any notice pursuant to Section 2.3(a), DCEL shall deliver notice of termination to the parties set forth in such notice prior to the Effective Date.

- (c) The employment of all officers and employees of DCEL shall be terminated at the Effective Time and, unless waived by such individuals in form and substance satisfactory to DCEL and Lycos, the officers and employees of DCEL shall be entitled to receive the DCEL Change of Control Payments. The DCEL Change of Control Payments, less all withholding Taxes, shall be paid by DCEL at the Effective Time or as soon as practicable thereafter concurrent with, and subject to, the execution of a full and final release (from those receiving severance payments) from the payee to DCEL in such form as is acceptable to Lycos and DCEL, acting reasonably. DCEL shall use commercially reasonable efforts to obtain an executed copy of such full and final release from every such officer and employee prior to the Effective Time.

#### **2.4 After-Acquired Assets**

From the date hereof until the Effective Date, DCEL shall, in good faith and using commercially reasonable efforts, participate in any land sales for lands located in the area subject to the Area of Exclusion Agreements as may be requested by Lycos in writing, in its sole and absolute discretion, and DCEL shall, subject to DCEL's consent (which consent shall not to be withheld if sufficient resources are available and participation in such land sale or the making of any offer described below is not otherwise unduly burdensome on DCEL, all in the opinion of DCEL, acting reasonably), make offers to acquire any assets identified by Lycos at such land sales ("**After-Acquired Assets**") at such price and on such other terms as Lycos may determine. Notwithstanding any other provision of this Agreement, if this Agreement is terminated in accordance with Section 8.1, Lycos shall, within two (2) Business Days of such termination, deliver a binding offer to purchase any of the After-Acquired Assets for the aggregate amount paid by DCEL, the sole condition of which shall be the conveyance of the After-Acquired Assets to Lycos following the payment by Lycos of such amount (such offer being the "**Offer to Purchase**") and, for greater clarity, DCEL irrevocably agrees to complete the transaction(s) in respect of the After-Acquired Assets set forth in the Offer to Purchase . If Lycos fails to deliver the Offer to Purchase within such time, this Agreement shall be deemed to be the Offer to Purchase.

#### **2.5 Indemnities, Directors' and Officers' Insurance**

- (a) Lycos agrees that it and DCEL and their respective successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of DCEL pursuant to the provisions of the articles, by-laws or other constating documents of DCEL, applicable corporate legislation and any written indemnity agreements which have been entered into between DCEL and its past and present officers and directors effective on or prior to the date hereof.
- (b) Prior to the Effective Date, DCEL shall be entitled to secure "run off" directors' and officers' liability insurance for the past and present officers and directors of DCEL covering claims made prior to or within six (6) years after the Effective Date which has a scope and coverage comparable in scope and coverage to that provided pursuant to DCEL's current directors' and officers' insurance policy, provided that the cost of such insurance shall be included in the calculation of the DCEL Transaction Costs. Lycos agrees to not take or permit any action to be taken by or on behalf of DCEL to terminate or adversely affect the directors' and officers' insurance secured in accordance with this Section 2.5(b).

## **2.6 Treatment of DCEL Options and DCEL Warrants**

- (a) The DCEL Disclosure Letter includes a list of all DCEL Options and DCEL Warrants outstanding on the date hereof, including without limitation the following: (i) the names of the holders of DCEL Options and DCEL Warrants; (ii) the date of grant and the date of expiry of all DCEL Options and DCEL Warrants; (iii) the exercise price of each DCEL Option and DCEL Warrant; and (iv) the number of DCEL Options and DCEL Warrants held by each holder thereof.
- (b) The Parties acknowledge and agree that the DCEL Board has approved the vesting of the outstanding unvested DCEL Options and DCEL Warrants and that all such DCEL Options and DCEL Warrants will be exercisable or surrenderable prior to the Effective Time, and that DCEL and the DCEL Board may take all such further actions as are necessary or desirable to effect the foregoing.
- (c) Lycos acknowledges receipt of the DCEL Surrender Agreements.
- (d) The Parties acknowledge and agree that to the extent an amount is paid to a holder of DCEL Options or DCEL Warrants, as the case may be, including the issuance of DCEL Shares, on the surrender of such DCEL Options and DCEL Warrants:
  - (i) DCEL will elect under subsection 110(1.1) of the Tax Act, in prescribed form, in respect of such DCEL Options and DCEL Warrants surrendered pursuant to a DCEL Surrender Agreement or pursuant to the terms of the Arrangement, as applicable, that neither DCEL, nor any person who does not deal at arm's length with DCEL (including, for greater certainty, Lycos after the Effective Time), will deduct, in computing income for the purposes of the Tax Act, any amount in respect of a payment made (including the issuance of DCEL Shares) to such holders of DCEL Options or DCEL Warrants, as the case may be, in connection with the surrender of such DCEL Options and DCEL Warrants; and
  - (ii) DCEL will provide such holders of DCEL Options and DCEL Warrants with evidence in writing of the election under subsection 110(1.1) of the Tax Act.

## **2.7 Recommendation of DCEL Board**

The DCEL Board has unanimously:

- (a) determined that the Arrangement is in the best interests of DCEL and the DCEL Shareholders;
- (b) approved the Arrangement and the entering into of this Agreement; and
- (c) resolved to recommend that DCEL Shareholders vote for the Arrangement Resolution by executing the Written Resolution.

## **2.8 Tax Withholdings**

- (a) DCEL and Lycos shall be entitled to deduct and withhold from any consideration otherwise payable to any DCEL Shareholder or holder of DCEL Options or DCEL

Warrants under the Plan of Arrangement, such amounts as DCEL or Lycos is required to deduct and withhold from such consideration in accordance with applicable Tax laws and administrative policies of the Canada Revenue Agency ("**CRA**"). Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement or any agreement governing the exercise, payment or other disposition, as the case may be, of the DCEL Options or DCEL Warrants in accordance with this Agreement, and shall be treated for all purposes as having been paid to the DCEL Shareholder or holder of DCEL Options or DCEL Warrants, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. DCEL and Lycos shall be authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to DCEL and Lycos, as the case may be, to enable it to comply with its deduction or withholding requirements and DCEL and Lycos shall notify the holder thereof, as soon as reasonably practicable, and remit any unapplied balance of the net proceeds of such sale to such holder.

- (b) Notwithstanding the foregoing, DCEL directs Lycos to withhold any amount required to be withheld by DCEL in accordance with applicable Tax laws and administrative policies of the CRA on DCEL's behalf and DCEL further directs Lycos to remit such withhold amounts to the CRA on its behalf.
- (c) Each DCEL Shareholder that is a non-resident of Canada or a partnership other than a Canadian partnership (a "**Non-Resident Vendor**") for purposes of the Tax Act shall be subject to section 4.9 of the Plan of Arrangement in respect of the Cash Consideration; provided, however, that any escrow agreement entered into in accordance with section 4.9 of the Plan of Arrangement shall be in such form and substance as DCEL and Lycos may agree, acting reasonably.

## **2.9 Arrangement Resolution**

- (a) DCEL has, concurrent with the signing of this Agreement, delivered to Lycos the Written Resolution, as executed by DCEL Shareholders holding greater than 66.67% of the DCEL Shares.
- (b) DCEL agrees that it shall use all reasonable commercial efforts to obtain an executed Written Resolution from all remaining DCEL Shareholders.

## **2.10 Independent Operations Notices**

If requested by Lycos, DCEL shall use its reasonable commercial efforts to obtain extensions with respect to deadlines by which any independent operations notices and/or other commitments (with respect to wells or otherwise) are due under any farm-in agreements.

## **2.11 Northern Disposition**

If the Northern Disposition has not closed on or prior to the date of the Order, the Parties shall enter into an amendment or amendment and restatement of this Agreement and the Plan of Arrangement to amend the Plan of Arrangement to provide for the transfer of the Northern Assets to a wholly owned subsidiary of DCEL and the distribution of the shares of such subsidiary to the shareholders of DCEL.

### ARTICLE 3 COVENANTS

#### 3.1 Covenants of DCEL

DCEL covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of Lycos (such consent not to be unreasonably withheld, conditioned or delayed), except as set forth in the DCEL Disclosure Letter (including, without limitation, the DCEL Budget) or except as in respect of the Northern Asset Disposition or After-Acquired Assets and the fulfillment of its obligations under Section 2.4 or as otherwise expressly permitted or specifically contemplated by this Agreement (including, without limitation, the Plan of Arrangement) or the Excluded Asset Disposition Agreement or required by Applicable Laws:

- (a) DCEL shall conduct its business only in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and it shall consult with Lycos in respect of its ongoing business and affairs and keep Lycos apprised of all material developments relating thereto;
- (b) DCEL shall carry out its capital spending program only in relation to capital expenditures agreed to by the Parties prior to the date hereof (as noted by reference to the DCEL Budget) and except as permitted herein (including as set forth in 3.1(a)), shall not amend or modify the capital spending program to increase spending, in whole or in part (provided that nothing herein shall require DCEL to make or incur any such expenditures);
- (c) DCEL shall not, directly or indirectly, do or permit to occur any of the following:
  - (i) amend its constating documents;
  - (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;
  - (iii) issue (other than on exercise or conversion of currently outstanding DCEL Options or DCEL Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares or other securities of DCEL, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of DCEL;
  - (iv) redeem, purchase or otherwise acquire any of its outstanding DCEL Shares or other securities;
  - (v) amend the terms of any of its securities, including the DCEL Options or DCEL Warrants other than to accelerate the vesting of any unvested DCEL Options or DCEL Warrants in accordance with this Agreement;
  - (vi) split, combine or reclassify any of its securities;

- (vii) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of DCEL;
  - (viii) make any material change to the business, capital or affairs of DCEL;
  - (ix) reduce the stated capital of DCEL or any of the outstanding DCEL Shares or any other shares of DCEL;
  - (x) pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;
  - (xi) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Arrangement; or
  - (xii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (d) DCEL shall not, directly or indirectly, do or permit to occur any of the following:
- (i) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets other than production in the ordinary course of DCEL's business consistent with past practice;
  - (ii) expend, commit to expend or otherwise incur any liabilities in excess of \$10,000 individually and \$25,000 in the aggregate other than in respect of costs included the DCEL Transaction Costs;
  - (iii) expend or commit to expend any amounts with respect to any operating expenses in excess of \$10,000 individually and \$25,000 in the aggregate;
  - (iv) reorganize, amalgamate, merge or otherwise combine DCEL with any other Person;
  - (v) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;
  - (vi) acquire any assets, other than any After-Acquired Assets;
  - (vii) incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors which are included in the DCEL Transaction Costs;

- (viii) pay, settle, discharge or satisfy any claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the DCEL Financial Statements;
  - (ix) authorize, recommend or propose any material release or relinquishment of any right under any DCEL Material Contract;
  - (x) waive, release, grant or transfer any rights of value or modify or change in any material respect any existing license, lease, contract, production sharing agreement, government land concession or other material document;
  - (xi) enter into or terminate any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 31 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions;
  - (xii) enter into any agreements for the sale of production having a term of more than 31 days;
  - (xiii) enter into any contracts or transactions with any officer or director of DCEL;  
or
  - (xiv) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (e) DCEL will promptly provide to Lycos, for review and approval by Lycos and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement, including without limitation, any press release, and Lycos agrees to keep such information confidential until same is made publicly available;
- (f) other than the payment of amounts contemplated by Section 2.3, DCEL shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (g) other than the payment of amounts contemplated by Section 2.3, DCEL shall not:
- (i) grant any officer, director or employee an increase in compensation in any form;
  - (ii) grant any general salary increase;
  - (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers or employees (other than to seek a waiver thereof);
  - (iv) adopt or

amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan (including the DCEL Option Plan) or any other equity compensation plan; (v) advance any loan to any officer, director or any other party not at arm's length; (vi) make any payment to any director, officer, employee or consultant outside of their ordinary and usual compensation for services provided to DCEL; (vii) enter into or amend any employment, severance, change of control or termination agreement or the terms of any outstanding rights thereunder, as applicable (other than to seek a waiver thereof); (viii) hire or terminate any officers or employees except as contemplated hereby; or (ix) enter into any material consulting contract or operating agreement that: (A) cannot be terminated on 31 days or less notice without penalty, or (B) alone, or in the aggregate with any other consulting contract or operating agreements, would create an obligation in excess of \$10,000;

- (h) DCEL shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (i) DCEL shall promptly notify Lycos in writing of any material change (actual, anticipated, contemplated or, to the knowledge of DCEL threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of DCEL or of any change in any representation or warranty provided by DCEL in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and DCEL shall in good faith discuss with Lycos any change in circumstances (actual, anticipated, contemplated, or to the knowledge of DCEL threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Lycos pursuant to this provision;
- (j) DCEL shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by DCEL in this Agreement untrue in any material respect;
- (k) DCEL shall provide to Lycos all such information respecting its operations and affairs as may be reasonably requested from time to time by Lycos;
- (l) DCEL shall keep Lycos informed as to the material decisions required with respect to the most advantageous methods of exploring, operating and producing from its business, in the opinion of DCEL;
- (m) DCEL shall use its reasonable commercial efforts to preserve intact its business organizations and goodwill and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;

- (n) except for non-substantive communications with third parties and communications to legal and other advisors of DCEL, DCEL will furnish promptly to Lycos and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by DCEL in connection with the Arrangement; (ii) any filings under Applicable Laws in connection with the Arrangement, if applicable; and (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;
- (o) DCEL shall make all necessary filings and applications pursuant to Applicable Laws required to be made on the part of DCEL in connection with the transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;
- (p) DCEL will furnish promptly to Lycos and its legal counsel any requests from any Governmental Authority or other regulatory authority for any information in respect of the business, operations, financial condition or assets of DCEL or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could affect DCEL or its properties or assets in a material way;
- (q) DCEL shall use reasonable commercial efforts to resolve any material defects in title to its properties of which it is aware prior to the Effective Date and which would or may have a Material Adverse Effect on DCEL or as otherwise requested by Lycos acting reasonably and agrees to consult with Lycos with respect to all such steps as are proposed to be taken in connection therewith;
- (r) DCEL will, and will use its reasonable commercial efforts to cause its Representatives to, at Lycos' expense, cooperate with Lycos as reasonably requested by Lycos in connection with the Lycos Financing;
- (s) DCEL shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (t) DCEL shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of DCEL;
- (u) DCEL shall:
  - (i) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and on or prior to the Effective Date and ensure all such Tax Returns will be true, complete and correct in all material respects;
  - (ii) timely pay all Taxes shown on such Tax Returns and make all required withholdings and remittances in respect of Taxes;
  - (iii) not make or rescind any Tax Return, or file any amended Tax Returns, where the result of such action is inconsistent with past practice or the Applicable Laws relating to Taxes;

- (iv) not make a request for a ruling or decision from, or enter into any agreement with, any Governmental Authority relating to a material amount of Taxes;
  - (v) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
  - (vi) not, directly or indirectly, reduce the amount, or amend the characterization, of any of its individual categories of Tax Pools or any other tax attributes, other than as required by law;
  - (vii) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws; and
  - (viii) properly reserve (and reflect such reserves in its books and records and financial statements) in a manner consistent with past practice, and in accordance with GAAP and Applicable Laws relating to Taxes, for all Taxes accruing in respect of DCEL which are not due or payable prior to the Effective Date;
- (v) DCEL shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return;
  - (w) DCEL shall make available to Lycos, and consents to the use of, all financial statements, reserve information and other information of DCEL which may be required to be disclosed by Lycos in any Lycos documents, including, without limitation, any business acquisition report, information circular or prospectus of Lycos, and any amendments thereto, as may be necessary or required under Applicable Canadian Securities Laws. Such financial statements shall be prepared in accordance with GAAP.
  - (x) DCEL shall advise Lycos of any material breach, default or non-compliance with any covenant, term or condition of Northern Asset Purchase and Sale Agreement or the Excluded Asset Purchase and Sale Agreement and shall not agree to any material waiver amendment of the terms and conditions thereof, in whole or in part, unless the consent of Lycos is given for such waiver or amendment, such consent not to be unreasonably withheld or delayed.

### **3.2 Covenants of Lycos**

Lycos covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of DCEL (such consent not to be unreasonably withheld, conditioned or delayed), except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement) or required by Applicable Laws:

- (a) Lycos shall take all reasonable commercial steps as may be necessary to complete the Lycos Financing;

- (b) Lycos shall ensure that it has available funds to pay the Cash Consideration, and shall take all such actions as may be necessary to ensure that it is able to pay such amounts when required;
- (c) Lycos shall not, directly or indirectly, do or permit to occur any of the following:
  - (i) amend its constating documents;
  - (ii) except as disclosed in the Lycos Public Record prior to the date hereof, declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares;
  - (iii) except under any normal course issuer bid, redeem, purchase or otherwise acquire any of its outstanding Lycos Shares or other securities, except as permitted pursuant to the terms thereof and as permitted in accordance with the terms hereunder;
  - (iv) amend the terms of any of its securities;
  - (v) split, combine or reclassify any of its securities;
  - (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, consolidation or reorganization of Lycos;
  - (vii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Arrangement; or
  - (viii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) Lycos will promptly provide to DCEL, for review and approval by DCEL and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement or DCEL, including without limitation, any press release or material change report, subject to Lycos' obligations under Applicable Laws to make timely disclosure of material information, and DCEL agrees to keep such information confidential until same is filed as part of the Lycos Public Record;
- (e) Lycos shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Lycos in this Agreement untrue in any material respect;
- (f) Lycos shall promptly notify DCEL in writing of any Material Adverse Change (actual, anticipated, contemplated or, to the knowledge of Lycos threatened, financial or otherwise) in respect of Lycos which is not reflected in the Lycos Financial Statements, or of any change in any representation or warranty provided by Lycos in this Agreement which change is not reflected in the Lycos Financial Statements and which is or may be of such a nature to render any representation

or warranty misleading or untrue in any material respect and Lycos shall in good faith discuss with DCEL any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Lycos threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to DCEL pursuant to this provision;

- (g) except for non-substantive communications with third parties and communications to legal and other advisors of Lycos, Lycos will furnish promptly to DCEL and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by Lycos in connection with the Arrangement; (ii) any filings under Applicable Laws in connection with the Arrangement; and (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;
- (h) Lycos shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (i) Lycos shall make all necessary filings and applications under Applicable Laws required to be made on the part of Lycos in connection with the transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;
- (j) Lycos shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of Lycos;
- (k) Lycos shall indemnify and save harmless DCEL from and against: (i) any and all claims by third parties (including Persons who are existing or future shareholders of Lycos ) under Applicable Canadian Securities Laws and U.S. Securities Laws or similar laws of other jurisdictions; and (ii) any and all losses that result from such claims to which DCEL may be subject or which DCEL may suffer, whether under the provisions of any statute or otherwise, to the extent caused by, or arising, directly or indirectly, from or in consequence of any misrepresentation or alleged misrepresentation contained in any prospectus or other offering document utilized in the Lycos Financing;
- (l) Lycos shall apply to the TSXV for conditional approval of the listing of the Lycos Shares issuable pursuant to the Arrangement on the TSXV and shall use all reasonable commercial efforts to obtain such conditional approval, subject only to customary conditions for listing of such Lycos Shares, and shall take all necessary corporate action to allot and reserve for issuance the Lycos Shares to be issued in the Arrangement;
- (m) Lycos will continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default under the securities legislation in force in all provinces of Canada where it is a reporting issuer as at the date hereof;
- (n) Lycos will maintain the listing of the Lycos Shares on the TSXV; and
- (o) Lycos will lodge the Cash Consideration and the Share Consideration with the Depositary prior to the Effective Time.

### **3.3 Mutual Covenants Regarding the Arrangement**

From the date of this Agreement until the earlier of the Effective Date or the termination of this Agreement, each of DCEL and Lycos will use its reasonable commercial efforts to: (i) satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder; (ii) not take, or cause to be taken, any action or cause anything to be done that would cause such obligations not to be fulfilled in a timely manner; and (iii) take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable commercial efforts:

- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement;
- (d) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;
- (e) to reasonably cooperate with the Other Party and their tax advisors in structuring the Arrangement and any other transactions contemplated to occur in conjunction with the Arrangement in a tax effective manner, and assist the Other Party and its tax advisors in making such investigations and inquiries with respect to such Party in that regard, as the Other Party and their tax advisors shall consider necessary, acting reasonably, provided that such Party shall not be obligated to consent or agree to any structuring or transaction that has the effect of, in the case of DCEL, reducing or, in the case of Lycos, increasing, the consideration to be received under the Arrangement; and

Each of DCEL and Lycos will cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 and this Agreement.

### **3.4 Covenants Regarding Non-Solicitation**

- (a) DCEL shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any officers, directors, employees, representatives, agents or advisors of DCEL or other parties on its behalf), with any parties (other than pursuant to this Agreement) with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. DCEL shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties. DCEL shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or

otherwise) and shall as soon as possible request, to the extent that it is entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information provided to any third parties who have entered into a confidentiality or similar agreement with DCEL relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding it and shall use all reasonable commercial efforts to ensure that such requests are honoured. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in this subsection (a) by DCEL or its officers, directors, employees, advisors, representatives and agents shall be deemed to be a breach of this subsection (a) by DCEL.

- (b) DCEL shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
- (i) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding), the making of any proposal or offer that constitutes or may constitute, or may reasonably be expected to lead to, an Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;
  - (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish or provide access to any other Person any information, including with respect to its businesses, properties, assets, securities, liabilities, operations, prospects or condition (financial or otherwise), in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;
  - (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any "standstill" or similar provisions thereunder (it being acknowledged and agreed that the automatic termination of any standstill provision of any such agreement as a result of entering into and the announcement of this Agreement by the Parties pursuant to the express terms of any such agreement, shall not be in violation of this subsection (b));
  - (iv) accept, recommend, approve, agree to or endorse, or propose publicly to accept, recommend, approve, agree to or endorse, any Acquisition Proposal or agreement, understanding or arrangement in relation thereto; or
  - (v) withdraw, amend, modify or qualify, or propose to withdraw, amend, modify or qualify, in any manner adverse to Lycos, the approvals, determinations and recommendations of the DCEL Board as set forth in Section 2.7.

### 3.5 Provision of Information; Access

- (a) Until the Effective Date or termination of this Agreement, DCEL shall provide Lycos and its representatives access, during normal business hours and at such other time or times as Lycos may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Lycos all information concerning its business, properties and personnel as Lycos may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit Lycos to be in a position to expeditiously and efficiently integrate the business and operations of DCEL immediately upon but not prior to the Effective Date. Without limitation, DCEL agrees to keep Lycos fully apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of DCEL. DCEL shall confer with and obtain Lycos' approval (not to be unreasonably withheld, conditioned or delayed), prior to taking action (other than in emergency situations) with respect to all operational matters involved in its business, including, without limitation, decisions with respect to drilling, completions, equipping, recompletions, shut-ins and timing for tying in production from wells.
- (b) Until the Effective Date or termination of this Agreement, Lycos shall provide DCEL and its representatives access, during normal business hours and at such other time or times as DCEL may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to DCEL all information concerning its business, properties and personnel as DCEL may reasonably request, which information shall remain subject to the Confidentiality Agreement.

### 3.6 Confirmation of DCEL Working Capital

At least three (3) Business Days prior to the Effective Date, DCEL shall provide Lycos with its *bona fide* good faith detailed calculation of the DCEL Working Capital as of the Effective Date. DCEL shall provide all documentation and information that Lycos may reasonably request in order for Lycos to satisfy itself, acting reasonably, with such calculation (such calculation as provided by DCEL and satisfactory to Lycos, acting reasonably, being the "**Estimated DCEL Working Capital**").

## ARTICLE 4 REPRESENTATIONS AND WARRANTIES

### 4.1 Representations and Warranties of DCEL

DCEL represents and warrants to and in favour of Lycos and acknowledges that Lycos is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: DCEL is a corporation duly organized and validly subsisting under the Applicable Laws of the Province of Alberta and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. DCEL is duly registered or authorized

to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, operated, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary except where the failure to have such standing which, if not in place, would not, individually or in the aggregate, have a Material Adverse Effect on Lycos or DCEL or significantly impede the ability of DCEL to consummate the Arrangement. Copies of the constating documents DCEL have been provided to Lycos, together with all amendments to date, and are accurate and complete as of the date hereof and have not been amended or superseded.

- (b) Authority Relative to this Agreement: DCEL has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by DCEL of the transactions contemplated by the Arrangement has been duly authorized by the DCEL Board and, subject to the requisite approval of the DCEL Shareholders and the obtaining of the Order, no other proceedings on the part of DCEL are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by DCEL and constitutes a legal, valid and binding obligation of DCEL enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries: DCEL has no subsidiaries.
- (d) No Restrictions: There are no rights of first refusal and similar rights restricting transfer of the DCEL Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of DCEL to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.
- (e) No Violations: Except as contemplated by this Agreement:
  - (i) neither the execution and delivery of this Agreement by DCEL nor the consummation of the transactions contemplated by the Arrangement nor compliance by DCEL with any of the provisions hereof will:
    - (A) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of DCEL or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of DCEL; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract

or other instrument or obligation to which DCEL is a party or to which it, or any of its properties or assets, may be subject or by which DCEL is bound;

- (B) subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to DCEL or any of its properties or assets; or
  - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect; and
- (ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the obtaining of the Order and filing with the Registrar pursuant to subsection 193(4)(1) of the ABCA:
- (A) there is no legal impediment to DCEL's consummation of the Arrangement; and
  - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of DCEL in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Lycos or DCEL or significantly impede the ability of DCEL to consummate the Arrangement.
- (f) Litigation: There are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of DCEL, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect DCEL or affecting or that would reasonably be expected to affect any of its properties or assets at law or in equity or before or by any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of DCEL.
- (g) Taxes, etc.:
- (i) All Tax Returns required to be filed by or on behalf of DCEL have been duly filed on a timely basis and all such Tax Returns are true, complete and correct in all material respects. All Taxes or instalments of Taxes shown to be payable on such Tax Returns, or on subsequent assessments with respect thereto, have been paid in full on a timely basis, and no other material Taxes are payable by DCEL with respect to items or periods covered by such Tax Returns.

- (ii) There are no assessments or reassessments of any Taxes that have been issued or are outstanding, or pursuant to which there are any amounts owing. No Governmental Authority has audited, challenged, disputed or questioned DCEL in respect of Taxes or of any Tax Returns, filings or other reports filed under any statute providing for Taxes. DCEL is not negotiating any draft assessment or reassessment with any Governmental Authority. DCEL is not aware of any contingent Liabilities for a material amount of Taxes or any grounds for an assessment or reassessment with respect thereto including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any return or notice. DCEL has not received any indication from any Governmental Authority that an audit, assessment or reassessment is proposed in respect of any Taxes, regardless of its merits. DCEL has not executed or filed with any Governmental Authority any agreement extending the period for the filing of any Tax Returns or for the assessment, reassessment or collection of any Taxes. DCEL has not requested, nor entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (A) to file any Tax Return for which DCEL is or may be liable; (B) to file any elections, designations or similar documents or instruments relating to Taxes for which DCEL is or may be liable; (C) DCEL is required to pay or remit any Taxes or amounts on account thereof; or (D) any Governmental Authority may assess, reassess or collect Taxes for which either DCEL is or may be liable.
- (iii) DCEL has not claimed an amount for a tax credit, refund, rebate, overpayment or similar adjustment of Taxes to which it is not entitled and has retained all documentation prescribed by Applicable Law and in accordance with Applicable Laws to support any claims for such amounts.
- (iv) No Governmental Authority of a jurisdiction in which DCEL has not filed a Tax Return has made any written claim that DCEL is or may be subject to Tax or required to file Tax Returns by such a Governmental Authority in such jurisdiction. There is no basis for a claim that DCEL is subject to Tax in a jurisdiction in which DCEL does not file Tax Returns.
- (v) DCEL has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes on a timely basis and in accordance with Applicable Laws relating to Taxes, (including, without limiting the generality of the foregoing, Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account of any person, including any employees, officers or directors and any non-resident Person) including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, DCEL has established adequate accruals in conformity with GAAP in the DCEL Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. DCEL has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or

not shown as being due on any Tax Return. The liability for Taxes has been assessed for all taxation periods up to and including December 31, 2022.

- (vi) No material deficiencies exist, have been asserted, or to the knowledge of DCEL, have been threatened, by any Governmental Authority with respect to Taxes of DCEL that have not yet been settled.
- (vii) No Tax rulings have been requested or issued by any Governmental Authority with respect to DCEL.
- (viii) DCEL has provided to Lycos true copies of all Tax Returns filed by DCEL in the last 3 years and all material correspondence with any Governmental Authority relating to Taxes sent or received by DCEL in the last 3 years, including all notices of assessment or reassessment, for any taxation periods that remain open for assessment or reassessment as of the date hereof.
- (ix) DCEL is not a party to any sharing, indemnity or allocation agreement or arrangement relating to Taxes, and DCEL has not, nor could it have, any liabilities or obligations in respect of Taxes under any such sharing, indemnity or allocation agreement relating to Taxes. Without limiting the generality of the foregoing, DCEL, has not entered into an agreement contemplated in section 80.04 or 191.3 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada. No material liability (or reasonable claim of material liability) shall arise under any sharing, indemnity or allocation agreement or arrangement relating to Taxes or as a result of the transactions contemplated hereby.
- (x) All ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of DCEL's hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of DCEL's oil and gas assets prior to the date hereof have been properly and fully paid and discharged in all material respects, and there are no unpaid Taxes or assessments which could result in a lien or charge on DCEL's oil and gas assets.
- (xi) DCEL has not claimed in any Tax Return for any taxation year ending on or before the date hereof any reserve (including, without limitation, any reserve under paragraph 20(1)(m) or 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of DCEL for any period ending after the date hereof.
- (xii) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 15, 17, 69, 78, 79, 79.1, or 80 to 80.04 of the Tax Act to DCEL.
- (xiii) DCEL has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would

subject it to a liability under section 69 or 160 of the Tax Act or under any equivalent provisions of any applicable legislation.

- (xiv) DCEL has complied with all registration, reporting, collection and remittance requirements in respect of all federal and provincial sales tax legislation including, but not limited, to the *Excise Tax Act* (Canada). DCEL has provided to Lycos all invoices, purchase orders, and all such other documents as are necessary to report any material claim for income tax credits or refunds claimed or to be claimed pursuant to the *Excise Tax Act* (Canada).
- (xv) DCEL has never issued any flow-through shares (for purposes of the Tax Act).
- (xvi) DCEL has complied with subsection 89(14) of the Tax Act in respect of any dividend designated by it as an eligible dividend for the purposes of the Tax Act at the time of designation and payment of such a dividend and has not made an "excessive eligible dividend designation" within the meaning of subsection 89(1) of the Tax Act in respect of any dividend paid, or deemed by any provision of the Tax Act to have been paid, on any class of shares of its capital.
- (xvii) DCEL has not made a capital dividend election under subsection 83(2) of the Tax Act in an amount which exceeds the amount in its "capital dividend account" at the time of such election.
- (xviii) DCEL has not made any payment, nor is it obligated to make any payment, and it is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or any analogous provincial or similar provision.
- (xix) DCEL has not had a "loss restriction event" as defined in subsection 251.2(2) of the Tax Act.
- (xx) DCEL has not claimed any amount under the Canada emergency wage subsidy ("**CEWS**"), temporary wage subsidy, Canada emergency rent subsidy or any other COVID-19 related assistance or subsidies that it was not otherwise entitled to claim in respect of any period (or portion thereof) ending on or prior to the Effective Date. To the extent that DCEL has claimed any such amount, it was not used to fund dividends or pay executive bonuses. DCEL has duly and timely completed and filed all CEWS Tax Returns required to be filed by it, or that it elected to file, and all such returns are complete, correct, and accurate in all material respects.
- (xxi) DCEL is and at all times has been a "Canadian-controlled private corporation" within the meaning ascribed by the Tax Act.
- (xxii) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by DCEL with respect to all material transactions between DCEL and any non-resident person

with whom DCEL was not dealing at arm's length within the meaning of the Tax Act.

- (h) Investment Canada Act: DCEL is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).
- (i) Tax Act Residency: DCEL is not a non-resident for the purposes of the Tax Act and is a taxable Canadian corporation within the meaning of subsection 89(1) of the Tax Act.
- (j) Reporting Issuer Status: DCEL is not a "reporting issuer" or its equivalent designation in any jurisdiction. No Securities Authority, other competent authority or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of DCEL, no such proceeding is, to the knowledge of DCEL, pending, contemplated or threatened.
- (k) Capitalization: As of the date hereof, the authorized capital of DCEL consists of an unlimited number of DCEL Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 11,131,481 DCEL Shares and no other shares are issued and outstanding. Other than: (i) DCEL Options to acquire up to 1,113,148 DCEL Shares; and (ii) DCEL Warrants to acquire up to 2,226,296 DCEL Shares, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by DCEL of any securities of DCEL (including DCEL Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of DCEL (including DCEL Shares). All outstanding DCEL Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all DCEL Shares issuable upon the exercise or surrender of DCEL Options and DCEL Warrants in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the DCEL Shares, there are no securities of DCEL outstanding which have the right to vote generally (except that the DCEL Options and DCEL Warrants are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the DCEL Shareholders on any matter.
- (l) Equity Monetization Plans: There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of DCEL and which are based upon the revenue, value, income or any other attribute of DCEL.
- (m) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the DCEL Shares or any other securities of DCEL have been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of DCEL, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.

- (n) Reports: DCEL has made available or delivered to Lycos true and complete copies of: (i) the DCEL Financial Statements; (ii) DCEL's annual report for the year ended December 31, 2022; (iii) DCEL's quarterly report for the quarter ending March 31, 2023; (iv) DCEL's information circular and proxy statement dated June 2 2023 relating to its annual meeting of DCEL Shareholders held on June 26, 2023; and (v) all other DCEL Shareholder communications since January 1, 2023. As of their respective dates such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect (except with respect to forecasts, projects, and other forward-looking statements, in respect of which no representation or warranty is provided hereunder) and complied in all material respect with all Applicable Laws, such documents (including all exhibits and schedules thereto): (A) did not contain a "misrepresentation" (as defined in Applicable Canadian Securities Laws); and (B) complied in all material respects with all applicable requirements of Applicable Laws, including Applicable Canadian Securities Laws.
- (o) DCEL Financial Statements: The DCEL Financial Statements were prepared in accordance with GAAP, consistently applied, (except as otherwise indicated in such financial statements and the notes thereto), and present fairly in accordance with GAAP, consistently applied, the financial position, results of operations and changes in financial position of DCEL on a consolidated basis as of the dates thereof and for the periods indicated therein. There has been no material change in DCEL accounting policies since January 1, 2023.
- (p) Books and Records: The financial books, records and accounts of DCEL, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of DCEL; and (iii) accurately and fairly reflect the basis for the DCEL Financial Statements. The corporate records and minute books of DCEL have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to Lycos.
- (q) Absence of Certain Changes or Events: Except for the Arrangement, as disclosed in the DCEL Disclosure Letter, the Excluded Asset Disposition, the Northern Asset Disposition, or any action taken in accordance with this Agreement, since January 1, 2023:
- (i) DCEL has conducted its business only in the ordinary course of business substantially consistent with past practice;
  - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to DCEL has been incurred other than in the ordinary course of business other than where such liability or obligation would not have a Material Adverse Effect on DCEL;
  - (iii) there has been no Material Adverse Change in respect of DCEL; and

- (iv) DCEL has not, and to the knowledge of DCEL, no director, officer, employee or auditor of DCEL, has received or otherwise had or obtained knowledge of any fraud or material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of DCEL or its internal accounting controls.
- (r) Registration, Exemption Orders, Licenses, etc.: To the knowledge of DCEL, DCEL has obtained and is in compliance with Governmental Authorizations, except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on DCEL. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on DCEL. No proceedings are pending or, to the knowledge of DCEL, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on DCEL.
- (s) Compliance with Laws: The operations and business of DCEL are and have been carried out in compliance with and not in violation of any Applicable Laws in all material respects, and DCEL has not received any notice of any alleged material violation of any such Applicable Laws.
- (t) Restrictions on Business Activities: There is no judgment, injunction or order binding upon DCEL, and DCEL is not subject to any contractual commitment, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on DCEL.
- (u) Acquisition Proposals: DCEL has not waived or released the applicability of any "standstill" or other provisions of any confidentiality or other similar agreements entered into by DCEL that would otherwise have been in effect as of the date of this Agreement, and no such waiver or release may occur under any such agreement without DCEL's consent or the passing of time. DCEL has not negotiated or engaged in any discussions in respect of any proposal of the nature described in the definition of Acquisition Proposal with any Person that has not entered into a confidentiality agreement with DCEL that includes customary standstill provisions, which provisions do not provide for any waiver or release thereof other than with DCEL's consent or the passing of time.
- (v) Non-Arm's Length Transactions: Except as disclosed in the DCEL Disclosure Letter and for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, there are no Contracts or other transactions (including with respect to loans or other indebtedness) currently in place between DCEL, on the one hand, and (i) any officer, director or employee of, or consultant to DCEL, (ii) any holder of record or beneficial owner of 10% or more of the voting securities of

DCEL, or (iii) any associate or affiliate of any such Person (collectively, "**DCEL Related Parties**"). Except as disclosed in the DCEL Disclosure Letter, no DCEL Related Party, owns, has or is entitled to any royalty, net profits interest, carried interest, participation interest, or any other Encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of DCEL or any revenue or rights attributed thereto. No director, officer, insider or other non-arm's length party of DCEL is indebted to DCEL.

- (w) Title: Although it does not warrant title, DCEL has no reason to believe that DCEL does not have title to or the right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purpose of this Section, the foregoing are referred to as the "**DCEL Interests**") and does represent and warrant that the DCEL Interests are free and clear of adverse claims created by, through or under DCEL except for Permitted Encumbrances and that, to the best of its knowledge, information and belief, DCEL holds the DCEL Interests under valid and subsisting leases, licences, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements.
- (x) Absence of Undisclosed Liabilities: DCEL does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
  - (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the DCEL Financial Statements (for the purposes of this Section, the "**DCEL Balance Sheet**");
  - (ii) those incurred subsequent to the date of the DCEL Balance Sheet in the ordinary course of business; and
  - (iii) those incurred in connection with the execution of this Agreement.
- (y) Absence of Undisclosed Changes: Other than as disclosed in the DCEL Disclosure Letter or as a result of the Northern Asset Disposition, there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of DCEL from the position set forth in the DCEL Financial Statements and DCEL has not incurred or suffered a Material Adverse Change since December 31, 2022 and since that date, other than as disclosed in the DCEL Disclosure Letter or as a result of the Northern Asset Disposition, there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of DCEL.
- (z) No Defaults: DCEL is not in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any Contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, have a Material Adverse Effect on DCEL. DCEL is not in violation of any Applicable Laws which violation could have a Material Adverse Effect on DCEL.

- (aa) (i) No action or proceeding has been commenced or filed by or against DCEL which seeks or would reasonably be expected to lead to:
  - (A) receivership, bankruptcy, a commercial proposal or similar proceeding of DCEL;
  - (B) the adjustment or compromise of claims against DCEL;
  - (C) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for DCEL or any portion of their assets, and no such action or proceeding has been authorized or is being considered by or on behalf of DCEL; or
- (ii) DCEL has not:
  - (A) made, or is considering making, an assignment for the benefit of their respective creditors; or
  - (B) requested, or is considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its respective indebtedness.
- (bb) Pre-emptive Rights: Other than in respect of the Excluded Asset Disposition and Northern Asset Disposition, there are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the material rights, title, interests, property, licenses or assets of DCEL that will be triggered or accelerated by the Arrangement.
- (cc) Environmental: Except to the extent that violations or other matters referred to in this subsection would not, individually or in the aggregate, have a Material Adverse Effect on DCEL:
  - (i) DCEL is not in violation of any applicable Environmental Laws;
  - (ii) DCEL has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
  - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by DCEL, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by DCEL, that have not been fully remediated;
  - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of DCEL which Parties has received notice;

- (v) DCEL has not failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
  - (vi) DCEL holds all Environmental Approvals required in connection with the operation of its business and the ownership and use of its assets, all Environmental Approvals are in full force and effect, and DCEL has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
  - (vii) there are no pending or, to the knowledge of DCEL, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of DCEL currently or formerly owned, leased, operated or otherwise used; and
  - (viii) DCEL has not assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third party pursuant to applicable Environmental Laws.
- (dd) Material Contracts: As of the date hereof, the DCEL Disclosure Letter contains an accurate list of all of the following Contracts, correct, current and complete copies of which have been made available to Lycos (the "**DCEL Material Contracts**"): (i) all Contracts containing any rights on the part of any Person, including joint venture partners or entities, to acquire oil and gas or other property rights from DCEL; (ii) all Contracts containing any rights on the part of DCEL to acquire oil and gas or other property rights from any Person; (iii) any Contract in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition of assets or securities or other equity interests of another Person; (iv) any material standstill or similar Contract currently restricting the ability of DCEL to offer to purchase or purchase the assets or equity securities of another Person; (v) other than employment or consultancy agreements, the DCEL Option Plan and the warrant certificates, all Contracts which entitle a party to rights of termination, the terms or conditions of which may or will be altered, or which entitle a party to any fee, payment, penalty or increased consideration, in each case as a result of the execution of this Agreement, the consummation of the transactions contemplated hereby or a "change in control" of DCEL including without limitation any seismic license or similar agreements; and (vi) other than employment or consultancy agreements, the DCEL Option Plan and the warrant certificates, all Contracts pursuant to which DCEL will, or may reasonably be expected to, result in a requirement of DCEL to expend more than an aggregate of \$50,000 or receive or be entitled to receive revenue of more than an aggregate of \$50,000 in either case in the next 12 months, other than contracts which are in the ordinary course of DCEL. Each of such DCEL Material Contracts constitutes a legally valid and binding agreement of DCEL, enforceable in accordance with their respective terms and, to the knowledge of DCEL, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such Contract or agreement which is material to the business of DCEL and no event

has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a Material Adverse Effect on DCEL. There are no transportation, processing or marketing agreements to which DCEL is a party, except for agreements terminable by DCEL without bonus, penalty or other costs on not more than 31 days' notice.

(ee) Employee Benefit Plans: DCEL has made available to Lycos true, complete and correct copies of each employee benefits plan (collectively, the "**DCEL Plans**") covering active, former or retired employees of DCEL, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

- (i) each DCEL Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
- (ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
- (iii) each DCEL Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of DCEL, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
- (iv) to the knowledge of DCEL, there are no pending or anticipated claims against or otherwise involving any of the DCEL Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of DCEL Plan activities) has been brought against or with respect to any DCEL Plan;
- (v) all contributions, reserves or premium payments required to be made to the DCEL Plans have been made or provided for; and
- (vi) DCEL does not have any obligations for retiree health and life benefits under any DCEL Plan.

(ff) Employees:

- (i) DCEL has disclosed in the DCEL Disclosure Letter all employees and consultants of DCEL, including the DCEL Change of Control Payments payable to such employees.
- (ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of DCEL by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have DCEL

declared a related employer or successor employer pursuant to applicable labour legislation. DCEL has not engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other labour dispute is occurring. There are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to DCEL. DCEL has not engaged in any closing or lay-off activities within the past two years that would violate or in any way subject DCEL to the group termination or lay-off requirements of Applicable Laws.

- (iii) DCEL has not recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by DCEL for the purpose of consummating the transactions contemplated by this Agreement.
- (gg) Employment Agreements: Except as set forth in the DCEL Disclosure Letter:
  - (i) DCEL is not a party to any written contracts of employment or consultancy which may not be terminated on one month's notice, or which provide for payments occurring on a change of control of DCEL; and
  - (ii) DCEL is not a party to any employment agreement, consultancy agreement, or to any written or oral policy, agreement, obligation or understanding which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by Applicable Law, or which creates rights in respect of loss or termination of office or employment or consultancy in relation to the Arrangement or which contains any specific agreement as to obligations arising on a change of control or as to notice of termination or severance pay in lieu thereof.
- (hh) Brokers and Finders: DCEL has not retained nor will it retain any financial advisor, broker, agent or finder or pay or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.
- (ii) Rights Plans: DCEL does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire DCEL Shares or other securities of DCEL or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.
- (jj) Employment and Officer Obligations: Except as set forth in the DCEL Disclosure Letter, there are no existing health plans or pension obligations, employment or consulting services agreements, or termination, severance, bonus, change of control or retention plans or policies of DCEL.

- (kk) Insurance: Policies of insurance that are in force as of the date hereof naming DCEL as an insured adequately and reasonably cover all risks as are customarily covered by oil and gas producers in the industry in which DCEL operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance to protect the interests of DCEL. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (ll) Board Approval: The DCEL Board has unanimously made the determinations and recommendations as set forth in Section 2.7.
- (mm) Proceeds of Crime: DCEL has not, directly or indirectly, (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction, or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to DCEL and its operations and DCEL has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (nn) Sanctions: Neither DCEL nor its directors or officers nor, to the knowledge of DCEL, any agent, employee or affiliate of DCEL (i) is, or is controlled by or is acting on behalf of, any Person that is currently the subject of any sanctions administered or enforced by the United States (including any sanctions administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State or the Bureau of Industry and Security of the U.S. Department of Commerce, and including, without limitation, the designation as a "specially designated national" or "blocked person") or Canada (including sanctions administered or enforced by Global Affairs Canada and the Royal Canadian Mounted Police or other relevant sanctions authority) (collectively, "**Sanctions**"), or (ii) is located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions that broadly prohibit dealings with that country or territory, including, without limitation, Crimea, Sudan, Syria, Iran, Russia and North Korea, and neither DCEL nor its directors or officers nor, to the knowledge of DCEL, any agent, employee or affiliate of DCEL were knowingly engaged in, are now knowingly engaged in, or will knowingly engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions. Neither DCEL nor its directors or officers nor, to the knowledge of DCEL, any agent, employee or affiliate of DCEL has received any notice alleging they have violated any Sanctions, and, to the knowledge of DCEL, no condition or circumstances exist that would form the basis of any such allegations.
- (oo) Swaps: Except as set forth in the DCEL Disclosure Letter, DCEL has no obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options,

bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales transactions having terms greater than 31 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.

- (pp) Arrangements in Respect of Outstanding Securities: Neither DCEL nor (to the knowledge of DCEL) any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of DCEL.
- (qq) Insiders: To the knowledge of DCEL, no insider of DCEL has a present intention to sell any securities of DCEL.
- (rr) Operational Matters: Except to the extent that any matter referenced to in this Subsection 4.1(rr) does not, and would not, reasonably be expected to have a Material Adverse Effect on DCEL, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of DCEL has been, in all material respects: (i) duly paid; (ii) duly performed; or (iii) provided for prior to the date hereof and all costs, expenses and liabilities payable on or prior to the date hereof under the terms of any contracts and agreements to which DCEL is directly or indirectly bound have been properly and timely paid, except for such expenses that are being currently paid prior to delinquency in the ordinary course of business.
- (ss) DCEL has not received notice of (nor is it aware of) any default in respect of any of the DCEL Interests or under any title or operating documents or any other agreement or instrument pertaining to its oil and natural gas assets to which it is a party or by which it or any such assets are bound or subject, except to the extent such defaults would not in the aggregate have a Material Adverse Effect on DCEL.
- (tt) None of the wells in which DCEL holds an interest is being produced in excess of applicable production allowables imposed by any Applicable Law or any Governmental Authority and DCEL does not have any knowledge of any impending change in production allowables imposed by any Applicable Law or any Governmental Authority that may be applicable to any of the wells in which any of them holds an interest, other than changes of general application in the jurisdiction in which such wells are situate.
- (uu) DCEL has not received notice of any production penalty or similar production restriction of any nature imposed by any Governmental Authority and none of the wells in which it holds an interest are subject to any such penalty or restriction.
- (vv) To the best of the knowledge, information and belief of DCEL, all wells located on any lands in which DCEL has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned have been abandoned in all material respects in accordance with all Applicable Laws regarding the abandonment of wells.

- (ww) Good Oilfield Practices: Any and all operations of DCEL (and to its knowledge, all operations of third parties) on or in respect of the assets and properties of DCEL have been conducted in compliance with good oilfield practices except as would not have a Material Adverse Effect on DCEL.
- (xx) Location of Assets and U.S. Sales: All of the assets and property of DCEL, including all entities "controlled by" DCEL for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$78.2 million during DCEL's most recent completed fiscal year.
- (yy) Foreign Private Issuer: DCEL is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (zz) Investment Company: DCEL is not registered or, assuming it was incorporated in the United States, required to be registered as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.
- (aaa) Exchange Act: No class of securities of DCEL is registered or required to be registered pursuant to Section 12 of the United States Securities Exchange Act of 1934, as amended, nor does DCEL have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.
- (bbb) No Guarantees: DCEL has not guaranteed, endorsed, assumed, indemnified (other than pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of DCEL and Applicable Laws, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of DCEL's directors, officers, employees, consultants or DCEL Shareholders.
- (ccc) Payments to Employees, Non-Residents, Etc.: DCEL has: (i) withheld from each payment made to any of its present or former employees, officers or directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act, and to other persons, all amounts required by Applicable Law or administrative practice to be withheld and has remitted such amounts within the prescribed periods to the appropriate Taxing Authority; (ii) remitted all Taxes and has remitted such amounts to the proper Taxing Authority within the time required by Applicable Law; and (iii) charged, collected and remitted, on a timely basis, all Taxes as required by Applicable Law on any sale, supply, delivery whatsoever, made by DCEL.
- (ddd) Debt Service Reserve Account: DCEL does not maintain a debt service reserve account or account of a similar nature.
- (eee) DCEL Transactions Costs: The DCEL Disclosure Letter sets out a genuine pre-estimate of the DCEL Transaction Costs, including a detailed breakdown of such DCEL Transaction Costs and, provided that no significant events, challenges or

revisions to the transactions contemplated by this Agreement occur, the aggregate DCEL Transaction Costs will not exceed \$300,000.

- (fff) DCEL Tax Pools: DCEL Tax Pools at December 31, 2022 are not less than the amounts set forth in the DCEL Disclosure Letter, and, except as set forth in the DCEL Disclosure Letter or as a result of the North Asset Disposition or the Excluded Asset Disposition, DCEL has not taken any action, or entered into any transaction, outside of the ordinary course of business that would have the effect of materially reducing any amount set forth therein.
- (ggg) Authorizations for Expenditures: DCEL has authorizations for expenditures and other like commitments with respect to its assets, the estimated outstanding portion of which, in an aggregate amount, does not exceed \$8,000 and all such authorizations and commitments are set forth in the DCEL Disclosure Letter.
- (hhh) Land Position: DCEL's net developed and undeveloped land position of its assets other than the North Assets and the Excluded Assets as at the date hereof is not less than 35,382 net acres.
- (iii) Production: DCEL's average production on its assets other than the North Assets and the Excluded Assets as of the date hereof was not less than 150 BOE/d.
- (jjj) No Withholding: DCEL has not withheld from Lycos any material information or documents concerning DCEL or the assets or liabilities of DCEL during the course of the review by Lycos of DCEL and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document, including the DCEL Disclosure Letter, provided or to be provided to Lycos by DCEL pursuant hereto contains or will contain any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (kkk) Areas of Mutual Interest and Exclusion: As of the Effective Time, DCEL will not be subject to any areas of mutual interest or areas of exclusion.

## 4.2 Representations and Warranties of Lycos

Lycos represents and warrants to and in favour of DCEL and acknowledges that DCEL is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: Lycos has been duly organized and is validly subsisting under the Applicable Laws of the jurisdiction of its incorporation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Lycos is duly registered or authorized to conduct its affairs or do business, as applicable, and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to have such standing which, if not in place, would not, individually or in the aggregate, have a Material Adverse Effect on Lycos or significantly impede the ability of Lycos to consummate the Arrangement.

- (b) Authority Relative to this Agreement: Lycos has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Lycos of the transactions contemplated by the Arrangement has been duly authorized by the Lycos Board and, subject to the obtaining of the Order, no other proceedings on the part of Lycos are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Lycos and constitutes a legal, valid and binding obligation of Lycos enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries: Lycos has no subsidiaries.
- (d) No Restrictions: There are no rights of first refusal and similar rights restricting transfer of the Lycos Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of Lycos to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.
- (e) No Violations: Except as contemplated by this Agreement:
  - (i) neither the execution and delivery of this Agreement by Lycos nor the consummation of the transactions contemplated by the Arrangement nor compliance by Lycos with any of the provisions hereof will:
    - (A) other than any consents or approvals required from Lycos' lender under Lycos' credit facility, violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance upon any of the properties or assets of Lycos or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Lycos; or (2) any material note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract or other instrument or obligation to which Lycos is a party or to which it, or any of its properties or assets, may be subject or by which Lycos is bound;
    - (B) subject to compliance with applicable statutes and regulations and stock exchange rules, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Lycos or any of its properties or assets; or
    - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect; and

- (ii) other than in connection with or in compliance with the provisions of Applicable Laws and the rules of the TSXV in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for any consents or approvals required from Lycos' lender under the Lycos' credit facility and the obtaining of the Order:
  - (A) there is no legal impediment to Lycos' consummation of the Arrangement; and
  - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Lycos in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Lycos or DCEL, or significantly impede the ability of Lycos to consummate the Arrangement.
- (f) Lycos Shares: Lycos has reserved and allotted a sufficient number of Lycos Shares as are issuable pursuant to the Arrangement, and, subject to the terms and conditions of the Arrangement, such Lycos Shares will be validly issued as fully paid and non-assessable to previous holders of DCEL Shares pursuant to the Arrangement.
- (g) Investment Canada Act: Lycos is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).
- (h) Taxes:
  - (i) All Tax Returns required to be filed by or on behalf of Lycos have been duly filed on a timely basis and all such tax returns are true, complete and correct in all material respects;
  - (ii) No material deficiencies exist, have been asserted, or to the knowledge of Lycos, have been threatened, by any Governmental Authority with respect to Taxes of Lycos that have not yet been settled;
  - (iii) Lycos has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes on a timely basis and in accordance with Applicable Laws relating to Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, Lycos has established adequate accruals in conformity with GAAP in the Lycos Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. Lycos has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return. The liability for Taxes has been assessed for all taxation periods up to and including December 31, 2022.

- (iv) Lycos is not a non-resident for the purposes of the Tax Act and is a taxable Canadian corporation within the meaning of subsection 89(1) of the Tax Act.
  
- (i) Reporting Issuer Status: Lycos is a "reporting issuer" in British Columbia, Alberta and Saskatchewan and is in material compliance with all Applicable Canadian Securities Laws therein and the Lycos Shares are listed and posted for trading on the TSXV. Lycos is not in default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSXV. No delisting, suspension of trading in or cease trading order with respect to the Lycos Shares is pending or, to the knowledge of Lycos, threatened. Lycos has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Lycos with the Securities Authorities since becoming a "reporting issuer". Lycos has not filed any confidential material change report that, at the date hereof, remains confidential.
  
- (j) Capitalization: As of the date hereof, the authorized capital of Lycos consists of an unlimited number of Lycos Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 40,404,140 Lycos Shares and no other shares are issued and outstanding. As of the date hereof, no person holds any securities convertible into or exchangeable for Lycos Shares or has any agreement, warrant, option, right or privilege being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued Lycos Shares or other securities of Lycos except in respect of 2,134,375 options issued under Lycos' stock option plan and 5,706,262 Lycos Share purchase warrants. All outstanding Lycos Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights.
  
- (k) Funds Available: Lycos has executed a bought deal letter with a syndicate of underwriters in respect of an equity financing of Lycos Shares for minimum gross proceeds of \$25.0 million (the "**Lycos Financing**") and as at the Effective Date, Lycos will have, sufficient funds available to satisfy the transactions and obligations contemplated by this Agreement, including the Cash Consideration.
  
- (l) No Lawsuits or Claims: As of the date of this Agreement, Lycos has not received notice of any claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances in existence, contemplated, nor, to its knowledge, pending or threatened against Lycos to seek to prevent the consummation of the Arrangement.
  
- (m) Equity Monetization Plans: Other than pursuant to Lycos' employee share purchase plan, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Lycos and which are based upon the revenue, value, income or any other attribute of Lycos.
  
- (n) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Lycos Shares or any other securities of Lycos have been issued by any Governmental Authority and is continuing in effect and

no proceedings for that purpose have been instituted, are pending or, to the knowledge of Lycos, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.

- (o) Reports: As of the respective dates of the documents contained in the Lycos Public Record, such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied in all material respects with all Applicable Laws.
- (p) Lycos Financial Statements: The Lycos Financial Statements were prepared in accordance with GAAP, consistently applied (except: (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Lycos' independent auditors; or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP, consistently applied, the financial position, results of operations and changes in financial position of Lycos and its subsidiaries, on a consolidated basis, as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no material change in Lycos accounting policies since January 1, 2023.
- (q) Compliance with Laws: The operations and business of Lycos are and have been carried out in compliance with and not in violation of any Applicable Laws all material respects, and Lycos has not received any notice of any alleged material violation of any such Applicable Laws.
- (r) Proceeds of Crime: Lycos has not, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Lycos and its operations and Lycos has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (s) Arrangements in Respect of Outstanding Securities: Neither Lycos nor (to the knowledge of Lycos) any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Lycos.
- (t) Foreign Private Issuer: Lycos is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.

- (u) Investment Company: Lycos is not registered or, assuming it was incorporated in the United States, required to be registered as an "investment company" pursuant to the United States Investment Company Act of 1940, as amended.
- (v) Exchange Act: No class of securities of Lycos is registered or required to be registered pursuant to Section 12 of the United States Securities Exchange Act of 1934, as amended, nor does Lycos have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.

### 4.3 Privacy Issues

- (a) For the purposes of this Section 4.3, the following definitions shall apply:
  - (i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of Applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;
  - (ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act (Canada)* or any comparable provincial law including the *Personal Information Protection Act (Alberta)* or both;
  - (iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
  - (iv) "**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred by one Party to another Party in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either of the Parties pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

- (c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless (i) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose, or (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.
- (d) Each of the Parties acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.
- (e) Each of the Parties acknowledge and confirm that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each of the Parties shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each of the Parties shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access such information in order to complete the Arrangement.
- (g) Where authorized by applicable law, each of the Parties shall promptly notify the Other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the Other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

## ARTICLE 5 CONDITIONS PRECEDENT

### 5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Order: The Order shall have been granted in form and substance satisfactory to DCEL and Lycos, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to DCEL and Lycos, acting reasonably, on appeal or otherwise.
- (b) Effective Date: The Effective Date shall occur on or before the Outside Date.
- (c) Lycos Shares: The TSXV shall have conditionally approved for listing all of the Lycos Shares issuable to the DCEL Shareholders pursuant to the Arrangement.
- (d) No Actions: There shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of DCEL and Lycos and may be waived, in whole or in part, by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Section 4.3, Section 6.1, Article 9, Section 10.4 and Section 10.8 hereof which shall survive such termination and remain in full force and effect) by written notice to the Other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

### 5.2 Additional Conditions to Obligations of DCEL

The obligation of DCEL to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of Lycos set forth herein (without giving effect to any materiality qualifiers contained therein) shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Lycos or would

not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Lycos shall have provided to DCEL a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Lycos shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from DCEL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).

- (b) Covenants: Lycos shall have complied in all respects with its covenants herein, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Lycos, or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Lycos shall have provided to DCEL a certificate of a senior officer certifying (without personal liability) compliance with such covenants; provided that Lycos shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from DCEL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of DCEL, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change or have a Material Adverse Effect on Lycos, or would, or would reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement.
- (d) Lycos Board Authorization: Lycos shall have furnished DCEL with certified copies of the resolutions duly passed by the Lycos Board approving the entering into of this Agreement and the consummation of the transactions contemplated hereby.
- (e) No Material Adverse Change: Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Lycos.
- (f) Depositary: Lycos shall have lodged the Cash Consideration and the Share Consideration with the Depositary.

The conditions in this Section 5.2 are for the exclusive benefit of DCEL and may be asserted by DCEL regardless of the circumstances or may be waived by DCEL in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which DCEL may have. If any of the foregoing conditions are not satisfied or waived, DCEL may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Section 4.3, Section 6.1, Article 9, Section 10.4 and Section 10.8 hereof which shall survive such termination and remain in full force and effect).

### 5.3 Additional Conditions to Obligations of Lycos

The obligation of Lycos to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of DCEL set forth herein (without giving effect to any materiality qualifiers contained therein) shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on DCEL or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and DCEL shall have provided to Lycos a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that DCEL shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Lycos (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants: DCEL shall have complied in all respects with their covenants herein, except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on DCEL or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and DCEL shall have provided to Lycos a certificate of a senior officer certifying (without personal liability) compliance with such covenants; provided that DCEL shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Lycos (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Lycos, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on DCEL or would materially impede the ability of the Parties to complete the Arrangement.
- (d) DCEL Board and Shareholder Authorization: DCEL shall have furnished Lycos with:
  - (i) certified copies of the resolutions duly passed by the DCEL Board approving the entering into of this Agreement and the consummation of the transactions contemplated hereby; and

- (ii) copies of the Written Resolution duly executed by holders of not less than 66.67% of the issued and outstanding DCEL Shares.
- (e) DCEL Options and DCEL Warrants: Lycos shall be satisfied, acting reasonably, that (i) all DCEL Options and DCEL Warrants have been exercised or surrendered in accordance with their terms by the holders thereof in exchange for DCEL Shares or Lycos shall be otherwise satisfied, acting reasonably, that the DCEL Options and DCEL Warrants will no longer represent any right to acquire DCEL Shares after giving effect to the Arrangement, and (ii) there are no other outstanding claims or rights or securities which could become claims or rights to DCEL Shares, and DCEL shall have provided to Lycos a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (f) No Material Adverse Change: Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to DCEL.
- (g) Releases: Executed resignations and mutual releases in a form acceptable to Lycos, acting reasonably, shall have been received by Lycos on or prior to the Effective Date from each Person who is a director or officer of DCEL or an employee of DCEL (provided such employee is entitled to receive a severance amount as a consequence of the Arrangement).
- (h) Hold Period Agreement: Executed Hold Period Agreements, in a form acceptable to Lycos, acting reasonably, shall have been received by Lycos on or prior to the Effective Date from each of the individuals set forth in Schedule 1.1(bbb) of the DCEL Disclosure Letter.
- (i) Area of Exclusion of Agreements: Executed Area of Exclusion of Agreements, in a form acceptable to Lycos, acting reasonably, shall have been received by Lycos on or prior to the Effective Date from each of the individuals set forth in Schedule 1.1(j) of the DCEL Disclosure Letter.

The conditions in this Section 5.3 are for the exclusive benefit of Lycos and may be asserted by Lycos regardless of the circumstances or may be waived by Lycos in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Lycos may have. If any of the foregoing conditions are not satisfied or waived, Lycos may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(ii) (save and except for Section 4.3, Section 6.1, Article 9, Section 10.4 and Section 10.8 hereof which shall survive such termination and remain in full force and effect).

#### **5.4 Notice and Effect of Failure to Comply with Conditions**

Each of DCEL and Lycos shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

## **5.5 Satisfaction of Conditions**

The conditions set forth in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

## **ARTICLE 6 AGREEMENT AS TO REMEDIES**

### **6.1 Injunctive Relief and Remedies**

Each Party agrees that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by the Other Party in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to seek injunctive relief to restrain any breach or threatened breach by the Other Party of the covenants or agreements set forth in this Agreement, the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith, this being in addition to any other remedy to which such Party may be entitled at law or in equity.

## **ARTICLE 7 AMENDMENT**

### **7.1 Amendment**

This Agreement may at any time and from time to time be amended by written agreement of all of the Parties hereto without, subject to the Order and Applicable Law, further notice to or authorization on the part of the securityholders of DCEL and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein; provided that no such amendment reduces or materially adversely affects the consideration to be received by a DCEL Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

### **7.2 Amendment of Plan of Arrangement**

- (a) Lycos and DCEL may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set forth in writing; (ii) filed with the Court; and (iii) communicated to the holders of DCEL Shares, if an as required by the Court.

- (b) Any amendment to the Plan of Arrangement may be proposed by DCEL or Lycos at any time (provided that the Other Party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted, shall become part of the Plan of Arrangement for all purposes.
- (c) Any amendment to the Plan of Arrangement that is approved by the Court shall be effective only if it is consented to by each of Lycos and DCEL.

## **ARTICLE 8 TERMINATION**

### **8.1 Termination**

- (a) This Agreement may be terminated at any time prior to the Effective Date:
  - (i) by mutual written consent of DCEL and Lycos;
  - (ii) as provided in Sections 5.1, 5.2 and 5.3;
  - (iii) by DCEL if:
    - (A) Lycos is in breach of any of its covenants made in this Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, Lycos, or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Lycos fails to cure such breach within five Business Days after receipt of written notice thereof from DCEL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or
    - (B) Lycos is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, Lycos, or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and Lycos fails to cure such breach within five Business Days after receipt of written notice thereof from DCEL (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
  - (iv) by Lycos if:
    - (A) DCEL is in breach of any of its covenants made in this Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, DCEL, or materially impedes or would reasonably be expected to materially impede the

completion of the Arrangement, and DCEL fails to cure such breach within five Business Days after receipt of written notice thereof from Lycos (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or

- (B) DCEL is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, DCEL, or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and DCEL fails to cure such breach within five Business Days after receipt of written notice thereof from Lycos (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to and of the Other Party hereunder except as provided in Section 4.3, Section 6.1, Article 9 and Sections 10.4 and 10.8 and each Party's obligations under the Confidentiality Agreement, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Subsection (b) shall relieve either Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

## **ARTICLE 9 NOTICES**

### **9.1 Notices**

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by overnight courier or sent by email:

- (a) in the case of Lycos, to:

**Lycos Energy Inc.**  
1900, 215 – 2nd Street SW  
Calgary, Alberta T2P 1M4

Email: [Contact information redacted]  
Attention: [Contact information redacted]

with a copy (which shall not constitute notice) to:

**Stikeman Elliott LLP**  
Suite 4200, 888 - 3rd Street SW

Calgary, Alberta T2P 5C5

Email: [Contact information redacted]

Attention: [Contact information redacted]

(b) in the case of DCEL, to:

**Durham Creek Exploration Ltd.**

420, 600 – 6<sup>th</sup> Avenue SW

Calgary, Alberta T2P 0S5

Email: [Contact information redacted]

Attention: [Personal information redacted]

with a copy (which shall not constitute notice) to:

**Burnet, Duckworth & Palmer LLP**

2400, 525 – 8<sup>th</sup> Avenue SW

Calgary, Alberta T2P 1G1

Email: [Contact information redacted]

Attention: [Contact information redacted]

or such other address as the Parties may, from time to time, advise the Other Party hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery is received or a confirmation of receipt of email is received.

**ARTICLE 10  
GENERAL**

**10.1 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

**10.2 Assignment**

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party hereto without the prior written consent of the Other Party hereto.

**10.3 Public Communications**

Each of the Parties agree to consult with the Other Party prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the Other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the Other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all

commercially reasonable efforts to give prior oral or written notice to the Other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

#### **10.4 Costs**

Except as otherwise expressly provided for in Section 2.4 and Section 6.1, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense, whether or not the Arrangement is completed.

#### **10.5 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

#### **10.6 Further Assurances**

Each of the Parties hereto shall, from time to time and at all times hereafter, at the request of the Other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

#### **10.7 Time of Essence**

Time shall be of the essence of this Agreement.

#### **10.8 Applicable Law and Enforcement**

This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta in respect of all matters arising out of this Agreement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

#### **10.9 Waiver**

Either Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the Other Party, (ii) waive compliance with the Other Party's agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies

in the Other Party's representations or warranties contained herein or in any document delivered by the Other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of the Other Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

#### **10.10 Third Party Beneficiaries**

The provisions of Section 2.5(a) and 2.5(b) are: (i) intended for the benefit of all such present directors and officers of DCEL and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**DCEL Third Party Beneficiaries**") and DCEL shall hold the rights and benefits of such section in trust for and on behalf of the DCEL Third Party Beneficiaries and Lycos hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the DCEL Third Party Beneficiaries; and (ii) are in addition to, and not in substitution for, any other rights that the DCEL Third Party Beneficiaries may have by contract or otherwise.

#### **10.11 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

*[signature page follows]*

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

**LYCOS ENERGY INC.**

Per: (signed) "David J. Burton"  
Name: David J. Burton  
Title: President and Chief Executive Officer

**DURHAM CREEK EXPLORATION LTD.**

Per: (signed) "Dan Hermary"  
Name: Dan Hermary  
Title: President and Chief Executive Officer

**EXHIBIT "A"**  
**PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT**  
**UNDER SECTION 193 OF THE**  
***BUSINESS CORPORATIONS ACT (ALBERTA)***

**ARTICLE 1**  
**INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following terms have the following meanings:
- (a) "**ABCA**" means the *Business Corporations Act*, Alberta R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
  - (b) "**Aggregate Consideration**" means \$22,500,000, subject to adjustment in accordance with Section 2.4;
  - (c) "**Amalco**" means the corporation resulting from the amalgamation of Lycos and DCEL pursuant to subsection 3.1(c) hereof;
  - (d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement made pursuant to section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
  - (e) "**Arrangement Agreement**" means the arrangement agreement dated September 13, 2023 between DCEL and Lycos with respect to the Arrangement and all amendments thereto;
  - (f) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(4) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;
  - (g) "**business day**" means any day, other than a Saturday, a Sunday and a statutory holiday in Calgary, Alberta;
  - (h) "**Cash Consideration**" means the consideration in the form of cash to be paid pursuant to the Arrangement, being an aggregate of \$12,500,000, subject to adjustment in accordance with Section 2.4;
  - (i) "**Cash Consideration Per DCEL Share**" means the amount obtained by dividing the aggregate Cash Consideration by the Total DCEL Shares;
  - (j) "**Cash Consideration Shares**" means, in respect of any Non-Resident Shareholder, that number of DCEL Shares, rounded up to the nearest whole number, equal to the total number of DCEL Shares held by such Non-Resident Shareholder multiplied by a fraction the numerator of which is the Cash Consideration to which such Non-Resident Shareholder is entitled and the denominator of which is the total of (i) the Cash Consideration to which such Non-Resident Shareholder is entitled plus (ii) the number of Lycos Shares comprising the Share Consideration to which such Non-Resident Shareholder is entitled multiplied by the Lycos Share Price;

- (k) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;
- (l) "**Comfort Letter**" has the meaning ascribed thereto in Section 4.9;
- (m) "**Court**" means the Court of King's Bench of Alberta;
- (n) "**Depository**" means Odyssey Trust Company or such other trust company as may be designated by Lycos and DCEL;
- (o) "**DCEL**" means Durham Creek Exploration Ltd., a corporation existing pursuant to the ABCA;
- (p) "**DCEL Shares**" means the common shares in the capital of DCEL;
- (q) "**DCEL Shareholders**" means the holders from time to time of DCEL Shares;
- (r) "**Effective Date**" means the date the Arrangement is effective under the ABCA;
- (s) "**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;
- (t) "**Escrow Agent**" means the escrow agent under the Escrow Agreement;
- (u) "**Escrow Agreement**" means the agreement between Lycos, the Escrow Agent and each Non-Resident Shareholder, and in the event any Non-Resident Shareholder does not execute an escrow agreement such Non-Resident Shareholder is deemed to be a party to an escrow agreement entered into by Lycos and the Escrow Agent, in such form and substance as DCEL and Lycos may agree, acting reasonably, giving effect to the terms set forth in Section 4.9;
- (v) "**Estimated DCEL Working Capital**" has the meaning ascribed thereto in the Arrangement Agreement;
- (w) "**Final Order**" means the final order of the Court approving this Arrangement under subsection 193(4) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (x) "**Letter of Transmittal**" means the letter of acceptance and transmittal pursuant to which DCEL Shareholders are required to deliver certificates representing DCEL Shares;
- (y) "**Lycos**" means Lycos Energy Inc., a corporation existing under the ABCA;
- (z) "**Lycos Share**" means a common share of Lycos;
- (aa) "**Lycos Share Price**" means the deemed price per Lycos Share of \$3.55;
- (bb) "**Non-Resident Shareholder**" means a DCEL Shareholder that, at all relevant times, is: (i) a person who is not a resident of Canada for the purposes of the Tax

- Act; or (ii) a partnership that is not a "Canadian partnership" as defined in the Tax Act;
- (cc) **"Registrar"** means the Registrar of Corporations appointed under section 263 of the ABCA;
  - (dd) **"Remittance Date Deadline"** has the meaning ascribed thereto in Section 4.9;
  - (ee) **"Share Consideration"** means the consideration in the form of Lycos Shares to be issued pursuant to the Arrangement, being an aggregate of 2,816,901 Lycos Shares, subject to rounding to account for fractional shares in accordance with Section 4.6;
  - (ff) **"Share Consideration Shares"** means, in respect of any Non-Resident Shareholder, the total number of DCEL Shares held by such Non-Resident Shareholder less such Non-Resident Shareholder's Cash Consideration Shares;
  - (gg) **"Tax Act"** means the *Income Tax Act* (Canada); and
  - (hh) **"Total DCEL Shares"** means the total number of issued and outstanding DCEL Shares as at the Effective Time.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections, paragraphs and subparagraphs are to articles, sections, subsections, paragraphs and subparagraphs of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.7 Unless otherwise specified, all references to "dollars" or "\$" shall mean Canadian dollars.
- 1.8 If any DCEL Shareholder has not given the representation and warranty contained in the Letter of Transmittal that such DCEL Shareholder is not a Non-Resident Shareholder, then

such DCEL Shareholder shall be deemed to be a Non-Resident Shareholder for purposes of this Plan of Arrangement.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.
- 2.2 The Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, will become effective at, and be binding on and after, the Effective Time on: (i) the DCEL Shareholders; (ii) DCEL; and (iii) Lycos.
- 2.3 The Articles of Arrangement for the Arrangement shall be filed. The Certificate issued in respect of the Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall be effective at the times specified in Article 3 on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(11) of the ABCA.
- 2.4 The Aggregate Consideration and Cash Consideration shall each be: (i) decreased, on a dollar for dollar basis, by the amount (if any) by which the Estimated DCEL Working Capital is less than \$nil; and (ii) increased, on a dollar for dollar basis, by the amount (if any) by which the Estimated DCEL Working Capital exceeds \$nil.

## **ARTICLE 3 ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:
  - (a) Subject to section 3.3, each issued and outstanding DCEL Share (other than the Share Consideration Shares held by Non-Resident Shareholders) shall be, and shall be deemed to be, transferred to, and acquired by, Lycos (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for the payment by Lycos to the DCEL Shareholders of a combination of Cash Consideration and Share Consideration as follows:
    - (i) an amount of cash, rounded to the nearest whole cent, equal to the amount obtained by multiplying the aggregate Cash Consideration by a fraction, rounded to the nearest six decimal places, the numerator of which is the number of DCEL Shares held by such DCEL Shareholder and the denominator of which is the Total DCEL Shares; and
    - (ii) that number of Lycos Shares, rounded to the nearest whole Lycos Share, equal to the amount obtained by multiplying the aggregate Share Consideration by a fraction, rounded to the nearest six decimal places, the numerator of which is the number of DCEL Shares held by such DCEL

Shareholder and the denominator of which is the Total DCEL Shares and then dividing such amount by the Lycos Share Price; and

for greater certainty, each Non-Resident Shareholder shall be deemed to dispose of only such Non-Resident Shareholder's Cash Consideration Shares for the Cash Consideration pursuant to subsection 3.1(a)(i) and not to have disposed of such Non-Resident Shareholder's Share Consideration Shares pursuant to subsection 3.1(a)(ii).

- (b) Lycos shall pay no more than the aggregate Cash Consideration and the aggregate Share Consideration in exchange for the DCEL Shares.
- (c) Lycos and DCEL shall be amalgamated and continued as one corporation under the ABCA to form Amalco in accordance with the following:
  - (i) *Name*. The name of Amalco shall be "Lycos Energy Inc." or such other name as the board of directors of Lycos may approve;
  - (ii) *Registered Office*. The registered office of Amalco shall be the registered office of Lycos;
  - (iii) *Share Provisions*. Amalco shall be authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series;
  - (iv) *Other Provisions*. The other provisions forming part of the articles of Amalco shall be those of Lycos, *mutatis mutandis*;
  - (v) *Directors and Officers*.
    - (A) Minimum and Maximum. The directors of Amalco shall, until otherwise changed in accordance with the ABCA, consist of a minimum number of three directors and a maximum number of fifteen directors;
    - (B) Initial Directors. The number of directors on the board of directors shall initially be set at seven and the initial directors of Amalco shall be the same as the directors of Lycos; and
    - (C) Initial Officers. The initial officers of Amalco shall be the same as the officers of Lycos;
  - (vi) *Business and Powers*. There shall be no restrictions on the business Amalco may carry on or on the powers it may exercise;
  - (vii) *Stated Capital*. The aggregate stated capital of Amalco will be an amount equal to the aggregate of the paid-up capital for the purposes of the Tax Act of the Lycos Shares and the DCEL Shares immediately before the amalgamation;

- (viii) *By-laws.* The by-laws of Amalco shall be the by-laws of Lycos, mutatis mutandis;
- (ix) *Effect of Amalgamation.* The provisions of subsections 186(b), (c), (d), (e) and (f) of the ABCA shall apply to the amalgamation with the result that:
  - (A) all of the property of each of Lycos and DCEL shall continue to be the property of Amalco;
  - (B) Amalco shall continue to be liable for all of the obligations of each of Lycos and DCEL;
  - (C) any existing cause of action, claim or liability to prosecution of Lycos or DCEL shall be unaffected;
  - (D) any civil, criminal or administrative action or proceeding pending by or against Lycos or DCEL may be continued to be prosecuted by or against Amalco; and
  - (E) a conviction against, or ruling, order or judgment in favour of or against, Lycos or DCEL may be enforced by or against Amalco;
- (x) *Articles.* The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Amalco and the Certificate issued in respect of such Articles of Arrangement by the Registrar under the ABCA which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Amalco;
- (xi) *Inconsistency with Laws.* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xii) *Exchange and Cancellation of Securities.* On the amalgamation:
  - (A) each issued and outstanding DCEL Share (other than DCEL Shares held by Lycos), if any, shall be cancelled and in consideration therefor Amalco shall issue to the DCEL Shareholder who held such DCEL Share that number of fully paid and non-assessable common shares of Amalco equal to such number of Lycos Shares that such DCEL Shareholder would have been entitled to receive pursuant to the provisions of subsection 3.1(a);
  - (B) each issued and outstanding Lycos Share shall be cancelled and in consideration therefor each holder thereof shall receive one fully paid and non-assessable common share in the capital of Amalco in respect of each Lycos Share; and
  - (C) each issued and outstanding DCEL Share held by Lycos shall be cancelled.

- 3.2 The parties shall make the appropriate entries into their securities registers to reflect the matters referred to under Section 3.1.
- 3.3 A DCEL Shareholder (other than a Non-Resident Shareholder) who received consideration consisting, in whole or in part, of Share Consideration shall be entitled to make a tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law). Lycos shall make available on Lycos' website tax election forms required under the Tax Act within 60 days of the Effective Date. Any DCEL Shareholder (other than a Non-Resident Shareholder) who wants to make such election and otherwise qualifies to make such election may do so by providing to Lycos two signed copies of the necessary election forms within 120 days following the Effective Date, duly completed with the details of the number of DCEL Shares transferred and the applicable agreed amount or amounts for the purposes of such election. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial or territorial income tax law), the forms will be signed by Lycos and returned to such DCEL Shareholder by ordinary mail within 30 days after the receipt thereof by Lycos for filing with the Canada Revenue Agency (or the applicable provincial or territorial taxing authority). Lycos will not be responsible for the proper completion of any election form and, except for the obligation of Lycos to so sign and return duly completed election forms which are received by Lycos within 120 days of the Effective Date. Lycos will not be responsible for any taxes, interest or penalties resulting from the failure by a DCEL Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation). In its sole discretion, Lycos may choose to sign and return an election form received by it more than 120 days following the Effective Date, but Lycos will have no obligation to do so.
- 3.4 Notwithstanding anything else in this Plan of Arrangement:
- (a) if a DCEL Shareholder (other than a Non-Resident Shareholder) makes a valid election described in section 3.3 hereof, then such DCEL Shareholder shall be deemed to have exchanged all of such DCEL Shareholder's DCEL Shares pursuant to subsection 3.1(a) hereof for a combination of the Cash Consideration and Share Consideration received by such DCEL Shareholder; and
  - (b) if a DCEL Shareholder (other than a Non-Resident Shareholder) does not make a valid election described in subsection 3.3 hereof, then such DCEL Shareholder shall be deemed to have exchanged, pursuant to section 3.1(a) hereof, that number of DCEL Shares (including any fraction thereof) equal to the aggregate Cash Consideration received by such DCEL Shareholder divided by the Cash Consideration Per DCEL Share solely for the Cash Consideration received, and to have exchanged such DCEL Shareholder's remaining number of DCEL Shares solely for the Share Consideration received.

#### **ARTICLE 4 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES**

- 4.1 From and after the Effective Time, certificates formerly representing DCEL Shares shall represent only the right to receive the consideration to which the holders are entitled under the Arrangement.

- 4.2 Prior to the Effective Time, Lycos shall: (i) provide to the Depositary a certified cheque, bank draft or wire transfer of funds in an amount equal to the aggregate amount of cash that the DCEL Shareholders are entitled to receive for their DCEL Shares in accordance with the terms of the Arrangement; and (ii) issue and deliver to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent for the Lycos Shares, to issue in a book based register the aggregate number of Lycos Shares payable to the former holders of DCEL Shares pursuant to the provisions of the Arrangement. Following the Effective Time, the Depositary shall be considered to hold such funds and Lycos Shares for the sole benefit of the DCEL Shareholders.
- 4.3 Subject to Section 4.9, the Depositary shall (as soon as is practicable but in any event not later than the date that is three (3) business days following the later of the Effective Date and the date of deposit by a former DCEL Shareholder of a duly completed and executed Letter of Transmittal, together with the share certificates representing the holder's DCEL Shares and such other documents and instruments as the Depositary may reasonably require) cause individual cheques (or other form of immediately available funds) and/or certificates representing the Lycos Shares (or arrange for the direct non-certificated deposit of the Lycos Shares), as applicable. Such cheques and/or Lycos Shares, as applicable, shall be forwarded by first class mail, postage pre-paid, to the person and at the address specified in the relevant Letter of Transmittal or, if no address has been specified therein, at the address specified for the particular holder in the register of holders of DCEL Shares. Cheques and/or Lycos Shares, as applicable, mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office.
- 4.4 If any certificate which immediately prior to the Effective Time represented an interest in outstanding DCEL Shares that were exchanged pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to Lycos and its transfer agent, which bond is in form and substance satisfactory to Lycos or shall otherwise indemnify Lycos and the Depositary against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.
- 4.5 Any certificate formerly representing DCEL Shares that is not deposited with all other documents as required by this Plan of Arrangement and the Letter of Transmittal on or before the last business day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, including the right of the holder of such DCEL Shares to receive the consideration that the holder is entitled pursuant to this Arrangement. In such case, the cash that the holder is entitled to pursuant to this Arrangement (including any dividends or other distributions in respect of Lycos Shares) shall be returned by the Depositary to Lycos and the Lycos Shares shall be returned to Lycos for cancellation.
- 4.6 No certificates representing fractional Lycos Shares shall be issued. In lieu of any fractional Lycos Share each registered DCEL Shareholder otherwise entitled to a fractional interest in an Lycos Share will receive the nearest whole number of Lycos

Shares (with fractions equal to or greater than 0.5 being rounded up and fractions less than 0.5 being rounded down).

- 4.7 Subject to Section 4.5, all dividends payable in respect of Lycos Shares to which a former DCEL Shareholder is entitled in accordance with this Plan of Arrangement, but for which a certificate representing such Lycos Shares has not been delivered to such former DCEL Shareholder (or the electronic non-certificated deposit of such Lycos Shares has not been completed) in accordance with this Article 4, shall be paid or delivered to the Depositary to be held in trust for such former DCEL Shareholder for delivery to the former DCEL Shareholder, net of all withholding and other taxes, upon delivery of the certificate representing the Lycos Shares (or the electronic deposit of Lycos Shares) in accordance with this Article 4.
- 4.8 Lycos, DCEL and the Depositary shall be entitled to deduct and withhold from any consideration, dividend or distribution otherwise payable to any holder of DCEL Shares, such amounts as any of Lycos, DCEL or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. Lycos, DCEL and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Lycos, DCEL and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement, and Lycos, DCEL and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.
- 4.9 In respect of any Non-Resident Shareholder, Lycos shall withhold from the cash payable to such Non-Resident Shareholder an amount equal to 25% of the Cash Consideration. Any amounts withheld by Lycos shall be deposited with the Escrow Agent.

If a clearance certificate is provided to Lycos by the Non-Resident Shareholder on or before the Effective Date, which certificate has been issued pursuant to subsection 116(2) of the Tax Act and Lycos determines, acting reasonably, no remittance is required under subsection 116(5) of the Tax Act, then Lycos shall direct the Escrow Agent to promptly deliver to the Non-Resident Shareholder all of the cash withheld from such Non-Resident Shareholder. If the certificate limit specified in the clearance certificate is less than the Cash Consideration payable to such Non-Resident Shareholder, the Escrow Agent shall remit to the Canada Revenue Agency on or prior to the 27th day of the month following the month in which the Effective Date occurs an amount equal to 25% of the amount by which the Cash Consideration payable to such Non-Resident Shareholder exceeds the certificate limit.

If a Non-Resident Shareholder provides to the Escrow Agent a certificate issued pursuant to subsection 116(2) or 116(4) of the Tax Act after the Effective Date, but on or before the 27th day of the month following the month in which the Effective Date occurs (the "**Remittance Date Deadline**"), and Lycos determines, acting reasonably, that no remittance of any amount is required, then Lycos shall direct the Escrow Agent to promptly deliver to the Non-Resident Shareholder any cash withheld from such Non-Resident Shareholder. If a Non-Resident Shareholder has not provided to the Escrow Agent a certificate issued pursuant to subsection 116(2) or 116(4) of the Tax Act or a customary

comfort letter issued by the Canada Revenue Agency confirming that Lycos is not required to remit any amount as required by subsection 116(5) of the Tax Act until such time as may be further notified by the Canada Revenue Agency (a "**Comfort Letter**") by the Remittance Date Deadline, or where such Non-Resident Shareholder has provided such certificate, but Lycos determines, acting reasonably, that remittance of an amount is required, then Lycos shall authorize the Escrow Agent to remit the required amount from the cash payable to the Non-Resident Shareholder.

In the event a Non-Resident Shareholder provides a Comfort Letter to Lycos on or prior to the Remittance Date Deadline, the Escrow Agent shall continue to hold such cash withheld until such time as the Non-Resident Shareholder provides a clearance certificate pursuant to subsection 116(2) or 116(4) or is otherwise directed by the Canada Revenue Agency to remit an amount, at which time the Escrow Agent shall follow the procedure for remitting cash.

If any DCEL Shareholder who is deemed to be a Non-Resident Shareholder pursuant to Section 1.8 herein provides, prior to the Remittance Date Deadline, evidence satisfactory to Lycos, acting reasonably, that such DCEL Shareholder is not a Non-Resident Shareholder, then Lycos shall direct the Escrow Agent to promptly pay the cash withheld from such DCEL Shareholder to such DCEL Shareholder

## **ARTICLE 5 AMENDMENTS**

- 5.1 Lycos and DCEL may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (a) set out in writing; (b) filed with the Court; and (c) communicated to the DCEL Shareholders if and as required by the Court.
- 5.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Lycos and DCEL at any time (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted, shall become part of this Plan of Arrangement for all purposes.