

AGREEMENT OF PURCHASE AND SALE

between

BLUE SKY RESOURCES LTD.

and

BLUE SKY GLOBAL ENERGY CORP.

Dated effective as of January 1, 2024

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Headings.....	11
1.3 Interpretation Not Affected by Headings.....	11
1.4 Schedules.....	11
1.5 Construction.....	11
1.6 Monetary References.....	12
1.7 Interpretation if Closing does not Occur.....	12
1.8 Miscellaneous Interpretation.....	12
1.9 Knowledge or Awareness.....	12
ARTICLE 2 PURCHASE AND SALE AND CLOSING.....	13
2.1 Purchase and Sale.....	13
2.2 Purchase Price.....	13
2.3 Allocation of Purchase Price.....	13
2.4 Payment of Taxes.....	14
ARTICLE 3 CONDITIONS OF CLOSING.....	15
3.1 Purchaser's Conditions.....	15
3.2 Vendor's Conditions.....	16
3.3 Efforts to Fulfil Conditions Precedent & Officer's Certificates.....	17
ARTICLE 4 CLOSING DELIVERIES.....	17
4.1 Deliveries at Closing.....	17
ARTICLE 5 TERMINATION.....	19
5.1 Termination.....	19
5.2 Effect of Termination.....	19
ARTICLE 6 REPRESENTATIONS AND WARRANTIES.....	19
6.1 Representations and Warranties of Vendor.....	19
6.2 Limitations.....	24
6.3 Representations and Warranties of Purchaser.....	26
6.4 Purchaser's Knowledge.....	28
6.5 Notice of Claims.....	28
ARTICLE 7 SECURITIES REGULATORY AND TSXV APPROVALS AND RESALE RESTRICTIONS.....	29
7.1 Required Approvals.....	29
7.2 Purchaser's Actions.....	29
7.3 Vendor's Cooperation.....	29
7.4 Compliance with TSXV Requirements.....	29
7.5 Transaction not Consummated.....	29
7.6 BSGE Shares Subject to Escrow.....	29
7.7 BSGE Shares Subject to Resale Restrictions.....	30
7.8 BSGE Share Certificates.....	30

TABLE OF CONTENTS

(continued)

	Page
ARTICLE 8 INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES	31
8.1 Vendor's Indemnities for Representations and Warranties	31
8.2 Purchaser's Indemnities for Representations and Warranties	31
ARTICLE 9 PURCHASER'S INDEMNITIES AND LIMITATION OF LIABILITY	31
9.1 Purchaser General Indemnity	31
9.2 Environmental Matters	31
9.3 Limitations	32
9.4 Third Party Claims	32
9.5 Third Party Beneficiaries	34
9.6 Mitigation	34
ARTICLE 10 ADJUSTMENTS	34
10.1 No Adjustments	34
ARTICLE 11 COVENANTS	34
11.1 Vendor Negative Covenants	34
11.2 Other Specific Conveyances	35
11.3 Title Documents and Miscellaneous Interests	36
11.4 Consents	36
11.5 Post-Closing Administration	37
11.6 Ratification and Indemnity	37
11.7 Operatorship	37
ARTICLE 12 RIGHTS OF FIRST REFUSAL	38
12.1 ROFR Asset Value Allocation	38
12.2 ROFR Exercise	38
12.3 ROFR Challenges	39
ARTICLE 13 GENERAL	40
13.1 Further Assurances	40
13.2 No Merger	40
13.3 Entire Agreement	40
13.4 Governing Law	40
13.5 Assignment	40
13.6 Enurement	41
13.7 Third Party Beneficiaries	41
13.8 Time of Essence	41
13.9 Notices	41
13.10 Invalidity of Provisions	42
13.11 Waiver	42
13.12 No Partnership	42
13.13 Amendment	42
13.14 Agreement not Severable	42
13.15 Public Announcements	42
13.16 Confidentiality	43
13.17 Expenses	44

TABLE OF CONTENTS
(continued)

	Page
13.18 Access	44
13.19 Remedies Generally	44
13.20 Electronic Signatures	44
13.21 Counterparts and Electronic Transmission.....	44

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT ("**Agreement**") executed on the 27th day of February, 2024 and made effective as of the 1st day of January, 2024,

BETWEEN:

BLUE SKY RESOURCES LTD., a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Vendor**")

- and –

BLUE SKY GLOBAL ENERGY CORP., a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**BSGE**" or "**Purchaser**")

WHEREAS Vendor wishes to sell and Purchaser wishes to purchase the interest of Vendor in and to the Assets, subject to and in accordance with the terms and conditions hereof;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) "Abandonment and Reclamation Obligations" means all past, present and future obligations in respect of the:
- (i) proper plugging and abandonment of the Wells;
 - (ii) closure, decommissioning, dismantling and removal of all Tangibles; and
 - (iii) restoration, remediation, rehabilitation and reclamation of the surface and subsurface locations of each of those items described in section 1.1(a)(i) and section 1.1(a)(ii), and all lands to which the Surface Rights relate;

all in accordance with generally accepted oil and gas industry practices in the area where the applicable PNG Asset is located and in compliance with the Title Documents and all Applicable Laws, including such obligations relating to Wells or Tangibles which were abandoned or decommissioned prior to the date hereof;

- (b) "Adjustment Date" means the hour of 12:01 a.m., Calgary time, on January 1, 2024;
- (c) "AFEs" means the authorities for expenditure, operations notices, amounts budgeted pursuant to the Unit Agreements, and mail ballots and cash calls, if any, pertaining to the PNG Assets;
- (d) "Affiliate" means any Person which directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with, a Party. For the purposes of this definition "control" means ownership of 50% or more of the voting rights or ownership interests in, or the power to direct or cause the direction of the management and policies, of the other Person, whether directly or indirectly, through one or more intermediaries or otherwise. For certainty, a partnership which is comprised of corporations which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates;
- (e) "Applicable Canadian Securities Laws" means the securities legislation of the Provinces of Alberta, British Columbia and Ontario;
- (f) "Applicable Law" means any law, statute, regulation, rule, ordinance, directive, order or judgment, enacted or issued by any Governmental Authority having jurisdiction over Vendor, Purchaser or the Assets, and the provisions and conditions of any permit, license, approval or other governmental or regulatory authorization in respect of the Assets or any of them;
- (g) "Assets" means the PNG Assets and the BSP Shares;
- (h) "BCER" means the British Columbia Energy Regulator and any predecessor thereof or successor thereto;
- (i) "BSGE Shares" means the amount of publicly traded shares of BSGE equivalent to 85% of the then issued share capital of BSGE;
- (j) "BSP" means Blue Sky Paus Ltd., a corporation incorporated in Alberta;
- (k) "BSP Shares" means the 100 common shares of BSP, comprising all of the issued and outstanding shares of BSP;
- (l) "Business Day" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (m) "Claim Notice" has the meaning ascribed to that term in section 9.4(a);
- (n) "Closing" means the closing of the purchase and sale of the Assets as herein provided for, and the issuance of the BSGE Shares, which shall occur within two (2) Business Days of the approval of the TSXV to the issuance of the BSGE Shares;
- (o) "Closing Date" means March 29, 2024, or such other date as the Parties may agree in writing;

- (p) "Closing Time" means the hour of 11:00 a.m. on the Closing Date, or such other time and date as may be agreed upon in writing by Vendor and Purchaser;
- (q) "CRA" means the Canada Revenue Agency;
- (r) "Customary Post-Closing Consents" means consents and approvals from any Governmental Authority or Third Party that are customarily obtained after closing in connection with transactions similar in nature to the Transaction, including consents of Third Parties required under operating agreements and similar agreements relating to the Petroleum and Natural Gas Rights;
- (s) "Deferred Acquisition Payments" means the periodic issuance of the remaining BSGE Shares, being 52,169,494 BSGE Shares (the "**Remaining Shares**"), after Closing, which issuances shall occur at any time BSGE issues further shares to public shareholders as part of a public financing (provided that public shareholdings increase and the number of shares in the hands of public shareholders of BSGE after any financing represent more than 20% of the issued and outstanding shares of BSGE at such time, in which event BSGE can then issue some portion of the Remaining Shares to BSR, up to a maximum to ensure BSGE maintains the 20% of the then issued and outstanding shares of BSGE as being held by public shareholders) and/or if new shares of BSGE are issued as part of an acquisition, a transaction or a business combination, subject to review and approval by the TSXV, or in accordance with the TSXV Tier 2 Value Escrow Agreement entered into by BSGE with the TSXV in accordance with the consolidation of the outstanding BSGE shares in conjunction with the TSXV approval of the Transaction;
- (t) "Draft Working Capital Statement" shall have the meaning ascribed to that term in Section 2.3(c)(i);
- (u) "Electronic Signatures" has the meaning ascribed thereto in section 13.19;
- (v) "Encumbrances" means all royalty burdens, if any, including lessor's royalties, compensatory royalties, liens, penalties, reductions of interest, conversion rights, adverse claims, carried profit interests, net profit interests, net revenue interests, mortgages, charges, Security Interests, pledges, claims, options, preferential rights of purchase, overriding royalties, production penalties, royalty interests (including ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of the Petroleum and Natural Gas Rights or the production of Petroleum Substances in respect of such Petroleum and Natural Gas Rights) and similar encumbrances applicable to the Petroleum and Natural Gas Rights reserved or payable (by way of a share in production of Petroleum Substances or by way of money) to any person or entity pursuant to the terms of the Leases, the Applicable Law, the Title Documents, or otherwise;
- (w) "Environmental Liabilities" means all past, present and future liabilities and obligations, whether under Applicable Law, in equity or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent and whether based on fault, strict liability, or otherwise, which arise in connection with or result from any damage, contamination or other environmental issues related to

the PNG Assets, whether such liabilities and obligations arose or arise in connection with the prior, current or future ownership of the PNG Assets or operations or activities conducted previously, on or after the date hereof on or in connection with the PNG Assets, including liabilities and obligations related to or arising from:

- (i) the manufacture, construction, processing, distribution, use, holding, collection, accumulation, generation, treatment, stabilization, handling, transportation, storage, or disposal of toxic or hazardous substances, Petroleum Substances, oilfield wastes or produced water to, from, on, under or within the Lands or lands pooled or unitized therewith;
- (ii) the release, spill, escape or emission of toxic or hazardous substances, Petroleum Substances, oilfield wastes or produced water to, from, on, under or within the Lands or lands pooled or unitized therewith;
- (iii) removal, assessment, monitoring, sampling, response, abatement, clean-up, investigation and reporting of pollution or contamination of or other adverse effects or problems on the environment;
- (iv) compliance or non-compliance with, and violations of, Applicable Laws relating to environmental, health or safety matters;
- (v) Abandonment and Reclamation Obligations;
- (vi) obligations to take action to prevent or rectify damage to or otherwise protect, conserve, reclaim, remediate, rectify or restore the environment;
- (vii) any other pollution or contamination of the surface, substrata, soil, air, ground water, surface water or marine environments; and
- (viii) claims, demands, damages or losses arising or suffered by Third Parties as a result of the occurrences in subsections (i) to (vii) of this section,

regardless of when or where such liabilities and obligations arose or arise and, for the purposes of this Agreement, the "environment" includes indoor and outdoor air, the surface and subsurface of the earth, bodies of water (including rivers, streams, lakes, aquifers and groundwater) and plant and animal life (including humans);

- (x) "Exercised ROFR Value" has the meaning ascribed to that term in section 12.2(b)(ii);
- (y) "Facilities" means the facility or facilities;
- (z) "General Conveyance" means the form of general conveyance attached hereto as Schedule "A";
- (aa) "Governmental Authority" means any government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau,

arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government having jurisdiction over the Assets, the Parties or the Transaction;

- (bb) "GST" means the goods and services tax levied under the *Excise Tax Act* (Canada) and the regulations thereto, and under any successor or parallel federal or provincial legislation that imposes a tax on the recipient of goods and services, in each case as amended from time to time;
- (cc) "IFRS Rules" means the international financial reporting standard rules adopted and applied by the Canadian Institute of Chartered Accountants at the relevant time;
- (dd) "Indemnified Party" has the meaning ascribed to that term in section 9.4(a);
- (ee) "Indemnifying Party" has the meaning ascribed to that term in section 9.4(a);
- (ff) "Independent Accounting Firm" means MNP LLP or a similarly recognized international accounting firm, mutually agreed to by the Parties;
- (gg) "Lands" means all lands set forth and the surface of and all geological zones and formations within, upon or under such lands;
- (hh) "Leased Substances" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (ii) "Leases" means the leases, licenses, grants, permits and similar documents of title by virtue of which the holder thereof is entitled to drill for, win, take, own or remove Petroleum Substances within, upon or under the Lands including as set forth on Schedule "A" or lands pooled or unitized therewith and includes, if applicable, all renewals and extensions of such documents;
- (jj) "Losses and Liabilities" means any and all:
 - (i) claims, demands, suits, proceedings, judgments, losses, charges, penalties, fines, fees, costs and expenses (including reasonable legal costs on a solicitor/client basis and reasonable costs of other professional advisors and reasonable costs of investigating and defending against such matters) sustained, suffered or incurred; and
 - (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise), whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent and whether based on fault, strict liability or otherwise;
- (kk) "Material Adverse Effect" means 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), or the results of operations of the PNG Assets, or the operations,

capitalization, licences, permits, rights liabilities, privileges or prospects of BSP or the value of the BSP Shares;

- (II) "Miscellaneous Interests" means, subject to any and all limitations and exclusions provided for in this definition, 50% of Vendor's entire right, title, estate and interest in and to all property, assets, interests and rights pertaining to the Lands, the Petroleum and Natural Gas Rights and the Tangibles, or any of them, but only to the extent that such property, assets, interests and rights pertain to the Lands, the Petroleum and Natural Gas Rights and the Tangibles, or any of them, including any and all of the following:
- (i) contracts and agreements relating directly to the Lands, the Petroleum and Natural Gas Rights and the Tangibles, or any of them, including the Title Documents, the Production Contracts, agreements for the transportation, processing or disposal of the Leased Substances or any of them or substances produced in connection with the Leased Substances or any of them, gas purchase and other marketing contracts, gas balancing or similar agreements pertaining to the Leased Substances or any of them, agreements to provide transportation, processing or disposal capacity or service to any Third Party in connection with the Tangibles, agreements for the construction, ownership and operation of the Tangibles, and agreements for the operation by a Third Party of the PNG Assets or any of them;
 - (ii) all records, books, documents, licences, reports and data which relate directly and exclusively to the Lands, the Petroleum and Natural Gas Rights and the Tangibles, or any of them;
 - (iii) the Surface Rights;
 - (iv) the Proprietary Seismic Data;
 - (v) all licenses, permits and other authorizations relating to the Wells and the Tangibles; and
 - (vi) the Wells, including the wellbores and any and all casing;
- (mm) "Notice Period" has the meaning ascribed to that term in section 9.4(a);
- (nn) "Officer's Certificates" means the form of Vendor's Officer's Certificate and Purchaser's Officer's Certificate attached hereto as Schedule "E";
- (oo) "Other Specific Conveyances" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the PNG Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the PNG Assets;
- (pp) "Party" means a party to this Agreement;
- (qq) "Permitted Encumbrances" means:

- (i) liens for taxes, assessments and governmental charges which are not due or the validity of which is being diligently contested in good faith by or on behalf of Vendor;
- (ii) liens incurred or created in the ordinary course of business to a public utility, municipality or Governmental Authority in connection with development or operations pertaining to the PNG Assets which are not due or the validity of which is being diligently contested in good faith by or on behalf of Vendor or do not materially impair the use or operation of the PNG Assets;
- (iii) liens incurred or created in the ordinary course of business as security in favour of the Person who is conducting the development or operation of the property to which such liens relate for Vendor's proportionate share of the costs and expenses of such development or operation;
- (iv) undetermined or inchoate mechanics', builders' and materialmen's liens in respect of services rendered or goods supplied for which payment is not due or the validity of which is being diligently contested in good faith by or on behalf of Vendor;
- (v) easements, rights of way, servitudes and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables;
- (vi) the right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant or permit or by any Applicable Law, to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (vii) all Applicable Laws, and all rights of general application reserved to or vested in any Governmental Authority to regulate the PNG Assets in any manner, including requirements and limitations as to production rates or operations, or to levy taxes on Petroleum Substances or any of them or the income therefrom;
- (viii) statutory exceptions to title, and the reservations, limitations, provisos and conditions in any original grants from the Crown of any of the mines and minerals within, upon or under the Lands or lands pooled or unitized therewith;
- (ix) any security held by any Third Party encumbering Vendor's interest in and to the PNG Assets or any part or portion thereof, in respect of which Vendor delivers a discharge or no interest letter to Purchaser at or prior to the applicable Closing;
- (x) the Production Contracts and agreement or agreements (if any) for the sale of Leased Substances that are terminable on not greater than thirty one (31) days' notice (without an early termination penalty or other cost);

- (xi) all royalty burdens, liens, adverse claims, penalties, reductions in interests and other encumbrances;
- (xii) the terms and conditions of all Title Documents or any other agreements relating to the PNG Assets (including pooling and unitization agreements), provided that any encumbrance constituting a royalty (other than any Crown royalties), net profits interest, carried interest, penalty, or reduction in interest created under or pursuant to any such Title Documents or agreements will be a Permitted Encumbrance only if it also satisfies another provision of this section 1.1(qq);
- (xiii) trust obligations incurred in the ordinary course of business; and
- (xiv) all Rights of First Refusal;
- (rr) "Person" means any individual (or group of individuals), corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor or similar official, Governmental Authority or other legal entity;
- (ss) "Petroleum and Natural Gas Rights" means 50% of Vendor's entire right, title, estate and interest (whether absolute or contingent, legal or beneficial, vested or not and whether or not an "interest in land") to drill for, explore for, extract, win, take, produce, save and market Petroleum Substances within, upon or under the Lands or any lands pooled or unitized therewith;
- (tt) "Petroleum Substances" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, condensate, natural gas liquids, coal bed methane, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;
- (uu) "Place of Closing" means the offices of the Purchaser or such other place as may be mutually agreed to by the Parties;
- (vv) "PNG Assets" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests;
- (ww) "Prime Rate" means an annual rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of Royal Bank of Canada as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada, provided that for the purposes of this Agreement such rate shall be determined on the last day of each month and applied to the next succeeding month;
- (xx) "PNG Assets" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests;
- (yy) "Production Contracts" means the agreement or agreements;
- (zz) "Proprietary Seismic Data" means the records, books, documents, reports, data and other information associated with Vendor's proprietary seismic line or lines set

out in Schedule "B" under the heading "Proprietary Seismic Data" which it owns as to a 100% interest therein, excluding all interpretive reports in respect of the above and subject to any applicable restrictions;

- (aaa) "PST" has the meaning ascribed to that term in section 2.4(c);
- (bbb) "Purchase Price" means the aggregate consideration payable by Purchaser to Vendor as set forth in section 2.2(a);
- (ccc) "Remaining Shares" has the meaning ascribed thereto in section 1.1(s);
- (ddd) "Representatives" means, with respect to any Party, its Affiliates, and the respective directors, officers, servants, agents, advisors, employees and consultants of that Party and its Affiliates;
- (eee) "Required Approvals" has the meaning ascribed thereto in section 7.1;
- (fff) "Right of First Refusal" or "ROFR" means a right of first refusal, pre-emptive right of purchase or similar right whereby any Third Party has the right to acquire or purchase any of the PNG Assets as a consequence of the Parties entering into this Agreement or the Transaction;
- (ggg) "Required Approvals" has the meaning ascribed to that term in section 7.1;
- (hhh) "ROFR Action" has the meaning ascribed to that term in section 12.3(a)(ii);
- (iii) "ROFR Holder" means a Third Party which holds a ROFR;
- (jjj) "ROFR Value" has the meaning ascribed to that term in section 12.3(a);
- (kkk) "Securities Authorities" has the meaning ascribed to that term in section 7.5;
- (lll) "Surface Rights" means all rights of Vendor to use the surface of land in connection with the Lands or the PNG Assets, including rights to enter upon and occupy the surface of land on which the Tangibles and the Wells are located and rights to cross or otherwise use the surface of land for access to the PNG Assets;
- (mmm) "Take or Pay Obligations" means obligations to sell or deliver Petroleum Substances or any of them, rights to which are granted, reserved or otherwise conferred pursuant to the Title Documents, without being entitled in due course to receive and retain full payment for such Petroleum Substances;
- (nnn) "Tangibles" means, subject to any and all limitations and exclusions provided for in this definition, 50% of Vendor's entire right, title, estate and interest in and to: (i) the Facilities; and (ii) all tangible depreciable property and assets other than the Facilities which are located within, upon or under the Lands or lands pooled or unitized therewith;
- (ooo) "Tax Act" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.), the *Income Tax Application Rules*, R.S.C. 1985, c. 2 (5th Supp.), and the *Income Tax Regulations*, C.R.C., c. 945, in each case as amended to the date of this Agreement;

- (ppp) "Tax Legislation" means the Tax Act and all federal, provincial, territorial, municipal, foreign or other statutes imposing a tax, including all treaties, conventions, rules, regulations, orders and decrees of any jurisdiction;
- (qqq) "Tax Returns" means all returns, reports, declarations, elections, filings, information returns and statements required to be filed under the provisions of any Tax Legislation and any tax forms required to be filed, whether in connection with a Tax Return or not, under any provisions of any applicable Tax Legislation;
- (rrr) "Taxes" includes, without limitation, all taxes, dues, duties, rates, fees, premiums, royalties, assessments, imposts, levies and other charges of any kind whatsoever imposed or exigible by or payable to any taxing or other Governmental Authorities or agency within or outside of Canada, under any applicable Tax Legislation, including Canadian federal, provincial, territorial, municipal and local, foreign or other income, capital, goods and services, sales, use, consumption, excise, value-added, business, real /immovable property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, and provincial workers' compensation payments, including any interest, penalties, fines or additional amounts imposed in respect thereof;
- (sss) "Third Party" means any Person other than Vendor and Purchaser or any Affiliates thereof;
- (ttt) "Third Party Claim" has the meaning ascribed to that term in section 9.4(a);
- (uuu) "Thirteenth Month Adjustment" means the accounting procedure performed annually by an operator of particular Tangibles for the purpose of redistributing certain revenues and expenses, including operating expenses, processing fee revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances (or similar cost allowances);
- (vvv) "Title Documents" means, to the extent directly related to the Lands, the Petroleum and Natural Gas Rights or the Tangibles: (i) the Leases; (ii) Unit Agreements, assignments, trust declarations, trust agreements, operating agreements, royalty agreements, overriding royalty agreements, participation agreements, farm-in and farmout agreements, sale and purchase agreements, pooling agreements, common stream agreements, easements, surface leases, pipeline crossing agreements, and road use agreements; (iii) Production Contracts; (iv) agreements for construction, ownership and operation of the gas plants, gas gathering systems, pipelines and other facilities; (v) permits, licenses, authorizations and approvals; (vi) other documents and agreements which relate to the Lands, the Petroleum and Natural Gas Rights or the Tangibles or the ownership, operation or exploitation thereof; (vii) agreements that create or relate to Surface Rights; and (viii) trust declarations pursuant to which Vendor holds interests in the Lands or lands pooled or unitized therewith in trust for other Persons;
- (www) "Transaction" means the entering into of this Agreement and the transactions contemplated herein, including the sale of the Assets by Vendor to Purchaser and

the assumption of the Environmental Liabilities by Purchaser, and the issuance of the BSGE Shares, pursuant to this Agreement;

- (xxx) "TSXV" means the TSX Venture Exchange;
- (yyy) "Unit Agreements" means any and all unit agreements and unit operating agreements, including any and all amendments thereto, pertaining to the unit or units; and
- (zzz) "Wells" means the wells located within, upon or under the Lands or lands pooled or unitized therewith, including producing, suspended, standing, plugged or unplugged, shut-in, abandoned (both fully or partially reclaimed), source, disposal and injection wells.

1.2 Headings

The expressions "article", "section", "subsection", "clause", "subclause", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Schedules

There are appended to this Agreement the following schedules pertaining to the following matters:

- Schedule "A" - Lands and Petroleum and Natural Gas Rights
- Schedule "B" - Wells
- Schedule "C" - Rights of First Refusal
- Schedule "D" - General Conveyance
- Schedule "E" - Officer's Certificates

Such schedules are incorporated herein by reference. Wherever any term or condition of such schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail to the extent of such conflict or variance.

1.5 Construction

This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not apply to the construction or interpretation of this Agreement.

1.6 Monetary References

Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "\$", shall mean the lawful currency of Canada.

1.7 Interpretation if Closing does not Occur

If the Closing does not occur, each provision of this Agreement that presumes that Purchaser has acquired the Assets hereunder will be construed as having been contingent upon the Closing having occurred, provided that, for certainty, this Agreement shall continue in full force and effect in respect of any other Assets.

1.8 Miscellaneous Interpretation

Unless otherwise stated or the context otherwise necessarily requires, in this Agreement:

- (a) whenever the singular or masculine or neuter is used, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires;
- (b) where used herein, the word "including" shall be construed for all purposes of this Agreement as "including, without limitation";
- (c) "this Agreement", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Agreement as a whole (including Schedules) and not to any particular article, section, subsection, clause, subclause or other provision hereof;
- (d) a reference to any agreement or instrument, including this Agreement, is a reference to the agreement or instrument as varied, amended, modified, supplemented or replaced from time to time;
- (e) a reference to a statute means the statute as in force on the date hereof and the regulations made pursuant thereto;
- (f) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day; and
- (g) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict.

1.9 Knowledge or Awareness

In this Agreement, the stated knowledge, information, belief or awareness of Vendor consists only of the actual knowledge of the senior manager who had day to day responsibilities for the Assets, and does not include knowledge, information or belief and awareness of any other Person or any constructive or imputed knowledge. Vendor does not have any obligation to make inquiry of Third Parties or the files and records of any Third Party or Governmental Authority in

connection with representations and warranties that are made to its knowledge, information, belief or awareness.

ARTICLE 2 **PURCHASE AND SALE AND CLOSING**

2.1 Purchase and Sale

Subject to and in accordance with the terms of this Agreement, Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase, assume and accept from Vendor, the Assets.

2.2 Purchase Price

- (a) The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be:
 - (i) BSGE Shares, representing a value of CDN \$27,500,000.00; plus or minus
 - (ii) the adjustments, if any, resulting from the operation of section 12.2(b)(ii),in each case exclusive of GST and any other taxes payable pursuant to section 2.4 (collectively, the "**Purchase Price**").
- (b) The Purchase Price shall be payable by the delivery by Purchaser of the BSGE Shares, in the form of a direct registration statement and/or shares certificate, or evidence of the issuance of the BSGE Shares to Vendor at Closing.

In determining the Purchase Price, the Parties confirm and agree that the extent and value of any embedded Losses and Liabilities, including the Environmental Liabilities, have been taken into account in establishing the value of the PNG Assets and cannot be separated from the ownership rights in the PNG Assets and that the embedded Losses and Liabilities, including the Environmental Liabilities are not capable of quantification as of the date hereof. Parties have not attributed a specific or agreed-to value to any embedded Losses and Liabilities including the Environmental Liabilities. For greater certainty, neither the existence nor the amount of any accounting reserve for asset reclamation obligations or similar matters in the financial statements or accounting records of Purchaser or Vendor has been of relevance to either Party in determining the value of the PNG Assets.

2.3 Allocation of Purchase Price

The Parties agree that the Purchase Price shall be allocated among the Assets as follows, and that the Parties shall report an allocation of the Purchase Price among the Assets in a manner entirely consistent with the following and shall not take any position inconsistent therewith in the filing of any tax returns:

Petroleum and Natural Gas Rights	\$ 19,199,990.00
Tangibles	\$ 6,300,000.00
Miscellaneous Interests	<u>\$ 10.00</u>
Total	\$ 25,500,000.00

BSP Shares	<u>\$ 2,000,000.00</u>
Total	<u>\$ 27,500,000.00</u>

2.4 Payment of Taxes

- (a) The Purchase Price is exclusive of, and Purchaser shall be solely liable for and shall pay, all applicable GST and all other sales and transfer taxes, value added taxes, land transfer taxes, fees, duties, charges, levies, deposits or similar assessments which may be imposed by any Governmental Authority pertaining to the conveyance and transfer of the applicable PNG Assets to Purchaser or the circulation or registration of the Other Specific Conveyances, excluding any corporate income taxes which are required to be paid by Vendor pursuant to Applicable Laws. If Vendor, as agent for the appropriate Governmental Authority, is required to collect such taxes, Purchaser shall pay the aggregate amount of such taxes to Vendor at the Closing. Vendor shall remit such amount to the appropriate Governmental Authority in accordance with Applicable Law.
- (b) Without limiting the generality of section 2.4(a), at Closing Purchaser shall pay to Vendor an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to the applicable Tangibles and Miscellaneous Interests pursuant to section 2.3.3. Vendor shall remit such amount to the appropriate taxation authorities in accordance with the *Excise Tax Act* (Canada). The GST registration number of Vendor is [REDACTED] and the GST registration number of Purchaser is [REDACTED].
- (c) Purchaser shall provide Vendor with a purchase exemption certificate or its equivalent to support any reasonable exemption from provincial sales tax ("PST") that may be claimed in respect of the PNG Assets. Subject to the foregoing and without limiting the generality of section 2.4(a).4(a), at the Closing Purchaser shall pay to Vendor an amount equal to the statutory rate of British Columbia PST on the portion of the Purchase Price allocated to any tangible personal property, affixed machinery or any other item subject to PST pursuant to the *Provincial Sales Tax Act* (BC) that is not eligible for an exemption. Vendor shall remit such PST to the appropriate taxation authority in accordance with the *Provincial Sales Tax Act* (BC).
- (d) After Closing, Purchaser shall be responsible for, and shall indemnify and save Vendor harmless in respect of any additional amounts of GST, PST and any sales and transfer taxes, value added taxes, land transfer taxes, fees, duties, charges, levies, deposits and similar assessments imposed by Applicable Laws or by any Governmental Authority (including interest and penalties) in respect of the purchase and sale of the Assets pursuant hereto which are in excess of the amounts collected by Vendor from Purchaser at Closing, provided that this indemnity shall not apply to any interest or penalties payable by Vendor as a result of the failure of Vendor to remit any amounts of GST, PST or sales and transfer taxes, value added taxes, land transfer taxes, fees, duties, charges, levies, deposits or similar assessments collected from or paid by Purchaser to Vendor at Closing.

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Purchaser's Conditions

The obligation of Purchaser to purchase the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained relevant to the Assets shall be true in all material respects when made and as of the Closing Time, and an Officer's Certificate to that effect shall have been delivered by Vendor to Purchaser at Closing;
- (b) all covenants, obligations and agreements of Vendor contained in this Agreement to be performed prior to or at the Closing shall have been timely performed in all material respects, and an Officer's Certificate to that effect shall have been delivered by Vendor to Purchaser at the Closing;
- (c) Vendor shall have delivered to Purchaser at or prior to Closing discharges of, or no interest letters in respect of, any security held by any Third Party representing an encumbrance on Vendor's interest in and to the Assets or any part or portion thereof, which discharges or no interest letters are requested by Purchaser a reasonable time prior to Closing;
- (d) all amounts to be paid by Vendor to Purchaser, if any, at the Closing shall have been paid to Purchaser in the form stipulated in this Agreement.
- (e) no Governmental Authority shall have enacted, issued or promulgated any Applicable Law that prohibits consummation of the portion of the Transaction subject to the applicable Closing;
- (f) all documentation relating to the due authorization and completion of the sale and purchase of the BSP Shares under this Agreement and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Vendor of its obligations under this Agreement shall be satisfactory to the Purchaser;
- (g) no change to the Assets having a Material Adverse Effect shall have occurred without the Purchaser having agreed thereto between the date hereof and the Closing Time;
- (h) all consents, approvals, orders, authorizations and confirmations of any Persons or Governmental Authorities in Canada and elsewhere (or registrations, declarations, filings or recordings with any such authorities) which are reasonably required in connection with the completion of the transactions contemplated by this Agreement or the execution of this Agreement, shall have been obtained on or before the Closing Time;
- (i) there shall have been delivered to the Purchaser on or before the Closing Time the resignations of all individuals who are directors or officers of BSP and duly

executed comprehensive releases from each such individual and from the Vendor of any and all claims respectively, against BSP;

- (j) at the Closing Time the BSP Shares shall have been tabled with all required documentation to effect transfer to the Purchaser. Vendor shall have taken such steps as are necessary to cause BSP to enter the Purchaser upon the books of BSP as the registered holder of the BSP Shares and to issue one or more share certificates to the Purchaser representing the BSP Shares;
- (k) all regulatory approvals, orders, rulings, exemptions and consents which, in the sole judgment of the Purchaser, are necessary or desirable for its acquisition of the BSP Shares shall have been obtained on terms and conditions satisfactory to the Purchaser in its sole determination;
- (l) all Securities Authorities having jurisdiction with respect to this Agreement and the Transaction, including, but not limited to the TSXV, shall have approved this Agreement and the Transaction;
- (m) if required by any Applicable Canadian Securities Law or any Securities Authorities having jurisdiction with respect to this Agreement and the Transaction, including, but not limited to, the TSXV, such Securities Authorities and the shareholders of Purchaser shall have approved the Transactions; and
- (n) all documents, instruments and assurances required to be delivered to Purchaser by Vendor shall have been delivered on or prior to Closing Date

3.2 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

- (a) the representations and warranties of Purchaser herein contained relevant to the Assets shall be true in all material respects when made and as of the Closing Time, and an Officer's Certificate to that effect shall have been delivered by Purchaser to Vendor at such Closing;
- (b) all covenants, obligations and agreements of Purchaser contained in this Agreement to be performed prior to or at the Closing shall have been timely performed in all material respects, and an Officer's Certificate to that effect shall have been delivered by Purchaser to Vendor at the Closing;
- (c) no Governmental Authority shall have enacted, issued or promulgated any Applicable Law that prohibits consummation of the portion of the Transaction subject to the applicable Closing;
- (d) all amounts to be paid by Purchaser to Vendor, if any, at the Closing shall have been paid to Vendor in the form stipulated in this Agreement;
- (e) at the Closing Time the BSGE Shares (or evidence of the issuance of the BSGE Shares) shall have been tabled with all required documentation to effect issuance

to Vendor. Purchaser shall have taken such steps as are necessary to cause the transfer agent of BSGE to enter Purchaser or its nominee(s) upon the books of BSGE as the registered and/or beneficial holder of the BSGE Shares, and to cause the issuance of one or more direct registration statements and/or share certificates to Vendor representing the BSGE Shares;

- (f) all regulatory approvals, orders, rulings, exemptions and consents which, in the sole judgment of Vendor, are necessary or desirable for its acquisition of the BSGE Shares shall have been obtained on terms and conditions satisfactory to Vendor in its sole determination; and
- (g) all documents, instruments and assurances required to be delivered to Vendor by Purchaser shall have been delivered on or prior to the Closing Date

3.3 Efforts to Fulfil Conditions Precedent & Officer's Certificates

Purchaser and Vendor shall proceed diligently and in good faith and use commercially reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent. If there is a condition precedent that is to be satisfied or complied with prior to the Closing Time, and if, by the time the condition precedent is to be satisfied or complied with, the Party for whose benefit the condition precedent exists fails to notify the other Party whether or not the condition precedent has been satisfied or complied with, the condition precedent shall be conclusively deemed to have been satisfied or complied with, and an Officer's Certificate of each Party delivered pursuant to the conditions of this article 43 shall be made by an officer on behalf of each Party and delivered at Closing.

ARTICLE 4 CLOSING DELIVERIES

4.1 Deliveries at Closing

- (a) At the Closing Time, Vendor shall table the following:
 - (i) the General Conveyance in respect of the PNG Assets, duly executed by Vendor;
 - (ii) the Other Specific Conveyances that have been prepared and are available at Closing in respect of the PNG Assets, duly executed by Vendor;
 - (iii) an Officer's Certificate duly executed by Vendor;
 - (iv) registrable discharges of, or no interest letters in respect of, any security held by any Third Party encumbering Vendor's interest in and to the Assets or any part or portion thereof, as requested by Purchaser a reasonable time prior to Closing;
 - (v) copies of all consents to disposition and waivers of ROFRs obtained by Vendor prior to Closing with respect to the sale of the PNG Assets to Purchaser;

- (vi) the share certificate(s) representing the BSP Shares duly endorsed in blank for transfer to the Purchaser or accompanied by an irrevocable stock power of attorney duly executed in blank, in either case by the holder of record thereof (Vendor's transfer of the BSP Shares may require the approval of SKK MIGAS under the provisions of the Production Sharing Contract dated February 27, 2023 between SKK MIGAS and Vendor in relation to the Paus Block, Indonesia; in the event that such approval is not received by the Closing Date, then Vendor shall hold the BSP Shares in trust for Purchaser until such approval is received);
 - (vii) a general release of claims from the Vendor in favour of BSP;
 - (viii) a resignation and release from each of the directors and officers of BSP;
 - (ix) all consents, approvals, waivers and authorizations of any Governmental Authority or other third party, as applicable; and
 - (x) such other items as may be specifically required hereunder or reasonably requested by Purchaser.
- (b) At the Closing Time, Purchaser shall table the following:
- (i) a copy of the letter from the TSXV evidencing the conditional approval of the TSXV to the issuance of the BSGE Shares;
 - (ii) the General Conveyance in respect of the PNG Assets, duly executed by Purchaser;
 - (iii) the Other Specific Conveyances that have been prepared and are available at Closing in respect of the PNG Assets, duly executed by Purchaser;
 - (iv) an Officer's Certificate duly executed by Purchaser;
 - (v) the share certificate(s) or direct registration statement(s) representing the BSGE Shares, or other evidence provided by Purchaser evidencing the issuance of the BSGE Shares, in the following manner:
 - (A) 7,070,146 of the BSGE Shares will be issued at Closing, and
 - (B) the Remaining Shares will be issued by way of the Deferred Acquisition Payments;
 - (vi) all consents, approvals, waivers and authorizations of any Governmental Authority or other third party, as applicable; and
 - (vii) such other items as may be specifically required hereunder or reasonably requested by Vendor.

Each Party will duly execute all documents requiring execution by it and to be tabled at Closing.

ARTICLE 5 **TERMINATION**

5.1 Termination

This Agreement may be terminated:

- (a) by mutual written agreement of the Parties;
- (b) by Purchaser upon written notice to Vendor if a condition in section 3.1 has not been satisfied, and is not capable of being satisfied, on or before the applicable Closing Time and such condition has not been waived in writing by Purchaser or deemed waived pursuant to section 3.3;
- (c) by Vendor upon written notice to Purchaser if a condition in section 3.2 has not been satisfied, and is not capable of being satisfied, on or before the applicable Closing Time and such condition has not been waived in writing by Vendor or deemed waived pursuant to section 3.3,

provided that a Party shall not be permitted to exercise any right of termination pursuant to this section 5.1 if the event or circumstances giving rise to that right is due to a breach of this Agreement by that Party.

5.2 Effect of Termination

If this Agreement is terminated pursuant to section 5.1:

- (a) sections 13.4, 13.15, and any other provisions which by their nature are intended to survive termination, shall survive such termination and remain in effect and be binding and enforceable in accordance with their terms; and
- (b) any obligations and liabilities of the Parties under this Agreement that accrued prior to its termination shall survive such termination.

ARTICLE 6 **REPRESENTATIONS AND WARRANTIES**

6.1 Representations and Warranties of Vendor

Vendor represents and warrants to Purchaser that:

- (a) Standing: Vendor is a corporation duly organized and validly existing under the laws of the jurisdiction of incorporation of Vendor, is authorized to carry on business in each Province in which the Lands are located, and now has good right, full power and absolute authority to sell, assign, transfer, convey and set over the interest of Vendor in and to the Assets, according to the true intent and meaning of this Agreement;
- (b) BSP Standing: Vendor, as sole shareholder of BSP, represents and warrants that BSP is a corporation duly organized and validly existing under the

laws of the jurisdiction of incorporation of BSP, and is authorized to carry on business in Alberta, and in Indonesia;

- (c) Vendor and BSP Shares: Vendor is the legal and beneficial holder of the BSP Shares and all of the BSP Shares have been validly issued and are fully paid and non-assessable; the BSP Shares are held by Vendor free and clear of all liens, charges, encumbrances, and adverse claims whatsoever, and Vendor has full power and authority to sell the BSP Shares to the Purchaser; no firm or corporation other than Purchaser under this Agreement has any agreement or option or any right capable of becoming an agreement or option to purchase the BSP Shares; and Vendor has had an opportunity to conduct due diligence in respect of BSP to its satisfaction and confirms the ability to sell, convey, transfer the BSP Shares to Purchaser; and makes no representations or warranties regarding the current or future value of the BSP Shares or that the purchase price established hereunder represents a value that has been negotiated in good faith between the Parties hereto, acting on an arm's length basis;
- (d) Requisite Authority: the execution, delivery and performance of this Agreement and the other agreements to which Vendor will be a party contemplated hereby has been duly and validly authorized by any and all requisite corporate actions and will not result in any violation of, be in conflict with or constitute a default under any articles, charter, bylaw or other governing document to which Vendor is bound;
- (e) Right to Sell: At Closing, Vendor will be the holder of record of all of the BSP Shares free and clear of all encumbrances (other than the rights of the Purchaser under this Agreement) and will have the exclusive right to dispose of such BSP Shares as provided in this Agreement, and will deliver to Purchaser on Closing good and valid title to all of such BSP Shares free and clear of all encumbrances;
- (f) No Conflicts: other than Customary Post-Closing Consents, the execution, delivery and performance of this Agreement and the other agreements to which Vendor will be a party contemplated hereby will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which Vendor is party or by which Vendor is bound, nor under any judgment, decree, order, statute, regulation, rule or license applicable to Vendor;
- (g) Enforceability: this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Vendor enforceable against Vendor in accordance with their terms, subject however to the effects of bankruptcy, insolvency, reorganization and other laws for the protection of creditors;
- (h) No Approvals or Authorizations Required: except for the Customary Post-Closing Consents, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Vendor of this Agreement, other than authorizations, approvals or exemptions from requirement therefor, previously obtained and currently in force or those ordinarily obtained after Closing;

- (i) Securities Laws: At Closing, all of the BSP Shares will have been issued in compliance with all applicable Laws including Applicable Canadian Securities Laws. BSP is not now, nor at Closing will be, a reporting issuer (as such term is defined in Applicable Canadian Securities Laws, and there is no published market for the BSP Shares). At Closing, BSP will be a “private issuer” as defined in Section 2.4 of National Instrument 45-106 – *Prospectus Exemptions*;
- (j) Finders' Fees: Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction to be effected by it for which Purchaser shall have any obligation or liability;
- (k) Canadian Resident: Vendor is not a non-resident of Canada for purposes of the *Income Tax Act (Canada)*;
- (l) Title: Vendor does not warrant title to the PNG Assets, but Vendor does warrant that, except for the Permitted Encumbrances or as otherwise disclosed in the Schedules: (i) at Closing, the PNG Assets will be free and clear of all liens, production penalties, reduction in interest, royalties, conversion rights and other adverse claims of Third Parties, created by, through or under Vendor; and (ii) to Vendor's knowledge, Vendor has done no act or thing and is aware of no circumstance, matter or thing whereby any of the PNG Assets may be reduced, cancelled or determined;
- (m) Quiet Enjoyment: subject to the Permitted Encumbrances, and to the rents, covenants, conditions and stipulations in the Leases and the Title Documents to be paid, performed and observed, Purchaser may enter into and upon, hold and enjoy the Leases for the residue of their respective terms and all renewals or extensions thereof for Purchaser's own use and benefit without any interruption of or by Vendor or any other Person claiming by, through or under Vendor;
- (n) No Adverse Claims: Vendor has not received notice from any Third Party claiming an interest in and to the PNG Assets adverse to the interest of Vendor that would reasonably be expected to have a Material Adverse Effect on the aggregate value of the PNG Assets which claim remains outstanding;
- (o) Compliance with Agreements: Vendor has not received notice of a default or breach, and to the knowledge of Vendor, it is not in any default or breach as of the date of this Agreement under any of the Title Documents, any Applicable Laws (excluding laws relating to health, safety or environmental matters) or any order, writ, injunction, or decree of any court or any commission or administrative agency, in each case that would reasonably be expected to have a Material Adverse Effect on the aggregate value of the PNG Assets;
- (p) No Actions or Proceedings: no suit, action or other proceeding before any Governmental Authority has been commenced against Vendor or, to the knowledge of Vendor, has been threatened against Vendor, which would reasonably be expected to have a Material Adverse Effect on the aggregate value of the Assets or otherwise affect its ability to complete the Transaction;
- (q) Taxes: To Vendor's knowledge:

- (i) there are no outstanding liabilities for taxes payable, collectible, or remittable by Vendor which may result in a lien or encumbrance (other than a Permitted Encumbrance) on the Assets for those liabilities; and
- (ii) Vendor has filed all tax returns required to be filed by it in all applicable jurisdictions so as to prevent any valid lien or encumbrance (other than a Permitted Encumbrance) on the Assets for unpaid taxes;
- (r) Outstanding AFEs: there are no approved AFEs in respect of the PNG Assets which are due as of the date hereof or which may become due by virtue of matters occurring or arising prior to the date hereof, other than any AFEs for which Vendor's share is less than \$25,000;
- (s) Areas of Mutual Interest: to Vendor's knowledge, there are no active area of mutual interest or area of exclusion provisions in any of the Title Documents;
- (t) Environmental Notices: as of the date of this Agreement, Vendor has not received nor is it aware of any:
 - (i) orders or directives which relate to material environmental compliance matters under Applicable Law and which require any work, repairs, construction or capital expenditures with respect to the PNG Assets, where such orders or directives have not been complied with in all material respects;
 - (ii) any demand or notice issued with respect to the material breach of any environmental law applicable to the PNG Assets, including respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding on the date hereof; or
 - (iii) other particular existing circumstance that it reasonably believes to be a material and a reportable event under the Applicable Laws pertaining to environmental, health or safety matters applicable to the PNG Assets;
- (u) Production or Similar Agreements: except for the Production Contracts and any contracts that cannot be terminated on notice of thirty one (31) days or less (without an early termination penalty or other cost), Vendor's interest in and to the PNG Assets is not otherwise bound or affected by any (i) production sales contracts pertaining to the Leased Substances or any of them, (ii) gas balancing or similar agreements pertaining to the Leased Substances or any of them, (iii) agreements for the transportation, processing or disposal of the Leased Substances or any of them or substances produced in connection with the Leased Substances or any of them, and (iv) agreements to provide transportation, processing or disposal capacity or service to any Third Party;
- (v) Take or Pay Obligations: except as set forth in the Production Contracts, there are no Take or Pay Obligations affecting Vendor's interests in and to the PNG Assets;

- (w) ROFRs: except as set out, to Vendor's knowledge Vendor's interest in and to the PNG Assets is not subject to any ROFRs;
- (x) Wells: to Vendor's knowledge, the Wells have been drilled, and if completed were completed and operated, in accordance with generally accepted oil and gas field practices prevailing at the time of such drilling or completion;
- (y) Tangibles: to Vendor's knowledge, the Tangibles have been operated, maintained and, if applicable, abandoned in accordance with good oil and gas field practices and the requirements of Applicable Laws, except for any such Tangible for which Vendor's failure to comply would not reasonably be expected to have a Material Adverse Effect on the aggregate value of the PNG Assets, and Vendor has not alienated or encumbered any of the Tangibles;
- (z) No Limit on Production: excepting production limits of general application in the oil and gas industry, to Vendor's knowledge none of the Wells are subject to production limitations or similar restrictions imposed by the Title Documents or by any other agreements and documents to which the PNG Assets are subject, or by any Applicable Law;
- (aa) Permits:
 - (i) to Vendor's knowledge, Vendor holds all permits, licenses, approvals or authorizations that are required and necessary under Applicable Laws to own and, if applicable, operate the PNG Assets; and
 - (ii) all such permits, licenses, approvals or authorizations are in force and effect in accordance with their terms,except to the extent the failure to hold all such permits, licenses, approvals or authorizations in good standing would not reasonably be expected to have a Material Adverse Effect on the aggregate value of the PNG Assets;
- (bb) Provision of Documents: to Vendor's knowledge, Vendor has made available to Purchaser:
 - (i) all of the Title Documents in Vendor's possession that are relevant in any material respect to Vendor's title to the Petroleum and Natural Gas Rights; and
 - (ii) all material environmental documentation in Vendor's possession that are relevant to the PNG Assets;
- (cc) No Defaults: Vendor has not been informed of any default or received notice of any default relating to the PNG Assets, or any of them, and to its knowledge, no act or omission has occurred whereby it is, or would be, in default under the terms of Applicable Law, any Lease or any agreement pertaining to the PNG Assets;
- (dd) No Encumbrances or Assessments: all Encumbrances and assessments based on, or measured by, its ownership of the PNG Assets, the production of Petroleum Substances from the Lands, or the receipt of proceeds therefrom that are payable

by it and that accrued prior to the Adjustment Date have been or will be properly and fully paid and discharged in the manner and at the time prescribed by the Leases and Applicable Law;

- (ee) Condition of Wells and Tangibles: the Wells and Tangibles operated by Vendor are in good and operable condition, reasonable wear and tear excepted and, to Vendor's knowledge, the Wells and Tangibles operated by Third Parties are in good and operable condition, reasonable wear and tear excepted, and are free and clear of all liens, encumbrances and adverse claims or other interests created by, through or under it, except for the Permitted Encumbrances and, to the best of Vendor's knowledge, the Tangibles operated by Vendor have been maintained and operated in accordance with generally accepted engineering practices, good oil and gas field practices and the material requirements of all Applicable Laws;
- (ff) Compensatory Royalties: Except as identified herein, the Vendor has not received and is not aware of any notice of compensatory royalty obligations pertaining to any Leases governing the PNG Assets; and
- (gg) Abandoned Wells and Tangibles: all Wells and Tangibles located on the Lands which have been abandoned by Vendor were abandoned in accordance with generally accepted oil and gas industry practices and the material requirements of Applicable Laws as they existed at the relevant time, and to Vendor's knowledge, all Wells and Tangibles located on the Lands which have been abandoned by Third Parties were abandoned in accordance with generally accepted oil and gas industry practices and the material requirements of Applicable Laws as they existed at the relevant time.

6.2 Limitations

- (a) Each of the foregoing representations and warranties of Vendor shall be qualified as at the date hereof and as of the Closing Time, by excepting therefrom all matters disclosed in any of the Schedules hereto. Vendor makes no representations or warranties with respect to the Assets except as expressly contained in section 6.1. Purchaser acknowledges that, except as expressly contained in the applicable subsections of section 6.1, Vendor has not made, and Vendor hereby expressly disclaims and negates any liability or responsibility for any representation or warranty that may have been made or alleged to have been made with respect to the Assets including any express or implied warranty contained in any document or statement made or communicated to Purchaser including any information memorandum, opinion, notice, information or advice provided to Purchaser by any Affiliate, shareholder, director, officer, servant, employee, agent, consultant or representative of Vendor in respect of:
 - (i) the quantity, quality or recoverability of Petroleum Substances within or under the Lands;
 - (ii) estimates of prices or future cash flows arising from the sale of Petroleum Substances produced from the Lands or estimates of other revenues attributable to the PNG Assets or the availability or continued availability of transportation to sell those Petroleum Substances;

- (iii) any environmental data or reports or other interpretations or evaluation of Environmental Liabilities arising in connection with or related to the PNG Assets except to the extent provided in section 6.1(t) and any assessments or evaluations of the accuracy, completeness, volume, nature or estimated cost of the work required to fully satisfy and discharge the Environmental Liabilities or, for greater certainty, the Abandonment and Reclamation Obligations;
 - (iv) any implied or express warranty regarding compliance with Applicable Laws relating to the environment, or regarding the release of materials into the environment including naturally occurring radioactive material or asbestos, or protection of the environment or health or safety, in each case except to the extent provided in section 6.1(t);
 - (v) any express or implied warranty regarding Vendor's title to any of the PNG Assets;
 - (vi) any engineering, geological or other interpretations or economic evaluations respecting the PNG Assets including, but not limited to, the accuracy, completeness, or materiality of any information, data, records or other material contained therein;
 - (vii) the quality, condition, fitness or suitability for purpose or merchantability of any of the PNG Assets, or their conformity to models or samples of materials; or
 - (viii) the tax or other consequences of the Transaction.
- (b) Purchaser acknowledges and agrees that:
- (i) prior to the date hereof, Vendor provided Purchaser and its Representatives with access to the PNG Assets, including legal, lease, contract, well and environmental files, records and reports, and physical field access to the Lands, Tangibles and Wells, for the purpose of allowing Purchaser to complete a due diligence review of the PNG Assets, including a title and environmental review in respect of the PNG Assets, and each title or environmental defect or deficiency of which Purchaser became aware prior to the date hereof is hereby waived for all purposes under this Agreement with the result that notwithstanding any other provision in this Agreement, Purchaser shall not be entitled to make any claim against Vendor in respect of, and Vendor is hereby released from and shall not have any liability in connection with, any such defect or deficiency of which it became aware prior to the date hereof; and
 - (ii) it has made its own independent examination, investigation, analysis, evaluation and verification of the PNG Assets, including Vendor's title thereto, Purchaser's own estimate and appraisal of the extent and value of the Petroleum Substances attributable to the PNG Assets and the extent of the liabilities and obligations it will be assuming hereunder and, except for the representations and warranties in section 6.1, it has relied and will continue to rely solely on the same as to its assessment of the condition

(environmental or otherwise), quantum and value of the PNG Assets and the extent of those liabilities and obligations.

- (c) Purchaser forever releases and discharges Vendor and its Representatives from any claims and all Losses and Liabilities to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the PNG Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession or control, and neither Vendor nor its Representatives shall have any liability or obligations as a result of any inaccuracy, error or omission therein.
- (d) Purchaser acknowledges that it has not relied on or been induced to enter into this Agreement by any representation and warranty except as expressly set out in section 6.1 of this Agreement.
- (e) Purchaser and Vendor each acknowledge that, except for and to the extent of the representations and warranties in section 6.1, it is their express intention that: (i) the PNG Assets shall be conveyed to Purchaser "as is" and in their present condition and state of repair; and (ii) Purchaser shall accept the PNG Assets "as is, where is" in their present condition and state of repair and assume the liabilities and obligations as provided for herein.

6.3 Representations and Warranties of Purchaser

Purchaser represents and warrants to Vendor that:

- (a) Standing: Purchaser is a corporation duly organized and validly existing under the laws of the jurisdiction of incorporation of Purchaser, is authorized to carry on business in each Province in which the Lands are located, and now has good right, full power and absolute authority to purchase the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (b) Requisite Authority: the execution, delivery and performance of this Agreement and the other agreements to which Purchaser will be a party contemplated hereby has been duly and validly authorized by any and all requisite corporate actions and will not result in any violation of, be in conflict with or constitute a default under any articles, charter, bylaw or other governing document to which Purchaser is bound;
- (c) No Conflicts: the execution, delivery and performance of this Agreement and the other agreements to which Purchaser will be a party contemplated hereby will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgment, decree, order, statute, regulation, rule or license applicable to Purchaser;
- (d) Enforceability: this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms, subject however to the effects of

bankruptcy, insolvency, reorganization and other laws for the protection of creditors;

- (e) No Approvals or Authorizations Required: no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor, previously obtained and currently in force or those ordinarily obtained after Closing;
- (f) No Actions or Proceedings: no suit, action or other proceeding before any Governmental Authority has been commenced against Purchaser or, to the knowledge of Purchaser, has been threatened against Purchaser, which would reasonably be expected to have a Material Adverse Effect on the business, operations, capital or condition of Purchaser or otherwise affect its ability to complete the Transaction;
- (g) Finders' Fees: Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction to be effected by it for which Vendor shall have any obligation or liability;
- (h) Investment Canada: Purchaser is not a non-Canadian for the purposes of the *Investment Canada Act*; and
- (i) No Bankruptcy/Insolvency: Purchaser is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act (Canada)* and, is able to pay its debts as and when they fall due, and (i) Purchaser has not stopped or suspended, or threatened to stop or suspend, payments of all or any call of its debts, nor made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof; (ii) no resolution has been passed by Purchaser's board of directors for the winding up or dissolution of it; (iii) no proceedings have occurred, or to Purchaser's knowledge, been threatened, for the purpose of winding it up or dissolving it and no petition for a receiving order, winding-up or dissolution has been presented in respect of it and there are no circumstances justifying such a petition or other process; (iv) Purchaser has not initiated proceedings with respect to a compromise or arrangement with its creditors or for the assignment of any of the Assets for the benefit of its creditors or for the winding up, liquidation or dissolution of it; (v) no receiver or interim receiver, receiver-manager, monitor, judicial manager, liquidator, administrator, trustee or like official has been appointed in respect of Purchaser or any of its undertakings, property or assets, and no execution or distress has been levied on any of Purchaser's undertakings, property or assets; nor have any proceedings been commenced in connection with any of the foregoing;
- (j) Securities Laws re: BSP Shares: The Purchaser is acquiring the BSP Shares as principal and not as agent and is acquiring the BSP Shares for investment purposed only and not with a view to resale or distribution. The Purchaser is a purchaser described in Section 2.3 of National Instrument 45-106 – *Prospectus Exemptions*;

- (k) Securities Laws re: BSGE Shares: at Closing, the BSGE Shares will have been issued in compliance with all applicable Laws including Applicable Canadian Securities Laws; and
- (l) Reporting Issuer and Exchange: The issued and outstanding BSGE Shares are listed and posted for trading on the TSXV. Purchaser is a “reporting issuer” in good standing within the meaning of applicable securities Laws in Ontario, British Columbia and Alberta and is not on the list of reporting issuers in default under Applicable Laws in any Provinces of Canada. No securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Purchaser and Purchaser is not in default of any material provision of Applicable Laws or the rules or regulations of the TSXV. No delisting, suspension of trading in or cease trading order with respect to any securities of Purchaser has occurred and, to the knowledge of Purchaser, there is not any inquiry or investigation (formal or informal) of any, Governmental Authority in effect or ongoing or, to the knowledge of Purchaser, expected to be implemented or undertaken. Purchaser has not taken any action to cease to be a reporting issuer in the applicable Provinces and has not received notification from any securities commission or similar regulatory authority seeking to revoke the reporting issuer status of Purchaser. Purchaser is in material compliance and up to date with all filings under applicable corporate and securities laws and stock exchange rules and policies. Purchaser has not taken any action which would reasonably be expected to result in the delisting or suspension of the common shares of Purchaser on or from the TSXV.

6.4 Purchaser's Knowledge

Purchaser shall not be entitled to claim that any fact, circumstance or matter constitutes a breach of Vendor's representations or warranties contained herein to the extent that such fact, circumstance or matter is known by Purchaser or any of its Representatives prior to the applicable Closing Time, whether such fact, circumstance or matter is known to Purchaser or its Representatives prior to such Closing Time through (a) conducting due diligence and investigation of the Assets and the Transaction, (b) information being available in the public domain, or (c) information otherwise provided to Purchaser or any of its Representatives by Vendor or any of its Representatives, in each case except and only to the extent Purchaser acquires such knowledge between the date hereof and such Closing Time and is entitled to and elects to terminate this Agreement pursuant to section 5.1(c). Furthermore, Purchaser shall not be entitled to claim that any fact, circumstance or matter disclosed on any Schedule to this Agreement constitutes a breach of any of Vendor's representations or warranties contained herein.

6.5 Notice of Claims

- (a) The respective representations and warranties set forth in this article 6 in respect of the Assets shall survive the applicable Closing for a period of twelve (12) months from the Closing Time, provided that no claim under this article 6 or article 8 shall be made or be enforceable by a Party unless written notice of such claim, with reasonable particulars, is given by such Party to the Party against whom the claim is made within such period. No claim shall be made by a Party in respect of the representations and warranties made by the other Party in this Agreement except pursuant to this article 6 and article 87.

- (b) The Parties acknowledge and agree that an obligation under this Agreement to provide written notice of a claim within twelve (12) months from the Closing Time and in a manner specified under this Agreement is intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of section 7(2) of the *Limitations Act* (Alberta).

ARTICLE 7
SECURITIES REGULATORY AND TSXV APPROVALS AND
RESALE RESTRICTIONS

7.1 Required Approvals

The terms of this Agreement are subject to the approval of all Securities Authorities having jurisdiction with respect to this Agreement and the transactions contemplated herein, including, but not limited to, the TSXV (the “**Required Approvals**”).

7.2 Purchaser’s Actions

Purchaser will with reasonable diligence do all such things and provide all such reasonable assurances as may be required to obtain the approval of all applicable regulatory authorities, including the TSXV, to the transactions contemplated in this Agreement.

7.3 Vendor’s Cooperation

Vendor and its principals and nominees, if applicable, shall provide to Purchaser all information reasonably required by Purchaser for inclusion in, and for the preparation of any documents or forms to be prepared and filed by Purchaser with the TSXV with respect to the Transaction.

7.4 Compliance with TSXV Requirements

Vendor and its principals and nominees, if applicable, shall promptly comply with all reasonable conditions and requirements of the TSXV to the completion of the Transaction.

7.5 Transaction not Consummated

If the TSXV or any other securities regulatory authority having jurisdiction with respect to this Agreement and the Transaction (collectively the “**Securities Authorities**”), shall prevent the consummation of the transactions contemplated herein, neither of the Parties nor their respective directors, officers, legal counsel, servants, or agents shall in any way be liable to the other Parties to this Agreement in respect of any damages or losses suffered by them as a result of such failure of the Securities Authorities to give their approval, provided that such party has, with all due diligence and in good faith, used its commercially reasonable efforts to obtain the approval of such Securities Authorities.

7.6 BSGE Shares Subject to Escrow

Vendor acknowledges that the BSGE Shares issued to it hereunder will be subject to escrow provisions, which shall be imposed by the policies of the TSXV and any

accompanying TSXV escrow agreement and Vendor, its principals or nominees, if applicable, hereto agree to accept such terms and execute any such documents or instruments pursuant to these escrow restrictions, as may be imposed by the TSXV and any accompanying TSXV escrow agreement, provided such escrow restrictions imposed by the TSXV are in compliance with the published policies of the TSXV.

7.7 BSGE Shares Subject to Resale Restrictions

Vendor and its principals acknowledge that the BSGE Shares, will be, issued pursuant to exemptions from the prospectus requirements of Applicable Canadian Securities Laws and that, as a result, the BSGE Shares may be subject to restrictions on resale imposed by Applicable Canadian Securities Laws until:

- (a) all applicable resale restrictions have been satisfied and the applicable hold period has expired in accordance with NI 45-102; or
- (b) a further exemption under NI 45-106 or the Applicable Canadian Securities Laws is available to Vendor or its nominees; or
- (c) an appropriate discretionary order under Applicable Canadian Securities Laws is obtained; or
- (d) Vendor or its principals or nominees, if applicable, is or becomes a “control person” as defined by the TSXV and applicable securities laws, has satisfied all conditions relating to sales by control persons set out in NI 45-102 or Applicable Canadian Securities Laws.

7.8 BSGE Share Certificates

Vendor understands, acknowledges and agrees that, if required under Applicable Canadian Securities Laws or the rules and policies of the TSXV or both, all the certificates representing the BSGE Shares, as well as all certificates issued in exchange for or in substitution thereof, shall bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY [*insert the date that is four months and a day after the distribution date*].

WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [*insert the date that is four months and a day after the distribution date*].”

ARTICLE 8
INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

8.1 Vendor's Indemnities for Representations and Warranties

Subject to sections 6.2, 6.3(l) and 6.5, and article 9, Vendor shall be liable to Purchaser for and shall, in addition, indemnify and save Purchaser and its Representatives harmless from and against, all Losses and Liabilities suffered, sustained, paid or incurred by Purchaser or its Representatives insofar as such Losses and Liabilities are a result of or relate to any breach of the representations and warranties contained in section 6.1.

8.2 Purchaser's Indemnities for Representations and Warranties

Subject to section 6.5 and section 9.3(a), Purchaser shall be liable to Vendor for and shall, in addition, indemnify and save Vendor and its Representatives harmless from and against, all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or its Representatives insofar as such Losses and Liabilities are a result of or relate to any breach of the representations and warranties contained in section 6.3.

ARTICLE 9
PURCHASER'S INDEMNITIES AND LIMITATION OF LIABILITY

9.1 Purchaser General Indemnity

In addition to the other indemnities provided by Purchaser in this Agreement, provided Closing occurs Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor and Vendor's Representatives from and against, all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of Vendor's Representatives which arise out of, result from or are attributable to any act, omission, matter or thing occurring or accruing on or after the Closing Date and which relates in any manner to the PNG Assets.

9.2 Environmental Matters

In addition to the other indemnities provided by Purchaser in this Agreement, provided Closing occurs Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor and Vendor's Representatives from and against, 50% of all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of Vendor's Representatives as a result of any matter or thing arising out of, attributable to or connected with any Environmental Liabilities, whether pertaining to or caused by the Assets, operations thereon or related thereto, or otherwise, however and by whomever caused, and whether such Environmental Liabilities occur or arise in whole or in part prior to, at or subsequent to the Closing Time. This indemnity shall apply indefinitely without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful misconduct of Vendor or any of its Representatives. Purchaser shall not be entitled to exercise and hereby waives any rights or remedies Purchaser may now or in the future have against Vendor with respect to any or all such Environmental Liabilities, whether such rights and remedies are pursuant to the common law, in equity, Applicable Law or otherwise, including the right to name Vendor as a third party to any action commenced by any Third Party against Purchaser. Nothing in this section 9.2 will operate to limit Purchaser's right to make a claim against Vendor for a breach of the representation and warranty made by Vendor in section 6.1(t), subject always to the limitations in sections 6.2, 6.3(l) and 6.5 and this article 99.

9.3 Limitations

- (a) Notwithstanding any other provision in this Agreement:
- (i) the indemnities provided in sections 8.1 and 8.2 shall not apply to Losses and Liabilities to the extent caused by any breach of this Agreement by the indemnified Party or by the gross negligence, willful default or willful misconduct of the indemnified Party or any of its Representatives;
 - (ii) the sole and exclusive remedy after Closing for a Party's breach of a representation and warranty in this Agreement shall be the indemnities provided in sections 8.1 and 8.2;
 - (iii) if an Indemnified Party's Losses and Liabilities at any time subsequent to the making of an indemnity payment by the Indemnifying Party are reduced by any net tax benefit or recovery, the amount of such reduction shall promptly be repaid by the Indemnified Party to the Indemnifying Party; and
 - (iv) nothing contained in this Agreement shall impose any liability on either Party for any indirect or consequential damages, indirect losses or loss of profit, including business loss and economic loss or special or punitive damages, suffered by the other Party or its Representatives, provided that this section 9.3(a)(iv) shall not preclude a Party from entitlement to indemnification for (A) such Party's liability to a Third Party for any indirect or consequential damages, indirect losses or loss of profit, including business loss and economic loss or special or punitive damages, which such Third Party suffers, sustains, pays or incurs, or (B) the other Party's breach of section 13.15.
- (b) Notwithstanding any other provision of this Agreement, the total liability of Vendor pursuant to or in connection with any of the indemnities, covenants, representations or warranties in this Agreement (other than the adjustments to be effected pursuant to article 10) or the Other Specific Conveyances shall not exceed in the aggregate an amount equal to the Base Price. In addition, no claim may be made by Purchaser under any such indemnities, or for a breach of or non-compliance with any of Vendor's covenants, representations or warranties unless and until the individual value of such claim exceeds \$150,000 and the aggregate value of all such claims exceeds four percent (4%) of the Base Price, and then only to the extent that the: (i) individual value of each such claim exceeds \$150,000; and (ii) aggregate value exceeds four percent (4%) of the Purchase Price.

9.4 Third Party Claims

- (a) In the event that any written claim or demand for which a Party (the "**Indemnifying Party**") may have an obligation to indemnify the other Party (the "**Indemnified Party**") under this Agreement is asserted against or sought to be collected from such Indemnified Party by a Third Party (a "**Third Party Claim**"), such Indemnified Party shall promptly, but in no event more than ten (10) Business Days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party in writing of such Third Party Claim, the amount or the estimated amount of

damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Third Party Claim), any other remedy sought thereunder, any relevant time constraints relating thereto and, to the extent practicable, any other material details pertaining thereto (a "**Claim Notice**"). However, the failure to give prompt notice will not affect the obligations of the Indemnifying Party except and only to the extent that the Indemnifying Party was prejudiced by such failure. The Indemnifying Party shall have fifteen (15) Business Days (or such lesser number of days set forth in the Claim Notice as may be required by court proceedings in the event of a litigated matter) after receipt of the Claim Notice (the "**Notice Period**") to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third Party Claim.

- (b) In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Party Claim, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defence at its expense. Once the Indemnifying Party has duly assumed the defence of a Third Party Claim, the Indemnified Party shall have the right, but not the obligation, to participate in any such defence and to employ a single separate counsel of its choosing. The Indemnified Party shall participate in any such defence at its expense unless the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded, based on the advice of outside counsel, that representation of both Parties by the same counsel would be inappropriate due to actual or potential differing interests between them, in which case the Indemnified Party shall participate in such defence and employ separate counsel at the Indemnifying Party's expense. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any Third Party Claim if such settlement (i) does not include an unconditional written release by the claimant or plaintiff of the Indemnified Party from all liability in respect of such Third Party Claim or (ii) would result in (A) the imposition of a consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates or (B) a finding or admission of a violation of Applicable Law, wrongdoing or violation of the rights of any Person by the Indemnified Party or any of its Affiliates. Subject to the foregoing, the Indemnifying Party may settle, compromise or offer to settle or compromise any Third Party Claim in its discretion without obligation to first obtain the consent of the Indemnified Party.
- (c) If the Indemnifying Party elects not to, or is deemed to elect not to, defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise, the Indemnified Party shall have the right, but not the obligation, to assume its own defence, it being understood that the Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defence of such Third Party Claim. The Indemnified Party (i) shall diligently defend such Third Party Claim and (ii) may not enter into a settlement thereof without obtaining approval of the Indemnifying Party (which approval shall not be unreasonably withheld, delayed or conditioned) unless the Indemnified Party will not be seeking indemnification from the Indemnifying Party for any amounts paid pursuant to such settlement thereof or for any other consequences of such Third Party Claim.

- (d) The Indemnified Party and the Indemnifying Party shall cooperate in order to ensure the proper and adequate defence of a Third Party Claim, including by providing access to each other's relevant business records and other documents and employees.
- (e) The Indemnified Party and the Indemnifying Party shall use commercially reasonable efforts to avoid production of confidential information (consistent with Applicable Law) and to cause all communications among employees, counsel and others representing any party to a Third Party Claim to be made so as to preserve any applicable solicitor-client or litigation privileges. For the avoidance of doubt, nothing in this section 9.4 shall be construed as a waiver by an Indemnified Party or an Indemnifying Party of any privilege, including any privilege associated with separate counsel as described herein.

9.5 Third Party Beneficiaries

Each of the Parties hereby acknowledges and agrees that the indemnification rights provided for in this Agreement shall not only be enforceable by the applicable Party but shall also be enforceable directly by such Party's Representatives, and in this respect it is further acknowledged and agreed that each Party is acting as agent and trustee for its respective Representatives with respect to the indemnification of its Representatives.

9.6 Mitigation

Each Party shall take all reasonable steps and use commercially reasonable efforts to mitigate any and all claims which may be the subject of an indemnity under article 8.

ARTICLE 10 ADJUSTMENTS

10.1 No Adjustments

Notwithstanding any other provision in this Agreement, there shall be no adjustments made between the Parties in respect of benefits and obligations of any kind and nature relating to the operation of the PNG Assets conveyed pursuant to this Agreement, including without limitation maintenance, development, operating and capital costs, government incentives and administration fees, royalties and other burdens, and proceeds from the sale of production, whether accruing, payable or paid and received or receivable.

ARTICLE 11 COVENANTS

11.1 Vendor Negative Covenants

Vendor shall not, without the written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed by Purchaser:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the PNG Assets of which Vendor's share is in excess of \$25,000.00, except in case of an emergency or in respect of amounts which Vendor may be

committed to expend or be deemed to authorize for expenditure without its consent pursuant to the Title Documents;

- (b) surrender or abandon any of the PNG Assets, or allow any of the Leases to expire;
- (c) amend or terminate any material Title Document or any other material agreement or document to which the PNG Assets are subject, or enter into any new material agreement or commitment relating to the PNG Assets; or
- (d) sell, encumber or otherwise dispose of any of the PNG Assets or any part or portion thereof excepting sales of the Leased Substances or any of them in the normal course of business.
- (e) preclude Purchaser and its advisors from unlimited access, at all mutually convenient times, to examine the files, books, records, accounts, assets, contracts, filings, Title Documents and any and all such further documents, deeds, instruments, or agreements pertaining to the Assets, until the later of Closing Time and the transfer of all of the data in accordance with the terms herein; and
- (f) until Closing and only in respect of the Assets, other than as previously disclosed to Purchaser in writing, or as consented to in writing by Purchaser, which consent shall not be unreasonably withheld, Vendor will not take any action which might, directly or indirectly, interfere or be inconsistent with, or otherwise adversely affect the Transaction and, without limiting the generality of the foregoing, will not:
 - (i) solicit, initiate or knowingly encourage the initiation of any inquiries, offers or proposals from any Third Party concerning:
 - (A) the sale of the Assets; or
 - (B) any other acquisition, amalgamation, arrangement, merger, takeover bid, business combination, reorganization, recapitalization, liquidation and winding-up of, or similar transaction involving the Assets or BSP;
 - (ii) enter into any agreement, discussions or negotiations with any Third Party other than each other with respect to the Transaction; or
 - (iii) provide any confidential information to, participate in any discussions or negotiations relating to any transaction with, or otherwise cooperate with, or assist or participate in any effort to take action in respect of any such transaction, by any Third Party.

11.2 Other Specific Conveyances

Vendor shall prepare the Other Specific Conveyances at its cost and use reasonable commercial efforts to provide the Other Specific Conveyances for execution and delivery at Closing, or as soon thereafter as reasonably possible and in any event no later than five (5) days after the Closing. All Other Specific Conveyances that are prepared and circulated to Purchaser a reasonable time prior to the Closing Time shall be executed and delivered by the Parties at Closing. Forthwith after Closing, Purchaser shall at its cost circulate and register, as the case may

be, all Other Specific Conveyances and further assurances that by their nature may be circulated or registered, provided that to the extent electronic registration of the Other Specific Conveyances is permitted by a Governmental Authority, within three (3) Business Days following the Closing Time, Vendor shall at Purchaser's cost prepare and electronically submit an application to the appropriate Governmental Authority to effect such registration and Purchaser shall electronically ratify and sign such application. Should any Governmental Authority deny any electronic application because of a misdescription or other minor deficiency in the application, Vendor shall promptly correct the application and amend and re-submit such application for the electronic transfer and Purchaser shall electronically ratify and confirm such application. For certainty, none of the Other Specific Conveyances shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.

11.3 Title Documents and Miscellaneous Interests

Vendor shall use reasonable commercial efforts to deliver to Purchaser as soon as practicable after Closing (but no later than three (3) Business Days after Closing) the original copies of the applicable Title Documents and any other agreements and documents to which the applicable PNG Assets are subject and the original copies of contracts, agreements, records, books, documents, licences, reports and data comprising Miscellaneous Interests related to such PNG Assets which are now in the possession of Vendor or of which it gains possession prior to such Closing. Notwithstanding the foregoing, if and to the extent such Title Documents, contracts, agreements, records, books, documents, licences, reports and data also pertain to interests other than the interest in the PNG Assets acquired hereunder by Purchaser, photocopies or other copies may be provided to Purchaser in lieu of original copies. Purchaser shall, upon request and after reasonable notice, provide reasonable access, at the offices of Purchaser and during its normal business hours, to such Title Documents and other contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests delivered by Vendor pursuant hereto, as Vendor may require for purposes concerning the interests which Vendor held in such PNG Assets prior to the Closing Time and the calculation of adjustments prior to the finalization of the same, subject always to the requirement that all such information shall remain confidential.

11.4 Consents

- (a) Where a Title Document provides that Vendor shall obtain written consent from a Third Party prior to the disposition of any rights subject to the Title Document to Purchaser, the failure to obtain such consent prior to the applicable Closing Time shall not constitute grounds for failing to achieve the Closing, and shall not constitute a breach of any of Vendor's representations and warranties. To the extent that an attempt is made to obtain any such consents prior to Closing, Vendor shall give prompt written notice to Purchaser of all written consents sought for which consents are either granted or refused. If any Third Party notifies Vendor that it refuses to give the consent required pursuant to such Title Document, the Parties shall cooperate in attempting to obtain such consent. If the consent is not obtained prior to Closing, Vendor shall, after Closing, hold Purchaser's beneficial interest in that Title Document in trust for Purchaser as bare trustee in accordance with section 11.5 and both Parties shall continue to seek such written consent from the Third Party.
- (b) Without limitation to Vendor's obligations pursuant to section 11.2, to the extent not acquired prior to Closing, the Parties shall, after Closing, cooperate in securing

all further consents required to permit the conveyance of the PNG Assets to Purchaser and each Party shall take such further actions as reasonably required to permit such conveyance, including in the case of Purchaser, providing such deposits, letters of credit or other financial assurances as required by the Third Party.

11.5 Post-Closing Administration

- (a) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an assignment of any part or portion of the PNG Assets if an attempted assignment thereof, without the consent or approval of a Third Party thereto, including a Governmental Authority, would constitute a breach thereof. If any such consents or approvals are not obtained as of the Closing, Vendor shall, at Purchaser's expense, until such consent or approval occurs with respect to an Asset, and subject to the obligation of Purchaser to perform, observe and comply with the covenants, terms and conditions pertaining to the applicable part or portion of the PNG Assets which Vendor holds in trust:
- (i) hold legal title to such PNG Assets as bare trustee for Purchaser until all necessary consents and approvals have been completed;
 - (ii) cooperate with Purchaser, in all reasonable respects, to provide to Purchaser the benefits under any such PNG Assets; and
 - (iii) represent Purchaser and receive and hold, as bare trustee and agent of Purchaser, all payments received by Vendor after the Closing Time which relate to the PNG Assets and accrue after the Adjustment Date pursuant to the Title Documents, and the following provisions shall apply:
 - (A) Vendor shall remit such amounts to Purchaser no later than thirty (30) days after receipt thereof, provided however Vendor shall be entitled to retain any portion of such payments to satisfy any amounts owing or payable hereunder or to satisfy any amounts owing to Third Parties by Purchaser under the Title Documents;
 - (B) Vendor shall forward to Purchaser all statements, notices and other information received by it pursuant to the Title Documents that pertain to the PNG Assets as soon as practicable following their receipt by Vendor; and
 - (C) Vendor shall forward to Third Parties to the Title Documents such notices and elections pursuant to the Title Documents pertaining to the PNG Assets as Purchaser may reasonably request.

11.6 Ratification and Indemnity

Purchaser ratifies and confirms all actions taken, or refrained from being taken, by Vendor under sections 10.4 and 11.5 hereof, and Purchaser shall indemnify and save harmless Vendor from and against all Losses and Liabilities arising as a consequence of the provisions of sections 10.4 and 11.5 hereof, except to the extent caused by the gross negligence or wilful misconduct

of Vendor. Acts or omissions taken by Vendor or its servants or agents with the approval or concurrence of Purchaser shall not constitute gross negligence or wilful misconduct.

11.7 Operatorship

Purchaser shall have the option to assume operatorship of the PNG Assets from Vendor twelve (12) months from Closing, subject to Purchaser obtaining approval as a registered operator from the BCER.

ARTICLE 12 **RIGHTS OF FIRST REFUSAL**

12.1 ROFR Asset Value Allocation

Vendor shall utilize such allocations for the purposes of the ROFR notices to be issued to Third Parties, and Vendor shall issue such ROFR notices promptly after receiving such allocations from Purchaser. Purchaser shall be liable to Vendor and, as a separate covenant, indemnify and hold harmless Vendor and its Representatives from and against any and all Losses and Liabilities arising from such allocations.

12.2 ROFR Exercise

- (a) If a ROFR is exercised, then unless Purchaser and Vendor agree that such exercise was not valid, the PNG Assets which are subject thereto shall not be sold to Purchaser pursuant hereto, and shall be deleted from and cease to be subject to this Agreement, provided that Purchaser shall nevertheless purchase the PNG Assets which are not subject to such exercised ROFR.
- (b) If a portion of the PNG Assets is excluded from the Closing pursuant to section 12.2(a):
 - (i) the terms "PNG Assets", "Leases", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Tangibles" and "Wells" shall be construed as meaning only that portion of the subject matter of those terms with respect to which Closing occurs and the Schedules shall be deemed to be revised to reflect the deletion of such portion of the PNG Assets that are excluded from the Closing; and
 - (ii) the Purchase Price of the Assets shall be reduced by the value attributed to the Assets with respect to which Closing does not occur (the "**Exercised ROFR Value**"), and the allocation of the Purchase Price pursuant to section 2.3 shall be determined by agreement of the Parties and adjusted accordingly.
- (c) If, following Closing:
 - (i) Vendor provides to Purchaser written confirmation that a Third Party which had previously exercised a ROFR has subsequently elected not to proceed with, or is otherwise unable to consummate, the acquisition of those of the PNG Assets which were the subject of such exercised ROFR;

- (ii) all rights of Third Parties in respect of such ROFR have otherwise expired or been waived in accordance with its terms; and
- (iii) the subsequent sale and conveyance by Vendor to Purchaser of such PNG Assets would not give rise to or make operative any further or additional ROFR in favour of any Third Party, whether triggered by this Agreement or otherwise,

then Vendor shall sell and convey to Purchaser and Purchaser shall purchase and accept from Vendor such PNG Assets, on the terms set forth in this Agreement, and for an amount equal to the portion of the Purchase Price allocated by Purchaser to such PNG Assets in section 12.1 hereof.

12.3 ROFR Challenges

- (a) If, prior to Closing, a ROFR Holder challenges the value used in a notice delivered pursuant to section 12.1 (the "**ROFR Value**") and the challenge has not been resolved prior to Closing, then:
 - (i) if such ROFR Holder has not commenced an action with respect to the ROFR Value prior to the Closing Time, the Parties shall proceed to Closing with, subject to section 11.3(a)(ii), the applicable ROFR Assets included in the PNG Assets conveyed at Closing;
 - (ii) if the ROFR Holder has commenced any litigation, legal proceedings or arbitration with respect to the ROFR Value (a "**ROFR Action**") prior to the Closing Time, then Closing shall occur at the Closing Time with respect to those PNG Assets not subject to the ROFR Action, and the Escrow Amount, as applicable, shall be released to Vendor, and the PNG Assets subject to such ROFR Action shall continue to be held by Vendor, including any Other Specific Conveyances pertaining thereto, until the ROFR Action is resolved, and if, following such resolution:
 - (A) the ROFR is not exercised, such PNG Assets shall be transferred, and the Other Specific Conveyances pertaining to such PNG Assets shall be conveyed, to Purchaser on the terms and conditions set forth in this Agreement; or
 - (B) the ROFR is exercised, (1) such PNG Assets and all related conveyances shall be deemed to have been deleted from and ceased to be subject to this Agreement, and (2) that portion of the Purchase Price allocated to such PNG Assets shall be reduced by the value attributed thereto and such amount paid to Purchaser by Vendor within thirty (30) days of the ROFR exercise.
- (b) Vendor shall diligently proceed with the defence, compromise or settlement of any ROFR Action and shall advise Purchaser (as permitted by Applicable Laws and Governmental Authority) with respect to the ROFR Action;
- (c) the Parties shall cooperate with each other in the defence of any ROFR Action, including Purchaser making available to Vendor those of its Representatives

whose assistance, testimony or presence is of material assistance in evaluating and defending the ROFR Action; and

- (d) Vendor shall not enter into any settlement, consent order or other compromise with respect to any ROFR Action without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, delayed or conditioned).

ARTICLE 13 **GENERAL**

13.1 Further Assurances

Each Party shall, from time to time, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably requested by the other Party or required in order to fully perform and carry out the terms of this Agreement and to implement the Transaction.

13.2 No Merger

The covenants, representations, warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

13.3 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. This Agreement supersedes all other agreements (executed and unexecuted), documents, writings and verbal understandings among the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

13.4 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and Applicable Laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

13.5 Assignment

This Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. No assignment of this Agreement shall relieve the assigning Party of its obligations under this Agreement without the express written release of the other Party to this Agreement.

13.6 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

13.7 Third Party Beneficiaries

Except as specifically provided for in section 9.5, this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

13.8 Time of Essence

Time shall be of the essence in this Agreement.

13.9 Notices

The addresses for service and emails of the Parties shall be as follows:

Vendor - Blue Sky Resources Ltd.
[REDACTED]
[REDACTED]
Attention: Ilyas Chaudhary, President & CEO
Email: [REDACTED]

Purchaser - Blue Sky Global Energy Corp.
[REDACTED]
[REDACTED]
Attention: Mohammad Fazil, CEO
Email: [REDACTED]

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by personal service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received by that Party when personally served;
- (b) by email to a Party to the email address of such Party set out above, in which case the item so emailed shall be deemed to have been received by that Party when emailed; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a Party at the address of such Party set out above, in which case the item so mailed shall be deemed to have been received by that Party on the third Business Day following the date of mailing (the date of mailing being the Business Day immediately prior to the postmarked date of the envelope containing the notice, communication or statement or if the subject envelope has been lost or

destroyed, the date of such notice, communication or statement or if undated the date of the transmittal letter accompanying the same).

A Party may from time to time change its address for service or its email address by giving written notice of such change to the other Party.

13.10 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

13.11 Waiver

Except as otherwise provided in this Agreement, no failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver of any provision of this Agreement, including this section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Party making such waiver.

13.12 No Partnership

Nothing contained in this Agreement shall be construed to create an association, trust, partnership or joint venture, or impose a trust, fiduciary or partnership duty, obligation or liability on or with regard to Vendor and Purchaser.

13.13 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

13.14 Agreement not Severable

This Agreement extends to the whole of the Assets and is not severable without Purchaser's express written consent or as otherwise herein provided.

13.15 Public Announcements

- (a) Neither Party shall disseminate, nor shall it allow the dissemination of, any announcement to the general public, by press release or otherwise, relating to this Agreement, the other Party or the Transaction without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed. However, nothing in this section 13.15 shall prevent a Party from furnishing any information to:
 - (i) any Governmental Authority insofar only as it is required by Applicable Law, including securities laws;

- (ii) such Party's financial institution and the representatives thereof;
- (iii) any of its agents, employees, advisors, consultants or officers; or
- (iv) the TSXV, as required;

provided that any Party that proposes to make public disclosure as contemplated in subsection (i) above shall, to the extent reasonably possible, provide the other Party with a draft of such statement a sufficient time prior to its release to enable such other Party to review such draft and advise that Party of any comments it may have with respect thereto.

- (b) Subject to section 13.15(a), the Parties shall cooperate with each other in relaying to Third Parties who need to know information concerning this Agreement and the Transaction, and shall discuss drafts of all press releases and other releases of information for dissemination to the public pertaining hereto.
- (c) Notwithstanding section 13.15(a), Vendor shall be permitted to disclose information pertaining to this Agreement and the identity of Purchaser, to the extent required to enable Vendor to fulfil its obligations pertaining to ROFRs in accordance with article 12 and any consents or Other Specific Conveyances required to effect the Transaction.

13.16 Confidentiality

- (a) Information respecting the Assets and the business of the Purchaser shall be retained in confidence by the Parties and used only for the purposes of this Transaction, provided that upon the Closing Date, the Purchaser's rights to use or disclose such information shall be subject only to the Title Documents or other agreements that may apply to the Assets. Notwithstanding the foregoing, any additional information obtained which does not relate to the Assets shall continue to be treated as confidential and shall not be used by the receiving Party without the prior written consent of the disclosing Party. However, the restrictions on disclosure and use of information in this Agreement shall not apply to information to the extent it:
 - (i) is or becomes publicly available without a breach of any obligation by Parties or their respective consultants or advisors to maintain the confidentiality of the information;
 - (ii) is subsequently obtained lawfully from a Third Party;
 - (iii) is in a Party's possession at the time of disclosure, without restriction on disclosure;
 - (iv) is required by Applicable Law to be disclosed, provided that Parties shall take all reasonable steps to bind the Party receiving such information to obligations of confidentiality similar to the foregoing; or

Specific items of information shall not be considered to be in the public domain merely because more general information is in the public domain.

- (b) If a Party employs consultants, advisors or agents to assist in its review or acquisition of the Assets pursuant to this section, such Party shall be responsible for ensuring that such consultants, advisors and agents comply with the restrictions on the use and disclosure of confidential information set forth in this section.

13.17 Expenses

Except as otherwise provided herein, all expenses incurred by a Party in connection with or related to the authorization, preparation and execution of this Agreement and all other matters related to the Transaction, including all fees and expenses of counsel, accountants and financial advisors, will be borne solely and entirely by such Party.

13.18 Access

At all reasonable times from the date hereof until the Closing Time, upon request, Vendor shall, subject to Applicable Laws, all existing confidentiality obligations and restrictions and section 13.15, make available to Purchaser in Vendor's offices in Calgary all of the Title Documents, the Miscellaneous Interests and any other agreements and documents to which the PNG Assets are subject.

13.19 Remedies Generally

No failure on the part of a Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy under Applicable Law or otherwise conferred.

13.20 Electronic Signatures

The Parties agree that all Other Specific Conveyances to be delivered and/or executed in connection with a Closing under this Agreement and the Transaction, except for the General Conveyances, records that create or transfer interests in land or that are registrable at a Land Titles Office, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act* (Alberta), as amended from time to time (the "**ES Conveyance Documents**"), shall be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to the applicable Closing, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the individuals set out in such listing and which appear on any ES Conveyance Documents shall be sufficient to cause such ES Conveyance Documents to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the ES Conveyance Documents and for no other purpose whatsoever, and neither Party shall be entitled to use Electronic Signatures of the other Party at any time after sixty (60) days from the applicable Closing Time.

13.21 Counterparts and Electronic Transmission

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed

to have the same legal effect as delivery of an original signed copy of this Agreement. Each Party delivering this Agreement by e-mail or other means of electronic transmission undertakes to deliver, within a reasonable time, an executed original; any failure to do so shall not adversely affect the effect of the foregoing.

[Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the execution date set forth on the first page of this Agreement.

BLUE SKY RESOURCES LTD.

BLUE SKY GLOBAL ENERGY CORP.

Per: (signed) "Ilyas Chaudhary"
Ilyas Chaudhary
President & CEO

Per: (signed) "Mohammad Fazil"
Mohammad Fazil
President, Chief Executive Officer,
Corporate Secretary and Director

SCHEDULE "A"

Petroleum and Natural Gas Rights

SCHEDULE "B"

Wells

SCHEDULE "C"

Rights of First Refusal

SCHEDULE "D"

GENERAL CONVEYANCE

THIS AGREEMENT made as of the **[CLOSING DATE]**.

BETWEEN:

BLUE SKY RESOURCES LTD., a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Vendor**")

- and -

BLUE SKY GLOBAL ENERGY CORP., a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS:

- (A) Vendor and Purchaser entered into that Agreement of Purchase and Sale made effective as of the 1st day of January, 2024 (the "**Sale Agreement**") with respect to the sale and purchase of the Assets in accordance with the terms thereof; and
- (B) All of the conditions precedent to the obligations of the parties hereto to achieve the Closing provided for in the Sale Agreement have either been fulfilled or waived in the manner provided for in the Sale Agreement.

NOW THEREFORE in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the parties hereto covenant and agree as follows:

1. Capitalized terms used but not defined in this general conveyance shall have meanings ascribed to them in the Sale Agreement.
2. Vendor hereby sells, assigns, transfers, conveys and sets over to Purchaser, and Purchaser hereby purchases, assumes and accepts from Vendor, the PNG Assets, to have and hold the same, together with all benefit and advantage to be derived therefrom, absolutely, subject to the terms of the Sale Agreement, the Permitted Encumbrances and the applicable Title Documents.
3. If any term or provision hereof should conflict with any term or provision of the Sale Agreement, the term and provision of the Sale Agreement shall prevail and this general conveyance shall at all times be read subject to all terms and conditions of the Sale Agreement.
4. This general conveyance shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and Applicable Laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. The parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this general conveyance.

5. This general conveyance shall be binding upon and shall enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.
6. This general conveyance may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. A signed copy of this general conveyance delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this general conveyance. Each Party delivering this general conveyance by e-mail or other means of electronic transmission undertakes to deliver, within a reasonable time, an executed original; any failure to do so shall not adversely affect the effect of the foregoing.

IN WITNESS WHEREOF the parties hereto have executed this general conveyance as of the date first above written.

BLUE SKY RESOURCES LTD.

BLUE SKY GLOBAL ENERGY CORP.

Per: _____
Ilyas Chaudhary
President & CEO

Per: _____
Mohammad Fazil
CEO

SCHEDULE "E"

OFFICER'S CERTIFICATE OF VENDOR

TO: BLUE SKY GLOBAL ENERGY CORP. ("**Purchaser**")

The undersigned, Ilyas Chaudhary, being an officer of BLUE SKY RESOURCES LTD. ("**Vendor**"), does hereby certify, for and on behalf of Vendor and not in his personal capacity, as follows:

1. The undersigned is personally familiar, in his capacity as an officer of Vendor, with the matters hereinafter mentioned.
2. This Certificate is made pursuant to an Agreement of Purchase and Sale made effective as of the 1st day of January, 2024 between Vendor and Purchaser (the "**Sale Agreement**"), in respect of the Closing contemplated thereby.
3. The definitions contained in the Sale Agreement are herein adopted and wherever used shall have the meanings ascribed to them in the Sale Agreement.
4. The representations and warranties of Vendor contained in the Sale Agreement were true in all material respects when made and, as may be applicable to the Assets, are true in all material respects as of the date hereof.
5. All obligations of Vendor contained in the Sale Agreement to be performed prior to or at the Closing have been timely performed in all material respects.

DATED at Calgary, Alberta, as of the ___ day of _____, 202__.

BLUE SKY RESOURCES LTD.

Ilyas Chaudhary

OFFICER'S CERTIFICATE OF PURCHASER

TO: BLUE SKY RESOURCES LTD. ("**Vendor**")

The undersigned, Mohammad Fazil, being an officer of BLUE SKY GLOBAL ENERGY CORP. ("**Purchaser**"), does hereby certify, for and on behalf of Purchaser and not in his/her personal capacity, as follows:

1. The undersigned is personally familiar, in his capacity as an officer of Purchaser, with the matters hereinafter mentioned.
2. This Certificate is made pursuant to an Agreement of Purchase and Sale made effective as of the 1st day of January, 2024 between Vendor and Purchaser (the "**Sale Agreement**"), in respect of the Closing contemplated thereby.
3. The definitions contained in the Sale Agreement are herein adopted and wherever used shall have the meanings ascribed to them in the Sale Agreement.
4. The representations and warranties of Vendor contained in the Sale Agreement were true in all material respects when made and, as may be applicable to the Assets, are true in all material respects as of the date hereof.
5. All obligations of Vendor contained in the Sale Agreement to be performed prior to or at the Closing have been timely performed in all material respects.

DATED at Calgary, Alberta, as of the ___ day of _____, 202__.

BLUE SKY GLOBAL ENERGY CORP.

Mohammad Fazil