

**ASSET PURCHASE AND SALE AGREEMENT
(CLEARWATER ASSETS)**

BETWEEN

**HIGHWOOD OIL COMPANY LTD.
(As Vendor)**

- and -

**TAMARACK VALLEY ENERGY LTD.
(As Purchaser)**

Dated as of December 14, 2020

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	3
1.1 Definitions	3
1.2 Schedules	14
1.3 Headings	14
1.4 Interpretation Not Affected by Headings.....	15
1.5 Words Importing Number or Gender.....	15
1.6 Use of Derivative Terms.....	15
1.7 Use of Industry Terms	15
1.8 Use of "Including"	15
1.9 Meaning of "Gross Negligence" and "Wilful Misconduct"	15
1.10 Statutory References	15
1.11 Contractual References	16
1.12 Monetary References	16
1.13 References to Time	16
1.14 Date for Payments or Other Actions.....	16
1.15 Calculation of Time Periods	16
1.16 Knowledge.....	16
ARTICLE 2 PURCHASE AND SALE AND CLOSING	16
2.1 Purchase and Sale	16
2.2 Closing.....	17
2.3 Form of Payment	17
2.4 Purchase Price.....	17
2.5 GST.....	17
2.6 Adjustments	18
ARTICLE 3 CONDITIONS OF CLOSING.....	21
3.1 Purchaser's Conditions.....	21
3.2 Vendor's Conditions.....	22
3.3 Efforts to Fulfil Conditions Precedent	23
ARTICLE 4 CLOSING DELIVERIES	23
4.1 Deliveries by Vendor at Closing.....	23
4.2 Deliveries by Purchaser at Closing.....	24
4.3 Specific Conveyances.....	24
ARTICLE 5 REPRESENTATIONS AND WARRANTIES	25
5.1 Representations and Warranties of Vendor	25
5.2 Limitation Regarding Vendor's Representations and Warranties	30
5.3 Representations and Warranties of Purchaser.....	31
5.4 Limitation Regarding Purchaser's Representations and Warranties	32
5.5 Survival of Representations and Warranties.....	32
5.6 Anti-Sandbagging.....	32
ARTICLE 6 INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES AND OTHER MATTERS.....	33
6.1 Vendor's Indemnities for Representations and Warranties.....	33

6.2	Purchaser's Indemnities for Representations and Warranties	33
6.3	Purchaser's Environmental Indemnity	33
6.4	Time Limitation	34
6.5	Limitation of Remedies	34
6.6	Procedures – General Indemnities	35
ARTICLE 7 PRE-CLOSING PERIOD		36
7.1	Maintenance of Assets	36
7.2	Lease Rental Payments	37
7.3	Interim Period Notices	38
7.4	Purchaser Indemnity	38
7.5	Insurance Matters.....	38
ARTICLE 8 POST-CLOSING MATTERS		38
8.1	Post-Closing Matters.....	38
8.2	Delivery of Title and Operating Documents and Miscellaneous Interests	39
8.3	Removal of Signs.....	40
8.4	Limitation of Liability for Post-Closing Operations.....	40
ARTICLE 9 DUE DILIGENCE REVIEW		40
9.1	Due Diligence	40
ARTICLE 10 PRIVACY MATTERS		41
10.1	Privacy Matters	41
ARTICLE 11 GENERAL.....		42
11.1	Further Assurances	42
11.2	Entire Agreement.....	42
11.3	Governing Law	42
11.4	Assignment; Enurement.....	42
11.5	Time of Essence.....	42
11.6	Notices	42
11.7	Invalidity of Provisions.....	43
11.8	Waiver.....	43
11.9	Survival; No Merger	43
11.10	Amendment.....	44
11.11	Confidentiality and Public Announcements	44
11.12	Financial Information	44
11.13	Costs Incurred for Financial Information	45
11.14	Counterpart Execution	45

Schedules:

Schedule A	-	Part 1 – Lands, Leases, Petroleum and Natural Gas Rights Part 2 – Wells Part 3 – Transportation, Sale and Handling Agreements
Schedule B	-	Material Contracts
Schedule C	-	Major Facilities and Pipelines
Schedule D	-	Outstanding AFEs
Schedule E	-	Form of General Conveyance
Schedule F	-	Form of Officer's Certificate
Schedule G	-	Disclosed Matters

**ASSET PURCHASE AND SALE AGREEMENT
(CLEARWATER ASSETS)**

THIS AGREEMENT made as of December 14, 2020.

BETWEEN:

HIGHWOOD OIL COMPANY LTD., a body corporate amalgamated pursuant to the laws of the Province of Alberta and having an office in the City of Calgary, Alberta ("**Vendor**")

- and -

TAMARACK VALLEY ENERGY LTD., a body corporate existing pursuant to the laws of the Province of Alberta and having an office in the City of Calgary, Alberta ("**Purchaser**")

WHEREAS Vendor wishes to sell the Assets to Purchaser, and Purchaser wishes to purchase the Assets from Vendor, subject to and in accordance with the terms and conditions of this Agreement.

AND WHEREAS shareholders of Vendor representing not less than 50% of the issued and outstanding common shares of Vendor have executed the Written Resolution (as defined herein).

NOW THEREFORE the Parties agree 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 Losses and Liabilities and other duties and obligations, whether arising under contract, Applicable Law or otherwise, relating to:
 - (i) the abandonment of the Wells and restoration and reclamation of the surface sites thereof and any other lands now or previously used to gain access thereto;
 - (ii) the closure, decommissioning, dismantling and removal of the Tangibles, including any wells, structures, buildings, pipelines, facilities, equipment and other tangible depreciable property and assets located within, on or under the Lands or lands pooled or unitized therewith that are now, or that were previously used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith, together with the restoration and reclamation of the Lands or lands pooled or unitized therewith, on or in which any of the foregoing are or were located and any other lands used to gain access thereto;

- (iii) the restoration, remediation or reclamation of the surface or subsurface of any lands other than those lands described in paragraphs (i) and (ii) and specifically relating to, used or previously used to gain access to, the Assets; and
 - (iv) the restoration, remediation or reclamation of the surface or subsurface of lands described in paragraphs (i), (ii) and (iii) affected by seismic or other geological or geophysical exploration activities conducted by or on behalf of Vendor or its Affiliates.
- (b) "**Accounting Firm**" means a nationally or internationally recognized firm of chartered accountants as may be selected by the Parties.
- (c) "**AER**" means the Alberta Energy Regulator, or any successor thereto having jurisdiction over the Assets or certain of them and the operation thereof.
- (d) "**AFEs**" means authorities for expenditure, cash calls, operations notices, amounts budgeted pursuant to joint operating agreements, unit agreements, mail ballots and similar notices and calls for funds.
- (e) "**Affiliate**" means, with respect to a particular Person, another Person that controls, is controlled by, or is under common control with that particular Person. For the purposes of this definition, a Person "controls" another Person (other than an individual) if the first Person:
- (i) holds more than 50% of the voting securities of such other Person; or
 - (ii) has power to appoint a majority of the board of directors or comparable body of such other Person; or
 - (iii) is entitled to more than 50% of the profits of such other Person or, in the event of a dissolution, to more than 50% of the assets of such other Person; or
 - (iv) otherwise has the power to direct or cause the direction of management or policies of such other Person,
- in each case, regardless of whether such right or power is held or exercisable directly or through intermediaries or whether such right or power is held beneficially or as a trustee, guardian or similar capacity. In addition, if such other Person is a partnership and all of the partners therein would be considered "Affiliates" of each other as provided above in this Clause 1.1(e), such partnership shall be deemed to be an Affiliate of each such partner and each other Person that is or would be deemed to be an Affiliate of each such partner.
- (f) "**Agreement**" means this Asset Purchase and Sale Agreement, including the attached Schedules.
- (g) "**Applicable Law**" means, in relation to any Person, property or circumstance:
- (i) all laws and statutes, including regulations, rules, by-laws, ordinances and other statutory instruments enacted thereunder;

- (ii) all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction;
- (iii) all orders, rules, directives, policies and guidelines having force of law issued by any Governmental Authority;
- (iv) requirements of Stock Exchange; and
- (v) all terms and conditions of any Permits,

that are in effect as of the relevant time and are applicable to such Person, property or circumstance.

- (h) "**Applicable Privacy Laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).
- (i) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests.
- (j) "**Base Purchase Price**" has the meaning ascribed to that term in Clause 2.4(a).
- (k) "**Business Day**" means a day, other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta, on which banks are open generally to conduct commercial business in Calgary, Alberta.
- (l) "**Claim**" means any claim, demand, lawsuit, action, proceeding, notice of non-compliance or violation, order or direction, arbitration or governmental proceeding or investigation.
- (m) "**Claiming Party**" has the meaning ascribed to that term in Clause 6.6.
- (n) "**Closing**" means the completion of the Transaction.
- (o) "**Closing Date**" means December 21, 2020, or any other Business Day as Vendor and Purchaser may agree in writing, provided that, following Closing, references to the "Closing Date" shall mean the date on which Closing actually occurred.
- (p) "**Closing Purchase Price**" has the meaning set forth in Clause 2.4(b).
- (q) "**Closing Statement**" has the meaning ascribed to that term in Clause 2.6(c).
- (r) "**Closing Time**" means 11:00 a.m. on the Closing Date or any other time as Vendor and Purchaser may agree.
- (s) "**Confidentiality Agreement**" means the agreement entitled "Confidentiality Agreement" dated October 12, 2020 between Vendor and Purchaser.
- (t) "**Consequential Losses**" means any consequential, incidental, punitive, special, exemplary or indirect damages, lost or deferred profits or revenues, loss of business

opportunity, losses based on loss of use or other business interruption losses and damages.

- (u) **"Effective Time"** means 12:01 a.m. on November 1, 2020.
- (v) **"Encumbrance"** means a Security Interest, an option to purchase, a farm-out agreement under which earning has not occurred, a royalty, a net profits interest, a carried working interest, a right to convert a royalty to a working interest on payout of a well, a penalty or forfeiture arising as a result of non-participation in a drilling or other operation and any other adverse claim or encumbrance, whether similar or dissimilar to the foregoing.
- (w) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (x) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Claims and other duties and obligations, whether arising under contract, Applicable Law or otherwise, arising from, relating to or associated with:
 - (i) Abandonment and Reclamation Obligations;
 - (ii) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
 - (iii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of Petroleum Substances, oilfield wastes, water, hazardous substances, environmental contaminants and all other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;
 - (iv) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Law pertaining to the Environment or to the protection of the Environment;
 - (v) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
 - (vi) the protection, reclamation, remediation or restoration of the Environment,that relate to or arise by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets, the Lands, or any lands pooled or unitized therewith, including any seismic programs conducted by or on behalf of Vendor or its Affiliates.
- (y) **"Final Statement of Adjustments"** has the meaning ascribed to that term in Clause 2.6(d).

- (z) **"GAAP"** means generally accepted accounting principles as applied in Canada as of the Effective Time.
- (aa) **"General Conveyance"** means an agreement in the form set forth in Schedule E.
- (bb) **"Governmental Authority"** means any:
 - (i) governmental entity or authority of any nature, including Her Majesty the Queen in right of Canada or any province, any governmental ministry, agency, branch, department or official, and any court, regulatory board or other tribunal; or
 - (ii) individual or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature,

having jurisdiction or power over any Person, property, operation, transaction or other matter or circumstance.
- (cc) **"GST"** means the goods and services tax provided for in the *Excise Tax Act* (Canada) and any other tax imposed or levied by the Government of Canada on or in respect of the sale or supply of goods or services in addition to or replacement for such goods and service tax.
- (dd) **"GST Legislation"** means the *Excise Tax Act* (Canada) or other legislation affecting GST.
- (ee) **"Indemnified Matter"** has the meaning ascribed to that term in Clause 6.6(a).
- (ff) **"Indemnifying Party"** has the meaning ascribed to that term in Clause 6.6.
- (gg) **"Lands"** means the lands and formations identified in Part 1 of Schedule A, subject to any limitations identified or set forth in Part 1 of Schedule A and all lands pooled or unitized therewith, which includes the Petroleum Substances within, upon or under those identified lands but, in all cases, only as to the formations set forth and described therein.
- (hh) **"Leases"** means the leases, licenses, permits and other documents of title as set forth in Part 1 of Schedule A, by virtue of which the holder thereof is entitled to drill for, win, take, own or remove the Petroleum Substances within, on or under the Lands or by virtue of which the holder thereof is or is deemed to be entitled to a share of Petroleum Substances removed from the Lands or any lands with which the Lands are pooled or unitized; and includes, if applicable, all renewals and extensions of those documents and all documents issued in substitution therefore.
- (ii) **"LLR"** means the licensee liability rating pertaining to an assessment of a Party's assets and liabilities located in the Province of Alberta, as determined under or pursuant to the licensee liability rating program and the license transfer process as set forth by the AER under Directive 006 and related AER regulations, guidelines, interim directives, information letters and policies.
- (jj) **"Losses and Liabilities"** means all losses, costs, expenses, interest, charges, assessments damages, liabilities, obligations, fines and penalties, including all reasonable costs

incurred in investigating, defending or negotiating the settlement or resolution of any Claim or threatened Claim, and specifically including reasonable legal and other professional fees and expenses on a "solicitor and his own client" or comparable basis, regardless of whether the foregoing arise in, under or by virtue of common law, in equity, under Applicable Law, under contract, negligence, strict liability, breach of duty or otherwise.

- (kk) **"Major Facilities and Pipelines"** means the plants, machinery, equipment, facilities, pipelines and other tangible depreciable property and assets identified or described in Schedule C under the heading "Major Facilities and Pipelines".

- (ll) **"Material Contracts"** means the Transportation, Sale and Handling Agreements, the Take or Pay Obligations and any other contract which can reasonably be expected to generate, after the date hereof, gross revenue per year for the owner of the Assets or expenditures per year chargeable to the owner of the Assets in an amount in excess of *[Redaction – dollar amount]* and which:
 - (i) is not terminable by any party thereto at will (without penalty) on 30 days' notice or less; and
 - (ii) is of one or more of the following types:
 - (A) contracts for the purchase, sale or exchange of Petroleum Substances;
 - (B) purchase agreements, farmin and farmout agreements, exploration agreements, participation agreements and similar agreements providing for the earning of working interests; or
 - (C) agreements containing area of mutual interest provisions.

- (mm) **"Miscellaneous Interests"** means, subject to the limitations and exclusions below in this definition, Vendor's right, title and interest in and to all property and rights that pertain directly to the Petroleum and Natural Gas Rights, the Lands or the Tangibles (excluding the Petroleum and Natural Gas Rights or the Tangibles themselves), but only to the extent that such property and rights so pertain directly to the Petroleum and Natural Gas Rights, the Lands or the Tangibles, including:
 - (i) the Title and Operating Documents and all other contracts and agreements and all rights in relation thereto, including the Material Contracts;
 - (ii) the Surface Rights;
 - (iii) the Wells including well bores and down-hole casing for the Wells;
 - (iv) the Permits;
 - (v) all records, files, reports, data, correspondence and other information, including lease, contract, well, production and facilities files and records and emergency response plans;

- (vi) rights to insurance proceeds arising in connection with any physical damage to the Tangibles occurring after the Effective Time; and
- (vii) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i), (ii) and (iv) above,

however, the Miscellaneous Interests do not include:

- (A) any of the foregoing property or rights to the extent that they:
 - (I) include or pertain to Vendor's proprietary technology, evaluations, forecasts or interpretations (whether geological, engineering, economic or otherwise);
 - (II) are owned or licensed by Third Parties with restrictions that prohibit the sale, transfer, license or disclosure thereof to Purchaser; or
 - (III) comprise Vendor's tax and financial records; or
 - (B) any deposits or other security related to Permits or any operations or royalties pertaining to the Assets.
- (nn) **"Objection Date"** has the meaning ascribed to that term in Clause 2.6(e).
- (oo) **"Officer's Certificate"** means a certificate given by an officer of Purchaser or Vendor, which shall be substantially in the form specified in Schedule F.
- (pp) **"Outside Date"** means December 29, 2020.
- (qq) **"Party"** means a party to this Agreement, and **"Parties"** means both of the parties to this Agreement.
- (rr) **"Permits"** means, all licences, permits, approvals and authorizations granted or issued by any Governmental Authorities and relating to the Assets and the Surface Rights.
- (ss) **"Permitted Encumbrances"** means:
 - (i) liens for taxes, assessments and governmental charges that are not due and payable or delinquent;
 - (ii) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate and that are not due and payable or delinquent, including the AFEs listed in Schedule D;
 - (iii) mechanics', builders', materialmen's or other similar liens in respect of services rendered or goods supplied for which payment is not yet due and payable or delinquent;
 - (iv) 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 which do not materially affect the use and enjoyment of the Assets;

- (v) the right reserved to or vested in any municipality or Governmental Authority by the terms of any lease, licence, franchise, grant or permit or by any provision of 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;
- (vi) rights of general application reserved to or vested in any Governmental Authority to levy taxes on Petroleum Substances or any of them or the income therefrom, or to control, limit or regulate production rates or the operation or use of any property;
- (vii) statutory exceptions to title and the reservations, limitations, provisos and conditions in any original grants from the Crown of any mines and minerals;
- (viii) the terms and conditions of the Title and Operating Documents, provided that the following items must be identified in a Schedule to qualify as Permitted Encumbrances: (A) any overriding royalties, net profits interests or other encumbrances applicable to the Petroleum and Natural Gas Rights for which Purchaser will assume the obligation for payment; (B) any existing potential alteration of Vendor's interest in the Assets because of a payout conversion or farmin, farmout or other such agreement; (C) any ROFR; (D) any penalty or forfeiture that applies to the Assets at the Effective Time because of Vendor's election not to participate in a particular operation; (E) agreements respecting the unitization of any of the Petroleum and Natural Gas Rights; (F) agreements for the construction, ownership and operation of gas plants, gas gathering systems and other Tangibles; and (G) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other third party petroleum substances, the injection or subsurface disposal of substances, the use of wellbores or the operation of any Wells or Tangibles by a third party;
- (ix) any Security Interest held by any Third Party over Vendor's interest in the Assets and in respect of which Purchaser has requested, not less than five (5) Business Days prior to Closing, and Vendor delivers to Purchaser at or prior to Closing, a release and discharge or no-interest letter in a form satisfactory to Purchaser acting reasonably;
- (x) contracts for the purchase, processing, transportation or storage of Petroleum Substances or for the contract operation of any of the Assets that are terminable without penalty on thirty (30) days notice or less; and
- (xi) all Encumbrances, obligations, duties, terms and conditions specifically identified or otherwise set forth in a Schedule.

provided that any production penalty, royalty (other than Crown royalties owing under the Leases), net profits interest or carried interest must be set forth in Schedules A and B hereto in order to qualify as a Permitted Encumbrance.

- (tt) **"Person"** includes any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Governmental Authority or other entity.
- (uu) **"Personal Information"** means information about an identifiable individual and includes Personal Information of employees or contractors of Vendor but does not include contact information, or work product information.
- (vv) **"Petroleum and Natural Gas Rights"** means all of Vendor's right, title and interest in and to:
 - (i) rights in, or rights to explore or drill for, and/or to recover, produce, save and market, Petroleum Substances, including under the Leases;
 - (ii) rights to a share of production of Petroleum Substances therefrom;
 - (iii) fee simple interests and other estates in Petroleum Substances in situ;
 - (iv) royalty interests, net profit interests and similar interests in Petroleum Substances or the proceeds of the sale of Petroleum Substances or to payments calculated by reference thereto; and
 - (v) rights to acquire any of the foregoing in paragraphs (i), (ii), (iii) and (iv),but, in each case, only insofar as the foregoing relate to the Lands, and for clarity, (i) and (ii) above include all the Vendor's rights arising from unit allocations.
- (ww) **"Petroleum Substances"** means crude oil, natural gas, natural gas liquids and other related hydrocarbons and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and coalbed methane.
- (xx) **"Pre-Closing Period"** means the period from the date of this Agreement to the Closing Date.
- (yy) **"Prime Rate"** means the rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of the Royal Bank of Canada as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
- (zz) **"Related Persons"** means, in respect to a Party, that Party's Affiliates, together with that Party's and its Affiliates' directors, officers, employees and other personnel and agents.
- (aaa) **"ROFR"** means a right of first refusal, right of first offer or other pre-emptive or preferential right of purchase or similar right to acquire the Assets or certain of them that may become operative by virtue of this Agreement or the completion of the Transaction.
- (bbb) **"Security Interest"** means a pledge, lien, charge, mortgage, assignment by way of security, conditional sale, title retention arrangement or other security interest.
- (ccc) **"Specific Conveyances"** means all conveyances, assignments, transfers, novations, trust declarations and other documents or instruments, other than and in addition to the

General Conveyance, that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Assets to Purchaser or Purchaser's nominee and to make Purchaser or Purchaser's nominee a party to, and to novate Purchaser or Purchaser's nominee into, the Title and Operating Documents in the place and stead of Vendor with respect to the Assets.

- (ddd) "**Surface Rights**" means all rights to occupy, cross or otherwise use or enjoy the surface of the Lands and any lands pooled or unitized therewith or any other lands: (i) upon which the Tangibles are situate, (ii) used in connection with the ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or (iii) used to gain access to any of the Lands (or any lands pooled or unitized therewith), the Tangibles or the Wells.
- (eee) "**Take or Pay Obligations**" means obligations to sell or deliver Petroleum Substances or any of them without being entitled in due course to receive and retain full payment for such Petroleum Substances.
- (fff) "**Tangibles**" means Vendor's right, title and interest in and to:
 - (i) all Major Facilities and Pipelines; and
 - (ii) all tangible depreciable property, apparatus, plant, equipment, machinery, field inventory and facilities other than the Major Facilities and Pipelines, but only to the extent used or intended for use in or previously used in, exploiting any Petroleum Substances from or within the Lands or lands pooled or unitized therewith (whether the Petroleum and Natural Gas Rights to which such Petroleum Substances are allocated are owned by Vendor or by others or both) and located within, upon or in the vicinity of the Lands or that are intended for use in, used or were previously used in relation to unit operation wherever located, including all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, separators, pumps, tanks, boilers, communication equipment and all salvageable equipment pertaining to any Wells listed in Part 2 of Schedule A.
- (ggg) "**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings and statements (including estimated tax returns and reports, withholding tax returns and reports and information returns and reports) filed or required to be filed in respect of Taxes.
- (hhh) "**Taxes**" means (i) any and all federal, provincial, state, municipal, local and foreign taxes, assessments, contributions and other governmental charges, duties, impositions and liabilities including Canada Pension Plan and provincial pension plan contributions, provincial health plan contributions, unemployment insurance contributions and employment insurance contributions, parental insurance premiums, worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use, occupation, goods and services, value added, ad valorem, transfer, franchise, withholding, customs duties, payroll, contributions, premiums, recapture, employment, excise and property; (ii) all interest, penalties, fines and additions to tax or other additional amounts imposed on or with respect to amounts of the type described in paragraph (i) above; (iii) any liability for the

payment of any amounts of the type described in paragraph (i) or (ii) above as a result of being a member of an affiliated, consolidated, combined or unitary group for any period.

- (iii) **"Third Party"** means any Person other than Vendor or Purchaser.
- (jjj) **"Thirteenth Month Adjustment"** means the accounting procedure performed annually by any operator of certain of the Assets for the purpose of redistributing operating expenses, processing fee revenues, royalties and gas cost allowances and other costs, expenses or revenues among the owners or users of those Assets.
- (kkk) **"Title and Operating Documents"** means:
 - (i) all leases, subleases, permits and licences (and any replacements, renewals or extensions thereof or leases or other instruments derived therefrom) pertaining to the Lands by virtue of which the holder thereof is granted certain rights with respect to Petroleum Substances within, upon or under the Lands or by virtue of which the holder thereof is deemed to be entitled to a share of Petroleum Substances removed from the Lands; and
 - (ii) agreements relating to the acquisition, ownership, operation or exploitation of the Petroleum and Natural Gas Rights, Tangibles or the Wells, including:
 - (A) operating agreements, royalty agreements, farm-out or farm-in agreements, option agreements, participation agreements, pooling agreements, unit agreements, unit operating agreements, sale and purchase agreements and asset exchange agreements;
 - (B) agreements pertaining to the Surface Rights;
 - (C) agreements respecting the unitization of any of the Petroleum and Natural Gas Rights;
 - (D) agreements for the construction, ownership and operation of gas plants, gathering systems and other tangible depreciable property and assets;
 - (E) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other substances, the injection or subsurface disposal of other substances, the use of well bores or the operation of any Tangibles or Wells by a Third Party; and
 - (F) Permits and other approvals, authorizations or licences required under Applicable Law.
- (lll) **"Transaction"** means the purchase of the Assets by Purchaser from Vendor on and subject to the terms and conditions, and as more fully described, in this Agreement.
- (mmm) **"Transportation, Sale and Handling Agreements"** means those contracts for the processing, compression, treatment, gathering storage, transportation or sale of Petroleum Substances from the Lands, and obligations for the processing, compression, treatment, gathering storage, transportation or sale of Petroleum Substances on behalf of Third Parties in respect of the Major Facilities and Pipelines or the Tangibles or any of them

that are not terminable on thirty (30) days notice or less without early termination penalty or other cost, which are set forth in Part 3 of Schedule A.

- (nnn) **"TSXV Approval"** means the approval by the TSXV Venture Exchange of the transactions contemplated herein.
- (ooo) **"Vendor's Counsel"** means DLA Piper (Canada) LLP.
- (ppp) **"Virtual Data Room"** means:
 - (i) the virtual data room established by National Bank Financial Inc. and additional data made available for access by Purchaser at a dedicated work station and by way of USB data stick or DVD provided to Purchaser; and
 - (ii) the contents of various email correspondence between National Bank Financial Inc. and Purchaser from time to time disclosing certain information regarding the Assets and the Transaction.
- (qqq) **"Wells"** means all producing, shut-in, water source, observation, disposal, injection, abandoned, reclaimed, reclamation-exempt, suspended and similar wells located on or within the Lands or any lands pooled or unitized therewith, whether or not completed, including the wells identified or described in Part 2 of Schedule A; and
- (rrr) **"Written Resolution"** means the resolution of the shareholders of Vendor approving the transactions contemplated herein to be signed by shareholders representing at least 50% of the issued and outstanding common shares of Vendor.

1.2 Schedules

Appended to this Agreement are the following Schedules:

Schedule A	-	Part 1 – Lands, Leases, Petroleum and Natural Gas Rights Part 2 – Wells Part 3 – Transportation, Sale and Handling Agreements
Schedule B	-	Material Contracts
Schedule C	-	Major Facilities and Pipelines
Schedule D	-	Outstanding AFEs
Schedule E	-	Form of General Conveyance
Schedule F	-	Form of Officer's Certificate
Schedule G	-	Disclosed Matters

These Schedules are incorporated into and form part of this Agreement. If any term or condition of such Schedules conflicts or is inconsistent with any term or condition in the main body of this Agreement, the term or condition in the main body of this Agreement shall prevail to the extent of the conflict or inconsistency.

1.3 Headings

The use of "Article", "Clause", "sub-clause", "paragraph" and "Schedule", whether or not followed by a number or letter or combination thereof, refers to the applicable article, clause, sub-clause, paragraph or schedule of or to this Agreement.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles, clauses, sub-clauses, paragraphs and other subdivisions and the insertion of headings for any of the foregoing are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Words Importing Number or Gender

When the context reasonably permits, words in this Agreement that suggest the singular shall be construed to suggest the plural and vice versa, and words in this Agreement that suggest gender or gender neutrality shall be construed to suggest the masculine, feminine and neutral genders.

1.6 Use of Derivative Terms

If a derivative form of a term or expression that is already specifically defined in this Agreement is also used in this Agreement, then such derivative form shall have a meaning that corresponds to the applicable defined term or expression.

1.7 Use of Industry Terms

Terms and expression that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom and usage of the petroleum and natural gas industry in Western Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement unless the contrary is specified or provided for elsewhere in this Agreement.

1.8 Use of "Including"

The use of "including" or "includes" or similar words in this Agreement, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items immediately following such word to those or similar items, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words or phrases of similar import) is used, but rather such references shall be construed to refer to all items that could reasonably fall within the broadest possible scope of such general statement, term or matter.

1.9 Meaning of "Gross Negligence" and "Wilful Misconduct"

For the purposes of this Agreement, no act or omission by a Party or its Related Persons shall be construed as gross negligence or wilful misconduct if the act or omission is taken or omitted to be taken at the written request or written direction of, or with the prior written consent of, the other Party.

1.10 Statutory References

Any reference in this Agreement to a law, statute, regulation, rule, by-law or other requirement of law or any governmental consent, approval, permit or other authorization shall be deemed to refer to such law, statute, regulation, rule, by-law or other requirement of law or such governmental consent, approval, permit or other authorization as it has been amended, supplemented, re-enacted, varied, amended or otherwise modified or replaced from time to time up to the applicable time.

1.11 Contractual References

Any reference in this Agreement to another contract, agreement, instrument or other document shall be deemed to refer to such contract, agreement instrument or other document as it has been amended, modified, replaced or supplemented from time to time up to the applicable time.

1.12 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 unless the contrary is specified or provided for elsewhere in this Agreement.

1.13 References to Time

Any reference in this Agreement to any particular time shall mean the local time in Calgary, Alberta on the relevant day.

1.14 Date for Payments or Other Actions

Where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, that payment or calculation is to be made, or that other action is to be taken, as applicable, on or as of the next following Business Day.

1.15 Calculation of Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which such period ends.

1.16 Knowledge

In this Agreement, the stated knowledge of a Party consists only of the actual knowledge or awareness, as the case may be, of the current officers and senior managers of such Party, whose normal responsibilities relate to the matter in question in the course of their normal duties (and in the case of the Vendor having regard to the fact that the Vendor is not the operator of the Assets) and does not include knowledge, information or belief and awareness of any other Person or any constructive or imputed knowledge. Notwithstanding the foregoing, a Party 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.

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer and convey the Assets to Purchaser, and Purchaser hereby agrees to purchase and receive the Assets on the Closing Date, subject to and in accordance with the terms of this Agreement.

2.2 Closing

- (a) Subject to all other provisions of this Agreement, Closing shall take place by electronic means at the Closing Time.
- (b) Subject to all other provisions of this Agreement, title to, and beneficial ownership, risk and possession of, the Assets shall pass from Vendor to Purchaser upon Closing.

2.3 Form of Payment

All payments to be made pursuant to this Agreement shall be made in immediately available funds by wire transfer.

2.4 Purchase Price

- (a) The consideration to be paid by Purchaser to Vendor for the Assets (the "**Base Purchase Price**") shall be Forty Million Seven Hundred and Fifty Thousand Dollars (\$40,750,000), subject to adjustment as set forth herein.
- (b) At the Closing Time Purchaser shall pay to Vendor an amount equal to the Base Purchase Price plus or minus, as the case may be, the net amount set forth in the Closing Statement, plus interest on the Base Purchase Price pursuant to Clause 2.4(d) (collectively, the "**Closing Purchase Price**").
- (c) The Closing Purchase Price shall be allocated among the Assets as follows:
 - (i) to the Petroleum and Natural Gas Rights, 80% less Ten Dollars (\$10.00);
 - (ii) to the Tangibles, 20%; and
 - (iii) to the Miscellaneous Interests, Ten Dollars (\$10.00).

In the determination of the Base Purchase Price payable for the Assets, the Vendor and the Purchaser are in agreement that the extent and value of past, present and future environmental, abandonment or reclamation liabilities related to the Assets is unknown as of the Closing Date, and the Vendor and Purchaser have not attributed a specific or agreed to value with regard to either (A) such liabilities, or (B) the indemnities provided for in this Agreement, nor shall there be any adjustments made to the Base Purchase Price in relation thereto.

- (d) At Closing, Purchaser shall pay to Vendor an amount equal to the interest that would have accrued at the Prime Rate on the Base Purchase Price, adjusted in accordance with Clause 2.6(a), calculated daily and not compounded, from and including the Effective Time to and including the day prior to the Closing Date, which amount shall constitute an increase to the Closing Purchase Price and shall be allocated to the Petroleum and Natural Gas Rights.

2.5 GST

- (a) The Closing Purchase Price does not include an amount on account of GST payable in respect of the Transaction.

- (b) At the Closing Time, Purchaser shall pay to Vendor any GST that is payable in respect of the Transaction. At the Closing Time, Vendor shall invoice Purchaser for the GST associated with the transfer of the Assets and Purchaser will pay such GST to Vendor.

2.6 Adjustments

- (a) All benefits and obligations of any kind or nature received, accruing, payable or paid in respect of the Assets, including maintenance, development, capital and operating costs, royalties and proceeds from the sale of production, shall be apportioned between Vendor and Purchaser on an accrual basis in accordance with GAAP as of the Effective Time, subject to the following:
 - (i) all rentals and similar payments, all cash advances and all property taxes, freehold mineral taxes and other taxes (excluding taxes based on income, net revenue or capital) paid, payable or levied on or in respect to the Assets, the ownership thereof or Petroleum Substances produced therefrom or allocated thereto shall be apportioned between Vendor and Purchaser on a per diem basis as of the Effective Time;
 - (ii) all costs relating to any work performed or goods and services provided in respect of the Assets will be deemed to have accrued as of the date the work was performed or the goods or services were provided, regardless of the time at which those costs become payable;
 - (iii) all deposits, prepaid amounts and other security and financial assurances provided by Vendor to Governmental Authorities or other Third Parties in respect to the Assets, the operation thereof, Petroleum Substances produced therefrom or allocated thereto or services provided in connection therewith do not comprise part of the Assets and shall be for the sole benefit and the account of Vendor;
 - (iv) all overhead recoveries, operator's fees and similar amounts provided for in the Title and Operating Documents and received or receivable by Vendor as operator of any Assets and relating to the period up to Closing shall be for Vendor's benefit and account, with such amounts received or receivable in respect of the month in which Closing occurs apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date;
 - (v) Petroleum Substances that were produced from or allocated to the Assets and that were beyond the wellhead as of the Effective Time do not comprise part of the Assets and shall remain the property of, and be for the benefit and the account of, Vendor; and
 - (vi) no adjustments shall be made on account of any taxes calculated by reference to or assessed based on income, net revenue or capital that are payable by Vendor or Purchaser.
- (b) For the purposes of Clause 2.4(c), all adjustments between the Parties pursuant to Clause 2.6(a) shall be allocated to the Petroleum and Natural Gas Rights.

- (c) Vendor shall prepare a statement based on Vendor's good faith estimate of all adjustments to be made between the Parties pursuant to and in accordance with Clause 2.6(a) (the "**Closing Statement**") and deliver a copy of such statement, together with reasonable supporting documentation, to Purchaser no later than the five (5) Business Days immediately prior to the Closing Date. Vendor shall assist Purchaser in verifying the amounts and adjustments set forth in the Closing Statement.
- (d) Within [*Redaction – date*] following Closing, Vendor shall prepare (or cause to be prepared) and deliver to Purchaser a written statement (the "**Final Statement of Adjustments**") setting forth any adjustments to be made between the Parties pursuant to and in accordance with Clause 2.6(a) that were not included in the Closing Statement or, if included in the Closing Statement, were not accurately included therein, together with the net amount payable by one Party to the other in respect of such adjustments. Except as provided in Clause 2.6(g), no further adjustments shall be made between the Parties after settlement of the adjustments set forth in the Final Statement of Adjustments. Vendor shall assist Purchaser in verifying the amounts and adjustments set forth in the Final Statement of Adjustments.
- (e) If Purchaser is of the opinion, acting reasonably, that any change is required to be made to the Final Statement of Adjustments as prepared by Vendor, it shall, within [*Redaction – date*] after the delivery of the Final Statement of Adjustments by Vendor to Purchaser, (the "**Objection Date**"), give written notice to Vendor of any such proposed change, including the amount of such proposed change and other particulars of such proposed change, in reasonable detail. If Purchaser does not notify Vendor of any proposed change on or before the Objection Date, then Purchaser shall be deemed to have accepted the Final Statement of Adjustments.
- (f) If Purchaser gives written notice to Vendor of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by Vendor and the Parties fail to resolve the dispute [*Redaction – date*] after receipt by the Vendor of such notice, then the Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within [*Redaction – date*] after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. The fees and expenses of the Accounting Firm shall be paid by the unsuccessful Party.
- (g) After delivery of the Final Statement of Adjustments, the Parties shall make further adjustments between them, or correct previously made adjustments made between them, under Clause 2.6(a), but excluding any matters finally resolved by the Accounting Firm, as and when identified by either of the Parties, provided that, no adjustments shall be made under Clause 2.6(a), including corrections to previously made adjustments, more than one year after Closing except:
 - (i) in connection with a Thirteenth Month Adjustment, but only if a claim in respect of such Thirteenth Month Adjustment is made by one Party to the other Party within [*Redaction – date*] after Closing. If such notice is not given within such period, no adjustment in this regard shall be made;

- (ii) as a consequence of an audit relating to the Assets that was conducted by a Third Party (other than a Governmental Authority) having rights to do so pursuant to the Title and Operating Documents, but only if a claim in respect of such an audit is made by one Party to the other Party within *[Redaction – date]* after Closing. If such notice is not given within such period, no adjustment in this regard shall be made; or
 - (iii) an audit initiated by a Governmental Authority of Crown lessor royalty payments that is conducted under Applicable Law and the Leases, but only if a claim in respect of such an audit is made by one Party to the other Party within *[Redaction – date]* after Closing. If such notice is not given within such period, no adjustment in this regard shall be made.
- (h) At any time during the *[Redaction – date]* immediately following Closing, each Party shall have the right, at its own cost and upon at least *[Redaction – date]* prior notice to the other Party, to examine, copy and audit the books, records and accounts of the other Party relating to the Assets or the operation thereof for the purpose of verifying the calculation or re-calculation of the adjustments provided for in Clause 2.6(a), provided that: (i) in the case of inquiries relating to a Thirteenth Month Adjustment or an audit conducted by a Third Party (other than a Governmental Authority), such period shall extend to the end of the *[Redaction – date]* immediately following Closing; and (ii) in the case of inquiries relating to an audit initiated by a Governmental Authority, such period shall extend to the end of the *[Redaction – date]* immediately following Closing. Each Party shall cooperate with the other Party in order to provide reasonable access to its records to the other Party for the purposes of this Clause 2.6(h). For all audits conducted under this Clause 2.6(h) the auditing Party shall give notice in writing to the other Party of any potential Claim resulting from any audit discrepancy within *[Redaction – date]* from the date that the auditing Party becomes aware of said discrepancy, or shall be deemed to have waived its right to any Claim for the said discrepancy.
- (i) Amounts payable under Clause 2.6(a) shall be paid *[Redaction – date]* of delivery of the Final Statement of Adjustments or receipt of notice by a Party that is liable to pay such amount as provided above in Clause 2.6(a), subject to the limitations in Clause 2.6(g), provided that, if there is a dispute regarding the liability for or the amount of any permitted (or purportedly permitted) adjustment, the amount in dispute shall become due and payable *[Redaction – date]* of settlement or other resolution of such dispute. If a Party fails to pay any such amount when it first becomes due and payable, then, in addition to and without prejudice to its obligation to pay such unpaid amount, such Party shall pay to the other Party interest on such unpaid amount calculated at an annual rate of interest equal to the Prime Rate plus one percentage point on a day-to-day basis for the period from the day on which such unpaid amount first became due and payable, to the day on which payment of such unpaid amount, together with such interest, is received by the other Party.
- (j) For avoidance of doubt, the amount payable by the Parties in respect of the adjustments as provided in this Clause 2.6(a) shall not be subject to, and shall not be counted toward, the limitations of Vendor's Liability provided for in Clause 6.5(d).

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Purchaser's Conditions

- (a) The obligation of Purchaser to complete the Transaction and purchase the Assets from Vendor is subject to the following conditions precedent, which are inserted into and made part of this Agreement for the exclusive benefit of Purchaser and may be waived only by Purchaser:
 - (i) the representations and warranties of Vendor set forth in Clause 5.1:
 - (A) shall be true and correct in all material respects as of the date of this Agreement except where the representation and warranty in question is already qualified by materiality in which case such representation and warranty shall be true and correct; and
 - (B) shall be true and correct in all material respects as of the Closing Date and such other date or dates as specified therein, except where the representation and warranty in question is already qualified by materiality in which case such representation and warranty shall be true and correct;
 - (ii) all obligations and covenants of Vendor in this Agreement that are to be performed or complied with prior to or at the Closing Time (other than in respect of the agreements, certificates and other instruments and documents to be delivered at the Closing Time by Vendor pursuant to Clause 4.1) shall have been performed or complied with in all material respects prior to the Closing Time;
 - (iii) at the Closing Time, Vendor shall have duly delivered the agreements, certificates and other instruments and documents required pursuant to Clause 4.1;
 - (iv) no Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the completion of the Transaction which has not been vacated or dismissed prior to the Closing Time;
 - (v) no Third Party Claim shall be pending before any Governmental Authority seeking to restrain or prohibit the Transaction which would materially and adversely affect the Assets taken as a whole;
 - (vi) during the period between the date hereof and the Closing Time there shall have been no physical damage to the Assets that would have a material adverse effect on the value or use of the Assets taken as a whole;
 - (vii) at the Closing Time, the Written Resolution shall have been obtained; and
 - (viii) at the Closing Time, the TSXV Approval shall have been obtained without conditions.

- (b) If Closing has not occurred by the Outside Date because any of the conditions precedent in Clause 3.1(a) has not been satisfied, complied with or waived by Purchaser at or before the Outside Date, then Purchaser may terminate this Agreement by written notice to Vendor at any time after the Outside Date.
- (c) If Purchaser terminates this Agreement as provided in Clause 3.1(b) as a consequence of one or more of the conditions precedent set forth in Clause 3.1(a)(vi), 3.1(a)(vii) or Clause 3.1(a)(viii) not having been satisfied or complied with, then Purchaser and Vendor shall be released and discharged from all liabilities and obligations under this Agreement and from the further performance of any duties or obligations under this Agreement, except as provided in Clause 11.11. If Purchaser terminates this Agreement for any other reason as a consequence of one or more of the conditions precedent set forth in Clause 3.1(a)(i) to and including Clause 3.1(a)(v), not having been satisfied or complied with, then Purchaser shall be entitled to pursue all rights and remedies against Vendor in respect of any Losses and Liabilities suffered or incurred by Purchaser as a result of Vendor's failure to satisfy such conditions, subject to Clause 6.5(d)(ii).

3.2 Vendor's Conditions

- (a) The obligation of Vendor to complete the Transaction and sell and convey the Assets to Purchaser is subject to the following conditions precedent, which are inserted into and made part of this Agreement for the exclusive benefit of Vendor and may be waived by Vendor:
 - (i) the representations and warranties of Purchaser set forth in Clause 5.3:
 - (A) shall be true and correct in all material respects as of the date of this Agreement except where the representation and warranty in question is already qualified by materiality in which case such representation and warranty shall be true and correct; and
 - (B) shall be true and correct in all material respects as of the Closing Date and such other date or dates as specified therein except where the representation and warranty in question is already qualified by materiality in which case such representation and warranty shall be true and correct;
 - (ii) all obligations and covenants of Purchaser in this Agreement that are to be performed or complied with prior to or at the Closing Time (other than in respect of the payments, agreements, certificates and other instruments and documents to be made and delivered at the Closing Time by Purchaser pursuant to Clause 4.2) shall have been performed or complied with in all material respects prior to the Closing Time;
 - (iii) at the Closing Time, Purchaser shall have duly made and delivered the payments, agreements, certificates and other instruments and documents required pursuant to Clause 4.2;
 - (iv) no Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the completion of

the Transaction which has not been vacated or dismissed prior to the Closing Time;

- (v) the Written Resolution shall have been obtained; and
 - (vi) all necessary governmental and other regulatory approvals, including the TSXV Approval, to the sale of the Assets that are required prior to Closing shall have been obtained without conditions.
- (b) If Closing has not occurred by the Outside Date because any of the conditions precedent in Clause 3.2(a) has not been satisfied, complied with or waived by Vendor at or before the Outside Date, Vendor may terminate this Agreement by written notice to Purchaser at any time after the Outside Date.
- (c) If Vendor terminates this Agreement as provided in Clause 3.2(b) as a consequence of one or more of the conditions precedent set forth in Clause 3.2(a)(v) or 3.2(a)(vi) not having been satisfied or complied with, then Purchaser and Vendor shall be released and discharged from all liabilities and obligations under this Agreement and from the further performance of any duties or obligations under this Agreement, except as provided in Clause 11.11. If Vendor terminates this Agreement for any other reason as a consequence of one or more of the conditions precedent set forth in Clause 3.2(a)(i) to and including Clause 3.2(a)(iv), not having been satisfied or complied with, then Vendor shall be entitled to pursue all rights and remedies against Purchaser in respect of any Losses and Liabilities suffered or incurred by Vendor as a result of Purchaser's failure to satisfy such conditions.

3.3 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use their reasonable efforts to satisfy and comply with the conditions precedent in Clauses 3.1(a) and 3.2(a) and shall provide the other Party with any reasonable assistance in the satisfaction of and compliance with the conditions precedent in Clauses 3.1(a) and 3.2(a) that the other Party may reasonably request. For greater certainty, the obligations to obtain the Written Resolution and the TSXV Approval are solely the responsibility of Vendor.

ARTICLE 4 CLOSING DELIVERIES

4.1 Deliveries by Vendor at Closing

At the Closing Time, Vendor shall deliver, or cause to be delivered, to Purchaser:

- (a) a General Conveyance duly executed by Vendor;
- (b) the Specific Conveyances duly executed by the parties thereto;
- (c) an Officer's Certificate signed by an officer of Vendor;
- (d) releases and registerable discharges, or no interest letters, in respect of all registered Security Interests pertaining to the Assets which have been requested by Purchaser not less than *[Redaction – date]* prior to Closing; and

- (e) such other items as may be specifically required hereunder or as may be reasonably requested by Purchaser.

4.2 Deliveries by Purchaser at Closing

At the Closing Time, Purchaser shall pay or deliver, or cause to be paid or delivered, to Vendor:

- (a) the amounts specified in Clause 2.4(b), in the manner contemplated in Clause 2.3;
- (b) a General Conveyance duly executed by Purchaser;
- (c) an Officer's Certificate signed by an officer of the Purchaser; and
- (d) such other items as may be specifically required hereunder or as may be reasonably requested by Vendor.

4.3 Specific Conveyances

- (a) Vendor, at its own cost, shall use commercially reasonable efforts to prepare the Specific Conveyances and provide the Specific Conveyances to Purchaser for review prior to the Closing Time and to deliver the Specific Conveyances to Purchaser at the Closing Time.
- (b) To the extent that Purchaser is required to execute any Specific Conveyances, it shall do so promptly after the delivery of such Specific Conveyances by Vendor to Purchaser.
- (c) In respect of any Specific Conveyances that require execution by Third Parties, and, if necessary, the execution of such Specific Conveyances by Purchaser, Vendor shall cooperate with Purchaser and provide all reasonable assistance that Vendor may reasonably request in connection with Purchaser's procurement of the execution of such Specific Conveyances by the parties thereto other than Vendor and Purchaser.
- (d) In respect of any Specific Conveyances that do not require execution by Third Parties, Vendor shall deliver such Specific Conveyances to the appropriate recipients thereof at or prior to the Closing Time or promptly after the Closing Time, as the case may be, and, if necessary, execution by Purchaser, including the registration with the appropriate Governmental Authorities of any such Specific Conveyances that require registration.
- (e) Except as otherwise expressly stated herein: (i) Purchaser shall bear all costs, fees and deposits of every nature and kind in distributing any Specific Conveyances; and (ii) and Vendor shall bear all costs, fees and deposits of every nature and kind in registering any Specific Conveyances and in providing any assurances or security required to convey, transfer and assign the Assets to Purchaser and to have Purchaser recognized as the holder thereof.
- (f) Notwithstanding the forgoing in this Clause 4.3, in the case of any Specific Conveyances that are transfers of Permits or Crown lease transfers which may be filed electronically with the applicable Governmental Authority, as soon as is reasonably practicable after Closing, Vendor shall submit electronic transfers for such Permits and Crown leases and Purchaser shall accept such electronic transfers from Vendor without delay, provided that, if Purchaser in good faith determines or believes that any of the electronic transfers are not complete and accurate, or the applicable Governmental Authority refuses to

process any such transfers because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate electronic transfers as soon as practicable and, thereafter, Vendor shall promptly re-submit such electronic transfers and Purchaser shall accept such electronic transfers from Vendor without delay.

- (g) If, for any reason, the AER or any other Governmental Authority or any other Third Party requires either Party (hereinafter referred to as "Such Party" in this and the next Clause) to make a deposit, to provide any undertakings, information or other documentation or to take any action as a condition of or a prerequisite for the approval of the transfer of any Permits or the transfer or assignment of any of the Assets to Purchaser, immediately after receiving notice of such requirements and at its sole cost, Such Party shall make such deposits, provide such undertakings, information or other documentation and take such action, as the case may be.
- (h) If Such Party fails to make a deposit with the AER or other Third Party as provided under Clause 4.3(g) within five (5) days of Such Party's receipt of notification that such deposit is required, the other Party (hereinafter referred to as the "Other Party" in this Clause) shall have the right, but not the obligation, to make such deposit on behalf of Such Party and Such Party acknowledges and agrees that the Other Party shall be Such Party's agent with full power and authority to make such deposit for and on behalf of Such Party. Such Party shall reimburse the Other Party for the amount of any such deposit made by the Other Party and pay interest on the amount of such deposit at an annual rate equal to the Prime Rate plus one percentage point from the date on which the Other Party paid the deposit to the date on which the reimbursement for such deposit and payment of the corresponding interest is made in full. In addition to all other rights that may be available to the Other Party for the collection of such amounts from Such Party, the Other Party shall have the right to set-off the amount of any such deposit, including interest as provided in this Clause 4.3(h), against any monies payable by the Other Party to Such Party pursuant to this Agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Vendor

Vendor hereby makes the following representations and warranties to and in favour of Purchaser:

- (a) Vendor is a corporation duly formed and validly existing under the laws of the Province of Alberta and registered to carry on business in the jurisdictions in which the Assets are situate, except where failure to so register would not adversely affect the ability of Vendor to complete the Transaction on the basis contemplated in this Agreement;
- (b) Vendor 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;
- (c) subject to obtaining shareholder approval pursuant to the Written Resolution, the execution, delivery and performance of this Agreement has been duly and validly authorized by all requisite corporate, shareholders' and directors' 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;

- (d) the execution, delivery and performance of this Agreement by Vendor will not result in any violation of, be in conflict with or constitute a default under: (i) any term or provision of any agreement or instrument to which Vendor is party or by which Vendor is bound; or (ii) any Applicable Law that is specifically applicable to Vendor;
- (e) this Agreement and all other agreements delivered or to be delivered by Vendor in connection herewith constitute, or when delivered shall constitute, legal, valid and binding obligations of Vendor, enforceable against Vendor in accordance with their respective terms, subject to all Applicable Law pertaining to bankruptcy, insolvency and creditors' rights and the general principles of equity;
- (f) subject to obtaining the TSXV Approval, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Vendor of this Agreement, other than the Specific Conveyances and the authorizations, approvals or exemptions from requirement therefor, previously obtained and currently in force;
- (g) Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Purchaser shall have any obligation or liability;
- (h) Vendor is not a non-resident of Canada for the purposes of section 116 of the *Income Tax Act* (Canada);
- (i) Vendor is a registrant in respect of GST under the *Excise Tax Act* (Canada) and its GST registration number is [Redaction];
- (j) there are no liens on any of the Assets currently existing, pending or, to threatened with respect to any Assets related to any unpaid Taxes;
- (k) Vendor has made available to Purchaser or its representatives in the Virtual Data Room all material records, books, accounts, documents, files, information, materials and filings pertaining to the ownership of the Assets, including all of the material Title and Operating Documents, Material Contracts and other agreements and documents comprising the Miscellaneous Interests, that are in Vendor's possession and control as at the execution of this Agreement for the purpose of Purchaser's due diligence review of Vendor's title to the Assets;
- (l) Vendor has made diligent inquiries and searches for material documents and information relating to the Assets and for all information reasonably required to make the representations and warranties contained in this Agreement not misleading in light of the circumstances and has not knowingly withheld from Purchaser any material documents that pertain to the Assets;
- (m) except for the Permitted Encumbrances:
 - (i) Vendor has not alienated or encumbered the Assets or any part or portion thereof;
 - (ii) at the Closing Time, the Assets shall be free and clear of all Encumbrances created by, through or under Vendor;

- (iii) Vendor has done no act or thing whereby any of the Assets may be reduced, cancelled or determined;
- (iv) there are no ROFRs or other similar restrictions on disposition affecting the Assets; and
- (v) Vendor has not received notice from any Third Party claiming an interest in and to the Assets adverse to the interest of Vendor and to Vendor's knowledge has no reason to believe that any such claim may be made;
- (n) except for the Permitted Encumbrances, the Assets are not subject to reduction or alteration by rights of conversion, payout, rights to purchase, farm-in rights or any other rights held by a Third Party, which were created by, through or under Vendor;
- (o) where Vendor is operator of the Assets, it holds all Permits and similar rights and privileges required under Applicable Law to operate the Assets, and each such Permit is valid, subsisting and in good standing, except any failure to hold, or invalidity of, any Permit that would not reasonably be expected to materially and adversely affect the Assets;
- (p) Except for the Transportation, Sale and Handling Agreements and the Material Contracts, there are no: (i) production sales contracts pertaining to the Assets or any of them that cannot be terminated on notice of thirty (30) days or less without termination penalty or other cost; (ii) gas balancing or similar agreements pertaining to the Assets; (iii) agreements for the transportation, processing or disposal of Petroleum Substances produced from the Lands that cannot be terminated on notice of thirty (30) days or less without termination penalty or other cost; or (iv) agreements for the transportation, processing or disposal of Petroleum Substances with Third Parties that cannot be terminated on notice of thirty (30) days or less without termination penalty or other cost;
- (q) Vendor has not received written notice of any default or purported default under any of the Title and Operating Documents or the Material Contracts included in the Miscellaneous Interests that remains outstanding in any material respect or that has not as at the date hereof been remedied in all material respects and, to Vendor's knowledge, there has been no act or omission by Vendor that reasonably could constitute a breach of or a default under a Title and Operating Document that has not been remedied in all material respects;
- (r) Vendor has not received written notice of any breach or purported breach of any Applicable Law pertaining to the Assets or the ownership or operation thereof (excluding any Applicable Law relating to the Environment and including Applicable Law relating to health and safety) that remains outstanding in any material respect or that has not been remedied in all material respects and, to Vendor's knowledge, there has been no act or omission by Vendor that reasonably could constitute a breach of any such Applicable Law that has not as at the date hereof been remedied in all material respects;
- (s) to Vendor's knowledge, to the extent pertaining to the Assets, all amounts including:
 - (i) all Crown and lessor royalties and all lease rentals;
 - (ii) all ad valorem and property taxes;

- (iii) all production, severance and similar taxes, charges and assessments based upon or measured by the ownership or production of Petroleum Substances or any of them or the receipt of proceeds from the sale thereof; and
- (iv) all amounts due and payable in connection with Permitted Encumbrances, that became due and payable to Third Parties on or prior to the date of this Agreement have been fully paid;
- (t) other than the Material Contracts set out in Schedule B, there are no Material Contracts;
- (u) except as set out in Part 3 of Schedule A or Schedule B, there are no Take or Pay Obligations pertaining to the Assets;
- (v) except in connection with the AFEs listed in Schedule D or to which Purchaser has consented or is deemed to have consented pursuant to Clause 7.1(a)(ii)(A), and excluding operating expenses incurred in the normal conduct of operations of the Assets, there are no AFEs or other financial commitments pertaining to the Assets under which individual expenditures in excess of [Redaction – dollar amount] or where the aggregate of all such expenditures is in excess of [Redaction – dollar amount] are or may be required to be made by Purchaser by virtue of Closing, taking into account, when applicable, the application of Clause 2.6(a);
- (w) excluding notices in respect of any Environmental Liabilities disclosed by Vendor to Purchaser prior to the date of this Agreement:
 - (i) Vendor is not aware of nor has it received written notice of any orders or directives from any Government Authority or Third Party that are specific to or relate to the Assets or any portion thereof, related to Environmental Liabilities which require any work, repairs, construction or capital expenditures with respect to the Assets which have not as of the date hereof been complied with in all material respects; and
 - (ii) Vendor is not aware of nor has it received written notice of any demands or notices issued by any Governmental Authority or Third Party with respect to the breach of any Applicable Law relating to the Environment that are specifically applicable to or relate to the Assets or any portion thereof which remain outstanding in any material respect;
- (x) those Wells listed in Part 2 of Schedule A for which Vendor is operator and, to Vendor's knowledge, those Wells listed in Part 2 of Schedule A for which Vendor is not operator, have been operated and, if applicable, abandoned in all material respects in accordance with good oil and gas field practices and the material requirements of Applicable Law during the period or periods in which Vendor has been a working interest owner therein;
- (y) the Tangibles for which Vendor is operator and, to Vendor's knowledge, the Tangibles for which Vendor is not operator, have been operated in all material respects in accordance with good oil and gas field practices in Western Canada and the material requirements of Applicable Law during the period or periods in which Vendor has been a working interest owner therein;

- (z) none of the Tangibles are:
 - (i) subject to a sale-leaseback arrangement; or
 - (ii) rented or leased except to the extent, in the aggregate, which is not material to the aggregate value of the Assets;
- (aa) except as disclosed in Schedule G, there are no unsatisfied judgments and no Claims in existence or, to Vendor's knowledge, contemplated or threatened against or with respect to the Vendor, the Assets or the interests of Vendor therein which might result in impairment or loss of the interest of the Vendor in and to the Assets or which might otherwise materially adversely affect the Assets;
- (bb) Vendor's LLR as at the date hereof is not less than *[Redaction]* and, at the Closing Time, Vendor will not have an LLR that is less than *[Redaction]*; and Vendor is not aware of any fact or circumstance that would prevent or delay the transfer of any Permits relating to or forming part of the Assets as contemplated in this Agreement;
- (cc) Vendor has collected, maintained and retained all records required under CSA Z662: Oil and Gas Pipeline Systems and Part 4 (Inspections and Records) of the Pipeline Rules (AR/91/2005) in respect of the pipelines that it operates that form part of the Assets;
- (dd) Vendor does not warrant title to the Assets but does warrant that subject to:
 - (i) Vendor's other representations and warranties relating to the Assets or the operation thereof made in this Clause 5.1 (including any limitations expressed therein or elsewhere in this Agreement);
 - (ii) the Permitted Encumbrances;
 - (iii) the satisfaction of the obligations required to maintain the Title and Operating Documents in good standing; and
 - (iv) all defects, deficiencies, discrepancies or adverse claims in or affecting the title or interest of Vendor in and to any of the Assets which Purchaser has waived or been deemed to have waived pursuant to the provisions of Article 7 hereof;

Purchaser may, for the residue of the term of the Title and Operating Documents, take possession of and use the Assets for its own use and benefit without any interruption by the Vendor or any Person claiming by, through or under the Vendor;

- (ee) No tangible depreciable property and assets which are used, were used or are intended to be used in producing, processing, gathering, treating, measuring, making marketable or injecting leased substances under the Title and Operating Documents or any of them or in connection with water injection or removal operations that pertain to the Petroleum and Natural Gas Rights, has been removed from its location since the Effective Time, nor has Vendor alienated or encumbered any such tangible depreciable property and assets since such date except for any Permitted Encumbrances;
- (ff) To Vendor's knowledge, no obligations have accrued pursuant to the Title and Operating Documents that may be satisfied by the drilling of a well, the payment of compensatory

royalty or the surrender of some or all of the interests granted, reserved or otherwise conferred pursuant to the Title and Operating Documents, other than obligations that have been satisfied (by means other than by the payment of compensatory royalties) or have been permanently waived;

- (gg) there are no active area of mutual interest or area of exclusion provisions in any of the Title and Operating Documents or other agreements or documents to which the Assets are subject; and
- (hh) excepting production limits of general application in the oil and gas industry, none of the Wells is subject to production or other penalties imposed by the Title and Operating Documents or by any other agreements and documents to which the Assets are subject, or by any Applicable Laws.

5.2 Limitation Regarding Vendor's Representations and Warranties

- (a) Each of Vendor's representations and warranties set forth in Clause 5.1 is made:
 - (i) as of the date of this Agreement; and
 - (ii) as of the Closing Date,or, in each case, as of such other date or dates as specified therein.
- (b) Except as expressly set forth in Clause 5.1, Vendor makes no representation or warranty regarding:
 - (i) itself;
 - (ii) the accuracy or completeness of any data or information supplied by or on behalf of Vendor under this Agreement or otherwise in connection with the Transaction;
 - (iii) the Assets, including:
 - (A) the title or interest of Vendor in and to the Assets;
 - (B) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (C) the value of the Assets or the future cash flow therefrom, including any past, present or future Losses and Liabilities, including Environmental Liabilities, pertaining to the Assets;
 - (D) the quality, condition, fitness for any particular purpose or merchantability of any equipment or other tangible depreciable property included in the Assets or of any of the Lands or any lands pooled or unitized therewith; or
 - (E) the effectiveness, standing or condition of any Miscellaneous Interests,

and Vendor hereby expressly negates, and Purchaser hereby waives, all other representations or warranties relating to any such Person, property, circumstance or

matter, regardless of whether made directly or indirectly, in verbal, written or electronic form, by Vendor or any of its directors, officers, employees or other personnel, consultants, agents, auditors, counsel or representatives, or implied under or arising by operation of law.

- (c) Purchaser acknowledges and confirms that except for the representations and warranties set forth in Clause 5.1, it is acquiring the Assets on an "as is, where is" basis and that it has performed its own due diligence and evaluations and that it has relied, and will continue to rely, upon its own due diligence and evaluations with respect to all matters pertaining to Vendor, the Assets and the Transaction.

5.3 Representations and Warranties of Purchaser

Purchaser hereby makes the following representations and warranties to and in favour of Vendor:

- (a) Purchaser is a corporation duly formed and existing under the laws of the Province of Alberta and registered to carry on business in the jurisdictions in which the Assets are situate;
- (b) Purchaser has all requisite power and capacity to purchase and accept the Assets in accordance with the provisions of this Agreement;
- (c) the execution, delivery and performance of this Agreement by Purchaser has been duly and validly authorized by all requisite action on the part of its directors and officers and will not result in any material violation of, be in material conflict with, or constitute a default under, the constating documents of Purchaser;
- (d) the execution, delivery and performance of this Agreement by Purchaser will not result in any violation of, be in conflict with or constitute a default under: (i) any term or provision of any agreement or instrument to which Purchaser is party or by which Purchaser is bound; or (ii) any Applicable Law that is specifically applicable to Purchaser; except, in either case, where such conflict or default would not adversely affect the ability of Purchaser to complete the Transaction on the basis contemplated in this Agreement;
- (e) this Agreement and all other agreements delivered or to be delivered by Purchaser in connection herewith constitute, or when delivered shall constitute, legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to all Applicable Law pertaining to bankruptcy, insolvency and creditors' rights and the general principles of equity;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions previously obtained and currently in force or to be obtained as and when required during the Pre-Closing Period;
- (g) Purchaser is not a "non-Canadian" as that term is defined in the *Investment Canada Act* (Canada);
- (h) Purchaser does not have a LLR in respect of its assets and interest located in the Province of Alberta, and in respect of itself, as determined under or pursuant to the applicable AER

rules, regulations, guidelines, directives, interim directives and policies that is in each case less than [Redaction] and will not have such an LLR that is less than [Redaction] following Closing and at the time of the transfer of the Assets as contemplated in this Agreement; and Purchaser is not aware of any fact or circumstance that would prevent or delay the transfer of any Permits relating to or forming part of the Assets as contemplated in this Agreement;

- (i) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;
- (j) Purchaser is entering into this Agreement and will acquire the Assets for itself and not as agent or representative for any Third Party;
- (k) Purchaser is a registrant in respect of GST under the *Excise Tax Act* (Canada) and its GST registration number is [Redaction]; and
- (l) Purchaser has made inquiries of the relevant Governmental Authorities in the Province of Alberta and believes in good faith that it will not have to post any security deposits required by any Governmental Authorities having jurisdiction over the Assets. If such security deposits are required by any Governmental Authority prior to transfer of any Permits relating to or forming part of the Assets as contemplated in this Agreement, Purchaser represents that it has sufficient resources available to it to post such deposits at Closing, and Purchaser is not aware of any other regulatory impediments to the transfer of such Permits which impediments arise solely as a result of certain risk assessments pertaining to Purchaser, and carried out by such Governmental Authorities.

5.4 Limitation Regarding Purchaser's Representations and Warranties

Each of Purchaser's representations and warranties set forth in Clause 5.3 is made as of the date of this Agreement and as of the Closing Date or, in each case, as of such other date or dates as specified therein.

5.5 Survival of Representations and Warranties

Subject to the provisions of Article 6 and Clause 6.5(d), the respective representations and warranties set forth in Clauses 5.1 and 5.3 shall, absent fraud, survive Closing for the [Redaction – date] period immediately following Closing.

5.6 Anti-Sandbagging

Neither Party shall be liable under this Agreement for any Claims or Losses and Liabilities suffered, sustained, paid or incurred by the other Party after Closing that result from any inaccuracy in or breach of any representation or warranty in this Agreement if the Party seeking indemnification for such Claims or Losses and Liabilities had knowledge of such inaccuracy or breach at the time of Closing.

ARTICLE 6
INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES AND OTHER MATTERS

6.1 Vendor's Indemnities for Representations and Warranties

From and after Closing and subject to Clauses 5.6, 6.4 and 6.5, Vendor shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Purchaser or any of the Purchaser's Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Purchaser from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, as a consequence of any representations or warranties contained in Clause 5.1 being untrue or incorrect or of a breach by Vendor of any of its covenants contained in this Agreement that are to be performed or complied with at or prior to the Closing Time, provided that, Vendor shall have no liability under the foregoing assumption of liability and indemnity provided for in this Clause 6.1 for any act or omission undertaken or omitted to be undertaken by or on behalf of Vendor in connection with Vendor's obligations under Clauses 7.1 and 7.3 that was undertaken or omitted to be undertaken at the written consent of Purchaser.

6.2 Purchaser's Indemnities for Representations and Warranties

From and after Closing and subject to Clauses 5.6, 6.4 and 6.5, Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of the Vendor's Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Vendor from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, as a consequence of any representations or warranties contained in Clause 5.3 being untrue or incorrect or of a breach by Purchaser of any of its covenants contained in this Agreement that are to be performed or complied with at or prior to the Closing Time.

6.3 Purchaser's Environmental Indemnity

From and after Closing Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of the Vendor's Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and each of the Vendor's Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, in respect of all past, present and future any Environmental Liabilities. This assumption of liability and indemnity shall apply without limit as to quantum or time and without regard to the negligence of Vendor or any of the Vendor's Related Persons. The Parties acknowledge that the Closing Purchase Price has taken into account all of the Environmental Liabilities identified by Purchaser prior to the date of this Agreement and in respect of which Purchaser provided notice to Vendor prior to the date of this Agreement and, accordingly, this assumption of liability and indemnity shall apply in respect of all of the Environmental Liabilities. Purchaser hereby waives, and acknowledges and agrees that it shall not exercise, any right or remedy against Vendor or any of the Vendor's Related Persons in respect to any such Environmental Liabilities that Purchaser may otherwise have under Applicable Law, including any right to name Vendor or any of the Vendor's Related Persons as a party to any Claim commenced by Purchaser or by any Third Party in which Purchaser is a party. Notwithstanding the foregoing in this Clause 6.3, nothing in this Clause 6.3 shall be construed so as to require Purchaser to be liable for or to indemnify Vendor or any of the Vendor's Related Persons in connection with any such Losses and Liabilities or any such Claims to the extent arising from matters or things for which Purchaser is entitled to indemnification pursuant to Clause 6.1.

6.4 Time Limitation

Absent fraud, neither Party shall make any Claim under or in respect of Clause 6.1 or 6.2 and neither Party shall have any liability under Clause 6.1 or 6.2 unless written notice, with reasonable particulars, of the applicable Losses and Liabilities or Claim has been received by such Party during the twelve (12) month period immediately following Closing.

6.5 Limitation of Remedies

- (a) From and after Closing the sole remedy available to:
 - (i) Purchaser in respect to any of Vendor's representations and warranties set forth in Clause 5.1 being untrue or incorrect or a breach by Vendor of any of its covenants in this Agreement that are to be performed prior to or at the Closing Time shall be Vendor's assumption of liability and indemnity provided for in Clause 6.1 and Purchaser hereby releases and waives any and all other Claims or any other remedy or relief that it has or hereafter may have in this regard, whether arising at law, in equity or otherwise; and
 - (ii) Vendor in respect to any of Purchaser's representations and warranties set forth in Clause 5.3 being untrue or incorrect or a breach by Purchaser of any of its covenants in this Agreement that are to be performed prior to or at the Closing Time shall be Purchaser's assumption of liability and indemnity provided in Clause 6.2 and Vendor hereby releases and waives any and all other Claims or any other remedy or relief that it has or hereafter may have in this regard, whether arising at law, in equity or otherwise.
- (b) Nothing in Clause 6.1 shall be construed so as to require Vendor to be liable for or to indemnify Purchaser or any of the Purchaser's Related Persons in connection with any Consequential Losses or any Losses and Liabilities or any Claims to the extent arising as a consequence of the gross negligence or wilful misconduct of Purchaser or any of the Purchaser's Related Persons.
- (c) Nothing in Clause 6.2 shall be construed so as to require Purchaser to be liable for or to indemnify Vendor or any of the Vendor's Related Persons in connection with any Consequential Losses or any Losses and Liabilities or any Claims to the extent arising as a consequence of the gross negligence or wilful misconduct of Vendor or any of the Vendor's Related Persons.
- (d) Notwithstanding any other provision in this Agreement,
 - (i) Vendor shall have no liability to Purchaser under or in respect of this Agreement unless and until the aggregate amount of Claims exceeds *[Redaction – dollar amount]* (the “**Threshold**”). Upon the aggregate amount of Claims exceeding the Threshold, Vendor shall be liable for the amount by which the aggregate amount of all Claims exceeds the Threshold; and
 - (ii) in no event shall the liability of Vendor under or in respect of this Agreement, including all Claims by Purchaser arising out of or in connection with this Agreement, exceed, in the aggregate, an amount equal to *[Redaction – dollar amount]* of the Base Purchase Price.

This Clause 6.5(d) shall survive Closing and any termination of this Agreement.

6.6 Procedures – General Indemnities

If a Party (the "**Claiming Party**") wishes to claim indemnification from the other Party (the "**Indemnifying Party**") pursuant to Clause 6.1, 6.2 or 6.3, the following shall apply:

- (a) Promptly after acquiring knowledge of the subject matter of the Claim or the Losses and Liabilities in respect of which the claim for indemnification is to be made (an "**Indemnified Matter**"), the Claiming Party shall provide notice thereof to the Indemnifying Party, provided that, failure to give such notice will not limit or lessen the right of the Claiming Party to indemnify under this Agreement except to the extent that the Indemnifying Party is prejudiced in its contest or defence of the Indemnified Matter as a result of such failure. Such notice shall describe the nature of the Indemnified Matter in reasonable detail and indicate, if reasonably ascertainable, the Claiming Party's good faith estimate of the amount for which the Indemnifying Party may be liable under this Agreement in respect of such Indemnified Matter.
- (b) If the Indemnified Matter relates to a Claim made or brought by a Third Party:
 - (i) The Indemnifying Party shall have the right to participate in or to elect to assume control of the defence or dispute of any such Claim. Any such participation in or assumption of control of the defence or dispute of the Claim shall be at the Indemnifying Party's own expense and use counsel chosen by the Indemnifying Party. The Claiming Party shall provide all reasonable assistance that the Indemnifying Party may reasonably request in connection with such defence or dispute.
 - (ii) The Claiming Party shall have the right to participate in the defence or dispute of any such Indemnified Matter using counsel of its own choice if representation of both the Claiming Party and the Indemnifying Party by the same counsel would be inappropriate due to conflicting interests of the two Parties, including Claims that would be partially excluded from indemnification by the Indemnifying Party by virtue of another provision of this Agreement. The Indemnifying Party shall be liable for the costs of such additional counsel retained by the Claiming Party, but only to the extent that such costs pertain to the defence or dispute of the Indemnified Matter.
 - (iii) The Claiming Party shall not settle or compromise, or propose to settle or compromise, any such Indemnified Matter without first obtaining the consent of the Indemnifying Party, provided that, such consent shall not be required if: (A) the Indemnifying Party denies or disputes that the particular Claim constitutes an Indemnified Matter and refuses to take responsibility for the defence or dispute thereof as provided above; (B) the Indemnifying Party fails to respond to any notice of the Indemnified Matter given by the Claiming Party in accordance with Clause 6.6(a) within fifteen (15) days of receipt thereof by the Indemnifying Party; or (C) the Indemnifying Party either refuses or fails to defend or dispute such Indemnified Matter after assuming responsibility for the defence or dispute thereof as provided above. In each such a case, the Claiming Party shall be entitled to defend, dispute, settle or compromise such a Claim by a Third Party in

any manner it determines to be appropriate, acting reasonably and in good faith, subject to any limitations set forth in this Agreement.

- (c) If the Indemnified Matter relates to Losses and Liabilities directly suffered, sustained, paid or incurred by the Claiming Party or any of the Claiming Party's Related Persons, the Indemnifying Party shall respond to the Claiming Party as to whether the Indemnifying Party accepts liability for such Indemnified Matter within thirty (30) days of receipt of the Claiming Party's notice given in accordance with Clause 6.6(a) and:
 - (i) if the Indemnifying Party does not respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have accepted its liability for such Indemnified Matter;
 - (ii) if the Indemnifying Party accepts its liability for such Indemnified Matter, the Indemnifying Party shall discharge its liability to indemnify the Claiming Party within ten (10) days after the end of the initial thirty (30) day notice period; and
 - (iii) if the Indemnifying Party disputes whether the particular Losses and Liabilities constitute an Indemnified Matter or the amount of such Losses or Liabilities for which the Indemnifying Party is liable within such thirty (30) day period, or if the Indemnifying Party accepts or is deemed to have accepted liability for such Indemnified Matter, but fails to discharge such liability within the specified period, the Claiming Party shall be free to seek to enforce its right to indemnification in respect of such Indemnified Matter under this Agreement in any manner that it deems appropriate.
- (d) If the Indemnifying Party has paid an amount in respect of an Indemnified Matter pursuant to this Agreement, then: (i) the Indemnifying Party will be subrogated to all and any Claims that the Claiming Party may have relating thereto without any further action; (ii) the Claiming Party, without limiting its rights to the indemnity under this Agreement, shall provide any reasonable assistance that the Indemnifying Party may reasonably request in order to permit the Indemnifying Party to pursue such Claims; and (iii) if the Claiming Party is subsequently reimbursed by any Person or from any source other than the Indemnifying Party in respect of the Indemnified Matter, the Claiming Party shall promptly pay to the Indemnifying Party any such amounts so received by it, up to the amount received from the Indemnifying Party in respect of such Indemnified Matter.

ARTICLE 7 PRE-CLOSING PERIOD

7.1 Maintenance of Assets

- (a) During the Pre-Closing Period, to the extent that the nature of Vendor's interests permits, and subject to the Title and Operating Documents and any other agreements and documents to which the Assets are subject:
 - (i) Vendor shall:
 - (A) operate and maintain the Assets in all material respects, in accordance with generally accepted oil and gas industry practices and all Applicable Law pertaining to the Assets;

- (B) operate and maintain the Assets in all material respects, in accordance with the terms and conditions of the Title and Operating Documents included in the Miscellaneous Interests;
 - (C) pay or cause to be paid all costs and expenses relating to the Assets which become due and payable during the Pre-Closing Period; and
 - (D) continue to maintain its insurance coverage in respect of the Assets that is in effect as of the date of this Agreement; and
- (ii) Vendor shall not, without Purchaser's prior written consent:
- (A) make any commitment or propose, initiate or authorize any individual expenditure with respect to the Assets that is in excess of *[Redaction – dollar amount]* or where the aggregate of all such expenditures is in excess of *[Redaction – dollar amount]*, except with regard to AFEs disclosed in Schedule D, in the case of an emergency, to protect the Environment, protect life or safety or preserve the Assets or title to the Assets, or to the extent required by the order or direction of a Governmental Authority;
 - (B) surrender or abandon any of the Assets;
 - (C) terminate or amend, or agree to the amendment, in any material respect the terms or conditions of any Title and Operating Documents included in the Miscellaneous Interests;
 - (D) sell, transfer, assign, encumber or otherwise dispose of, surrender, forfeit or abandon any of the Assets or any part thereof, create any adverse Claims against the Assets or agree to do any of the foregoing except for sales of surplus equipment, materials, supplies and inventory in the ordinary course of business and provided that such proceeds shall be adjusted for pursuant to Clause 2.6(a);
 - (E) grant any Security Interests in respect of the Assets, except for Permitted Encumbrances;

or agree to do any of the foregoing.

- (b) For the purposes of this Clause 7.1, Purchaser's consent shall be deemed to have been provided if the matters referred to in this Clause 7.1 are identified or described in this Agreement or in respect of which Purchaser's consent in writing has been obtained.

7.2 Lease Rental Payments

- (a) Unless otherwise directed by Purchaser, Vendor shall pay on behalf of Purchaser all rentals and shut-in royalty payments for Crown and freehold mineral and surface leases which are due and payable on or before *[Redaction – date]*.

- (b) Vendor will be responsible for production accounting for the production month in which Closing occurs and Purchaser shall be responsible for production accounting after such date.
- (c) Vendor will be responsible for marketing all production to the last day of the month following the month in which Closing occurs. Vendor shall be entitled to market all such production in accordance with its current marketing policies and agreements pertaining to the Assets, if any. Purchaser shall be responsible for marketing of production after such date.

7.3 Interim Period Notices

- (a) Vendor shall promptly provide Purchaser with copies of any AFEs, requests for consents, ROFRs, operations notices and other similar notices received by Vendor in connection with the Assets received by Vendor during the Pre-Closing Period.
- (b) Prior to the Closing Date, without the written consent of Vendor, Purchaser shall not, and shall not be entitled to, propose to Vendor, or to cause Vendor to propose to others, the conduct of any operations on the lands or the exercise of any right or option relative to the Assets.

7.4 Purchaser Indemnity

Insofar as Vendor takes actions on behalf of Purchaser on the instructions of Purchaser in respect of the Assets during the Pre-Closing Period, Purchaser shall indemnify and save harmless Vendor from and against all of Vendor's Losses arising as a consequence of same, except to the extent caused by the gross negligence or wilful misconduct of Vendor or its servants, agents or employees.

7.5 Insurance Matters

In the event that Environmental Liabilities are created or arise as a result of any action, event, omission or circumstance arising during the Pre-Closing Period, Vendor shall make all such claims as it is entitled to make under its insurance policies, or those held on its behalf or for its benefit, and, if Closing occurs and Vendor actually receives insurance proceeds from those claims, Vendor shall pay over to Purchaser all such insurance proceeds it receives as soon as reasonably practicable.

ARTICLE 8 POST-CLOSING MATTERS

8.1 Post-Closing Matters

- (a) Following Closing, if and to the extent that Purchaser must be novated into, recognized as a party to, or otherwise accepted as assignee or transferee of Vendor's interest in the Assets or certain of them, including any Title and Operating Documents or other agreements governing or otherwise pertaining to any Assets or the operation thereof, the following provisions shall apply with respect to the applicable Assets until such novation, recognition or acceptance has occurred:
 - (i) at Purchaser's sole cost and expense, Vendor shall operate and maintain the applicable Assets on behalf of Purchaser as its agent;

- (ii) Vendor shall not initiate or authorize any operations with respect to the applicable Assets, except upon the written direction of Purchaser or if Vendor reasonably determines that such operations are required for the protection of life or property, in which case Vendor may take any actions that it reasonably determines are required in the circumstances, provided that, in such latter case Vendor shall promptly notify Purchaser of such actions and Vendor's estimate of the costs and expenses associated therewith;
 - (iii) Vendor shall promptly provide to Purchaser all AFEs, notices and other information, documents and correspondence relating to the applicable Assets that it receives and shall respond promptly to such AFEs, notices and other information and documents pursuant to the written instructions of Purchaser, but only if such instructions are received on a timely basis, provided that, Vendor may, but shall not be obliged to, refuse to follow any such instructions that it reasonably believes to be contrary to Applicable Law or in conflict with any applicable Title and Operating Document or other agreement; and
 - (iv) as soon as is reasonably practicable, Vendor shall deliver to Purchaser all revenues, proceeds and other benefits received by Vendor and derived from the Assets (excluding any such revenues, proceeds or benefits that relate to matters arising prior to the Effective Time), less the share of the applicable Crown or lessor royalties, operating costs, treating, processing and transportation expenses and any other costs and expenses directly associated with the Assets and the Petroleum Substances produced therefrom or allocated thereto that have been paid or are payable by Vendor, and less any out-of-pocket costs and expenses paid or incurred by Vendor in the discharge of its duties and obligations pursuant to this Clause 8.1.
- (b) If and to the extent that Vendor holds or maintains any Assets and takes actions with respect to any Assets on behalf of Purchaser pursuant to this Clause 8.1, then Vendor shall hold the same as bare trustee and be deemed to be the agent of Purchaser in such regard. Purchaser does hereby and shall ratify all actions taken by Vendor or refrained to be taken by Vendor pursuant to the terms of this Clause 8.1 in such capacity, with the intention that all such actions shall be for all purposes deemed to be those of Purchaser.
 - (c) If Vendor participates in any operations or exercises rights or options in respect to any Assets as the agent of Purchaser pursuant to this Clause 8.1, then Vendor may require Purchaser to secure the costs to be incurred by Vendor on behalf of Purchaser in respect to such operations or pursuant to such election in such manner as may be reasonably appropriate in the circumstances.

8.2 Delivery of Title and Operating Documents and Miscellaneous Interests

Within [*Redaction – date*] after all of the Specific Conveyances has been completed by Vendor in accordance with Clause 4.3 or any other day as Vendor and Purchaser may agree, Vendor shall deliver or cause to be delivered to Purchaser the Title and Operating Documents, the Material Contracts, and such other agreements and documents to which the Assets are subject, the original copies of those contracts, agreements, records, books, documents, licences, reports and data comprising Miscellaneous Interests which are in the possession and control of Vendor, to the extent they are in physical form. In the case of Vendor's electronic well files, Vendor shall make a digital version of such files available to Purchaser within such time period. Notwithstanding the foregoing in this Clause:

- (a) if and to the extent any such materials also pertain to assets or interests other than the Assets, Vendor may retain photocopies or other copies of such required materials; and
- (b) to the extent that there are any pending or threatened Claims, audits or other matters involving or relating to the Assets that pertain to the period prior to the Effective Time, Vendor, at its own cost, may make and retain copies of the relevant portions of such materials.

8.3 Removal of Signs

Within [*Redaction – date*] after Closing, Purchaser shall remove Vendor's name from all signs and remove any other items indicating ownership by Vendor located on, at or near any Wells or Tangibles. If Purchaser fails to remove Vendor's name from such signs or to remove such other items in respect to any such Wells or Tangibles within such period, then Vendor shall have the right, but not the obligation, to remove same and Purchaser shall reimburse Vendor for all reasonable costs incurred by Vendor in doing so.

8.4 Limitation of Liability for Post-Closing Operations

- (a) Vendor and the Vendor's Related Persons shall have no liability for any Losses and Liabilities paid, incurred or suffered by Purchaser or any of the Purchaser's Related Persons or any Claims made against any of them relating to any operation or maintenance of the Assets after Closing or the discharge by Vendor of its obligations pursuant to the other provisions of this Article 8, except to the extent that any such Losses and Liabilities or any such Claims arise as a direct consequence of the gross negligence or wilful misconduct of Vendor or any of the Vendor's Related Persons, provided that in no event shall Vendor be liable to Purchaser or Purchaser's Related Persons for any Consequential Losses relating to such operation or maintenance of the Assets.
- (b) Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of the Vendor's Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and each of the Vendor's Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, as a result of any actions taken or operations conducted in accordance with the other provisions of this Article 8, except to the extent arising as a direct consequence of the gross negligence or wilful misconduct of Vendor or any of the Vendor's Related Persons.

ARTICLE 9 DUE DILIGENCE REVIEW

9.1 Due Diligence

Purchaser acknowledges that it has, prior to the execution hereof, been given an opportunity to:

- (a) review Vendor's title to the Assets; and
- (b) conduct an environmental review of the Assets;

and that it has satisfied itself in regard to both Vendor's title to the Assets and all environmental matters relating to the Assets, including any past, present or future Environmental Liabilities. Purchaser expressly

waives all defects relating either to Vendor's title to the Assets or to environmental matters relating to the Assets, whether disclosed by Purchaser's review or otherwise. However, nothing in this Clause shall be a waiver by Purchaser of any matters in respect of which it is entitled to indemnification pursuant to Clause 6.1.

ARTICLE 10 PRIVACY MATTERS

10.1 Privacy Matters

- (a) To Vendor's knowledge, Vendor has complied at all times with all Applicable Privacy Laws in connection with Vendor's collection, use and disclosure of Personal Information, and all Personal Information has been collected, used and disclosed with the consent of each individual to whom such Personal Information relates and has been used only for the purposes for which it was initially collected.
- (b) Each Party agrees that:
 - (i) it is responsible for compliance at all times with Applicable Privacy Laws which govern the collection, use or disclosure of Personal Information disclosed to that Party pursuant to or in connection with this Agreement;
 - (ii) only Personal Information which is necessary for the Parties to carry out the Transaction shall be exchanged between the Parties;
 - (iii) following Closing, Purchaser shall not use any Personal Information disclosed by Vendor or its Related Persons for any purposes other than those for the purposes for which the information was initially collected and in relation to the business activity which is the subject of this Agreement;
 - (iv) that Party has taken and shall continue to take reasonable steps to, in accordance with Applicable Laws, prevent accidental loss or corruption of the disclosed Personal Information, unauthorized input or access to the disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such disclosed Personal Information; and
 - (v) where authorized by Applicable Laws, that Party shall promptly notify the other Party of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the first Party is made aware in connection with the disclosed Personal Information. To the extent permitted by Applicable Law, the Parties shall fully cooperate with each other, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of Applicable Privacy Laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.

**ARTICLE 11
GENERAL**

11.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

11.2 Entire Agreement

- (a) The provisions contained in 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.
- (b) Except as provided in the Confidentiality Agreement, this Agreement supersedes all other agreements, documents, writings and verbal understandings between the Parties relating to the subject matter of this Agreement and expresses the entire agreement of the Parties with respect to the subject matter of this Agreement.

11.3 Governing Law

- (a) 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 the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta.
- (b) Subject to Clause 2.6(f) and Clause 2.6(g), the Parties shall attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

11.4 Assignment; Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. 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.

11.5 Time of Essence

Time shall be of the essence in this Agreement.

11.6 Notices

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

Vendor: Highwood Oil Company Ltd.
Suite 900, 222 - 3rd Street SW
Calgary, Alberta T2P 0B4

Attention: [Redaction]
Email: [Redaction]

Purchaser: Tamarack Valley Energy Ltd.
Suite 600, 425 - 1st Street SW
Calgary, Alberta T2P 3L8

Attention: [Redaction]
Email: [Redaction]

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

- (a) by personal delivery or courier 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 on the date of delivery if such delivery takes place prior to 5:00 p.m. on a Business Day. If the actual delivery of such notice occurs after 5:00 p.m. on a Business Day or on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the date on which such actual delivery was made; or
- (b) by email to a Party to the email address of such Party set out above, in which case the item so transmitted shall be deemed to have been received when received if such transmission and receipt are completed prior to 5:00 p.m. on a Business Day. If such transmission and receipt are completed after 5:00 p.m. on a Business Day or on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the date on which such transmission and receipt were completed.

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

11.7 Invalidity of Provisions

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

11.8 Waiver

No failure on the part of any Party in exercising any right or remedy under this Agreement 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 other Applicable Law or otherwise conferred. No waiver of any provision of this Agreement, including this Clause 11.8, shall be effective otherwise than by an instrument in writing dated subsequent to the date of this Agreement, executed by a duly authorized representative of the Party making such waiver.

11.9 Survival; No Merger

The respective representations, warranties, covenants and indemnities of the Parties contained in this Agreement, including all qualifications thereof and limitations thereon, shall not be merged in any assignments, conveyances, transfers and other documents provided for under this Agreement and shall survive Closing to the extent provided in the respect terms thereof.

11.10 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 of this Agreement, executed by a duly authorized representative of each Party.

11.11 Confidentiality and Public Announcements

- (a) Neither Party may disclose the contents of this Agreement, including the name of the other Party, or any information concerning negotiations leading to this Agreement and the Transaction, without the prior written consent of the other Party. Nothing contained in this Agreement shall prevent a Party from disclosing such information: (i) to any Governmental Authority or to the public, but in either case, only if and to the extent that such disclosure is required under any Applicable Law or any stock exchange rule or policy to which such Party or its Affiliate is subject; (ii) to obtain consents required under, or to comply with any ROFRs or other preferential, pre-emptive or first purchase rights contained in, the Title and Operating Documents and any other agreements and documents to which the Assets are subject; or (iii) if required to obtain the consent to the Transaction by Vendor's lenders or other security holders and, if applicable, to obtain their release of security interests in, or their acknowledgement of "no interest" in, the Assets; provided that, in each such instance, the Party that proposes to make such a disclosure shall advise the other Party of such proposed disclosure and shall use its reasonable efforts to prevent the disclosure of any such information that is not required to be disclosed for the listed purposes. This Clause 11.11(a) shall survive any termination of this Agreement prior to Closing for a period of one year following such termination.
- (b) The Confidentiality Agreement, insofar as it relates to "Evaluation Material" (as defined in the Confidentiality Agreement) pertaining to the Assets, shall terminate effective as of Closing. To the extent that the Confidentiality Agreement relates to "Evaluation Material" that pertains to any matter other than the Assets, such agreement shall continue in force and effect until it terminates, if at all, in accordance with its terms.
- (c) The Parties acknowledge that either or both of them may make press releases concerning the Parties' entry into this Agreement promptly after the execution hereof and further press releases promptly after Closing, provided that in no circumstances shall either Party disclose the name of the other Party on any such press release or otherwise. Each Party consents to the inclusion of a generic description of its businesses by the other Party in such other Party's press release(s) in this regard. The Parties agree that a press release issued by either Party may contain some or all of the financial terms of the Transaction. Without derogating from the Parties' rights to make public disclosures under Clause 11.11(a), each of Vendor and Purchaser shall use their reasonable efforts to furnish to the other Party with the proposed content of all press releases concerning this Agreement and the Transaction at least twenty-four (24) hours prior to the release or publication thereof, but in any event prior to the release or publication with reasonably sufficient time for the other Party to review and comment.

11.12 Financial Information

For the period commencing on the execution and delivery hereof and ending three (3) years after the Closing Date the Vendor shall:

- (a) use commercially reasonable efforts to provide the Purchaser or its auditors, counsel or engineers with financial, operating and other information for the Assets that is available and as may be reasonably required by Purchaser in order for the Purchaser to comply with Applicable Laws in respect of any prospectus, business acquisition report, press release or other disclosure document filed or to be filed in connection with the Transaction, the form and content of which are subject to or prescribed by Applicable Laws (collectively, the "**Disclosure Documents**");
- (b) permit Purchaser to file any Disclosure Documents required under applicable Regulations in connection with the Transaction, including with Canadian securities regulatory authorities under the System for Electronic Document Analysis and Retrieval (SEDAR); and
- (c) provide reasonable access during normal business hours at the Purchaser's sole cost and expense to personnel of the Vendor, its Related Persons or their auditors, counsel or engineers who are responsible for such financial, operating and reserves evaluation information.

11.13 Costs Incurred for Financial Information

Purchaser shall be solely responsible for and shall pay and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and each of the Vendor's Related Persons from and against, all Third Party costs incurred by Vendor in connection with Vendor's compliance with its obligations under this Clause 11.12.

11.14 Counterpart Execution

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of facsimile transmission or other electronic means shall be as binding upon the Parties as an originally signed counterpart.

(Execution Page Follows)

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

HIGHWOOD OIL COMPANY LTD.

TAMARACK VALLEY ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

This is the Execution Page for the Asset Purchase and Sale Agreement Between Highwood Oil Company Ltd. and Tamarack Valley Energy Ltd. dated December 14, 2020.