

**AGREEMENT OF PURCHASE AND SALE
(East Central Alberta and Saskatchewan)**

DATED

May 15, 2018

BETWEEN

ALTURA ENERGY INC. ("VENDOR")

- AND -

[REDACTED] ("PURCHASER")

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**AGREEMENT OF PURCHASE AND SALE
(East Central Alberta and Saskatchewan)**

THIS AGREEMENT made as of May 15, 2018.

BETWEEN:

ALTURA ENERGY INC. a body corporate, with an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Vendor**")

-and-

[REDACTED] a body corporate, with an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Purchaser**")

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

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) "Abandonment and Reclamation Obligations" means all past, present and future obligations in respect of:
- (i) the proper plugging and abandonment of Wells;
 - (ii) the closure, decommissioning, dismantling and removal of structures, foundations, buildings, pipelines and equipment pertaining to the Tangibles and Facilities; and
 - (iii) the abandonment, restoration, remediation, rehabilitation and reclamation of the surface and subsurface locations and lands used to gain access thereto, pertaining to any wells, facilities, pipelines and other sites located within, on or under the Lands and lands pooled or unitized therewith, or comprising all or part of the Assets, or that were used or previously used in respect of Leased Substances produced or previously produced from the Lands or lands pooled or unitized therewith;

all in accordance with generally accepted oil and gas industry practices in the jurisdiction where the Assets are located and in compliance with Regulations including such obligations relating to wells, structures, foundations, buildings, pipelines, equipment and other facilities which were abandoned or decommissioned prior to the date hereof that were located within, on or under the Lands or lands pooled or unitized therewith [REDACTED] and were used in respect of Leased Substances produced or previously produced from the Lands or lands pooled or unitized therewith;

- (b) "Adjustment Date" means the hour of 8:00 a.m., Calgary time, on April 1, 2018;
- (c) "AFEs" means the authorities for expenditure, operations notices, amounts budgeted pursuant to mail ballots, if any, set out in Schedule "B" under the heading "AFEs";
- (d) "Assets" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests and the entire interest of Vendor in and to any White Map Assets;
- (e) "Base Price" has the meaning as set forth and defined in section 2.4;
- (f) "Business Day" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (g) "Closing" means the closing of the purchase and sale herein provided for;
- (h) "Closing Place" means the offices of Vendor, or such other place as may be agreed upon in writing by Vendor and Purchaser;
- (i) "Closing Time" means the hour of 9:00 a.m. on May 31, 2018 or such other time and date as may be agreed upon in writing by Vendor and Purchaser;
- (j) "CO&O Agreements" means the agreement or agreements for the construction, ownership or operation of any Tangibles or Surface Rights, if any, set out in Schedule "E" under the heading "CO&O Agreements";
- (k) "[REDACTED]" means the pipelines set out on Schedule "C-1".
- (l) "Defaulting Party" has the meaning as set forth and defined in section 4.1(e);
- (m) "[REDACTED]" has the meaning as set forth and defined in section 12.2;
- (n) "Deposit" has the meaning set forth and described in section 2.5;
- (o) "[REDACTED]" means any and all past, present or future environmental damage, contamination, or other environmental problems pertaining to the Lands or caused by the Assets or the Lands or operations thereon

or related thereto, however and by whomsoever caused, and whether caused by a breach of the applicable Regulations or otherwise, which occur or arise in whole or in part prior to, at or subsequent to the Closing Time, and regardless of whether or not a reclamation certificate has been issued. Without limiting the generality of the foregoing, such environmental damage or contamination or other environmental problems shall include those which pertain to the Assets, the Lands or any operations thereon and arising from or related to (i) surface, underground, air, ground water, surface water or marine environment contamination; (ii) Abandonment and Reclamation Obligations; (iii) the restoration, cleanup or reclamation of or failure to restore, cleanup or reclaim any part of the Assets or the Lands; (iv) the removal of or failure to remove foundations, structures or equipment; (v) the release, spill, escape or emissions of toxic, hazardous or oilfield waste substances; (vi) compliance with past, present and future Regulations relating to the environment or the protection thereof and Regulations related to employee and public health and safety matters; and (vii) damages and losses suffered by Third Parties as a result of any of the occurrences in subclauses (i) through (vi) of this subsection;

- (p) "Escrow Agreement" means the Escrow Agreement attached hereto as Schedule "J" to be entered into in relation to the Deposit among Vendor, Purchaser and the Escrow Agent, as of the date hereof;
- (q) "Escrow Agent" means [REDACTED];
- (r) "Facilities" means the facility or facilities, if any, set out in Schedule "C";
- (s) "General Conveyance" means the General Conveyance set out in Schedule "G";
- (t) "Governmental Authority" means any government, regulatory or administrative authority, government department, agency, commission, board or tribunal or court having jurisdiction on behalf of any nation, province or state or subdivision thereof or any municipality, district or subdivision thereof.
- (u) "GST" means the goods and services tax administered pursuant to the *Excise Tax Act* (Canada), as amended and the regulations thereunder or under any successor or parallel federal or provincial legislation that imposes a tax on the recipient of goods and services;
- (v) "Joint Venture Contracts" means the agreement or agreements: (1) for the transportation, processing or disposal of the Leased Substances or any of them or substances produced in connection with the Leased Substances or any of them; (2) agreements for the contract operation by a Third Party of the Assets or any of them, and (3) agreements to provide transportation, processing or disposal capacity or service to any Third Party, if any, set out in Schedule "E" under the heading "Joint Venture Contracts";
- (w) "Lands" means the lands areally described in Schedule "A" [REDACTED]
[REDACTED]

- (x) "Leased Substances" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (y) "Losses" means all actions, causes of action, losses, costs, claims, damages, penalties, fines, assessments, charges, expenses or other liabilities whatsoever, whether contractual or tortious, which are suffered, sustained, or incurred by a Party and includes, without limitation, reasonable legal fees on a solicitor and client basis and other professional fees and disbursements on a full indemnity basis, but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including, without limitation, business loss, loss of profit, economic loss, punitive damages, or income tax liabilities;
- (z) "Miscellaneous Interests" means, subject to any and all limitations and exclusions provided for in this definition, all Vendor's interest in and to property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation any and all of the following:
 - (i) contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation gas purchase contracts, processing agreements, transportation agreements and agreements for the construction, ownership and operation of facilities and the agreements set out in Schedule "E";
 - (ii) fee simple mineral rights and fee simple surface rights to, and all other rights to enter upon, use or occupy, the surface of any lands which are or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including the Surface Rights;
 - (iii) all subsisting rights to carry out operations relating to the Lands or Tangibles, and without limitation, all easements and well, pipeline and other Permits, licenses and authorizations;
 - (iv) all records, books, documents, licenses, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, and except in respect of the Seismic Rights, excluding any of the foregoing that pertain to seismic, geological or geophysical matters;
 - (v) the Wells, including the wellbores and any and all casing;
 - (vi) any facility or area specific emergency response plans pertaining to the Assets;
 - (vii) all non-interpretative technical data; and

- (viii) the Seismic Rights;
- (aa) [REDACTED]
- (bb) "Non-Defaulting Party" has the meaning as set forth and defined in section 4.1(e);
- (cc) "Officer's Certificate" means a certificate given by an officer of Purchaser or Vendor, which shall be substantially in the form set out in Schedule "H";
- (dd) "Party" means a party to this Agreement;
- (ee) "Permitted Encumbrances" means:
 - (i) liens for taxes, assessments and governmental charges which are not due or delinquent;
 - (ii) liens incurred or created in the ordinary course of business as security in favour of the person who is conducting the development or operation of the property to which such liens relate for Vendor's proportionate share of the costs and expenses of such development or operation which are not due or delinquent;
 - (iii) mechanics', builders' and materialmen's liens in respect of services rendered or goods supplied for which payment is not due or delinquent;
 - (iv) easements, rights of way, servitudes and other similar rights in land (including without limitation 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 impair the use of the Assets affected thereby;
 - (v) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit or by any statutory provision, to terminate any such lease, license, 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 the Leased Substances or any of them or the income therefrom, and governmental requirements and limitations of general application as to production rates on the operations of any property;
 - (vii) statutory exceptions to title and the reservations, limitations, provisos and conditions in any original grants from the Crown of any of the mines and minerals within, upon or under the Lands;

- (viii) any security held by any Third Party encumbering Vendor's interest in and to the Assets or any part or portion thereof, in respect of which Vendor delivers a discharge in registrable form, a no interest letter with an undertaking to discharge the security interest or like document (in a form satisfactory to Purchaser) to Purchaser at or prior to Closing;
 - (ix) the Sale Contracts and agreement or agreements (if any) for the sale of Leased Substances that are terminable on not greater than 31 days notice (without an early termination penalty or other cost);
 - (x) all royalty burdens, liens, adverse claims, penalties, reductions in interests and other encumbrances set out in Schedule "A"; and
 - (xi) the terms, conditions and obligations arising under the Title Documents, provided that all royalty burdens, liens, adverse claims, penalties, conversions, reductions in interests and other encumbrances must be set out in Schedule "A" to constitute a Permitted Encumbrance;
- (ff) "Petroleum and Natural Gas Rights" means all right, title, estate and interest held by Vendor to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including without limitation the interests set out in Schedule "A";
- (gg) "Petroleum Substances" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation sulphur and coal bed methane;
- (hh) "Permits" means, all licenses, permits, approvals and authorizations granted or issued by any Governmental Authority and relating to the construction, installation, ownership, use or operation of the Assets;
- (ii) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- (ll) "Prime Rate" means a rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of Alberta Treasury

Branches as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada;

- (mm) "Privacy Law" means the *Personal Information Protection and Electronic Documents Act* (Canada), *Personal Information Protection Act* (Alberta), *Freedom of Information and Protection of Privacy Act* (Alberta), the *Health Information Act* (Alberta), equivalent legislation in other Provinces and Territories, all regulations thereunder, and all Commissioner orders issued pursuant thereto;
- (nn) "Purchase Price" has the meaning as set forth and defined in section 2.4;
- (oo) "Purchaser Default" means a breach of a representation or warranty made by Purchaser in section 5.4 or a breach by Purchaser of a material covenant or agreement in this Agreement;
- (pp) "Registered Interests" means interests in the Title Documents or any permits and similar items that are registered on the records of a Governmental Authority in the name of Vendor.
- (qq) "Regulations" means all statutes, laws, rules, orders, judgements, writs, injunctions, decrees, regulations and directives of any judicial authorities, governmental and other competent authorities in effect from time to time and made by governments, governmental boards or agencies, tribunals, courts, commissions, administrative agencies, arbitrators or judicial authorities having jurisdiction over the Assets, the Parties or the transaction contemplated herein;
- (rr) "ROFR" means a right of first refusal, pre-emptive right of purchase or similar right whereby a Third Party has the right to acquire or purchase any of the Assets as a consequence of the Parties entering into this Agreement;
- (ss) "ROFR Assets" has the meaning as set forth and defined in section 11.1(a);
- (tt) "Sale Contracts" means the agreement or agreements for the sale of Leased Substances, if any, set out in Schedule "E" under the heading "Sale Contracts";
- (uu) "Seismic Rights" means Vendor's interest in and the Seismic Lines and Plat, including with respect to such Seismic Lines and Plat:
 - (i) all permanent records of basic field data including, but not limited to, any and all microfilm or paper copies of seismic driller's reports, monitor records, observer's reports and survey notes and any and all copies of magnetic field tapes or conversions thereof;
 - (ii) all permanent records of the processed field data including, but not limited to, any and all microfilm or paper copies of shot point maps, pre- and post-stacked record sections including amplitude, phase and structural displays, post-stack data manipulations including filters, migrations and wavelet

enhancements, and any and all copies of final stacked tapes and any manipulations and conversions thereof; and

- (iii) in the case of 3D seismic, in addition to the foregoing, all permanent records or bin locations, bin fold, static corrections, surface elevations and any other relevant information;
- (vv) "Seismic Lines and Plat" mean the seismic line or lines and 3D seismic plat set out in Schedule "I";
- (ww) "Specific Conveyances" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the interest of Vendor in and to the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;
- (xx) "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;
- (yy) "Take or Pay Obligations" means (i) obligations to sell or deliver Petroleum Substances or any of them, rights to which are granted, reserved or otherwise conferred pursuant to the Title Documents, without being entitled in due course to receive and retain full payment for such Petroleum Substances; or (ii) obligations to use transportation, pipeline or processing capacity with minimum volume commitments where any shortfalls in deliveries or use is satisfied through payment obligations;
- (zz) "Tangibles" means, subject to any and all limitations and exclusions provided for in this definition, the Vendor's entire interest in and to the Facilities and any and all tangible depreciable property and assets other than the Facilities which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them or in connection with water injection, water disposal or removal operations that pertain to the Petroleum and Natural Gas Rights, including without limitation any and all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, scrubbers, separators, pumps, tanks, boilers and communication equipment (including any SCADA systems) but excluding all motorized vehicles;
- (aaa) "Third Party" means any individual or entity other than Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated

organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;

(bbb) "this Agreement", "herein", "hereto", "hereof" and similar expressions mean and refer to this Agreement of Purchase and Sale;

(ccc) "Title Documents" means, collectively, any and all certificates of title, leases, reservations, licenses, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements, Permits, Surface Rights, Sale Contracts, Joint Venture Contracts, CO&O Agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced; and (v) rights to acquire any of the rights described in items (i) to (iv) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands, including any lands pooled or unitized therewith, including without limitation those, if any, set out in Schedule "A";

(ddd) [REDACTED]

(eee) "Wells" means all wells which have been, are or may be used in connection with the Petroleum and Natural Gas Rights, including without limitation producing, shut-in, suspended, abandoned, abandoned and reclamation certified, water source, water disposal and water injection wells and the wells set out in Schedule "F" under the heading "Wells";

(fff) [REDACTED]

(ggg) [REDACTED]

1.2 Headings

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

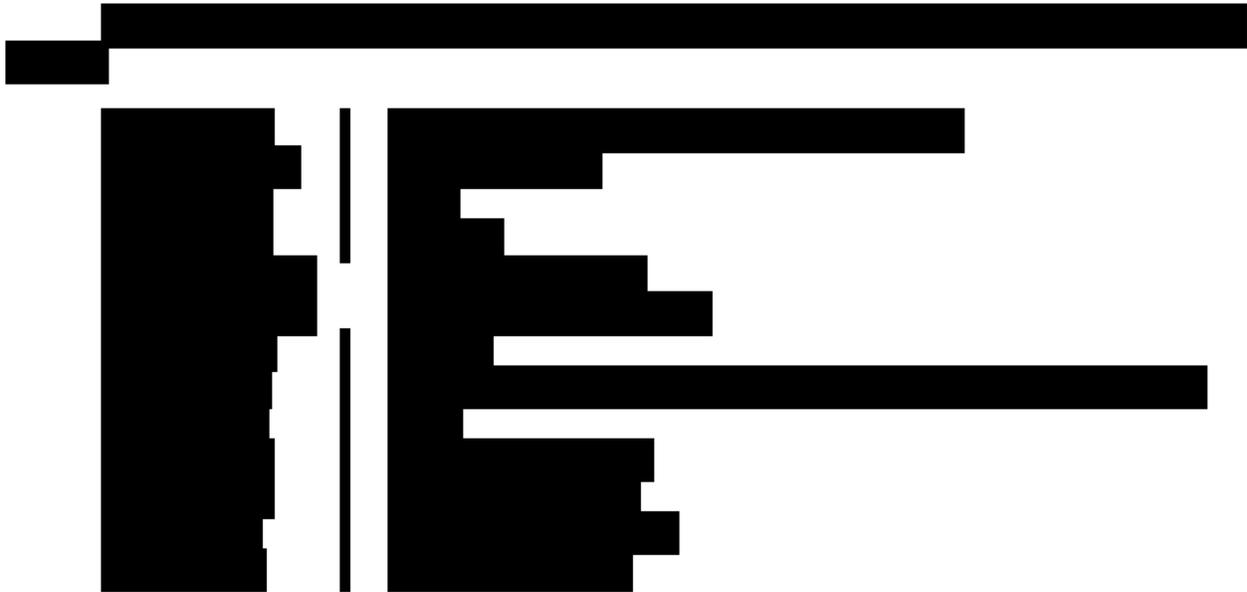
1.3 Interpretation Not Affected by Headings

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

1.4 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules



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

1.6 Knowledge

Where in this Agreement a representation or warranty is limited to the knowledge, information or belief of Vendor, such knowledge, information or belief consists of the actual knowledge of the current officers of Vendor whose normal responsibilities relate to the subject matter of the representation or warranty, after reasonable inquiry, provided that Vendor shall not be required to make any inquiry of any Third Party or Governmental Authority.

ARTICLE 2
PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets subject to and in accordance with the terms of this Agreement.

2.2 Closing

- (a) Closing shall take place at the Closing Place at the Closing Time if there has been satisfaction or waiver of the conditions of Closing herein contained.
- (b) Subject to all other provisions of this Agreement, possession, risk and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser at the Closing Time.
- (c) The Parties shall execute and deliver the General Conveyance at Closing.

2.3 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made at Closing shall be made by wire transfer to an account designated by Vendor to Purchaser in writing prior to Closing.

2.4 Base Price and Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be the Purchase Price (the "**Purchase Price**"). The amount to be paid by Purchaser to Vendor at the Closing Time shall be determined as follows:

- (a) \$28,375,000.00 (the "**Base Price**");
- (b) less the Deposit;
- (c) plus interest on the Base Price, pursuant to section 2.9; and
- (d) plus or minus (as applicable) the net amount of the adjustment pursuant to Article ARTICLE 8 as at the Closing Time.

2.5 Deposit

- (a) Purchaser has, concurrently with the execution of this Agreement deposited with the Escrow Agreement the sum of [REDACTED] the "**Deposit**"), representing a deposit, being an amount that represents a genuine pre-estimate by the Parties of the damages that Vendor will suffer should Purchaser wrongfully fail to close the transactions contemplated by this Agreement, having regard to such matters as the

nature of the Assets, the size of the Purchase Price, the amount of time between the date hereof and the Closing Time, and the time and expense to be incurred by Vendor.

- (b) If Closing occurs at the Closing Time, the Deposit plus the interest earned thereon shall be paid to Vendor and applied towards the Purchase Price.
- (c) If Closing does not occur at the Closing Time, due to a Purchaser Default, the Deposit plus the interest earned thereon shall be paid to and retained by Vendor for its own account absolutely as the genuine pre-estimate by Vendor and Purchaser of Vendor's liquidated damages as a result of Closing not occurring, which shall be Vendor's sole and exclusive remedy for Closing not occurring.
- (d) If Closing does not occur at the Closing Time, for any reason or circumstance other than a Purchaser Default, the Deposit plus any interest earned thereon shall be returned to Purchaser for the account of Purchaser absolutely.
- (e) The Parties shall provide such joint written instructions to the Escrow Agent as required by this section 2.5.

2.6 Payment of Purchase Price and GST

- (a) At Closing, Purchaser shall pay to Vendor (i) the Purchase Price minus the Deposit and the interest earned thereon which shall be released to Vendor by the Escrow Agent and (ii) the GST payable in respect of the Assets. Vendor shall remit the GST according to law. The GST registration number of Vendor is [REDACTED].
- (b) If the amount of GST paid pursuant to this clause is subject to audit by the relevant Governmental Authority, and it is determined by those authorities that an additional amount of GST or interest or penalties should be assessed, Purchaser shall be responsible for the payment of such additional amounts.

2.7 Other Taxes

At Closing, Purchaser shall be solely responsible for all sales taxes, transfer taxes, fees, charges, levies or similar assessments which may be imposed by any Governmental Authority and pertaining to its acquisition of the Assets or to the circulation and registration of the Specific Conveyances and shall remit any such amounts to the applicable Governmental Authority according to law.

2.8 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	80%
Tangibles	20% less \$10.00

Miscellaneous Interests

10.00

2.9

[REDACTED]

2.10

[REDACTED]

(a)

[REDACTED]

(b)

[REDACTED]

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Purchaser's Conditions

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

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Time and an Officer's Certificate to that effect will be tabled at Closing;

- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects and an Officer's Certificate to that effect will be tabled at Closing;
- (c) Vendor shall have delivered to Purchaser at or prior to Closing discharges, releases or no interest letters of any security held by any Third Party encumbering Vendor's interest in and to the Assets or any part or portion thereof, that is satisfactory to Purchaser, acting reasonably;
- (d) at the Closing Time, no claim or action shall be pending before any court or governmental authority seeking to restrain or prohibit the transactions contemplated hereby or to obtain material damages or other relief from Purchaser in connection with the consummation of the transactions contemplated hereby;
- (e) [REDACTED]
- (f) [REDACTED]
- (g) prior to the Closing Time, Vendor shall have obtained and produced to Purchaser the written consent to the transaction contemplated hereby of each Third Party whose consent is required under the terms of the Title Documents and any other agreements and documents to which the Assets are subject and which are customarily obtained prior to closing in oil and gas transactions in Canada.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with or waived by Purchaser, at or before the earlier of the date specified above or the Closing Time, Purchaser may in addition to any other remedies which it may have available to it, rescind this Agreement by written notice to Vendor. If Purchaser rescinds this Agreement, the Deposit shall be handled as provided for in section 2.5(d) and Purchaser and Vendor shall be released and discharged from all obligations hereunder except as provided in sections 3.3 and 13.16.

3.2 Vendor's Conditions

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

- (a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and as of the Closing Time and an Officer's Certificate to that effect will be tabled at Closing;
- (b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects and an Officer's Certificate to that effect will be tabled at Closing;

- (c) 
- (d) at the Closing Time, no claim or action shall be pending before any court or governmental authority seeking to restrain or prohibit the transactions contemplated hereby or to obtain material damages or other relief from Vendor in connection with the consummation of the transactions contemplated hereby; and
- (e) all amounts to be paid by Purchaser to Vendor at Closing shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with or waived by Vendor, and Vendor is not otherwise in default hereunder, at or before the Closing Time, Vendor may, in addition to any other remedies which it may have available to it, rescind this Agreement by written notice to Purchaser. If Vendor rescinds this Agreement, the Deposit shall be handled as provided for in section 2.5, and Purchaser and Vendor shall be released and discharged from all obligations hereunder except as provided in section 13.16.

3.3 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use reasonable commercial efforts to satisfy and comply with and assist in the satisfaction and compliance with the conditions precedent. If there is a condition precedent that is to be satisfied or complied with prior to the Closing Time, and if, by the time the condition precedent is to be satisfied or complied with, the Party for whose benefit the condition precedent exists fails to notify the other Party whether or not the condition precedent has been satisfied or complied with, the condition precedent shall be conclusively deemed to have been satisfied or complied with.

ARTICLE 4 DOCUMENTS, RECORDS AND CONVEYANCES

4.1 Licence Transfers

- (a) If requested by Vendor prior to the Closing Time, Purchaser shall communicate with the relevant Governmental Authority to determine all conditions and deposits which said Governmental Authority will require in order to approve the transfer by Vendor to Purchaser of licences for the Wells, Facilities and Pipelines and any other Tangibles licensed to Vendor, and shall advise Vendor in writing of such conditions and required deposits. In such case, at the Closing Time, Purchaser or Purchaser shall satisfy the deposit requirements of the relevant Governmental Authority in order to approve any of those licence transfers to Purchaser. Purchaser further covenants to comply with all conditions imposed by the relevant Governmental Authority in respect of such transfers.
- (b) Immediately following Closing, and subject to the approval of Vendor's working interest partners in the particular Asset (to the extent such working interest partners have the contractual right to grant or deny consent) Vendor shall prepare

and submit to the relevant Governmental Authority, in the form required by the Governmental Authority, an application to the Governmental Authority for the transfer of the Wells, Facilities and the Pipelines, if any, held in the name of Vendor and Purchaser shall ratify and sign such application. If Vendor's working interest partners for an Asset deny their consent to such transfer, the Parties shall cooperate in re-transferring the pertinent licences back to Vendor for Vendor's assignment to an approved operator.

- (c) Should the relevant Governmental Authority deny any licence transfer because of misdescription or other minor deficiencies in the application, Vendor shall within two (2) Business Days correct the application and amend and re-submit an application for the licence transfers and Purchaser shall ratify and sign such application.
- (d) After Closing, whether or not Purchaser requested prior determination of the relevant Governmental Authority's transfer conditions under section 4.1(a), if for any reason the Governmental Authority requires Purchaser or Vendor to make a deposit in order to approve the licence transfer, Purchaser or Vendor, as applicable, shall and covenants to immediately make such deposit.
- (e) If a Party (the “**Defaulting Party**”) fails to make a deposit under section 4.1(d) within ten (10) days of either Party's receipt of notification from the relevant Governmental Authority that such deposit is required, the other Party (the “**Non-Defaulting Party**”) shall have the right, but not the obligation, to make such deposit. In such event, Defaulting Party shall reimburse the Non-Defaulting Party for the amount of such deposit plus interest thereon at [REDACTED] from the date the Non-Defaulting Party paid the deposit until such reimbursement is made. In addition to all other rights to enforce such reimbursement otherwise available to the Non-Defaulting Party, it shall have the right to set-off the amount of such reimbursement (including interest) against other monies due to the Defaulting Party.

4.2 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) those of the Specific Conveyances which have been prepared as of the Closing Time duly executed by Vendor;
- (c) an Officer's Certificate signed by an officer of Vendor;
- (d) [REDACTED];
- (e) those discharges, releases and no interest letters in accordance with section 3.1(c); and

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

4.3 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 Purchase Price and any applicable GST;
- (b) a General Conveyance duly executed by Purchaser;
- (c) an Officer's Certificate signed by an officer of Purchaser;
- (d) such other items as may be specifically required hereunder or as may be reasonably requested by Vendor.

4.4 Specific Conveyances

- (a) Vendor shall prepare the Specific Conveyances at its cost and as required, including those required by any Governmental Authority process, none of which shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.
- (b) All Specific Conveyances that are prepared and circulated to Purchaser a reasonable time prior to the Closing Time shall be executed and delivered by the Parties at Closing.
- (c) Forthwith after Closing, Vendor shall at its cost circulate and register, as the case may be, all Specific Conveyances that by their nature may be circulated or registered, provided that Purchaser shall be responsible for all registration fees pertaining to same.

4.5 Delivery of Title Documents and Miscellaneous Interests

Within 10 Business Days of Closing, Vendor shall deliver to Purchaser at Closing the original copies of the Title Documents and any other agreements and documents to which the Assets are subject and the original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession of Vendor or of which it gains possession prior to Closing. Notwithstanding the foregoing, if and to the extent such Title Documents, contracts, agreements, records, books, documents, licenses, reports and data also pertain to interests other than the Assets, photocopies or other copies may be provided to Purchaser in lieu of original copies. Purchaser shall, provided that Purchaser has retained an interest in such Asset, for a period of 4 years after Closing, upon request and after reasonable notice, provide reasonable access, at the offices of Purchaser and during its normal business hours, to such of the Title Documents and other contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests delivered by Vendor pursuant hereto, as Vendor may require for purposes concerning the interests which Vendor held

in the Assets prior to the Closing Time and the calculation of adjustments prior to the finalization of same, subject always to the requirement that all such information shall remain confidential.

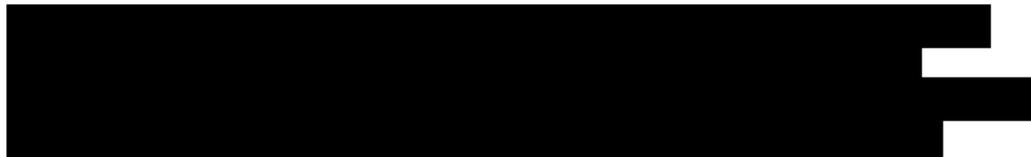
ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Vendor

Purchaser acknowledges that it is purchasing the Assets on an "as is, where is" basis, without representation and warranty and without reliance on any information provided to or on behalf of Purchaser by Vendor or any Third Party, except that and subject in all instances to any matter disclosed in any of the schedules hereto, Vendor makes the following representations and warranties to Purchaser and acknowledges that Purchaser is relying on such representations and warranties:

- (a) Standing: Vendor is a corporation duly organized and validly existing under the laws of the jurisdiction of Vendor and is authorized to carry on business in the provinces in which the Assets are located;
- (b) Requisite Authority: Vendor 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) Execution: the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite 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) No Conflicts: the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which Vendor is party or by which Vendor is bound, nor under any Regulation applicable to Vendor;
- (e) Enforceability: this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Vendor enforceable against Vendor in accordance with their terms, subject to the qualification that such enforceability may be subject to:
 - (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditor's rights generally; and
 - (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law);

(f)





- (g) Finder's Fees: Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the transaction to be effected by it for which Purchaser shall have any obligation or liability;
- (h) Canadian Resident: Vendor is not a non-resident within the meaning of section 116 of the *Income Tax Act* (Canada);
- (i) All or Substantially All: the interest of Vendor in and to the Assets does not constitute all or substantially all the property of Vendor;
- (j) Assets Not Removed: 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 the Leased Substances 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 Adjustment Date, nor has Vendor alienated or encumbered any such tangible depreciable property and assets since such date;
- (k) Alienation: except for the Permitted Encumbrances and as may be identified in the schedules hereto, Vendor has not alienated or encumbered the Assets or any part or portion thereof, Vendor has not committed and is not aware of there having been committed any act or omission whereby the interest of Vendor in and to the Assets or any part or portion thereof may be cancelled or determined, and the Assets are now free and clear of all liens, royalties, conversion rights, penalties, reductions in interests and other claims of Third Parties, created by, through or under Vendor or of which Vendor has knowledge;
- (l) Quiet Enjoyment: subject to the Permitted Encumbrances, and to the rents, covenants, conditions and stipulations in the Title Documents to be paid, performed and observed, Purchaser may enter into and upon, hold and enjoy the Title Documents for the residue of their respective terms and all renewals or extensions thereof for Purchaser's own use and benefit without any interruption of or by Vendor or any other party claiming by, through or under Vendor;
- (m) ROFR's: other than as disclosed in Schedule "D" hereto, there are no ROFR's with respect of the Assets and Lands;
- (n) Adverse Claims: Vendor has not received notice from any Third Party claiming an interest in and to the Assets adverse to the interest of Vendor and Vendor has no reason to believe that any such claim may be made;
- (o) Compliance: Vendor has not failed to comply with, perform, observe or satisfy any term, condition, obligation or liability which has heretofore arisen under the

provisions of any of the Title Documents or any other agreements and documents to which the Assets are subject where such failure would reasonably be expected to have a material adverse effect upon the aggregate value of the Assets;

- (p) Default: Vendor has not received notice of default and is not in any default under any obligation, agreement, document, order, writ, injunction or decree of any court or of any commission or administrative agency, which might result in impairment or loss of the interest of Vendor in and to the Assets or which might otherwise adversely affect the Assets;
- (q) No Lawsuits or Claims: no suit, action, lawsuit, administrative proceeding or other proceeding before any court or governmental agency has been commenced against Vendor or, to the knowledge, information and belief of Vendor, has been threatened against Vendor or any Third Party, which might result in material impairment or loss of the interest of Vendor in and to the Assets or which might otherwise adversely affect the Assets or any rights to, and rights to enter upon, use or occupy the surface of any lands which are or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
- (r) Payment of Taxes and Third Party Payables: to Vendor's knowledge, information and belief, all amounts due and payable to Third Parties prior to the date hereof and pertaining to the Assets have been fully paid, including without limitation (i) any and all ad valorem and property taxes, (ii) any and all production, severance and similar taxes, charges and assessments based upon or measured by the ownership or production of the Leased Substances or any of them or the receipt of proceeds therefor, and (iii) all amounts due and payable in connection with Permitted Encumbrances, provided however, in the case of any and all amounts due and payable prior to the time Vendor acquired an interest in and to the Assets to which such amounts pertain, Vendor makes this representation and warranty only based upon its knowledge, information and belief;
- (s) AFEs: other than as disclosed on Schedule "B" hereto, there are no AFEs issued or approved by the Vendor with respect to the Assets under which amounts may become payable after the Adjustment Date under which Vendor's share is anticipated to be greater than \$25,000.00;
- (t) Operator: in respect of the Assets that are operated by Vendor, if any, Vendor holds all valid licenses, Permits and similar rights and privileges that are required and necessary under applicable law to operate the Assets as presently operated;
- (u) Operations: any and all operations of Vendor, and to the knowledge, information and belief of Vendor, any and all operations by Third Parties, on or in respect of the Assets and Lands, have been conducted in accordance with good oil and gas industry practices and in material compliance with all Regulations;

(v) No Limit on Production: 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 Documents or by any other agreements and documents to which the Assets are subject, or by any Regulations;

(w) Qualification: Vendor meets all qualification requirement to transfer the Assets as contemplated in this Agreement, including the Registered Interests, and shall accede to, comply with and perform the requirements of any Governmental Authority which may be required as a result of Closing, the resulting transfers or any change in the licensee liability rating for Vendor as a result thereof;

(x) [REDACTED]

(y) [REDACTED]

[REDACTED]

[REDACTED]

(z) Sale Contracts and Joint Venture Contracts: except for the Sale Contracts and Joint Venture Contracts, Vendor is not a party to and Vendor's interest in and to the Assets is not otherwise bound or affected by any (i) production sales contracts pertaining to the Leased Substances or any of them that cannot be terminated on notice of 31 days or less (without an early termination penalty or other cost), (ii) gas balancing or similar agreements pertaining to the Leased Substances or any of them, (iii) agreements for the transportation, processing or disposal of the Leased Substances or any of them or substances produced in connection with the Leased Substances or any of them, (iv) agreements for the contract operation by a Third Party of the Assets or any of them, and (v) agreements to provide transportation, processing or disposal capacity or service to any Third Party;

(aa) No Offsets: Vendor has not received written notice that any of the Title Documents are subject to an offset obligation, including, any unsatisfied obligation to drill a well, surrender rights or pay a compensatory royalty, which has not been satisfied in full or completely waived;

(bb) [REDACTED]

- (cc) Areas of Mutual Interest: there are no active area of mutual interest or area of exclusion provisions in any of the Title Documents;
- (dd) Take or Pay Obligations: other than as disclosed in Schedule "E" hereto, the Vendor has no knowledge of any Take or Pay Obligations with respect of the Assets and Lands; and
- (ee) Privacy Laws: Vendor has complied with all requirements of Privacy Laws.

5.2 Limitation on Vendor's Representation and Warranties

Except and to the extent expressly stated in section 5.1, Vendor does not warrant title to the Assets or make any representations or warranties with respect to:

- (a) any data or information, including any engineering, geological or other interpretations or evaluations supplied by Vendor in connection with the Assets;
- (b) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith; or
- (c) the value of the Assets or the future cash flow therefrom.

5.3 Acknowledgements

Without detracting from Purchaser's reliance on Vendor's representation and warranties in section 5.1, Purchaser acknowledges that as of the Closing Time:

- (a) it will have made its own independent investigation, analysis, evaluation and inspection of Vendor's interest in the Assets, including a review of Vendor's title thereto and the state and condition thereof and will have relied on its own investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets and Vendor's title thereto;
- (b) it has been provided with the right and opportunity to conduct its own due diligence and site inspections of and in respect to Abandonment and Reclamation Obligations and [REDACTED] if any, and will have relied on its own investigation, analysis, evaluation and inspection as to its assessment of the environmental condition of the Lands and Assets; and
- (c) in determining the Purchase Price, Purchaser will have taken into account the Purchaser's assumption of the Abandonment and Reclamation Obligations and [REDACTED] as set forth in this Agreement, and Vendor's release of responsibility therefor.

5.4 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor and acknowledges that Vendor is relying upon such representations and warranties:

- (a) Standing: Purchaser is a corporation duly organized and validly existing under the laws of the jurisdiction of Purchaser and is authorized to carry on business in all the provinces in which the Assets are located;
- (b) Requisite Authority: Purchaser has good right, full power and absolute authority to purchase the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;
- (c) Execution: the execution, delivery and performance of this Agreement has been duly and validly authorized by any and 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 Purchaser is bound;
- (d) No Conflicts: the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any Regulation applicable to Purchaser;
- (e) Enforceability: this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms subject to the qualification that such enforceability may be subject to:
 - (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditor's rights generally; and
 - (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law);
- (f) Regulatory Approval: except as provided for in this Agreement, 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 Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirement therefor, previously obtained and currently in force;
- (g) Finder's Fee: Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the transaction to be effected by it for which Vendor shall have any obligation or liability; and

- (h) Qualification: Purchaser shall meet all qualification requirements of Governmental Authorities in order for Purchaser to receive transfers of the Registered Interests pursuant to section 4.1, and shall accede to, comply with and perform all requirements of such Governmental Authorities in connection therewith.

ARTICLE 6

[REDACTED]

6.1 [REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

6.2 [REDACTED]

[REDACTED]

ARTICLE 7
PURCHASER'S INDEMNITIES

7.1 General Indemnity

Purchaser shall be liable to Vendor for all Losses, suffered, sustained, paid or incurred by Vendor, and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Vendor from and against all Losses, suffered, sustained, paid or incurred by Vendor

which arise out of any matter or thing occurring from and after the Closing Time and which relates to the Assets, provided however that Purchaser shall not be liable to nor be required to indemnify Vendor in respect of any Losses, suffered, sustained, paid or incurred by Vendor which arise out of acts or omissions of Vendor.

7.2 Abandonment and Reclamation

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor from and against all Losses, suffered, sustained, paid or incurred by Vendor should Purchaser fail to perform all Abandonment and Reclamation Obligations pertaining to the Assets.

7.3

[REDACTED]

Purchaser shall be liable to Vendor for all Losses, suffered, sustained, paid or incurred by Vendor, and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Vendor from and against all Losses, suffered, sustained, paid or incurred by Vendor which pertain to [REDACTED] however and by whomsoever caused. Purchaser shall not be entitled to exercise and hereby waives any rights or remedies Purchaser may now or in the future have against Vendor in respect of [REDACTED] whether such rights and remedies are pursuant to the common law, statute or Regulation or otherwise, including without limitation, the right to name Vendor as a third party to any action commenced by any Third Party against Purchaser. This assumption of liability and indemnity shall apply without limit and without regard to the negligence of Vendor. Purchaser hereby waives, and acknowledges and agrees that it shall not exercise, any right or remedy against Vendor in respect to any [REDACTED] that Purchaser may otherwise have under the Regulations, including any right to name Vendor as a party to any lawsuit or claim commenced by Purchaser or by any Third Party in which Purchaser is a party. Notwithstanding the foregoing in this section, nothing in this section shall be construed so as to require Purchaser to be liable for or to indemnify Vendor in connection with any such Losses to the extent arising from matters or things for which Purchaser is entitled to indemnification pursuant to section 6.1.

7.4 Limitation

Notwithstanding any other provision in this Agreement, Purchaser shall not be liable to nor be required to indemnify Vendor in respect of any Losses, suffered, sustained, paid or incurred by Vendor in respect of which Vendor is liable to and has indemnified Purchaser pursuant to section 6.1, and Vendor shall not be liable to nor be required to indemnify Purchaser in respect of any Losses, suffered, sustained, paid or incurred by Purchaser in respect of which Purchaser is liable to and has indemnified Vendor pursuant to section 6.2.

7.5

[REDACTED]

[REDACTED]

7.6

[REDACTED]

ARTICLE 8 OPERATING ADJUSTMENTS

8.1 Operating Adjustments

Subject to all other provisions of this Agreement, all benefits and obligations of any kind and nature relating to the operation of the Assets conveyed pursuant to this Agreement, excluding income taxes but otherwise including without limitation maintenance, development, operating and capital costs, government incentives and administration fees, royalties and other burdens, and proceeds from the sale of production whether accruing, payable or paid and received or receivable, shall be adjusted between the Parties as of the Adjustment Date in accordance with generally accepted accounting principles, on an accrual basis. All rentals and similar payments in respect of the Title Documents or Surface Rights comprised in the Assets and all taxes (other than income taxes but including, without limitation property taxes) levied with respect to the Assets or operations in respect thereof shall be apportioned between Vendor and Purchaser on a per diem basis as of the Adjustment Date. For greater certainty, adjustments in respect of production (excluding tank bottoms), if any, shall be made in favour of Vendor in respect of production beyond the wellhead at the Adjustment Date and in favour of Purchaser in respect of all other production. Notwithstanding the foregoing, Vendor shall not be required to provide a credit at closing for any benefits accruing to Purchaser after the Adjustment Date but not actually received at least 3 Business Days prior to the Closing Time. Vendor shall provide to Purchaser at least three (3) Business Days prior to the Closing Time a written statement of all such adjustments to be made at Closing, and shall cooperate with Purchaser to enable Purchaser to verify the accuracy of such statement at least one (1) Business Day prior to the Closing Time. Adjustments not settled or incorrectly settled prior to or at Closing shall be settled by payment to or by Vendor and Purchaser, as the case may be, as soon as practicable after Closing. The intention of the Parties is that final settlement shall occur within 180 days following the Closing Time, but it is recognized that adjustments may be made after that time. No adjustments shall be made after 1 year from the Closing Time unless written notice of the requested adjustment, with reasonable particulars, is given within 1 year from the Closing Time, provided however that adjustments arising as a consequence of Crown royalty audits, joint venture audits or thirteenth month adjustments for gas plant throughput and gas cost allowance for the Assets are not subject to the 1 year limit. Petroleum Substances beyond wellhead at the Adjustment Date do not comprise part of the Assets.

8.2 Audits

Notwithstanding the provisions of section 8.1, adjustments arising as a consequence of Crown royalty audits, joint venture audits or thirteenth month adjustments for gas plant throughput and gas cost allowance for the Assets, relating to the period prior to the Closing Time:

- (a) for which audit queries or thirteenth month adjustments are outstanding at the Closing Time; or
- (b) that occur after the Closing Time but not later than 2 years after the Closing Time (in the case of joint venture audits and thirteenth month adjustments) or 4 years from the end of the calendar year in which Closing occurs (in the case of Crown royalty audits),

shall be made as they occur and payment for them shall be made within 30 days of each adjustment and shall be made by Purchaser to Vendor, or vice versa, as the case may be. Either Party may audit the records of the other relating to accounting or adjustments made subject to this subsection for 2 years from the date the adjustment is made. Accounting or adjustments resulting from the audit shall be settled between Vendor and Purchaser on an item-by-item basis as they occur. Nothing in this Agreement shall restrict or otherwise interfere with any audit rights Vendor may have under any agreements pertaining to the Assets for the period prior to the Adjustment Date; it being the intention of the Parties that any adjustments arising from or attributable to the exercise of such audit rights shall be for the account of Vendor. For the purposes hereof, the expression "audit right" shall include the right to initiate an audit or to participate in or receive the benefits from an audit.

8.3 Deposits, Cash Calls and Operating Funds

The Assets do not include deposits made by Vendor which relate to the Assets, Regulatory deposits, or cash call advances, operating fund payments or similar advances made by Vendor to an operator of the Assets. Such amount shall be returned to Vendor and (if required) replaced by Purchaser.

8.4 File Delivery Fees

Purchaser shall be responsible for all courier, cart rental and other fees pertaining to the delivery of the Title Documents and any other agreements and documents to which the Assets are subject from Vendor to Purchaser.

8.5 Administrative Fees

There will be no administrative overhead fees charged on operated properties by Vendor other than those assessed by Third Parties.



9.3 Consent of Purchaser

Vendor shall not, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

- (a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of \$25,000.00, except in case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) surrender or abandon any of the Assets;
- (c) amend or terminate any Title Document or any other agreement or document to which the Assets are subject, or enter into any new agreement or commitment relating to the Assets; or
- (d) compromise or settle any litigation, proceeding or governmental investigation relating to the Assets;
- (e) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting sales of the Leased Substances or any of them in the normal course of business.

9.4 Interim Period Notices

- (a) Vendor shall promptly provide Purchaser with copies of any AFEs, requests for consent, ROFRs, operation notices, Regulatory notices and other similar notices received by Vendor in connection with the Assets which are received by Vendor prior to Closing.
- (b) Prior to Closing, the Purchaser shall not, without the prior written consent of Vendor, propose to Vendor or Third Parties, or cause Vendor to propose to Third Parties, the conduct of any operations on the Lands or the exercise of any right or option relative to the Assets.

9.5 Post-Closing Administration

- (a) Following Closing, Vendor shall hold its title to the Assets for Purchaser until all necessary notifications, registrations and other steps required to transfer such title to Purchaser have been completed.
- (b) Following Closing, Vendor shall represent Purchaser in all matters arising under the Title Documents until Purchaser is substituted as a party thereto in the place of

Vendor, whether by novation, notice of assignment or otherwise and, in furtherance thereof:

- (i) all payments relating to the Assets after the Closing Time received by Vendor pursuant to the Title Documents shall be received and held by Vendor for Purchaser, as bare legal trustee, and Vendor shall remit such amounts to Purchaser within 10 Business Days of receipt by Vendor, provided however Vendor shall be entitled to retain any portion of such payments to satisfy any amounts owing or payable hereunder;
 - (ii) Purchaser shall forward to Vendor, within the time frame required under the applicable Title Document, any cash call advances, operating fund payments or other advances required to be paid by Purchaser pursuant to the Title Documents which Vendor shall forward to the operator under the relevant Title Documents on behalf of Purchaser. Purchaser shall be responsible for the recoupment of any portion of such costs which are the responsibility of Third Parties under any Title Document;
 - (iii) Vendor shall forward all statements, notices and other information received by it pursuant to the Title Documents that pertain to the Assets to Purchaser following their receipt by Vendor; and
 - (iv) Vendor shall forward to Third Parties to the Title Documents such notices and elections pursuant to the Title Documents pertaining to the Assets as Purchaser may reasonably request.
- (c) Subject to the provisions of Article 12, following Closing, in any case where Purchaser must be novated into or recognized as a party to, the operating agreement or agreements governing any of the Assets, the following provisions shall apply with respect to those Assets until the novation has occurred:
- (i) Vendor shall maintain the Assets (including the Title Documents) on behalf of Purchaser at Purchaser's sole cost and expense;
 - (ii) Vendor shall not initiate any operation in respect of the Assets except upon the written instruction of the Purchaser; and
 - (iii) Vendor shall forthwith provide to Purchaser all authorizations for expenditure, notices, specific information and other documents in respect of the Assets which it receives and shall respond to such authorizations for expenditure, notices, information and other documents pursuant to the written instructions of the Purchaser, if received on a timely basis, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful or in conflict with an applicable contract.
- (d) Purchaser shall indemnify and save harmless Vendor from and against all Losses arising as a consequence of Vendor's post-closing actions taken pursuant to this

Article, except to the extent caused by the gross negligence or wilful misconduct of Vendor or its servants, agents or employees. Acts or omissions taken by Vendor or its servants or agents with the written approval of Purchaser shall not constitute gross negligence or wilful misconduct for purposes of this subsection.

9.6 Closing and Post-Closing Payments and Processes

- (a) Unless otherwise directed by Purchaser, Vendor shall:
 - (i) pay on behalf of Purchaser all rentals and shut-in royalty payments for freehold mineral and surface leases which are due and payable on or before July 31, 2018; and
 - (ii) complete production accounting for the production month in which Closing occurs.
- (b) Purchaser will be responsible to pay all mineral taxes effective the 1st day of the month following the Closing Time.

9.7 Software Licenses

If Purchaser wishes to retain a copy of licensed software or associated data that is resident on any computer equipment which comprises any part of the Tangibles, Purchaser shall, at least 5 Business Days prior to Closing, provide Vendor with a notice which sets forth the licensed software and associated data which Purchaser wishes to retain, and which provides evidence to Vendor's reasonable satisfaction that Purchaser has been granted all necessary software licenses and all necessary Third Party consents to enable it to use any such software or data at Closing. To the extent that Purchaser has failed to deliver such notice or has failed to provide such evidence, Vendor shall be entitled to erase or otherwise remove any software and data from the computer equipment which comprises any part of the Tangibles.

ARTICLE 10

[REDACTED]

10.1 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

ARTICLE 11
ROFRs

11.1 Rights of First Refusal

- (a) Vendor and Purchaser acknowledge that certain of the Assets are subject to ROFRs as set out in Schedule “D” (the “**ROFR Assets**”). Within two (2) Business Days after execution of this Agreement, Purchaser shall provide Vendor, in good faith and on a reasonable basis, a written statement setting forth the amount of the Base Price it proposes to allocate to the ROFR Assets. Promptly after such allocations are determined, Vendor shall send notices to the Third Parties holding the ROFRs in accordance with the terms of the ROFRs. Such notices shall use the allocations provided by Purchaser to Vendor. Purchaser shall be liable to Vendor for, and shall, in addition, indemnify Vendor from and against, all Losses and suffered, sustained, paid or incurred by, or made against, Vendor as a result of, arising out of, or in connection with, the use of such allocations in respect of the ROFRs. Vendor shall notify Purchaser upon any Third Party exercising or waiving a ROFR.

If any Third Party elects to exercise any ROFRs, the terms “**Assets**”, “**Miscellaneous Interests**”, “**Petroleum and Natural Gas Rights**” and “**Tangibles**” will be deemed to have been amended to reflect the exclusion of the ROFR Assets that ROFRs are exercised upon and such ROFR Assets shall not be conveyed to Purchaser and the Schedules hereto will be deemed to be amended accordingly and the Base Price shall be reduced by the value allocated to such ROFR Assets in accordance with section 11.1(a).

ARTICLE 12

[REDACTED]

12.1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ARTICLE 13
GENERAL

13.1 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.

13.2 No Merger

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

13.3 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. No amendments shall be made to this Agreement unless in writing, executed by the Parties. This Agreement supersedes all other agreements, documents, writings and verbal understandings among the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

13.4 Subrogation

The assignment and conveyance to be effected by this Agreement is made with full right of substitution and subrogation of Purchaser in and to all covenants, representations, warranties and indemnities previously given or made by others in respect of the Assets or any part or portion thereof.

13.5 Governing Law

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

13.6 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.

13.7 Time of Essence

Time shall be of the essence in this Agreement.

13.8 Notices

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

Vendor - Altura Energy Inc.
 200, 640 - 5th Avenue S.W.
 Calgary, AB T2P 3G4


 Fax: (844) 269-8922

Purchaser 



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

- (a) by personal service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received by that Party when personally served;
- (b) by facsimile transmission to a Party to the fax number of such Party set out above, in which case the item so transmitted shall be deemed to have been received by that Party when transmitted; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a Party at the address of such Party set out above, in which case the item so mailed shall be deemed to have been received by that Party on the 3rd Business Day following the date of mailing (the date of mailing being the Business Day immediately prior to the postmarked date of the envelope containing the notice, communication or statement or if the subject envelope has been lost or destroyed, the date of such notice, communication or statement or if undated the date of the transmittal letter accompanying the same).

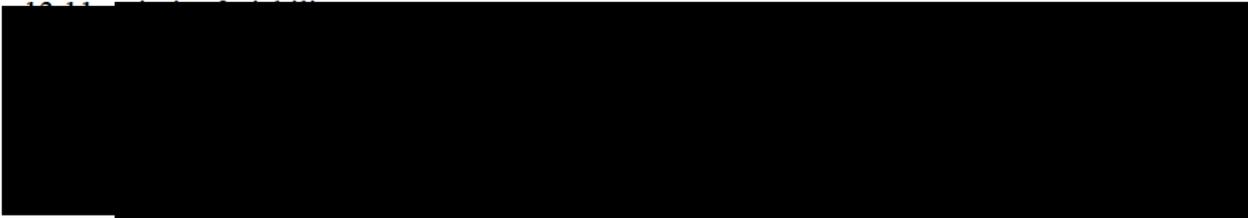
A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party.

13.9 Operatorship

Purchaser acknowledges that Vendor is unable to assign to Purchaser operatorship of the Assets, if any, operated by Vendor and in respect of which Vendor does not have a 100% interest. Vendor shall, however, use reasonable best efforts to assist Purchaser in its attempts to obtain operatorship.

13.10 Removal of Signs

At and after Closing, Vendor may remove any signs that indicate its ownership or operation of the Assets. Purchaser shall, no later than 60 days from Closing, erect or install signs required by any Governmental Authority to indicate that Purchaser is the operator of the Assets and to notify other working interest owners, gas purchasers, suppliers, contractors, Governmental Authority and other Third Parties of Purchaser's interest in the Assets.



13.12 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 herein shall not in any way be affected or impaired thereby.

13.13 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver of any provision of this Agreement, including without limitation, this section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Party making such waiver.

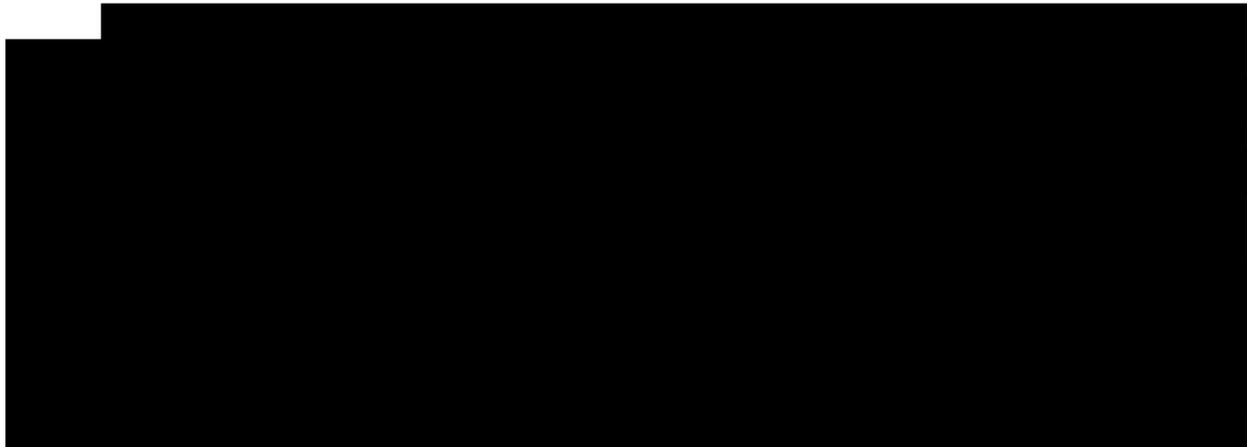
13.14 Amendment

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

13.15 Agreement not Severable

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

13.16 



13.17 Securities Act Disclosure

Vendor covenants and agrees to provide Purchaser, its personnel and advisors (including, without limitation, any auditors, accountants, legal, engineering and environmental advisors engaged by Purchaser) such information and to make available such of Vendor's personnel as may be reasonably required by Purchaser to satisfy the disclosure obligations of Purchaser relating to the Assets and now or hereafter arising under any national instrument or local securities commission rule.

13.18 Privacy Laws

All disclosures of "personal information" pursuant to this Agreement shall only be carried out in compliance with applicable Privacy Laws. The Parties agree that the transaction proposed by this Agreement constitutes a "business transaction" within the meaning of Privacy Laws. Each Party agrees only to request from the other Party and each Party agrees only to provide to the other Party, "personal information" which is necessary: (a) for the Parties to determine whether to proceed with the transaction contemplated by this Agreement; and (b) if the Closing is to occur, for the Parties to carry out and complete the Closing. The Parties agree that the collection, use and disclosure of "personal information" is restricted to the purposes that relate to the transaction contemplated by this Agreement.

13.19 Waiver of The Land Contracts (Actions) Act:

The Land Contracts (Actions) Act of the Province of Saskatchewan shall have no application to any action (as defined in *The Land Contracts (Actions) Act*) with respect to this Agreement.

13.20 Waiver of The Limitation of Civil Rights Act:

The Limitation of Civil Rights Act of the Province of Saskatchewan shall have no application to this Agreement, or any mortgage, charge or other security for the payment of money made, given or created by this Agreement, or any agreement or instrument renewing or extending or collateral to this Agreement, or the rights, powers or remedies of the Vendor under this Agreement.

13.21 Electronic Signatures:

The Parties agree that all conveyancing documents to be delivered and/or executed in connection with this Agreement and the transactions contemplated herein, except for records that create or transfer interests in land, guarantees, negotiable instruments, documents of title and such other documents excluded by section 7 of the *Electronic Transactions Act*, RSA 2001, c E-5.5, as amended from time to time (the "**Conveyance Documents**"), shall be executed by use of electronic signatures (the "**Electronic Signatures**"). Prior to Closing, the Parties shall exchange a listing of one another's individual representatives which listing shall include the subject individual's name, title and a sample Electronic Signature. The Electronic Signatures of the

individuals set out in such listing and which appear on any Conveyance Documents shall be sufficient to cause such Conveyance Documents to be valid and binding obligations of the Party represented by such individual, without need for original signatures to appear thereon and shall be of the same legal effect, validity or enforceability as a manually executed signature. The Parties shall receive and use the Electronic Signatures solely for the purpose of embedding the same into the Conveyance Documents and for no other purpose whatsoever.

13.22 Counterpart Execution

This Agreement may be executed in counterpart and by facsimile or other electronic means, no one copy of which need be executed by Vendor and Purchaser. A valid and binding contract shall arise if and when counterpart execution pages are executed and delivered by Vendor and Purchaser.

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

ALTURA ENERGY INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:



Per: _____
Name:
Title:

Per: _____
Name:
Title: