AGREEMENT FOR THE PURCHASE AND SALE OF PARTNERSHIP INTERESTS

BETWEEN

PENGROWTH CORPORATION,

3220173 NOVA SCOTIA COMPANY

AND

STELLAR RESOURCES LIMITED

(AS VENDORS)

AND

ITERATION ENERGY LTD.

AND

ITERATION ENERGY INC.

(AS PURCHASERS)

REGARDING THE PEACE RIVER ARCH PARTNERSHIP

SEPTEMBER 21, 2007

AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS

TABLE OF CONTENTS

SCHEDULES

AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS

THIS AGREEMENT dated the 21st day of September, 2007.

BETWEEN:

> **PENGROWTH CORPORATION,** a corporation incorporated under the laws of Alberta (hereinafter called "**Pengrowth**")
>
> – and –
>
> **3220173 NOVA SCOTIA COMPANY,** an unlimited liability company incorporated under the laws of the Province of Nova Scotia (hereinafter called "**Managing Partner**")
>
> – and –
>
> **STELLAR RESOURCES LIMITED,** a corporation incorporated under the laws of Alberta (hereinafter called "**Stellar**")
>
> (Managing Partner and Stellar are also referred to herein individually as a "**Partner**" and collectively as "**Partners**")
>
> – and –
>
> **ITERATION ENERGY LTD.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter called "**IEL**")
>
> – and –
>
> **ITERATION ENERGY INC.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter called "**IEI**")
>
> (IEL and IEI are also referred to herein collectively as the "**Purchasers**")

WHEREAS the Managing Partner and Stellar are wholly owned-subsidiaries of Pengrowth and are the sole partners in the Peace River Arch Partnership, a general partnership formed pursuant to the laws of the Province of Alberta (the "**Partnership**")

AND WHEREAS the Partnership owns or will at the Closing Time own the Assets;

AND WHEREAS Pengrowth has agreed to cause the Managing Partner and Stellar to sell, transfer and convey, and the Purchasers has agreed to purchase and accept, the Partnership Interests (as hereinafter defined), all on the terms and conditions set forth herein;

NOW THEREFORE this Agreement witnesses that, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Purchasers and Pengrowth, the Parties covenant and agree with each other as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals hereto, this Section and each schedule), the words and phrases set forth below shall have the meanings specified below, namely:

(a) "**Abandonment and Reclamation Liabilities**" means all obligations relating to matters described in Schedule "J" as well as past, present and future obligations to:

(i) abandon wells and close, decommission, dismantle and remove structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or lands pooled or unitized therewith; and

(ii) restore, remediate and reclaim the surface and subsurface locations thereof and lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities that were abandoned or decommissioned prior to the Adjustment Date that were located on the Lands or lands pooled or unitized therewith or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith, excluding any such well, pipeline or facility located on the Lands or lands pooled or unitized therewith that was abandoned or decommissioned prior to the Adjustment Date but not disclosed in the Data Room;

all in accordance with generally accepted oil and gas industry practices in the province where the Assets are located and in compliance with Applicable Law;

(b) "**Adjustment Date**" means June 1, 2007;

(c) "**Adjustment Period**" has the meaning specified in Section 4.1(a)(i);

(d) "**Adjustment Period Production**" has the meaning specified in Section 4.1(a)(i);

(e) "**Affiliate**" of a Person means a corporation or corporation that controls the Person, is controlled by the Person or is controlled by the same person, corporation or partnership that controls the Person and for which purpose a corporation shall be deemed to be controlled by those persons, corporations or partnerships who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation that directly or indirectly owns shares of the corporation) to elect the majority of its board of directors and a partnership shall be deemed to be controlled by those persons, corporation or partnerships that are able to determine policies or material decisions of that partnership, provided that a partnership that is composed solely of corporations that are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates;

(f) "**Agreement**" means this agreement including the recitals hereto, this Section and each schedule, as amended after the date hereof by written agreement between Pengrowth and the Purchasers;

(g) "**Applicable Laws**" means, in relation to any Person, property or circumstance:

(i) statutes (including regulations enacted thereunder);

(ii) judgments and orders of courts of competent jurisdiction;

(iii) regulations, orders and directives issued by Government Authorities; and

(iv) the terms and conditions of all permits, licences, approvals and authorizations;

that are applicable to such Person, property or circumstance;

(h) "**Assets**" means, collectively, the Petroleum and Natural Gas Rights, the Tangibles, the Seismic Data Licence, and the Miscellaneous Interests;

(i) "**Base Price**" means Fifty-Two Million Three Hundred and Seventy-Five Thousand Dollars ($52,375,000.00), less any reductions pursuant to Article 7;

(j) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta;

(k) "**Capital Costs**" has the meaning specified in Section 4.1(b)(i);

(l) "**Claim**" means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing, but does not include a Tax Claim;

(m) "**Closing**" means the closing of the sale of the Partnership Interests by Pengrowth and the Partners to the Purchasers and the payment by the Purchasers to Pengrowth of the Purchase Price as estimated at the Closing Time in the Closing Statement of Adjustments;

(n) "**Closing Date**" means September 27, 2007 unless extended pursuant to Section 9.2(c) or such other date as agreed by the Parties hereto;

(o) "**Closing Statement of Adjustments**" has the meaning specified in Section 4.3;

(p) "**Closing Time**" means 2:00 pm Calgary time on the Closing Date;

(q) "**Confidentiality Agreement**" means the letter agreement dated May 29, 2007 between Pengrowth and IEL;

(r) "**Conveyance Documents**" means all conveyances, assignments, transfers, novations, directions to pay and other documents and instruments that are reasonably required or desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to ultimately convey, assign and transfer to the Partnership or its nominee title to the Assets that is held in the name of Pengrowth or its Related Parties that has not previously been transferred to the Partnership and to novate the Partnership or its nominee into the contracts, licences, permits, approvals and authorizations comprised in the Miscellaneous Interests in the place and stead of Pengrowth or its Related Parties insofar as such contracts, licences, permits, approvals and authorizations pertain to the Assets to the extent that the Partnership has not previously been novated into such contracts, licences, permits, approvals and authorizations;

(s) "**Customary Post-Closing Consents**" means consents and approvals from any Government Authority or third party that are customarily obtained after closing in connection with transactions similar in nature to the Transaction including consents and approvals for the transfer of permits, licences, approvals and authorizations for the Wells, Tangibles, Leases and Surface Interests pursuant to the Reorganization;

(t) "**Data Room Information**" means all information contained in the Information Memorandum, the physical data room, virtual data room and valuation books prepared by Scotia Waterous Inc. on behalf of Pengrowth relating to the Assets;

(u) "**Defect Amount**" has the meaning specified in Section 9.2(a);

(v) "**Dollar**" or "**$**" means a Canadian dollar;

(w) "**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, including plants, animals and humans, and the interacting natural systems that include such components;

(x) "**Environmental Laws**" means Applicable Laws that relate to the Environment, health or safety matters;

(y) "**Environmental Liabilities**" means:

(i) Claims, Losses and Liabilities resulting from the past, present or future use, storage, holding, handling, transportation, release, spill, emission, leaching, escape or migration of any substance or waste including any substance or waste regulated under Environmental Laws;

(ii) Claims, Losses and Liabilities in respect of past, present or future pollution or contamination of, or damage or injury to, the Environment;

(iii) obligations to test, monitor, remediate, protect or clean-up the Environment;

(iv) Claims, Losses and Liabilities under Environmental Laws;

(v) Claims, Losses and Liabilities in respect of the matters described in Schedule "J"; and

(vi) Abandonment and Reclamation Liabilities;

that relate to the Lands or that have arisen or hereafter arise from or in respect of past, present or future Operations, including obligations to compensate Third Parties for losses, damages and injury, including those that:

(vii) arise from Operations that relate to lands other than the Lands; or

(viii) are disclosed in Schedule "J";

(z) "***Excise Tax Act***" means the *Excise Tax Act*, R.S.C. 1985 c. E-15;

(aa) "**Excluded Assets**" means:

(i) Petroleum Substances beyond the wellhead at the Adjustment Date, including Petroleum Substances in the course of production or transportation or in tanks or storage;

(ii) the proprietary rights to the Seismic Data, and all seismic and geological data other than the Seismic Data, and geological interpretations, geological and geophysical data and archive samples and all core and liquid samples and cuttings related to the Assets;

(iii) interpretations, evaluations, forecasts, analyses and similar documents and items relating to the Assets;

(iv) computer software, computer networks and other technology systems except to the extent used (A) exclusively with SCADA and other field maintenance management systems or measurement facilities included in the Tangibles, or (B) exclusively in producing Petroleum Substances from the lands or from lands pooled or unitized therewith or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances;

(v) cash, marketable securities, deposits and bank accounts (other than any thereof owned by the Partnership at the Closing Time);

(vi) rights to make Claims against Persons in respect of acts, omissions or events that occurred prior to the Adjustment Date;

(vii) the assets and properties described in Schedule "C";

(viii) accounts receivable, cash and other items classified as current assets in accordance with generally accepted accounting principles, except to the extent the same are the property of the Partnership;

(ix) advances and deposits made to operators, Government Authorities or other Persons prior to the Adjustment Date to secure obligations or as prepayment of costs or expenses, except to the extent the same are the property of the Partnership;

(x) tax and financial records, except to the extent the same are the property of the Partnership;

(xi) legal and title opinions;

(xii) documents prepared by or on behalf of Pengrowth or any of its Related Parties in contemplation of litigation and any other documents within the possession of Pengrowth or any of its Related Parties that are subject to solicitor-client or similar privilege under the laws of Alberta or any other jurisdiction; and

(xiii) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets, except to the extent the same are the property of the Partnership;

(bb) "**Final Statement of Adjustments**" has the meaning specified in Section 4.4(b);

(cc) "**GAAP**" or "**Generally Accepted Accounting Principles**" means generally accepted accounting principles and practices in Canada, including the principles set forth in the CICA Handbook published by the Canadian Institute of Chartered Accountants or any successor institute;

(dd) "**Government Authority**" means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over a Party, the Assets or the Transaction;

(ee) "**Group's Losses**" means all Claims, Losses and Liabilities incurred or suffered by Pengrowth and its Related Parties;

(ff) "***Income Tax Act***" means the *Income Tax Act* R.S.C. 1985, c.1 (5th Supplement) and the Income Tax Regulations;

(gg) "**Income Taxes**" means Taxes payable pursuant to the *Income Tax Act* and similar Canadian provincial legislation;

(hh) "**Indemnified Party**" has the meaning specified in Section 13.3;

(ii) "**Indemnifying Party**" has the meaning specified in Section 13.3;

(jj) "**Information Memorandum**" means the Information Memorandum dated May, 2007 respecting the Assets, among other things, prepared by Pengrowth and Scotia Waterous Inc.;

(kk) "**Interest Amount**" means interest at the Interest Rate on: (i) the Base Price from (and including) the Adjustment Date to the date hereof (or the date on which the Deposit is paid, if not the date hereof); and (ii) the Base Price less the Deposit from the date hereof (or the date on which the Deposit is paid, if not the date hereof) to (but excluding) the Closing Date;

(ll) "**Interest Rate**" means the Prime Rate plus one percent (1%) calculated on a daily basis but not compounded;

(mm) "**Land Schedule**" means Schedule "A";

(nn) "**Lands**" means, collectively, the lands set forth and described in the Land Schedule and includes, unless the context otherwise requires, the surface of such Lands and (subject to exceptions noted on the Land Schedule) the Petroleum Substances in all zones and formations within such Lands, together with the right to explore for, recover and own the Petroleum Substances to the extent those rights are granted by the Leases;

(oo) "**Leases**" means, collectively the leases, licences, permits and other documents of title (excluding fee simple interests) that grant rights to Petroleum Substances within, upon or under the Lands and that are described in the Land Schedule and includes, if applicable all renewals and extensions of such documents and all documents issued in substitution therefore but only to the extent such documents of title relate to the Lands;

(pp) "**Losses and Liabilities**" means in respect of a Party and in relation to a matter, any and all:

(i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) that such Party suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes reasonable costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes Taxes payable on any settlement payment or damage award in respect of such matter; and

(ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) that such Person incurs as a result of such matter or in connection therewith;

excluding consequential or indirect losses or loss of profits suffered by such Party, but, including amounts paid or payable by such Party to another Person (other than Related Parties of such Party) in respect of consequential or indirect losses or loss of profits suffered by such Person;

(qq) "**Major Facilities**" means the facilities specifically described in Schedule "B", if any;

(rr) "**Miscellaneous Interests**" means all right, title, interest and estate of Pengrowth, its Affiliates and the Partnership in and to all property, rights and assets, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights, the Tangibles, the Seismic and the Excluded Assets), to the extent pertaining to the Petroleum and Natural Gas Rights, the Lands or lands pooled or unitized therewith or the Tangibles and to which Pengrowth or its Related Parties are entitled at the Adjustment Date including the following property, rights and assets:

(i) contracts, agreements, books, records and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or items listed in items (iii) or (iv) of this definition or any rights in relation thereto including the Title and Operating Documents and any rights of the Partnership in relation thereto;

(ii) Surface Interests;

(iii) all production, engineering and other information relating directly to the Petroleum and Natural Gas Rights, the Lands or the Tangibles that the Partnership either has in its custody or to which the Partnership has access, excluding any such information that is subject to confidentiality restrictions or restrictions on transferability;

(iv) permits, licences, approvals and other authorizations, crossing privileges or other rights pursuant to which the Wells or the Tangibles are accessed, maintained or operated relating to any Petroleum and Natural Gas Rights or Tangibles, or the use thereof; and

(v) the Wells;

but specifically excluding the Excluded Assets;

(ss) "**Operations**" means any and all operations on or in respect of the Lands or lands pooled or unitized therewith or relating to Petroleum Substances produced therefrom or the Tangibles, including: (i) drilling, completion, testing, recompleting, deepening, plugging back, side tracking, whipstocking, fracing, stimulating, injecting, equipping, operating and abandoning wells; (ii) construction, repair, expansion, decommissioning, maintenance and operation of oilfield facilities and equipment; (iii) producing, gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping Petroleum Substances (including processing, treatment and storage of sulphur and transmission, transportation, treatment and disposition of water); (iv) miscible flood and other enhanced recovery schemes; (v) geological, geophysical and seismic activities; and (vi) abandonment, reclamation, remediation and restoration operations;

(tt) "**Partner**" means the Managing Partner and Stellar and "**Partners**" means both of them;

(uu) **"Partnership"** has the meaning set forth in the recitals hereto;

(vv) **"Partnership Agreement"** means the Peace River Arch Partnership Agreement between the Managing Partner and Stellar dated August 30th, 2007, which governs the Partnership;

(ww) "**Partnership's Information**" has the meaning specified in Section 16.4(f);

(xx) "**Partnership Interests**" means the right title and interest of a Partner in the Partnership expressed as a percentage and determined in accordance with the Partnership Agreement;

(yy) "**Party**" means a Person who is bound by this Agreement;

(zz) "**Pengrowth's Knowledge**" means the actual knowledge of Pengrowth's President, Chief Executive Officer, Chief Financial Officer, Vice President (Production and Operations), Vice President (Strategic Planning and Reservoir Exploration), Vice President (Geosciences) and Corporate Secretary (collectively, the "**Officers**") after making reasonable inquiry of the senior managers who report directly to such Officers with respect to the matters in question but does not include the knowledge of any other Person or constructive knowledge;

(aaa) **Permitted Encumbrances**" means any of the following:

(i) liens for taxes, assessments and governmental charges that are not due or delinquent or if due, the validity of which are being diligently contested in good faith;

(ii) easements, rights of way, servitudes or other similar rights in land including: rights of way and servitudes for highways or other roads; railways; sewers; drains; gas and oil pipelines; gas or water mains; or electric light, power, telephone, telegraph or cable television conduits, poles, wires or cables;

(iii) the right reserved to or vested in any Government Authority by the terms of any lease, licence, franchise, grant or permit or by any Applicable Law to terminate such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(iv) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto;

(v) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner, including any requirements relating to production rates or Operations;

(vi) undetermined or inchoate liens incurred or created in the ordinary course of business or a lien created as security in favour of the Person conducting Operations on or in respect of the Assets to which such liens relate for the Pengrowth's or its Affiliate's proportionate share of the costs and expenses of such Operations that are not due or delinquent or are being diligently contested in good faith;

(vii) mechanics', builders' or materialmen's liens in respect of services rendered or goods supplied, but only insofar as such liens relate to goods or services for which payment is not due or the validity of which is being diligently contested in good faith;

(viii) trust obligations incurred in the ordinary course of business;

(ix) the terms and conditions of the Title and Operating Documents, (including Transportation, Processing and Sale Agreements and contracts for the operation of Wells by contract field operators);

(x) penalties that are disclosed in the Land Schedule and that have arisen under operating procedures or similar agreements as a consequence of elections by Pengrowth or its Affiliates not to participate in Operations on the Lands to which the penalty applies;

(xi) the reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or any interest therein and statutory exceptions to title;

(xii) liens granted in the ordinary course of business to a public utility or Government Authority in connection with Operations;

(xiii) the burdens, encumbrances, royalties, adverse claims, (including reductions and conversions) and penalties set forth in the Land Schedule;

(xiv) all rights of first refusal, pre-emptive purchase rights and similar rights;

(xv) Uncured Title Defects; and

(xvi) any other circumstance, matter or thing disclosed in any Schedule hereto;

provided that the following items must be identified in a Schedule to qualify as Permitted Encumbrances: (1) overriding royalties, net profits interests and similar encumbrances; (2) existing potential alterations of the Partnership's interest because of the right of a Person to convert a royalty or a right of a Person to earn or acquire an interest pursuant to a farmout or similar agreement; (3) any penalty or forfeiture that applies to the Assets as at the Adjustment Date because of an election by the Partnership prior to the Adjustment Date not to participate in a particular operation; and (4) Transportation, Processing and Sale Agreements;

(bbb) "**Person**" means any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other entity;

(ccc) "**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest (whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "**interest in land**") beneficially owned by Pengrowth or its Affiliates pursuant to the Title and Operating Documents in or to any of the following, by whatever name the same are known:

(i) rights to explore for, drill for, extract, win, produce, take, save or market Petroleum Substances from the Lands or lands pooled or unitized therewith;

(ii) rights to a share of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith;

(iii) rights to a share of the proceeds of, or to receive payment calculated by reference to, the quantity or value of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith; and

(iv) the interests set forth in the Land Schedule in and to and in respect of the Leases and the Lands;

including all interests and rights in or in respect of the Lands known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests or economic interests and including fractional or undivided interests in any of the foregoing, but excluding the Excluded Assets;

(ddd) "**Petroleum Substances**" means petroleum, natural gas and all related hydrocarbons, including all liquid hydrocarbons and all other mineral substances, whether liquid, solid or gaseous and whether hydrocarbons or not (except coal, but including sulphur and hydrogen sulphide), produced in association with such petroleum, natural gas or related hydrocarbons or found in any water;

(eee) "**Price Adjustment**" means the amount, whether positive or negative, calculated in accordance with Section 4.1;

(fff) "**Prime Rate**" means the rate of interest expressed as a rate per annum that the main branch of The Bank of Nova Scotia in Calgary, Alberta uses as a reference rate for calculating interest on Dollar denominated commercial demand loans made by such bank in Canada and that it refers to as its "prime rate";

(ggg) "**Prior Period Taxes**" has the meaning specified in Section 12.1(a);

(hhh) "**Production Income**" has the meaning specified in Section 4.1(a);

(iii) "**Purchase Price**" means the sum of the Base Price and the Interest Amount less the Price Adjustment;

(jjj) "**Purchasers' Securities Requirements**" has the meaning specified in Section 16.4(f)(ii);

(kkk) "**Purchasers' Losses**" means all Claims, Losses and Liabilities incurred or suffered by the Purchasers and their Related Parties;

(lll) "**Related Parties**" means, in reference to a Party, its Affiliates, successors and assigns and its or its Affiliates' respective directors, officers and employees;

(mmm) "**Reorganization**" means [redacted];

(nnn) "**Representatives**" means, in reference to a Party, its and its Related Parties, representatives, agents, legal counsel, accountants, consultants and advisors;

(ooo) "**Required Approvals**" means consents, waivers, approvals, orders and authorizations required by any Government Authority in respect of the Transaction but excluding Customary Post-Closing Consents and any other approvals, consents, waivers, orders and authorizations that, if not obtained, would not reasonably be expected to have a material adverse effect on the completion of the Transaction;

(ppp) "**Retention Period**" has the meaning specified in Section 16.3(a);

(qqq) "**Right of First Refusal**" means a right of first refusal, pre-emptive right of purchase or similar right disclosed in the Land Schedule whereby any party, other than the Purchasers, has the right to acquire or purchase any Asset as a consequence of the Transaction;

(rrr) "**Security Interest**" means any pledge, lien, charge, mortgage, assignment by way of security, conditional sale, title retention arrangement or other security interest;

(sss) "**Seismic**" means one trade copy of Pengrowth's one hundred percent (100%) owned two dimensional ("2D") and three dimensional ("3D") proprietary Seismic Data located on and within one mile of the Lands, as set forth and described in Schedule "D";

(ttt) "**Seismic Data**" means, insofar as it pertains to the Seismic, reproducible copies of all field tapes; all final processed stacked tapes, including migrations; segP1 format survey floppy disk and all basic field data, including shot point maps, observer reports, driller reports, computer printed survey audits, and monitor records; and, in the case of 3D seismic, the 3D surveys, bin disks, and bin maps, all as more particularly described in the Seismic Data Licence;

(uuu) "**Seismic Data Licence**" means a licence in the form attached as Schedule "M";

(vvv) "**Surface Interests**" means all right, title, interest and estate of Pengrowth or its Affiliates to enter upon, use, occupy and enjoy the surface of the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights or the Tangibles or the Wells or Operations, whether the same are held by right of way, or otherwise;

(www) "**Tangibles**" means, collectively, all right, title, interest and estate of the Partnership, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to:

(i) the Major Facilities described in Schedule "B";

(ii) all other equipment, systems, plants and facilities used or useful in producing Petroleum Substances from the Lands or lands pooled or unitized therewith or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances; and

(iii) all other tangible property and assets used or intended for use in producing, storing or injecting Petroleum Substances;

but specifically excludes: (1) the Excluded Assets; (2) surplus equipment and equipment in inventory not charged to a joint account under a Title and Operating Document and not located on the Lands; (3) natural gas and natural gas liquids pipelines, straddle plants and storage facilities located downstream of a natural gas processing plant in which pipeline specification gas is first obtained or natural gas first enters the pipeline facilities of a common carrier (whichever first occurs); and (4) crude oil pipelines and refineries located downstream of the battery or other location at which crude oil is first in marketable condition;

(xxx) "**Taxation Authority**" means the Canada Revenue Agency or any other Government Authority that is entitled to impose taxes or to administer any tax legislation;

(yyy) "**Tax Returns**" means all returns, reports, declarations, statements, bills, schedules or written information of, or in respect of, Taxes that are required to be filed with, or supplied to, any Taxation Authority;

(zzz) "**Taxes**" means all taxes, however denominated, including any interest, penalties, or other additions thereto that are imposed by a Taxation Authority, and shall for greater certainty include, but not be limited to, federal and provincial income and capital taxes, payroll and employee withholding taxes, employment insurance premiums, Canada pension plan contributions, goods and services tax, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business licence taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, workers' compensation premiums, and all other amounts of the same or a similar nature to any of the foregoing, whether or not such amounts are described as taxes, but does not include any royalty payable pursuant to or in respect of a Lease;

(aaaa) "**Tax Claim**" has the meaning specified in Section 12.1(b);

(bbbb) "**Tax Indemnity**" has the meaning specified in Section 12.1(b);

(cccc) "**Third Party Claim**" has the meaning specified in Section 13.3;

(dddd) "**Thirteenth Month Adjustment**" means a reconciliation adjustment made pursuant to an agreement that provides that during a calendar year, fees, revenues or expenses (including operating expenses, processing fee revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances or similar cost allowances) will be distributed to or paid by one or more parties to the agreement on the basis of estimates thereof and following the end of such calendar year, the actual amount of such fees, revenues or expenses will be determined and a reconciliation of the estimated amounts and the actual amounts will be made;

(eeee) "**Title and Operating Documents**" means all agreements, contracts, instruments and other documents that govern the ownership or use of the Assets or relate to Permitted Encumbrances or Operations, including: (A) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created; (B) permits, licences, approvals and authorizations; (C) operating agreements, unit agreements, pooling agreements, trust declarations, participation agreements, farmin agreements, farmout agreements and royalty agreements; (D) agreements that create or relate to Surface Interests; (E) Transportation, Processing and Sale Contracts; (F) gas gathering and common stream agreements; (G) agreements for the construction, ownership and/or operation of Tangibles; (H) trust declarations and other documents and instruments that evidence Pengrowth's, its Affiliate's or the Partnership's interests in the Assets; and (I) trust declarations pursuant to which Pengrowth, its Affiliates or the Partnership holds interests in the Lands or lands pooled or unitized therewith in trust for other Persons;

(ffff) "**Title Defect**" means a defect in or affecting Pengrowth or its Affiliate's title to any of the Assets that has a material adverse effect to the enforcement of title but specifically excludes:

(i) Pengrowth or its Affiliate's interests as described in the Land Schedule having converted from a before-payout interest to an after-payout interest as a result of payout having occurred;

(ii) any defects or deficiencies in title otherwise disclosed specifically as title defects in the Data Room Information;

(iii) the Permitted Encumbrances other than Uncured Title Defects;

(iv) any missing or unsigned documents in the chain of Pengrowth or its Affiliate's title to the Lands, Leases or Tangibles where:

(A) such document is not reasonably required to confirm the creation, establishment or maintenance of such title and the current status of title can otherwise be confirmed with reasonable certainty; or

(B) such document represents an increase to Pengrowth or its Affiliate's interest therein that is described in the Land Schedule;

(v) failure to confirm delay rental payments required to maintain freehold leases as having been paid, where the failure to confirm such payments will not result in a termination of the Lease;

(vi) Pengrowth or its Affiliate's title or any predecessor's interest being a beneficial interest rather than a legal interest; or

(vii) the exercise of any Right of First Refusal;

(gggg) "**Title Evaluator**" has the meaning given in Section 9.2(c)(ii);

(hhhh) "**Transaction**" means the entering into of this Agreement, the Reorganization and the sale and purchase of the Partnership Interests in accordance with this Agreement;

(iiii) "**Transportation, Processing and Sale Agreements**" means the contracts for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith specifically described in Schedule "H", if any;

(jjjj) "**Uncured Title Defects**" has the meaning specified in Section 9.2(b); and

(kkkk) "**Wells**" means all producing, suspended, shut in, abandoned (excluding those abandoned wells that are reclamation certified), water source, disposal, injection or similar wells located on the Lands or any lands pooled or unitized therewith, including those wells listed in the Land Schedule or Part 2 of Schedule A hereto;

1.2 Interpretation

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

(a) the headings of Articles and Sections in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

(b) whenever the singular or masculine or neuter is used in this Agreement or in the schedules, each shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires;

(c) if there is any conflict or inconsistency between the provisions of this Agreement and those of a schedule attached hereto, the provisions of this Agreement shall prevail to the extent of the conflict;

(d) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;

(e) "this Agreement", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Agreement as a whole (including Schedules) and not to any particular Article, Section or section on or other provision hereof and references herein to any agreement or instrument, including this Agreement, shall be a reference to the agreement or instrument as varied, amended, modified, or supplemented or replaced from time to time;

(f) a reference to an Article, Section or Schedule is a reference to an Article, Section or section in, or a Schedule to, this Agreement and unless otherwise stated or the context so requires, a reference in a Section to a section is a reference to a section of that Section;

(g) "including" means "including without limitation" and "includes" means "includes without limitation";

(h) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof; and

(i) if Closing does not occur, each provision of this Agreement that presumes that Closing has occurred shall be construed as having been contingent upon Closing having occurred.

1.3 Schedules

The following schedules (the "**Schedules**") are attached to, form part of and are incorporated in this Agreement:

(i) Schedule "A" – which is the Land Schedule and contains the following two parts:
Part 1 – Lands; and
Part 2 – Wells;

(ii) Schedule "B" – which describes the Major Facilities;

(iii) Schedule "C" – which describes certain Excluded Assets;

(iv) Schedule "D" – which describes the Seismic Data;

(v) Schedule "E" – which [redacted];

(vi) Schedule "F" – which lists the Bank Accounts;

(vii) Schedule "G" – which describes Claims and Default Notices;

(viii) Schedule "H" – which describes certain Transportation, Processing and Sale Agreements;

(ix) Schedule "I" – which describes the Authorizations for Expenditure;

(x) Schedule "J" – which describes certain Abandonment and Reclamation and Environmental Matters;

(xi) Schedule "K" which is the form of Pengrowth's Officer's Certificate;

(xii) Schedule "L" – which is the form of IEL's Officer's Certificate; and

(xiii) Schedule "M" – which is the form of Seismic Data Licence.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

(a) The Purchasers hereby agree to purchase the Partnership Interests from Pengrowth and the Partners, and Pengrowth and the Partners hereby agree to sell the Partnership Interests to the Purchasers on the Closing Date at and for the Purchase Price.

(b) In determining the Purchase Price, the Parties have taken into account the Purchasers' assumption of responsibility for Environmental Liabilities as set forth in this Agreement and the release of Pengrowth and its Related Parties of all responsibility therefore.

2.2 Payment of Purchase Price

The Purchase Price as estimated at the Closing Time in the Closing Statement of Adjustments shall be paid at Closing by wire transfer to a bank account designated by Pengrowth by notice to the Purchasers not later than two (2) Business Days before Closing.

2.3 Deposit

Upon execution and delivery of this Agreement, the Purchasers shall pay by wire transfer to Pengrowth as a deposit against the payment of the Purchase Price, the amount of ten percent (10%) of the Base Price and:

(a) if Closing occurs, the Deposit shall be applied to payment of the Purchase Price; or

(b) if Closing does not occur due to a breach of a representation or warranty made by the Purchasers in Section 7.1 or a breach by the Purchasers of a covenant or agreement made by the Purchasers in this Agreement, the Deposit plus the interest actually earned thereon shall be forfeited to Pengrowth on account of the Group's Losses as a result of Closing not occurring; or

(c) if Closing does not occur for any reason or circumstance other than a breach of a representation or warranty made by the Purchasers in Section 7.1 or a breach of a covenant or agreement made by the Purchasers in this Agreement, including a termination pursuant to Section 9.2(b)(iii) below, the Deposit plus the interest actually earned thereon, shall be returned to the Purchasers and the Parties shall be released from all of their obligations hereunder, with the exception of their respective obligations under Section 20.1.

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Pengrowth and its Related Parties as a result of Closing not occurring and thus that Pengrowth's retention of this liquidated damages amount shall be its sole remedy as a result of Closing not occurring.

ARTICLE 3
CLOSING

3.1 Place of Closing

Unless otherwise agreed in writing by the Parties, Closing shall take place at the Closing Time at the offices of Bennett Jones LLP at 4500, 855 – 2nd Street S.W., Calgary, Alberta.

3.2 Conveyance Documents

Pengrowth and the Purchasers shall cooperate in the preparation of the Conveyance Documents. Pengrowth shall prepare and deliver drafts of those of the Conveyance Documents that are to be available for execution at Closing to the Purchasers for its review and approval. The Purchasers shall provide comments on the draft Conveyance Documents to Pengrowth prior to Closing, and Pengrowth shall deliver the final Conveyance Documents that are then available for execution at Closing. To the extent all of the Conveyance Documents are not available for execution at Closing, the Purchasers and Pengrowth shall cooperate in arranging for the timely execution and delivery of the remaining Conveyance Documents following Closing.

ARTICLE 4
ADJUSTMENTS

4.1 Price Adjustment

The Price Adjustment (which, for clarity, may be a positive or negative amount) shall be an amount equal to:

(a) subject to Section 4.2 of this Article, the net amount (the "**Production Income**") of:

(i) all revenues of every kind and nature that accrue during the period beginning on the Adjustment Date and ending on the Closing Date (the "**Adjustment Period**") in respect of the Assets, including proceeds from the sale of production (the "**Adjustment Period Production**") produced from the Lands during the Adjustment Period (calculated by reference to, as applicable: (i) the pricing mechanisms described in the applicable Transportation Processing and Sale Agreements set forth in Schedule "H"; or (ii) existing undiscounted spot price marketing arrangements); minus

(ii) all costs of every kind and nature other than Capital Costs and Income Taxes (but including other Taxes) incurred or accrued in respect of the Assets during the Adjustment Period, including, without duplication maintenance costs, operating costs and other costs of Operations; rental and royalty payments; and costs of processing, treating, gathering and transporting the Adjustment Period Production;

plus interest on the Production Income at the Interest Rate on such revenues from the later of (and including) the Adjustment Date or the date of receipt of such revenues until (but excluding) the Closing Date,

minus:

(iii) subject to Section 4.2, an amount equal to the capital costs incurred or accrued in respect of the Assets during the Adjustment Period (the "**Capital Costs**") plus interest at the Interest Rate on the Capital Costs paid by Pengrowth, its Affiliates or the Partnership during the Adjustment Period, from the later of (and including) the Adjustment Date or the date of payment until (but excluding) the Closing Date;

No item will be taken into account more than once in the calculation of the Production Income.

4.2 Calculation of the Price Adjustment

For purposes of the calculation of the Price Adjustment:

(a) all costs incurred in connection with work performed or goods or services provided in respect of the Assets shall be deemed to accrue as of the date the work was performed or the goods or services were provided, regardless of the times they become payable;

(b) proceeds from the sale of Petroleum Substances produced prior to the Adjustment Date (including Petroleum Substances in tanks or storage) and Production Costs directly associated therewith will not be included in the calculation of the Production Revenue;

(c) production of Petroleum Substances will be deemed to be sold on a first in first out basis;

(d) Production Revenue will not include overhead recoveries or operator's fees payable to Pengrowth or its Affiliates as operator under a Title and Operating Document and the receipt of or entitlement to such fees and overhead recoveries shall not be treated as a revenue or credit in the calculation of the Production Revenue;

(e) all rentals and similar payments, property taxes (including Alberta freehold mineral taxes) and other periodic costs (other than capital taxes and Income Taxes) that relate to the Assets and are payable in respect of a period of time that straddles the Adjustment Date shall be apportioned between the period before the Adjustment Date and the period after the Adjustment Date on a per diem basis as of the Adjustment Date and the amount allocated to a period after the Adjustment Date shall be included in the Production Costs;

(f) the Production Costs and Capital Costs will not include any of Pengrowth's or its Affiliates' general and administrative expenses related to operating and maintaining their head office in Calgary or royalty tax credits and similar incentives that accrue to a Person because of financial or organizational attributes specific to it;

(g) a Thirteenth Month Adjustment shall be taken into account on the same basis (whether on a throughput, per diem or other basis) as the Thirteenth Month Adjustment is allocated to the parties to the Title and Operating Document under which it is made; and

(h) the Adjustment Period shall be deemed to have ended at 11:59 p.m. on the day immediately before the Closing Date.

4.3 Closing Statement of Adjustments

Pengrowth shall prepare and deliver to the Purchasers not later than two (2) Business Days prior to the Closing Date an interim statement (the "**Closing Statement of Adjustments**") setting forth:

(a) Pengrowth's good faith estimate (the "**Price Adjustment Estimate**") of the Price Adjustment calculated on the cash basis; and

(b) the calculation of the Purchase Price (based on such good faith estimate).

The Closing Statement of Adjustments shall include reasonable detail of the calculation of the Price Adjustment Estimate. Pengrowth shall furnish supporting worksheets with the Interim Statement of Adjustments and make available to the Purchasers all information reasonably necessary for the Purchasers to understand and confirm the calculations in such statement. An amount equal to the Price Adjustment Estimate will be deducted from the Base Price to calculate the Purchase Price (for clarity, resulting in a decrease in the Purchase Price if the Price Adjustment is a positive amount and an increase if it is a negative amount).

4.4 Post-Closing Revenues and Adjustments

(a) Following Closing, Pengrowth shall deliver to the Purchasers, as soon as is reasonably practicable on a monthly basis, all revenues, proceeds and other benefits received by Pengrowth or any of its Related Parties with respect to the Assets, net of the Partnership's or its Affiliates' share of all applicable royalties, operating costs, treating, processing and transportation charges and all other costs and expenses directly associated with the Assets and the production, transportation, storage or sale of Petroleum Substances therefrom, including [redacted]

;

(b) Not later than [redacted] , Pengrowth shall prepare and deliver to the Purchasers a statement (the "**Final Statement of Adjustments**") setting forth the Price Adjustment, on the basis of information available within such period. Upon agreement on the Final Statement of Adjustments:

(i) if the amount of the Price Adjustment set forth in the Final Statement of Adjustments is less than the amount of the Price Adjustment set forth in the Closing Statement of Adjustments, Pengrowth will pay an amount equal to the difference between them to the Purchasers together with interest thereon at the Interest Rate from the Closing Date to the date of payment, which shall not be later than 30 days after determination of such net amount; and

(ii) if the amount of the Price Adjustment set forth in the Final Statement of Adjustments exceeds the amount of the Price Adjustment set forth in the Closing Statement of Adjustments, the Purchasers will pay an amount equal to the excess to Pengrowth together with interest thereon at the Interest Rate from the Closing Date to the date of payment, which shall not be later than 30 days after determination of such net amount.

The Purchasers shall co-operate with Pengrowth in the preparation of the Final Statement of Adjustments and provide Pengrowth and its consultants with access to, and the right to make copies of, the books and records of the Partnership and its successors and assigns as reasonably required by Pengrowth for purposes of preparing the Final Statement of Adjustments.

(c) Either Party shall have the right, exercisable during the [redacted] after delivery of the Final Statement of Adjustments to the Purchasers to examine, copy and audit the records of the other Party and its Affiliates for the purposes of effecting adjustments pursuant to this Article. Such audit shall be conducted upon reasonable notice to the Party whose books and records are being audited at its offices during its normal business hours, and shall be conducted at the sole expense of the auditing Party. Any claims of discrepancies disclosed by such audit shall be made in writing to the auditing Party within [redacted] following the receipt by the Purchasers of the Final Statement of Adjustments, and the audited Party shall respond in writing to any claims of discrepancies within [redacted] of the receipt of such claims.

(d) No further adjustments to the Price Adjustment shall be made after the Final Statement of Adjustments has been finalized pursuant to the foregoing provisions except to the extent:

(i) the adjustment arises from a royalty audit and a written request for the adjustment is given by one Party to the other Party within 48 months after the Closing Date;

(ii) the adjustment arises from a joint venture audit under a Title and Operating Document and a written request for the adjustment is given by one Party to the other Party within 24 months after the Closing Date; or

(iii) the adjustment arises from a Thirteenth Month Adjustment within 24 months after the Closing Date and a written request for the adjustment is given by one Party to the other Party within 24 months after the Closing Date;

provided that [redacted]

4.5 Disputes

Subject to the third party claims procedures set forth in Section 13.3 of the Agreement, the Parties agree to arbitrate any disputes concerning adjustment figures pursuant to the arbitration procedure described in Article 14 of the Agreement.

ARTICLE 5
INTERIM PROVISIONS

5.1 Assets to be Maintained in Proper Manner

Until the Closing Date, to the extent that the nature of Pengrowth and its Related Parties' interests in the Assets permit Pengrowth and its Related Parties to do so, Pengrowth shall or shall cause the Related Parties (including the Managing Partner, Stellar and the Partnership) to:

(a) conduct the business of the Partnership in material compliance with Applicable Laws and generally accepted oil and gas industry practices in the province where the Assets are located;

(b) cause the Assets to be operated and maintained, in accordance with and subject to the Title and Operating Documents, Applicable Laws and generally accepted oil and gas industry practices in the province where the Assets are located;

(c) pay all costs and expenses relating to the Assets that become due prior to the Closing Date; and

(d) perform and comply in all material respects with all of Pengrowth and its Related Parties' material covenants and conditions contained in the Title and Operating Documents to be performed and complied with by Pengrowth prior to Closing.

5.2 Actions Taken During Interim Period

(a) Effective upon Closing, the Purchasers shall have no Claim whatsoever against Pengrowth or its Related Parties for any act or omission of any of them in relation to any matter referred to in this Article 5, with the intention that if Closing occurs, all such actions or omissions shall be at the risk and expense of the Purchasers.

(b) If Closing occurs, the Purchasers shall indemnify and save harmless Pengrowth and its Related Parties against all of the Group's Losses that result from maintaining the Assets pursuant to this Article 5, except such Group's Losses that are a direct result of: (i) an action or omission which constitutes a breach of a representation or warranty of Pengrowth or its Affiliates in Article 6; or (ii) the gross negligence or wilful misconduct of Pengrowth or its Related Parties. An action or omission of Pengrowth or its Related Parties shall be deemed conclusively and irrefutably not to be regarded as gross negligence or wilful misconduct to the extent it was done or omitted in accordance with the written (including email) instructions of the Purchasers or any of their Related Parties.

5.3 Restrictions on Conduct of Business

Between the date hereof and the Closing, without the prior written consent of the Purchasers, which consent shall not be unreasonably withheld or delayed, Pengrowth shall not, and shall cause its Related Parties (including the Managing Partner, Stellar and the Partnership) not to permit or otherwise agree to:

(a) sell, transfer, assign, farmout, surrender, abandon, forfeit, grant an encumbrance (other than a Permitted Encumbrance) or otherwise dispose of or alienate any of the Assets, save and except the sale of production of Petroleum Substances produced from the Lands in the ordinary course of business and the sale of materials and supplies no longer reasonably required or useful to exploit the Petroleum and Natural Gas Rights;

(b) other than in the ordinary course of business or as otherwise contemplated herein, amend in any material respect or terminate any material agreement or instrument relating to the Assets or enter into any new material agreement or commitment relating to the Assets;

(c) subject to the provisions of Section 5.4, enter into any obligations or commitments out of the ordinary course of business with respect to the Assets of which Pengrowth or its Affiliate's share is or is estimated to be in excess of [redacted] for any single item or related series of items except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets; and

(d) subject to the provisions of Section 5.4, propose or initiate the exercise of any right (including bidding rights at Crown sales) or option relative to or arising as a result of the ownership of the Assets, or propose or initiate any Operations on the Lands which have not been commenced or committed to by the Partnership on the date hereof that is in excess of [redacted] for any single item or related series of items, except that the Partnership may propose or initiate any Operations on the Lands for, and propose or initiate the exercise of any right or option relative to, the preservation of any of the Leases or the Assets.

Notwithstanding the foregoing, however, Pengrowth and its Related Parties may assume such obligations or commitments and propose or initiate such Operations or exercise any such right or option without the prior written consent of the Purchasers if Pengrowth or its Related Parties reasonably determine that such expenditures or actions are necessary for the protection of life, property or the Environment, in which case the Partnership shall notify the Purchasers promptly of such intention or actions and the Partnership's estimate of the costs and expenses associated therewith. The Purchasers shall not, and shall not be entitled to, propose to Pengrowth or its Related Parties or propose to others the conduct of any Operations on the Lands or the exercise of any right or option relative to the Assets.

5.4 Operations Proposals During Interim Period

(a) If, after the date hereof, Pengrowth or any of its Related Parties receives any notice of Operations (including casing point and abandonment elections and notices relating to the exercise of options to drill wells or conduct exploration or development operations under farmout and similar agreements) on the Lands or lands pooled or unitized therewith or the exercise of any right (including rights of first refusal and rights under area of mutual interest provisions) or any option relating to the Assets of which

Pengrowth's or its Related Parties' share is estimated to be in excess [redacted] for any single item or related series of items (each such Operation or exercise of a right or option being referred to as a "**Proposal**") from a third party then, in a timely manner, Pengrowth or the Partnership shall give notice, including full particulars of the Proposal, to the Purchasers and, as soon as is practicable, Pengrowth shall cause the Partnership to give the Purchasers notice of whether or not the Partnership elects to participate in such Proposal. The notice to the Purchasers shall contain the length of any period during which Pengrowth or its Related Parties is required to respond to any notice received by it in accordance with the applicable Title and Operating Document.

(b) If the Purchasers and Pengrowth or the Partnership disagree on the response to the Proposal, a meeting shall be convened immediately to discuss the differences. If consensus is not reached at that meeting, Pengrowth or the Partnership will have the unilateral right to decide the response.

5.5 Negative Covenants Regarding the Partnership

Between the date hereof and Closing, except as required to complete the Reorganization, Pengrowth shall not, and shall not permit the Partnership, without the prior written consent of the Purchasers, (which will not be unreasonably withheld or delayed) to:

(a) enter into any material transaction not in the ordinary course of their business;

(b) make loans or advances, excluding loans and advances in accordance with the terms of operating agreements to which the Partnership is a party or by which it is bound;

(c) issue, sell or agree to issue or sell any Partnership Interests, rights, options, warrants or other securities of the Partnership;

(d) change, amend or modify the constating documents of the Partnership including the Partnership Agreement;

(e) change in any material respect their bookkeeping, record keeping or accounting methods and procedures;

(f) other than in the ordinary course of business or as otherwise contemplated herein, permit the Partnership to amend or terminate in any material manner any agreement or instrument relating to the Assets or enter into or permit the Partnership to enter into any new agreement or commitment relating to and having a material effect on the Assets; or

(g) hire any employees.

5.6 [redacted]

[redacted]

ARTICLE 6
PENGROWTH'S REPRESENTATIONS AND WARRANTIES

6.1 Regarding Pengrowth

Pengrowth hereby represents and warrants to the Purchasers that:

(a) **Organization and Standing**: it is a corporation duly organized and validly existing under the laws of Alberta;

(b) **Requisite Authority**: it has all requisite power and authority to enter into this Agreement and all other documents to be executed and delivered hereunder and to perform its obligations under this Agreement and all other documents to be executed and delivered hereunder and has authorized and taken all corporate action necessary to authorize the execution, delivery and performance of this Agreement, all documents to be executed and delivered hereunder and the consummation of the Transaction in accordance with this Agreement;

(c) **No Conflicts or Approvals**: the execution and delivery of this Agreement and all other documents to be executed and delivered hereunder do not and, the consummation of the Transaction and the fulfillment of and compliance with the terms and provisions hereof, do not and will not:

(i) result in the breach of or violate any term or provision of its articles of incorporation or by-laws;

(ii) conflict with, result in a breach of, constitute a default under, or prohibit the performance required by, any agreement, instrument, licence, permit or authority to which it is a party or by which it is bound or to which any of its properties is subject or result in the creation of any lien, charge or encumbrance upon the Assets under any such agreement, instrument, licence, permit or authority;

(iii) violate any Applicable Law applicable to it, the Assets or the Transaction; or

(iv) except for the Required Approvals and any Customary Post-Closing Consents, require the consent of any Government Authority;

(d) **Execution and Enforceability**: this Agreement has been duly executed and delivered by it and all other documents to be executed or delivered by it pursuant hereto on the Closing Date or thereafter shall be duly executed and delivered by it and this Agreement does, and such documents will, constitute legal and valid binding obligations of it, enforceable against it, in accordance with their respective terms;

(e) **Residency**: it is not a non-resident of Canada within the meaning of the *Income Tax Act*;

(f) **Finder's Fee**: it has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the Transaction for which the Purchasers shall have any obligation or liability whatsoever;

6.2 Regarding the Managing Partner and Stellar

Pengrowth, the Managing Partner and Stellar hereby jointly and severally represent and warrant to the Purchasers that:

(a) **Organization and Standing**: (i) the Managing Partner is an unlimited liability company duly organized and validly existing under the laws of Nova Scotia and duly qualified under the laws of Alberta and Nova Scotia to own the Partnership Interests; and (ii) Stellar is a corporation duly organized and validly existing under the laws of Alberta and duly qualified under the laws of Alberta to own the Partnership Interests;

(b) **No Conflicts or Approvals**: the consummation of the Transaction does not and will not:

(i) result in the breach of or violate any term or provision of the Managing Partner's or Stellar's articles of incorporation or by-laws;

(ii) conflict with, result in a breach of, constitute a default under, or prohibit the performance required by, any agreement, instrument, licence, permit or authority to which the Managing Partner or Stellar is a party or by which the Managing Partner or Stellar is bound or to which any property of the Managing Partner or Stellar is subject or result in the creation of any lien, charge or encumbrance upon the Assets under any such agreement, instrument, licence, permit or authority; or

(iii) violate any Applicable Law applicable to the Managing Partner or Stellar;

(c) **Execution and Enforceability**: this Agreement has been duly executed and delivered by the Managing Partner and Stellar and all other documents to be executed or delivered by the Managing Partner and Stellar pursuant hereto on the Closing Date or thereafter shall be duly executed and delivered by the Managing Partner and Stellar and this Agreement does, and such documents will, constitute legal and valid binding obligations of the Managing Partner and Stellar, enforceable against the Managing Partner and Stellar, in accordance with their respective terms;

(d) **Residency**: neither the Managing Partner nor Stellar is a non-resident of Canada within the meaning of the *Income Tax Act*;

(e) **Finder's Fee**: neither the Managing Partner nor Stellar has incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the Transaction for which the Purchasers shall have any obligation or liability whatsoever;

6.3 Regarding the Partnership

Pengrowth hereby represents, warrants and covenant to the Purchasers that;

(a) **General Partnership:** the Partnership is a general partnership duly organized and validly existing under the laws of the Province of Alberta;

(b) **No Conflicts or Approvals:** the execution and delivery of this Agreement and all other documents to be executed and delivered hereunder do not and the fulfillment of and compliance with the terms and provisions hereof, do not and will not give rise to any rights of first refusal or other pre-emptive, preferential or similar right to purchase all, or any portion of, the interest in the Partnership, or

(c) **Title to Partnership Interests:**

(i) the Managing Partner is the owner of a 99.99999% Partnership Interest and Stellar is the owner of a 0.00001% Partnership Interest; and

(ii) the Partnership Interests will be free and clear of all Security Interests and other adverse claims or encumbrances created by, through or under Pengrowth or the Partners and except for this Agreement, there will not be any contract, option or any other right created by, through or under Pengrowth which may in the future become binding upon any of them to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber the Partnership Interests;

(d) **No Issuance of Partnership Interests:** other than pursuant to the Reorganization, neither Pengrowth, the Partners nor the Partnership, as the case may be, have entered into any contracts, options, or other rights binding on, or which at any time thereafter may become binding on, Pengrowth or the Partnership, as the case may be, to: (i) transfer any of the Partnership interests; (ii) allot or issue any of the unissued securities of the Partnership; or (iii) create any securities of the Partnership;

(e) **Business:** Neither Pengrowth nor the Partners have caused the Partnership to conduct any business except in relation to oil and gas exploration and development of the Assets and as the beneficial owner of the Assets;

(f) **Conduct of Business:** at all times between the date of its formation and the Closing Time the Partnership: (i) has and will have the power and authority to conduct its business and, after completion of the Reorganization, to own the Assets; (ii) has and will have conducted its business in compliance with the, and will not be in breach of any, Applicable Laws, of each jurisdiction in which its business is carried on; (iii) has and will, where an Affiliate operates the Assets, cause such Affiliate to hold and maintain in good standing all material licences, permits, approvals and authorizations necessary to permit it to conduct its business; and (iv) has and will hold and maintain in good standing all permits necessary to permit it to conduct their businesses or to own, lease or operate their properties and assets except where the failure to obtain any permit would not be material and no such permit will contain or will be subject to any term, provision, condition or limitation which has or may have a material adverse effect on the operation of its business or which may materially adversely change or terminate such permit by virtue of the transactions contemplated hereby;

(g) **Undisclosed Liabilities:** neither Pengrowth nor the Partners have caused the Partnership to incur or sustain material liabilities that would be required to be disclosed on a balance sheet of the Partnership prepared on a consolidated basis in accordance with GAAP, except current liabilities, deferred taxes and site restoration costs;

(h) **Indemnities and Guarantees:** neither Pengrowth nor the Partners have caused the Partnership to guarantee, endorse, assume or indemnify, contingently or otherwise, the obligations or indebtedness of any Person other than in the ordinary course of business pursuant to the Title and Operating Documents;

(i) **Judgments and Claims:** as of the date hereof: (i) there are no judgments unsatisfied against the Partnership or any consent decrees or injunctions to which the Partnership is subject, (ii) to Pengrowth's Knowledge, there are no Claims in existence or threatened against the Partnership which could reasonably be expected to be material; and (iii) to Pengrowth's Knowledge, there is no basis upon which a material Claim could reasonably be expected to be made against the Partnership;

(j) **Distributions:** (i) at the Closing Time, there will be no declared but unpaid distributions in respect of the Partnership interests; and (ii) between the date hereof and the Closing Time the Partnership will not make or pay any distributions to its partners;

(k) **Subsidiaries:** neither Pengrowth nor the Partners have caused, or from the date hereof to the Closing Time, shall cause the Partnership to create any subsidiaries;

(l) **Investments:** neither Pengrowth nor the Partners have caused, or from the date hereof to the Closing Time, shall cause the Partnership to become party to any agreements of any nature to acquire any shares of any corporation or to acquire, capitalize or invest in any business or entity;

(m) **Non-Arm's Length Debt:** neither Pengrowth nor the Partners have caused, or from the date hereof to the Closing Time, shall cause the Partnership to become indebted to any Affiliate, director, former director, officer or employee of either of Pengrowth or any Person not dealing at "arm's length" (within the meaning of the *Income Tax Act*) with the Partnership;

(n) **Bank Accounts:** neither Pengrowth nor the Partners have caused, or from the date hereof to the Closing Time, shall cause the Partnership to create any bank accounts, term deposits or safety deposit boxes;

(o) **No Agreements:** neither Pengrowth nor the Partners have caused the Partnership to enter into any agreement (other than the Partnership Agreement) that affects the transferability of the Partnership Interests and neither Pengrowth, the Partners nor the Partnership will be a party to any contract, agreement, commitment plan, or understanding restricting or otherwise relating to voting or distribution rights with respect to the Partnership interests;

(p) **Taxes:** the Partnership has duly and timely (i) made, prepared or filed all Tax Returns required to be made, prepared or filed by it and such Tax Returns will be true, complete and accurate in all material respects (ii) paid all Taxes (including instalments) due and payable by it, whether or not assessed by the appropriate Governmental Authority, and (iii) collected or withheld and remitted to the appropriate Government Authorities all Taxes required to be collected, withheld or remitted by it (including Taxes required to be withheld in respect of any amount paid or credited or deemed to be paid or credited by them to or for the account or benefit of any Person, including non-resident Persons) and, to Pengrowth's Knowledge, there are no Claims threatened or pending against the Partnership in respect of Taxes nor any basis therefore;

(q) **GST Registrant:** the Partnership will be a registrant for the purposes of the *Excise Tax Act* on the date on which the Assets are conveyed to the Partnership;

(r) **Management Fees:** the Partnership and its Affiliates have not and will not pay or incur any obligation to pay any management fees, administrative fees, reimbursement of administrative or overhead costs or similar payments to Pengrowth or its Affiliates between the Adjustment Date and the Closing Time and at the Closing Time none of them will have any obligation to pay any such amount to Pengrowth or its Affiliates;

(s) **Agreements with Tax Authorities:** neither Pengrowth nor the Partners have caused the Partnership to enter into any agreement, waiver, extension or other arrangement with any Taxation Authority;

(t) **Discussions with Tax Authorities:** from the date hereof until the Closing Time, neither Pengrowth nor the Partners shall have caused the Partnership to engage in any discussions or negotiations with any Taxation Authorities;

(u) **No Claims:** (i) as at the date hereof there is no Claim, arbitration, investigation or other proceeding pending, or to Pengrowth's Knowledge threatened, against the Partnership or its assets before any court, arbitrator or a Governmental Authority and no such Claim, arbitration, investigation or other proceeding shall be pending or threatened at the Closing Time; and (iii) the Partnership is not, or will not at the Closing Time be, subject to any outstanding injunction, judgment, order, decree or ruling;

(v) [redacted]

(w) **Fiscal Year-End:** Pengrowth, the Managing Partner and Stellar shall cause the Partnership to have a fiscal year-end for the purposes of the *Income Tax Act* on the day immediately preceding the Closing Date;

(x) [redacted]

; and

(y) **Partnership Agreement:** the Purchasers has been provided a true, correct and complete copy of the Partnership Agreement, together with all amendments thereto, of the Partnership since September 2, 2007, and no other resolutions have been proposed or passed since September 2nd, 2007 to further amend the Partnership Agreement and no such resolution shall be proposed or passed on or prior to the Closing Time.

6.4 Regarding the Assets

As used in the subsections of this Section 6.4, references to Pengrowth shall be deemed to include Pengrowth's Affiliates. Pengrowth hereby represents and warrants to the Purchasers that:

(a) **Title to the Assets**: Pengrowth does not warrant title to the Assets except it warrants that, other than Permitted Encumbrances:

(i) the Assets are free and clear of all liens, adverse claims, charges and encumbrances created by, through or under the Partnership; and

(ii) subject to the rents, covenants, conditions and stipulations in the Title and Operating Documents, after Closing, the Partnership shall be entitled to hold and enjoy the Assets without any lawful interruption by any Person claiming, by, through or under the Partnership;

(b) **Reduction in Interest**: except for the Permitted Encumbrances or as disclosed in the Land Schedule, the Petroleum and Natural Gas Rights are not subject to reduction by virtue of the conversion or other alteration of the interest of, any third party claiming by, through or under Pengrowth, and Pengrowth has not committed any act or omission whereby the interest of the Partnership in and to the Assets may be cancelled or determined;

(c) **No Default Notices**: except as disclosed in Schedule "G", as at the date hereof, Pengrowth has not received nor delivered any written notices of violation or alleged violation of any material provisions of any Applicable Law in respect of the Assets;

(d) **Compliance with Title and Operating Documents**: except as disclosed in Schedule "G", to Pengrowth's Knowledge, Pengrowth has performed, observed and satisfied all of its material duties, liabilities, obligations and covenants required as at the date hereof to be satisfied, performed and observed by it under, and is not in default under or in breach of any material provision of, any Title and Operating Document;

(e) **No Claims**: except as set forth in Schedule "G", as at the date hereof there are no Claims which have been served upon Pengrowth in respect of, or relating to, the Assets;

(f) **No Take or Pay Obligations**: the Assets are not affected by any take or pay or similar obligations;

(g) **Transportation, Processing and Sale Agreements**: except for the contracts described in Schedule "H" and contracts that may be cancelled without penalty on notice of not more than two calendar months, there are no Transportation, Processing and Sale Agreements to or by which Pengrowth or any Person acting on its behalf is a party or is bound that is applicable to the production of Petroleum Substances from the Lands or lands pooled or unitized therewith, or to which the Lands or lands pooled or unitized therewith have been dedicated by Pengrowth;

(h) **Operating Practices**: to Pengrowth's Knowledge, all Operations prior to the date hereof in respect of which it was the operator, were conducted in all material respects in accordance with generally accepted oil and gas industry practices in the province where the relevant Assets are located and Applicable Laws in effect at the time the Operations were conducted;

(i) **Payment of Royalties**: Pengrowth has paid or caused to be paid all relevant Crown royalties, freehold deposits and rentals and freehold and overriding royalties in respect to the Assets that have become due and payable prior to the date hereof that Pengrowth is directly obligated to pay;

(j) **Outstanding AFEs**: except as set forth in Schedule "I" and for matters approved or permitted pursuant to Article 5, as at the Adjustment Date there is no authorization for expenditure or similar approval approved by Pengrowth pursuant to which there may be expenditures with respect to the Assets, Pengrowth's share of which is reasonably expected to exceed [redacted] and there is no outstanding cash call with respect to the Assets, Pengrowth's share of which exceeds [redacted] ;

(k) **Environmental Matters**: except as disclosed in the Data Room Information and Schedule "J", to Pengrowth's Knowledge there are no, and as at the date hereof Pengrowth has not received any:

(i) orders or directives under any Environmental Law that require any work, repairs, construction or capital expenditures with respect to the Assets operated by it, where such orders or directives have not been complied with in all material respects; or

(ii) demands or notices issued under Environmental Laws with respect to the breach of any Environmental Law applicable to the Assets operated by Pengrowth, including in respect of the use, storage, treatment, transportation, handling or disposition of environmental contaminants, or the protection of the Environment, which demand or notice remains outstanding on the date hereof; and

(l) **Hedging Agreements**: Pengrowth is not a party to, or bound by, nor are any Assets inclusive of or subject to, any interest rate swaps, foreign exchange swaps, commodity price hedging contracts and similar derivative contracts;

(m) **Production Penalties**: to Pengrowth's Knowledge, except as set forth in Schedule "A", the Wells are not subject to any production penalty whereby the production proceeds allocable to Pengrowth's interest are payable to a third party until an amount calculated in respect of certain costs and expenses paid by such third party are recovered by such third party;

(n) **Joint Venture Audits**: to Pengrowth's Knowledge, there are no ongoing or proposed joint venture audits under the Title and Operating Documents or otherwise relating to the Assets;

(o) **Title to Seismic Data**: Pengrowth has good, valid and merchantable title to the Seismic Data, free and clear all liens, adverse claims, charges and encumbrances, and has the authority and the capacity to licence the Seismic Data to the Purchasers;

(p) **Interest in Tangibles:** the interest of Pengrowth, in and to the Tangibles is equivalent to the interest of Pengrowth in and to the corresponding Petroleum and Natural Gas

Rights, provided however that in respect of the Major Facilities the interest of Pengrowth is as set out in Schedule "B" and, none of the Tangibles is leased or rented;

(q) **Disposition of Tangible Depreciable Property:** None of the tangible depreciable property which is used, was used or is intended to be used in producing, processing, gathering, treating, measuring, making marketable or injecting the producing Petroleum Substances from the lands or from lands pooled or unitized therewith 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 Pengrowth alienated or encumbered any such tangible depreciable property and assets since such date, except pursuant to the Reorganization;

(r) **Alienation of Assets:** Pengrowth has not alienated the Assets or any part or portion thereof;

(s) **Permits:** in respect of the Assets that are operated by Pengrowth, if any, Pengrowth holds all valid licences, permits and similar rights and privileges that are required and necessary under Applicable Laws to operate the Assets as presently operated;

(t) **Licensee Liability Rating and Liability Management Rating**: Pengrowth and any of its Related Parties who are transferors under the Conveyance Documents are registrants with the Alberta Energy and Utilities Board and each of their licensee liability ratings and liability management ratings as set forth by the Alberta Energy and Utilities Board under Directives 006 and 024 and related regulations guidelines, interim directives and policies are, in each case, greater than or equal to one;

6.5 No Additional Representations or Warranties

(a) Each of the foregoing representations and warranties of Pengrowth and its Related Parties shall be qualified as at the date hereof and as of the Closing, as applicable, by excepting therefrom all matters disclosed in the Data Room Information and the Schedules and the effect on such representations and warranties of all matters occurring after the date hereof that are permitted by Article 5. Pengrowth makes no representation or warranty, express or implied, in fact or by law, with respect to:

(i) Pengrowth or its Affiliate's title to the Assets, except as set forth in Section 6.4(a);

(ii) the quality, condition, merchantability, serviceability or suitability or fitness for any particular purpose of the Assets;

(iii) the quality, quantity or recoverability of the Petroleum Substances within, upon or under the Lands or any lands pooled or unitized therewith;

(iv) the value of the Assets or the future revenues or cash flows applicable thereto;

(v) any engineering, geological, production or other information or interpretations thereof, or any economic evaluations respecting the Assets;

(vi) the accuracy or completeness of the Data Room Information, or any other data or information supplied by Pengrowth or its Related Parties or Scotia Waterous Inc. to the Purchasers or their Related Parties or agents in connection herewith, on plant or site visits, in management presentations, or meetings with the Purchaser's management, or employees or otherwise;

(vii) the Environmental condition of any of the Lands or Assets or any Environmental Liability, except as set forth in Section 6.4;

(viii) the Title and Operating Documents; or

(ix) any Losses and Liabilities or Claims related to the Assets or Operations, except as set forth in Section 6.4.

(b) The Purchasers acknowledge that with the exception of the representations and warranties in Article 6 and the performance by Pengrowth of its obligations under this Agreement, the Purchasers accepts the Assets on an "as is where is" basis and are relying solely on its own advisers and counsel (including all tax and legal counsel) and its own investigations and due diligence of Pengrowth and its Related Parties and the Assets and that it has made, or has had others make, such evaluations and inspections of the Partnership and the Assets as it deems appropriate, and is not relying on any representation or warranty or covenant not contained in this Agreement or on any statement by or discussions with Pengrowth or its Related Parties or any of their Representatives (including Scotia Waterous Inc.) to or with Purchasers or their Related Parties or any of their Representatives in any manner. The Purchasers shall have no Claim or action against Pengrowth or its Related Parties in respect of the location, state, condition, suitability or fitness of the Assets, or any of them, for the Purchasers' intended use or purpose (directly or through the Partnership) or their merchantability, other than in the case of a breach of or untruth of any express representation or warranty made by Pengrowth, the Partnership, the Managing Partner and Stellar in Article 6.

(c) Pengrowth and its Related Parties expressly negate and disclaim, and except for the representations and warranties of Pengrowth in Article 6 and certificates deliverable at Closing, neither Pengrowth nor any of its Related Parties shall be liable for, any representation, warranty or covenant made in any other document or instrument or in any statement or information (including engineering reports and any opinion, information or advice) provided by Pengrowth or any of its Related Parties or Scotia Waterous Inc. or any of their respective Representatives, to the Purchasers or their Related Parties or any of their Representatives in any manner.

(d) Except for its rights under this Agreement, the Purchasers hereby waive all rights and remedies (whether now existing or hereafter arising and including all common law, tort, contractual and statutory rights and remedies) against Pengrowth and its Related Parties in respect of the Partnership Interests, the Assets or the Transaction or any representations or statements made to or information or data furnished to Purchasers or any of their Related Parties or Representatives in connection herewith (whether made or furnished by Pengrowth or its Related Parties or Representatives and whether made or furnished orally or by electronic, faxed, written or other means).

ARTICLE 7
PURCHASERS' REPRESENTATIONS AND WARRANTIES

7.1 Purchasers' Representations and Warranties

The Purchasers hereby represent and warrant to Pengrowth that:

(a) **Organization and Standing**: it is a corporation duly organized and validly existing under the laws of Alberta and duly qualified under the laws of those jurisdictions in which it is required to be qualified in order to own the Partnership Interests;

(b) **Requisite Authority**: it has all requisite power and authority to enter into this Agreement and all other documents to be executed and delivered hereunder and to perform its obligations under this Agreement and all other documents to be executed and delivered hereunder and has authorized and taken all corporate action necessary to authorize the execution, delivery and performance of this Agreement and all other documents to be executed and delivered hereunder and the consummation of the Transaction in accordance with this Agreement;

(c) **No Conflict or Approvals**: the execution and delivery of this Agreement and all other documents to be executed and delivered hereunder do not and the consummation of the Transaction and the fulfillment of and compliance with the terms and provisions hereof do not and will not:

(i) result in the breach of or violate any term or provision of its articles of incorporation or by-laws;

(ii) conflict with, result in a breach of, constitute a default under, or prohibit the performance required by, any agreement, instrument, licence, permit or authority to which it is a party or by which it is bound or to which any of its properties is subject or result in the creation of any lien, charge or encumbrance upon any of its assets under any such agreement, instrument, licence, permit or authority;

(iii) violate any Applicable Law applicable to the Purchasers or their assets; or

(iv) except for the Required Approvals and any Customary Post-Closing Consents, require the consent of any Government Authority;

(d) **Execution and Enforceability**: this Agreement has been duly executed and delivered by it and the Conveyance Documents and all other documents to be executed or delivered by it pursuant hereto on the Closing Date or thereafter shall be duly executed and delivered by it and this Agreement does, and such documents will, constitute legal and valid binding obligations of it enforceable against it in accordance with their respective terms;

(e) **Finders Fee**: it has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the Transaction for which Pengrowth or the Partners shall have any obligation or liability whatsoever;

(f) **Acquiring as Principal**: it is acquiring the Partnership Interests as principal and not on behalf of any third party that is not an Affiliate of the Purchasers;

(g) **Availability of Funds**: it has the financial resources in place and available to it to enable it to pay the Purchase Price at the Closing on the Closing Date and all other amounts to be paid by it hereunder in accordance with and on the basis contemplated by this Agreement and to fund ongoing Operations in respect of the Assets;

(h) **Continued Existence of the Purchasers**: there is no present plan or intention for either of the Purchasers to cease to remain in existence; and

(i) **Licensee Liability Rating and Liability Management Rating**: the Purchasers (or their nominee) in whose favour the Conveyance Documents are made shall be a registrant with the Alberta Energy and Utilities Board and its licensee liability rating and liability management rating as set forth by the Alberta Energy and Utilities Board under Directives 006 and 024 and related regulations guidelines, interim directives and policies:

  (i) is, in each case, greater than or equal to one;

  (ii) shall, as a result of the consummation of the Transaction, in each case, be greater than or equal to one; and

  (iii) shall, in each case, be greater than or equal to one at the time the Alberta Energy and Utilities Board considers approval of any Conveyance Document.

7.2 Survival of Representations and Warranties

The representations and warranties of Pengrowth and its Related Parties in Article 6 and of the Purchasers in Article 7 shall survive the Closing and not be merged in any conveyances or other documents provided pursuant to this Agreement, provided that no Claim may be made or enforceable by a Party pursuant to or based in any way upon any of these representations and warranties or any indemnity in respect thereof unless written notice of such Claim with reasonable particulars shall have been provided by such Party to the Party against whom such Claim is made within 12 months from the Closing Date.

ARTICLE 8
[redacted]

8.1 [redacted]

[redacted]

ARTICLE 9
PURCHASERS' INSPECTION OF ASSETS

9.1 Pengrowth to Provide Access

(a) Pengrowth has provided and will continue to provide reasonable access during normal business hours for the Purchasers and their advisors provided for in Section 9.1(b) to Pengrowth's records, books, accounts, documents, files, information, materials and filings regarding the Assets for the purpose of the Purchasers' review of the Assets and Pengrowth or its Affiliate's title thereto. The Purchasers acknowledge and agree that the information reviewed by the Purchasers pursuant to this Section 9.1(a) remains subject to this Agreement, the Confidentiality Agreement and the terms and conditions prohibiting disclosure of information in existing agreements to which Pengrowth or its Affiliates are party or by which they are bound.

(b) The Purchasers may employ advisors to assist in its review of the Assets and the Purchasers shall be responsible to Pengrowth for ensuring that such advisors comply with the restrictions on use and disclosure of information set forth in Sections 9.1(a) and 11.1 hereof and the Confidentiality Agreement.

9.2 Title Review

(a) Pengrowth has made available to the Purchasers, the records in its possession for the purpose of allowing the Purchasers to examine and evaluate Pengrowth and its Affiliate's title to the Assets. The Purchasers shall give notices of Title Defects to Pengrowth from time to time during the course of their review. Such notices shall include a description of each Title Defect, the Assets affected thereby, the reduction in fair market value of such Assets as a result of such Title Defect (the "**Defect Amount**") and the Purchasers' requirements for the curing thereof. Except for such Title Defects identified in notices received on or before 5:00 p.m. Calgary, Alberta time, on the date which is two (2) Business Days prior to the Closing Date, Pengrowth and its Affiliate's title to the Assets shall be deemed to be acceptable for the purposes of this Article 9.

(b) If one or more notices of Title Defects is given, Pengrowth shall cause the Partnership to use reasonable efforts to remedy the Title Defects set forth therein as soon as reasonably possible and in any event on the Closing Date, provided that neither Pengrowth nor its Related Parties shall be required to make any payment to cure a Title Defect, unless such payment is an amount it is obligated to pay under the Title and Operating Documents and the making of such payment will cure the Title Defect. If Pengrowth does not cause the Partnership to remedy a Title Defect (an "**Uncured Title Defect**") on or before the Closing Date, then:

   (i) where the cumulative Defect Amounts of all Uncured Title Defects is less than [redacted], the Purchasers shall complete the purchase of the Partnership Interests without a deduction in the Base Price on account of such Title Defects; or

(ii) where the cumulative Defect Amounts of all Uncured Title Defects is equal to or greater than [redacted] but less than [redacted], the Purchasers may elect on or before the Closing Date to:

(A) with the agreement of Pengrowth, grant a further period of time within which Pengrowth may cause the Partnership to cure or remove or caused to be cured or removed the Uncured Title Defects; or

(B) reduce the Base Price by the amount that the aggregate of the Defect Amounts of all Uncured Title Defects exceeds [redacted], in which case all Uncured Title Defects shall be deemed to have been cured for the purposes of this Agreement and the Parties shall proceed with Closing; and

(iii) if the aggregate Defect Amounts of the Uncured Title Defects that the Purchasers did not waive is equal to or greater than [redacted], then either Pengrowth or the Purchasers may elect to terminate this Agreement in its entirety. The Parties may not exercise such right to terminate if matters in dispute have been submitted to the Title Evaluator in accordance with Section 9.2(c) below unless and until the title evaluation process described therein has been completed and, taking into consideration the findings of the Title Evaluator, the aggregate Defect Amounts of the Uncured Title Defects that the Purchasers did not waive is equal to or greater than [redacted].

Failure by the Purchasers to elect or to elect in a timely manner shall be conclusively deemed to be an election to waive all Uncured Title Defects for the purposes of this Section 9.2.

(c) In determining the Defect Amounts, it is the intent of the Parties to include, when possible, only that portion of the Asset adversely affected by the Uncured Title Defect. If the Parties do not agree, for the purposes of Section 9.2(b), on whether a matter that the Purchasers alleges is a Title Defect is in fact a Title Defect or whether a Title Defect has been cured or on the Defect Amount of an Uncured Title Defect, then Closing shall be delayed and within three Business Days of notice being given by Pengrowth or the Purchasers:

(i) Pengrowth and the Purchasers shall each provide to the other, at the same time, a written statement separately setting forth its position with respect to each matter in dispute, including its position on the amount of each Defect Amount that is in dispute and how it was calculated; and

(ii) Pengrowth and the Purchasers shall submit the determination of the matters in dispute to GLJ Petroleum Consultants Ltd. (the "**Title Evaluator**"), together with written instructions that:

(A) the Title Evaluator, to the extent necessary, may engage legal counsel to advise the Title Evaluator on the legal aspects of a matter in dispute;

(B) the Title Evaluator, in accordance with good engineering and evaluation practices, select a Defect Amount that is in dispute from and based only upon the written statements and Defect Amounts submitted by Pengrowth and the Purchasers to each other and the Title Evaluator. In each case, the Title Evaluator shall not be entitled to make a compromise settlement and must select either the Purchasers' or Pengrowth's proposed Defect Amount; and

(C) such evaluation must be completed within five (5) Business Days from the date of submission.

The fees and other costs to be paid to the Title Evaluator in respect to the services performed by it shall be borne by Pengrowth and the Purchasers, each as to one half. Notwithstanding any other provisions in this Agreement concerning the Closing Date, if a value is to be determined by the Title Evaluator and the Title Evaluator's decision has not been received by the Parties on or before 9:00 a.m. Calgary time on the Closing Date, then the Closing Date shall be extended automatically to two Business Days after the Title Evaluator's decision has been given to the Parties. If Pengrowth or the Purchasers fail to provide a written statement of its position on a dispute referred to the Title Evaluator, then the Title Evaluator shall select the other Party's position on that disputed matter and Closing of the Transaction shall proceed.

ARTICLE 10
CONDITIONS PRECEDENT TO CLOSING AND DELIVERIES

10.1 Mutual Conditions Precedent

It is a condition precedent to Closing for the mutual benefit of Pengrowth and the Purchasers that, other than Customary Post-Closing Consents, any and all Required Approvals to permit the Transaction to be completed shall have been obtained or that such approval or consent requirement shall have been waived in writing by the applicable Government Authority or otherwise lapsed. If the condition precedent in this Section 10.1 shall not be satisfied at or before the Closing Date, either Party may terminate this Agreement by written notice to the other Party.

10.2 Conditions Precedent for Benefit of the Purchasers

The obligation of the Purchasers to purchase the Partnership Interests is subject to the satisfaction of the following conditions precedent for the exclusive benefit of the Purchasers, which may be waived in whole or in part at the discretion of the Purchasers by written notice to Pengrowth at or before Closing:

(a) in all material respects, Pengrowth shall have performed or complied with all of the covenants in this Agreement to be performed or complied with by Pengrowth at or prior to the Closing Date;

(b) the representations and warranties of Pengrowth set forth in Article 6 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date;

(c) between the Adjustment Date and the Closing Date there shall have been no physical damage or alteration to the Assets (including a significant amendment to any agreement forming part of them) that would have a material adverse effect on the aggregate value of the Assets; and

(d) no suit, action or other proceeding shall, at Closing, be pending against Pengrowth, the Managing Partner, Stellar, the Partnership or the Purchasers before any Court or Government Authority seeking to restrain, prohibit, obtain damages or other relief in connection with the consummation of the Transaction that would materially and adversely affect the value of the Partnership Interests, taken as a whole.

If any of the said conditions precedent in Sections 10.2(a) to (d) inclusive shall not be complied with or waived by the Purchasers at or before the Closing Date, the Purchasers may terminate this Agreement by written notice to Pengrowth.

10.3 Conditions Precedent for Benefit of Pengrowth

The obligation of Pengrowth and the Partners to sell the Partnership Interests to the Purchasers is subject to satisfaction of the following conditions precedent for the exclusive benefit of Pengrowth, which may be waived in whole or in part by Pengrowth by written notice to the Purchasers at or before Closing:

(a) in all material respects, the Purchasers shall have performed or complied with all of the covenants of this Agreement to be performed or complied with by the Purchasers at or prior to the Closing Date;

(b) the representations and warranties of the Purchasers set forth in Section 7.1 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date;

(c) at the Closing Time, the Purchasers shall have tendered or caused to be tendered to Pengrowth the Purchase Price as estimated in the Closing Statement of Adjustments less the Deposit; and

(d) no suit, action or other proceeding shall, at Closing, be pending against Pengrowth and its Related Parties or the Purchasers before any Court or Government Authority seeking to restrain, prohibit, obtain damages or other relief in connection with the consummation of the Transaction that would have a material adverse effect on the value of the Partnership Interests.

If any of the said conditions precedent in Sections 10.3(a) to 10.3(d) inclusive shall not be complied with, or waived by Pengrowth, at or before the Closing Date, Pengrowth may terminate this Agreement by written notice to the Purchasers.

10.4 Efforts To Fulfill Conditions Precedent

Pengrowth and the Purchasers will each use, and cause their respective Related Parties to use, reasonable commercial efforts to cause the conditions precedent set forth in Sections 10.1, 10.2 and 10.3, to be fulfilled and satisfied as soon as practicable. The Parties shall co-operate in seeking Customary Post-Closing Consents after Closing. The Purchasers shall pay all filing fees in respect of the Required Approvals.

10.5 Deliveries of Pengrowth

(a) At Closing, if the conditions precedent contained in Sections 10.1 and 10.3 are satisfied or waived by Pengrowth, Pengrowth shall deliver or cause to be delivered to and in favour of the Purchasers, against those deliveries required to be made by the Purchasers, the following:

(i) a certificate of an officer of each of Pengrowth, the Managing Partner and Stellar substantially in the form set forth in Schedule "K";

(ii) a certificate of an officer of Pengrowth confirming that the conditions precedent set forth in Sections 10.1 and 10.3 have been waived or to Pengrowth's Knowledge satisfied;

(iii) receipt for payment of the portion of the Purchase Price estimated in the Closing Statement of Adjustments;

(iv) the Seismic Data Licence, duly executed by Pengrowth and the Partnership;

(v) all available Conveyance Documents, provided that such documents shall not require Pengrowth to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement;

(vi) the partnership record book of the Partnership; and

(vii) any and all other documents that are required by this Agreement to be delivered by Pengrowth or its Affiliates to the Purchasers.

(b) All deliveries of Pengrowth shall, except as otherwise stated, be in a form acceptable to each of Pengrowth and the Purchasers and their respective solicitors, acting reasonably.

10.6 Deliveries of the Purchasers

(a) At Closing, if the conditions precedent set forth in Sections 10.1 and 10.2 are satisfied or waived by the Purchasers, the Purchasers shall deliver or cause to be delivered to and in favour of Pengrowth against those deliveries required to be made by Pengrowth, the following:

(i) payment of the Purchase Price as set forth in the Closing Statement of Adjustments less the Deposit to Pengrowth by the Purchasers by wire transfer of immediately available funds on the Closing Date to the bank account specified in writing by Pengrowth;

(ii) a certificate of an officer of IEL in the form of Schedule "L";

(iii) a certificate of an officer of IEL confirming that the conditions precedent set forth in Sections 10.1 and 10.2 have been waived or to the Purchasers' knowledge satisfied; and

(iv) any and all other documents that are required by this Agreement to be delivered and, if applicable, executed, by the Purchasers to Pengrowth pursuant hereto.

(b) All deliveries of the Purchasers shall, except as otherwise stated, be in a form acceptable to each of Pengrowth and the Purchasers and their respective solicitors, acting reasonably.

(c) The Purchasers shall deliver or cause to be delivered at or prior to Closing all guarantees, letters of credit and other credit support from creditworthy entities necessary to satisfy the financial and credit requirements of all parties to the Transportation, Processing and Sale Agreements.

ARTICLE 11
CONFIDENTIALITY

11.1 Purchasers' Obligation to Maintain Information Confidential

Prior to the Closing Date and thereafter if Closing does not occur, information respecting the Partnership, the Assets, Pengrowth and its Related Parties shall be retained in confidence by the Purchasers and their Related Parties pursuant to the terms of the Confidentiality Agreement and used only for the purposes of the Transaction. Upon Closing, the Purchasers' rights to use or disclose information respecting the Assets shall be subject only to the Title and Operating Documents that may apply thereto. Any information respecting the Partnership, its Related Parties or additional information obtained as a result of such access that does not relate to the Partnership or the Assets shall continue to be governed by the Confidentiality Agreement.

ARTICLE 12
TAX MATTERS

12.1 Tax Indemnities

(a) Subject to Section 12.1(c), after Closing Pengrowth shall be liable to and indemnify the Purchasers (which in this Section 12.1 includes the Purchasers' successors and assigns) in respect of all Income Taxes payable by the Partnership or its Affiliates in respect of taxation periods ending on or before the Closing Date ("**Prior Period Taxes**").

(b) The Purchasers shall give prompt written notice to Pengrowth whenever it becomes aware that a claim (a "**Tax Claim**") has been or may be made by a Taxation Authority for which Pengrowth or its Affiliates may be liable pursuant to the indemnity provided for in Section 12.1 (the "**Tax Indemnity**"). Pengrowth shall have the right at its own expense and employing counsel of its own choice to have full carriage and control of the contestation of any such Tax Claim, provided that if the Tax Claim does not relate solely to matters to which the Tax Indemnity may apply, the Purchasers shall, at their own expense and employing counsel of its own choice, have full carriage and control of the contestation of the portion of the Tax Claim relating to matters to which the Tax Indemnity does not relate; and further provided that the Purchasers will not agree, and will cause the Partnership not to agree to any compromise or settlement of any Tax Claim to which the Tax Indemnity may apply without the consent of Pengrowth, which will not be unreasonably withheld. If the Purchasers do not consent to a settlement of a Tax Claim to which the Tax Indemnity may apply following a request from Pengrowth to do so, the obligation of Pengrowth to indemnify the Purchasers for the Tax Claim shall be limited to the amount that Pengrowth would have been required to pay to the

Partnership pursuant hereto in respect of the Tax Claim if the settlement had been accepted and Pengrowth shall forthwith transfer carriage of the contestation of the Tax Claim to the Purchasers or their nominee. The Purchasers and Pengrowth shall cooperate with each other in any defence of any such Tax Claims and shall keep each other reasonably informed of the conduct thereof.

(c) The Tax Indemnity shall apply in respect of Taxes assessed within the period during which Income Taxes may be assessed under Applicable Laws on the assumption that no waiver is filed pursuant to subparagraph 152(4)(a)(ii) of the *Income Tax Act* or similar provisions of provincial income tax legislation unless such waiver is filed with the written consent of Pengrowth, which consent may not be unreasonably withheld. No Tax Claim shall be made against Pengrowth in respect of the Tax Indemnity unless written notice of the Tax Claim is given to Pengrowth by the Purchasers within (60) days following the assessment period described in the foregoing sentence.

(d) The Purchasers shall pay any refund of Prior Period Taxes, together with any interest received with respect to such refund, (whether by payment, credit, offset or otherwise) received after the Closing Date by the Purchasers or the Partnership, to Pengrowth promptly after receipt of payment of the refund or notice from the relevant Taxation Authority of such credit, offset or other refund mechanism, as the case may be, less any Taxes payable by the Partnership on any interest received with respect to such refund. Notwithstanding the foregoing, the Purchasers are not required to pay to Pengrowth any refund of Prior Period Taxes that arises as a result of the carryback of losses of the Purchasers or their Affiliates.

(e) The Parties covenant that after Closing they will not request, and the Purchasers covenant that after Closing the Partnership not will request, an audit by any Taxation Authority that may result in an assessment to which the Tax Indemnity may apply.

(f) The Parties undertake to inform each other of any audit inquiries with respect to issues to which the Tax Indemnity may apply and to cooperate with each other in making any representations prior to any assessment to which those indemnities may apply.

12.2 Tax Returns

Pengrowth will prepare at its cost and in a timely manner all Tax Returns required to be filed by the Partnership for any period ending on or before the Closing Date and the Purchasers shall cause the Partnership to file such Tax Returns in a timely manner. The Purchasers will not permit the Partnership to refile any such Tax Return without the prior consent of Pengrowth except to the extent the Partnership is required to do so by Applicable Laws.

ARTICLE 13
LIABILITIES AND INDEMNITIES

13.1 Pengrowth's Indemnities

Subject to Sections 5.2, 7.2 and 13.4, after the Closing, Pengrowth shall be liable to and indemnify, defend and save harmless the Purchasers and their Related Parties from and against any and all of:

(a) Purchasers' Losses resulting from breaches of the representations or warranties made by Pengrowth, the Partnership, the Managing Partner and Stellar in Article 6 or breaches of covenants or agreements made by Pengrowth in this Agreement; and

(b) liabilities of the Purchasers and their Related Parties, including the Partnership (other than liabilities of one of them to another of them) and reasonable costs (including legal fees on a solicitor and client basis) that arise or are incurred as a direct result of Third Party Claims that relate to the Assets that arise from or relate to acts, omissions, events or circumstances occurring before the Closing Date, other than Claims of Environmental Liabilities and Claims for the payment of costs that are for the Purchasers' account under Article 4 provided that written notice of such Claim with reasonable particulars shall have been provided by the Purchasers to Pengrowth within 12 months from the Closing Date.

13.2 Purchasers' Indemnities

Subject to Sections 5.2, 7.2 and 13.4 and except as otherwise indemnified by Pengrowth, after the Closing, the Purchasers shall be liable to indemnify, defend and save harmless Pengrowth and its Related Parties, from and against any and all of the Group's Losses resulting from:

(a) all breaches of the representations or warranties made by the Purchasers in Article 7 or breaches of covenants or agreements made by the Purchasers in this Agreement;

(b) all Claims, Losses and Liabilities related to the Assets arising from or related to acts, omissions, events or circumstances occurring after the Closing Date, except to the extent that such Claims, Losses and Liabilities arise from or out of matters which would not have arisen had the representations and warranties contained in Section 6.4 been true at the Closing Date;

(c) all Environmental Liabilities whether occurring before, on or after the Closing Date that arise from or relate to, acts, omissions, events or circumstances, occurring before, on or after the Closing Date, except to the extent that such Environmental Liabilities arise from or out of matters which would not have arisen had the representations and warranties contained in Section 6.4 been true at the Closing Date;

including the effects of, and the costs of complying with, any order or direction of any Government Authority having jurisdiction. In respect to the matters referenced in Section 13.2(b) and (c), the Purchasers acknowledges that the Purchasers and their Related Parties shall not be entitled to any rights or remedies under the common law or in equity or under any Applicable Laws against Pengrowth or its Related Parties, including the right to name Pengrowth or any of its Related Parties as a third party to any action commenced by any Person against the Purchasers, except to the extent necessary to enforce a Claim by the Purchasers pursuant to Section 13.1.

13.3 Indemnification Procedure – Third Party Claims

The following procedures shall be applicable to any Claim (a "**Third Party Claim**") made against a Party (the "**Indemnified Party**") by a Person other than the particular Indemnified Party or any of its Related Parties for which it is entitled to indemnification, pursuant to this Agreement from the other Party (the "**Indemnifying Party**"):

(a) upon the Third Party Claim being made or commenced against the Indemnified Party, the Indemnified Party shall promptly provide written notice thereof to the Indemnifying Party. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnified Losses and Liabilities that have been or may be sustained by the Indemnified Party in respect thereof. If the Indemnified Party does not give prompt notice to the Indemnifying Party as aforesaid, then such failure shall only lessen or limit the Indemnified Party's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of prompt notice;

(b) if the Indemnifying Party acknowledges to the Indemnified Party in writing that the Indemnifying Party is responsible to indemnify the Indemnified Party in respect of the Third Party Claim pursuant hereto, the Indemnifying Party shall have the right to do either or both of the following:

    (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and\or

    (ii) settle the Third Party Claim provided the Indemnifying Party pays the full monetary amount of the settlement and the settlement does not impose any unreasonable restrictions or obligations on the Indemnified Party;

(c) each Party shall cooperate with the other in the defence of the Third Party Claim, including making available to the other Party, its directors, officers, employees and consultants whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;

(d) the Indemnified Party shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned) unless the Indemnified Party waives its rights to indemnification in respect of the Third Party Claim;

(e) upon payment of the Third Party Claim, the Indemnifying Party shall be subrogated to all claims the Indemnified Party may have relating thereto. The Indemnified Party shall give such further assurances and cooperate with the Indemnifying Party to permit the Indemnifying Party to pursue such subrogated claims as reasonably requested by it; and

(f) if the Indemnifying Party has paid an amount pursuant to the indemnification obligations herein and the Indemnified Party shall subsequently be reimbursed from any other source in respect of the Third Party Claim, the Indemnified Party shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnifying Party, net of Taxes required to be paid by the Indemnified Party as a result of such payment and plus any Taxes saved or recovered by the Indemnified Party as a result of such payment.

13.4 Limitations on Liability

(a) Notwithstanding anything herein to the contrary:

(i) the indemnities provided in Sections 13.1 and 13.2 shall not apply to Losses and Liabilities to the extent reimbursed by insurance to, or caused by the negligence, wilful default or misconduct of, the Party claiming indemnity;

(ii) Pengrowth shall have no obligation to indemnify the Purchasers in respect of any Environmental Liabilities pursuant to Section 13.1 except to the extent resulting from a breach of the representation and warranties in Article 6 and then subject to the provisions of Section 7.2 and the other provisions of this Section 13.4;

(iii) the sole remedy after Closing for a Party's breach of a warranty or covenant or incorrectness of a representation shall be the liabilities and indemnities provided in Sections 13.1 and 13.2;

(iv) the Parties acknowledge and agree that an obligation under this Agreement to provide written notice of a Claim within 12 months from the Closing Date and in a manner specified under this Agreement is intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (R.S.A. 2000, c. A-43).

(b) Pengrowth's total liability for breaches of any representations, warranties, covenants and indemnities granted hereunder or in any document delivered pursuant hereto, shall not exceed 100 percent of the Base Price. Pengrowth's liability under this Agreement in respect of any and all such breaches shall be subject to the following limitations:

(i) Pengrowth shall have no liability for an individual breach of any representation, warranty, covenant or indemnity if the Purchasers' Losses in respect thereof are less than [redacted]

ARTICLE 14
ARBITRATION

14.1 Reference to Arbitration

(a) Insofar as the Parties are unable to agree on any matter that expressly may be referred to arbitration hereunder, Pengrowth may serve the Purchasers and the Purchasers may serve Pengrowth written notice that it wishes such matter referred to arbitration.

(b) The Parties shall meet within seven days of the receipt of a notice issued pursuant to Section 14.1(a), to attempt to agree on a single arbitrator qualified by experience, education and training, to determine such matter. If the Parties are unable to agree on the selection of the arbitrator, the Party that issued such notice shall forthwith make application to a judge of the Court of Queen's Bench of the Province of Alberta pursuant to the *Arbitration Act* (R.S.A. 2000, c. A-43, hereinafter referred to as the "***Arbitration Act***") for the appointment of a single arbitrator, and failing such action on the part of the Party that issued such notice, the other Party may make such application.

14.2 Proceedings

(a) The arbitrator selected pursuant to Section 14.1 shall proceed as soon as is practicable to hear and determine the matter in dispute, and shall be directed to provide a written decision respecting such matter within forty-five (45) days of appointment. The Parties shall provide such assistance and information as may be reasonably necessary to enable the arbitrator to determine such matter.

(b) Except to the extent modified in this Article, the arbitrator shall conduct any arbitration hereunder pursuant to the provisions of the *Arbitration Act*.

ARTICLE 15
TERMINATION

15.1 Termination

This Agreement may only be terminated pursuant to Section 9.2(b)(iii), 10.2 or 10.3, in which event:

(a) each Party shall be released from all obligations hereunder, other than:

   (i) Losses and Liabilities for breaches by it of this Agreement prior to termination; and

   (ii) Pengrowth's obligation to return the Deposit and interest earned thereon to the Purchasers in the event Section 2.3(c) is applicable; and

(b) subject to its rights under Section 15.1(a), each Party will each bear all costs incurred by it prior to such termination.

ARTICLE 16
INFORMATION, MATERIALS AND CONTINUING REPORTS

16.1 Delivery of the Partnership's Records

Within 10 Business Days of the Closing, Pengrowth shall deliver to the Purchasers originals of the files, reports and data pertaining to the Assets comprised in the Miscellaneous Interests, unless and to the extent that the Purchasers agrees to allow Pengrowth to deliver all or any of such records, files, reports and data at a later date.

16.2 Access to Information Post-Closing

At the Closing, Pengrowth shall be entitled to retain a copy of the Data Room Information. After the Closing Date, Pengrowth may, upon reasonable notice to the Purchasers and subject to contractual restrictions relative to disclosure, have access during normal business hours to the Title and Operating Documents and the other files, reports and data pertaining to the Assets comprised in the Miscellaneous Interests and to obtain and copy such information in respect of matters arising or relating to any period of time through the Closing if copies of such records or if the information derived from such access would be helpful or beneficial to Pengrowth or its Affiliates:

(a) in connection with audits;

(b) in connection with the preparation of tax returns;

(c) in connection with Pengrowth's or any of its Related Parties' dealings with Government Authorities;

(d) in connection with any pre-Closing Date activities of the Partnership;

(e) to comply with any Applicable Law; or

(f) in connection with any action, suit or proceeding commenced or threatened by the Purchasers or any of their Related Parties or any third party against Pengrowth or its Related Parties or for which Pengrowth or any of its Related Parties may have any liability.

16.3 Retention Period

(a) The Purchasers agrees that all of the information and materials of Pengrowth, the Managing Partner, Stellar or the Partnership that relate to or were created with respect to the Partnership or the Assets arising or relating to the period through the Closing, shall be retained, maintained in good order and good condition and kept in a reasonably accessible location by the Purchasers and their Affiliates, for a period of time (the "**Retention Period**") beginning on the Closing Date and ending on the earlier of: (i) the expiration of all applicable limitations periods for all tax periods beginning before the Closing, as such limitations periods are provided for under applicable statutes or pronouncements of all relevant taxing authorities; or (ii) December 31, 2009.

(b) The Purchasers may destroy or give up possession of any such information or materials if it first offers Pengrowth the opportunity (by delivery of at least 60 days' prior written notice to Pengrowth, which notice shall contain a detailed listing of the information and materials proposed to be destroyed, with an additional copy of such notice delivered to the attention of Pengrowth's Tax Department), at Pengrowth's expense (which includes compensation to the Purchasers of their reasonable expenses), to obtain delivery of or a copy of so much of such information or materials as Pengrowth, in its sole discretion, desires.

16.4 Historical Information

(a) At the request of the Purchasers, and only to the extent necessary to comply with the Purchasers' Securities Requirements, Pengrowth shall: (i) provide the Purchasers and their Affiliates with the Partnership's Information as reasonably requested by the Purchasers; and (ii) provide reasonable access during normal business hours to its personnel who are responsible for the Partnership's Information. The Purchasers shall pay all audit and review fees incurred in connection with the preparation of any operating statements and other disclosure documents.

(b) Subject to Section 16.4(d), Pengrowth hereby consents to the use by the Purchasers or their Affiliates of the Partnership's Information and any information derived therefrom in any public disclosure required by the Purchasers or their Affiliates to comply with the Purchasers' Securities Requirements.

(c) The obligations of Pengrowth to disclose or provide reasonable access to the Partnership's Information pursuant to this Section 16.4 shall terminate on March 31, 2008.

(d) Except in such form as may be required for the Purchasers' Securities Requirements, the Purchasers shall and shall cause their Affiliates to keep all the Partnership's Information confidential and not disclose such Partnership's Information except for the purposes set forth in this Section. The Purchasers shall be liable for and indemnify and save harmless Pengrowth and its Related Parties from and against any Losses and Liabilities suffered or incurred by any of them as a result of a breach of this Section by the Purchasers or any Claim arising out of any use of the Partnership's Information including any disclosure document that incorporates such Partnership's Information.

(e) The Partnership's Information shall be provided to the Purchasers pursuant to this Section on the condition that Pengrowth and its Related Parties assume no liability whatsoever to the Purchasers or any other Person in respect of such Partnership's Information, or the accuracy or sufficiency thereof or in connection with any claim in respect of the Partnership's Information. The Purchasers acknowledge that Pengrowth and its Related Parties make no representation or warranty regarding the Partnership's Information and expressly disclaim any implied or constructive representation or warranty.

(f) In this Section:

(i) "**Partnership's Information**" means historical financial information and production data relating to the Assets, the Partnership Interests and the Partnership including source records, books, general ledger, invoices, operating statements and other materials, in Pengrowth or its Affiliate's possession or to which it has reasonable access; and

(ii) "**Purchasers' Securities Requirements**" means requirements under applicable securities laws that the Purchasers or their Affiliates may be required to comply with by a securities commission or similar securities regulatory authority in connection with the filing by the Purchasers or their Affiliates of any public disclosure documents.

ARTICLE 17
WAIVER

17.1 Waiver Must be in Writing

No waiver by any Party of any breach of any of the terms, conditions, representations or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

ARTICLE 18
ASSIGNMENT

18.1 Assignments Before Closing

Neither Party may assign its interest in or under this Agreement or to the Partnership Interests.

18.2 Assignments by the Purchasers After Closing

No assignment, transfer or other disposition of this Agreement or all or any portion of the Partnership Interests by the Purchasers or of the Assets by the Partnership or its successors or assigns after Closing shall relieve the Purchasers from its obligations to Pengrowth herein. Pengrowth shall have the option to claim payment or performance of such obligations from the Purchasers, the assignee, the transferee or all of them, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle Pengrowth to receive duplicate payment or performance of the same obligation.

ARTICLE 19
NOTICE

19.1 Service of Notice

All notices required or permitted hereunder or with respect to this Agreement shall be in writing and shall be deemed to have been properly given and delivered when delivered personally or transmitted by confirmed facsimile addressed to the Parties, respectively, as follows:

Pengrowth, the Managing Partner or Stellar:

Pengrowth Corporation
2400, 240 – 4th Avenue S.W.
Calgary, AB T2P 4H4

Telephone No:	(403) 232-0224
Facsimile No.:	(403) 265-6251
Attention:	Mr. William Christensen Vice President, Strategic Planning and Reservoir Exploitation

Purchasers:

Iteration Energy Ltd.
Suite 700, 700 – 2nd Street S.W.
Calgary, AB T2P 2W1

Telephone No:	(403) 290-4900
Facsimile No.:	(403) 266-1814
Attention:	Gord Howe, Land Manager

Any notice or communication sent by personal service or facsimile shall be deemed received when delivery is made or reception of the transmission is complete except that, if such delivery or transmission is sent on a day that is not a Business Day or after 4:00 p.m. then the same shall be deemed received on the next Business Day.

19.2 Right to Change Address

A Party may change its address for service by notice to the other Party, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

ARTICLE 20
PUBLIC ANNOUNCEMENTS AND SIGNS

20.1 Public Announcements

No public announcement or press release by a Party concerning the Transaction shall identify the name of the other Party or any shareholder thereof or be made by a Party without the prior written consent and approval of the other Party; provided that nothing contained herein shall prevent a Party at any time furnishing any information to any Government Authority or to the public if required by Applicable Law or the rules of any applicable stock exchange. A Party that proposes to make such a public disclosure shall, to the extent reasonably possible, provide the other Party with a draft of such statement in sufficient time prior to its release to enable the other Party to review such draft and advise that Party of any comments it may have with respect thereto, it being understood that, upon signing this Agreement, the Purchasers will be permitted to immediately issue a press release announcing the Transaction provided such press release has been approved by Pengrowth, acting reasonably, and the contents of such press release are required to be disclosed by Applicable Law or the rules of any applicable stock exchange.

20.2 Signs

As soon as reasonably practicable after Closing, the Purchasers shall remove any signs that indicate ownership or operation of the Assets by Pengrowth or its Related Parties. It shall be the responsibility of the Purchasers, where necessary, to erect or install any signs that may be required by Government Authorities indicating the Purchaser to be the operator of the Assets and to notify other working interest owners, gas purchasers, suppliers, contractors, Government Authorities and any other third party of the change of ownership.

ARTICLE 21
POST CLOSING ADMINISTRATION

21.1 Registration of Documents

(a) Except to the extent otherwise provided in this Section 21.1, promptly after Closing, the Purchasers or their nominee shall register and circulate all Conveyance Documents and any other documents that require registration and shall bear all costs incurred in registering such Conveyance Documents. Prior to effecting registration of any Conveyance Documents with the Crown, the Purchasers shall cause the Partnership to obtain confirmation from the Crown that neither Party has any indebtedness for monies owed to the Crown that have been outstanding for more than 90 days, and the Purchasers shall provide Pengrowth with a copy of such confirmation promptly upon its receipt thereof.

(b) The Purchasers shall pay, and shall indemnify Pengrowth and its Related Parties for, all fees related to registering, circulating and recording the Conveyance Documents. After

Closing, the Purchasers shall bear all costs of preparing and registering any further assurances required to convey title to the Assets.

21.2 Operatorship and Third Parties

Nothing in this Agreement shall be interpreted as any assurance by Pengrowth that the Partnership or its nominee or successors or assigns (including the Purchasers) will be able to serve as operator with respect to any of the Assets in which interests are held by third parties, whether or not such Assets are presently operated by the Partnership. Neither Pengrowth nor its Related Parties shall have any Liability to the Purchasers or their Related Parties for any of Purchasers' Losses as a result of the Partnership or its nominee or successors or assigns (including the Purchasers) not being designated as the operator of the Lands or Tangibles operated by the Partnership prior to Closing.

21.3 Assets to be Maintained in Proper Manner

Following Closing and until the Purchasers must be novated into operating agreements or other agreements governing any of the Assets, the provisions of Article 5 pertaining to the maintenance of the Assets and the conduct of business, being Clauses 5.1, 5.2, 5.3, 5.4, and 5.5, shall apply mutatis mutandis, at the Purchasers' sole cost and expense, with respect to such Assets from the Closing Date until the novations have been effected, including Pengrowth's management or maintenance fee equivalent to that being charged per well per month and all other accounting fees incurred therefore, which expenses shall be credited to Pengrowth on the final accounting and adjustment as required pursuant to Article 4.

21.4 Maintenance of Leases and Production Accounting

(a) Notwithstanding the other clauses of this Article, the Parties agree that, for the period of time beginning on the Closing Date and continuing up to and including the last day of the first (1^{st}) month following the month of Closing (the "**Maintenance Period**"), where Pengrowth is the registered payor under any of the Title and Operating Documents, Pengrowth shall continue to maintain such Title and Operating Documents, and make all rentals and all similar payments required to preserve any such Title and Operating Documents which become due and owing during the Maintenance Period; PROVIDED that upon the expiration of the Maintenance Period the Purchasers shall be solely responsible for the payment of all such rentals and all similar payments. All such rental and similar payments made by Pengrowth shall be credited to Pengrowth on the final accounting and adjustment as required pursuant to Article 4.

(b) Notwithstanding the other clauses of this Article, the Parties agree that where Pengrowth is the operator of any Assets and in such capacity is responsible for the production accounting functions pertaining to those Assets, Pengrowth shall continue to perform the production accounting functions pertaining to those Assets for the duration of the Maintenance Period; PROVIDED that upon the expiration of the Maintenance Period the Purchasers shall be solely responsible for the performance of the production accounting functions pertaining to those Assets.

ARTICLE 22
MISCELLANEOUS PROVISIONS

22.1 Further Assurances

From time to time, as and when reasonably requested by the other Party, a Party shall execute and deliver or cause to be executed and delivered all such documents and instruments and shall take or cause to be taken all such further or other actions to implement or give effect to the Transaction, provided such documents, instruments or actions are consistent with the provisions of this Agreement. All such further documents, instruments or actions shall be delivered or taken at no additional consideration other than reimbursement of any expenses reasonably incurred by the Party providing such further documents or instruments or performing such further acts, by the Party at whose request such documents or instruments were delivered or acts performed other than overhead and general administrative costs.

22.2 Applicable Law and Attornment

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The Parties irrevocably submit to the jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom. The Parties each hereby attorn to and accept the exclusive jurisdiction of such courts.

22.3 Time

Time shall be of the essence in this Agreement.

22.4 Continuing Agreement

After Closing, the covenants and agreements contained in this Agreement shall continue in effect until performed and discharged except to the extent the continued effectiveness or enforceability of any such agreement or covenant is limited in duration as expressly provided herein.

22.5 Entire Agreement

Subject to Section 22.9, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, including any letter agreements between the Purchasers and Pengrowth. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all Parties.

22.6 Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns. Except in respect of indemnities hereunder in favour of Related Parties, no Person other than the Parties and their successors and permitted assigns shall be entitled to any rights or benefits hereunder.

22.7 Severability

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the invalidity, illegality or unenforceability will not affect any other provision of this Agreement and this Agreement will be construed as if the invalid, illegal or unenforceable provision had never been contained herein unless the deletion of the provision would result in such material change to cause the completion of the Transaction to be unreasonable.

22.8 Counterparts

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. Signature pages from separate counterparts may be faxed and may be combined to form a single counterpart. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

22.9 Confidentiality

The Confidentiality Agreement shall not merge with the terms hereof. Notwithstanding any provision herein or any law to the contrary, the Confidentiality Agreement shall survive the execution of this Agreement and the Closing of the Transaction.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written.

PENGROWTH CORPORATION

By: ______________________________

Name: James S. Kinnear
Title: President and CEO

ITERATION ENERGY LTD.

By: ______________________________

Name:
Title:

By: ______________________________

Name:
Title:

3220173 NOVA SCOTIA COMPANY

By: ______________________________

Name: James S. Kinnear
Title: President and CEO

ITERATION ENERGY INC.

By: ______________________________

Name:
Title:

By: ______________________________

Name:
Title:

STELLAR RESOURCES LIMITED

By: ______________________________

Name: James S. Kinnear
Title: President and CEO

SCHEDULE "A" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

LAND SCHEDULE

PART 1

DESCRIPTION OF LANDS

[redacted]

LAND SCHEDULE

PART 2

WELLS

[redacted]

SCHEDULE "B" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

MAJOR FACILITIES

[redacted]

SCHEDULE "C" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

EXCLUDED ASSETS

[redacted]

[redacted]

SCHEDULE "D" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

SEISMIC DATA

[redacted]

SCHEDULE "E" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

SCHEDULE "F" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21st DAY OF SEPTEMBER, 2007.

BANK ACCOUNTS

NONE

SCHEDULE "G" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

CLAIMS AND DEFAULT NOTICES

NONE

SCHEDULE "H" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

TRANSPORTATION, PROCESSING AND SALES AGREEMENTS

[redacted]

SCHEDULE "I" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

AUTHORIZATIONS FOR EXPENDITURES

[redacted]

SCHEDULE "J" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

ABANDONMENT AND RECLAMATION AND ENVIRONMENTAL MATTERS

[redacted]

SCHEDULE "K" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

PENGROWTH'S OFFICER'S CERTIFICATE

RE: Article 6 of the Agreement for the Purchase and Sale of Partnership Interests ("**Agreement**") dated the • day of September, 2007, between Pengrowth Corporation ("**Pengrowth**"), 3220173 Nova Scotia Company, Stellar Resources Limited, Iteration Energy Ltd. and Iteration Energy Inc.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, •, • of Pengrowth, hereby certify that:

1. each of the covenants, representations and warranties of Pengrowth contained in Article 6 of the Agreement is true and correct in all material respects as of the Closing Date;

2. Pengrowth has performed or complied in all material respects with all of the covenants and obligations required to be performed under the Agreement prior to Closing;

3. this Certificate is made for and on behalf of Pengrowth and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it;

4. this Certificate is made with full knowledge that the Purchasers is relying on the same for the Closing of the Transaction;

5. all Closing conditions for the benefit of Pengrowth in Sections 10.1 and 10.3 of the Agreement have been satisfied or are hereby waived.

IN WITNESS WHEREOF I have executed this Certificate the ___ day of ______________, 2007.

PENGROWTH CORPORATION

By: ________________________________

Name: •
Title: •

SCHEDULE "L" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

IEL'S OFFICER'S CERTIFICATE

RE: Article 7 of the Agreement for the Purchase and Sale of Partnership Interests ("**Agreement**") dated the • day of September, 2007, between Pengrowth Corporation 3220173 Nova Scotia Company, Stellar Resources Limited, Iteration Energy Ltd. ("**IEL**") and Iteration Energy Inc.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, •, • of IEL, for and on behalf of IEL and Iteration Energy Inc. (collectively the "**Purchasers**"), hereby certify that:

1. each of the covenants, representations and warranties of the Purchasers contained in Article 7 of the Agreement is true and correct in all material respects as of the Closing Date;

2. the Purchasers have performed or complied in all material respects with all of the covenants and obligations required to be performed under the Agreement prior to Closing;

3. this Certificate is made for and on behalf of the Purchasers and is binding upon them, and I am not incurring and will not incur any personal liability whatsoever with respect to it;

4. this Certificate is made with full knowledge that Pengrowth is relying on the same for the Closing of the Transaction;

5. all Closing conditions for the benefit of the Purchasers, in Sections 10.1 and 10.2 of the Agreement, have been satisfied or are hereby waived.

IN WITNESS WHEREOF I have executed this Certificate the ___ day of ______________, 2007.

•

By: ________________________________

Name: •
Title: •

SCHEDULE "M" ATTACHED TO AND FORMING PART OF THE AGREEMENT FOR PURCHASE AND SALE OF PARTNERSHIP INTERESTS BETWEEN PENGROWTH CORPORATION, 3220173 NOVA SCOTIA COMPANY, STELLAR RESOURCES LIMITED, ITERATION ENERGY LTD. AND ITERATION ENERGY INC. DATED THE 21^{s} DAY OF SEPTEMBER, 2007.

SEISMIC DATA LICENCE

[redacted]