AGREEMENT AND PLAN OF MERGER

BY AND AMONG

PALEO RESOURCES, INC.,

PALEO EFR ACQUISITION, INC.,

EF RESOURCES, INC.,

AND

THE REPRESENTATIVE IDENTIFIED HEREIN

DATED AS OF DECEMBER 20, 2019

TABLE OF CONTENTS

Page

<u>Exhibits</u>

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of December 20, 2019, by and among (i) **PALEO RESOURCES, INC**., a British Columbia corporation ("Parent"), (ii) **PALEO EFR ACQUISITION, INC.**, a Texas corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), (iii) **EF RESOURCES, INC**., a Texas corporation (the "Company"), and (iv) **PHILIP RACUSIN**, an individual resident of the State of Texas, solely in his capacity as representative for the Sellers (the "Representative"). Parent, Merger Sub, the Company and, as applicable, the Representative are sometimes referred to in this Agreement as a "Party" and collectively as the "Parties." Capitalized terms that are used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to such terms in ARTICLE XI.

W I T N E S E T H:

WHEREAS, the Parties intend to effectuate a merger (the "Merger") of Merger Sub with and into the Company in accordance with this Agreement and the Texas Business Organizations Code (the "TBOC") and the laws of British Columbia and Canada, with the Company surviving the Merger (the "Surviving Company");

WHEREAS, the boards of directors of the Company, Parent and Merger Sub have, upon the terms and subject to the conditions set forth herein, (i) unanimously approved this Agreement, the Merger and the other transactions contemplated hereby and (ii) declared that this Agreement, the Merger and the other transactions contemplated hereby are advisable on the terms and conditions set forth herein;

WHEREAS, the board of directors of the Company has recommended that the shareholders of the Company adopt and approve this Agreement and the transactions contemplated hereby;

WHEREAS, concurrently with the execution of this Agreement in accordance with the Bylaws of the Company, the TBOC and the laws of British Columbia and Canada, the shareholders of the Company holding a two-thirds (66 2/3%) majority of the outstanding shares of capital stock of the Company representing the Requisite Shareholder Approval have approved this Agreement and the transactions contemplated hereby, including the Merger, by written consent; and

WHEREAS, Parent, as the sole shareholder of Merger Sub, has adopted and approved this Agreement and the transactions contemplated hereby in accordance with the Bylaws of the Parent and the laws of British Columbia and Canada.

NOW, **THEREFORE**, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I

EFFECTS OF THE MERGER; MERGER CONSIDERATION

1.1 Merger. At the Effective Time and upon the terms and subject to the conditions of this Agreement and the applicable provisions of the TBOC and the laws of British Columbia and Canada, Merger Sub shall merge with and into the Company, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the Surviving Company and a wholly-owned Subsidiary of Parent.

1.2 Effect of the Merger. At the Effective Time by virtue of the Merger and without any action on the part of Merger Sub or the Company, all of the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company.

1.3 Certificate of Incorporation; Bylaws. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub or the Company, (a) the certificate of incorporation of the Surviving Company shall be amended and restated in the form of **Exhibit A** and, as so amended, shall be the certificate of incorporation of the Surviving Company until thereafter amended in accordance with the terms thereof or as provided by applicable Law, and (b) the bylaws of the Merger Sub as in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Company until thereafter amended in accordance with the terms thereof, the certificate of incorporation of the Surviving Company or as provided by applicable Law; provided that, in each case, the name of the corporation set forth therein shall be changed to the name of the Company.

1.4 Officers of the Surviving Company. The officers of the Company immediately prior to the Effective Time (excluding the Persons who shall have resigned from such officer positions effective as of the Effective Time pursuant to Section 2.3(c)) shall be the initial officers of the Surviving Company; provided that Casey Minshew shall remain the Chief Executive Officer of Surviving Company.

1.5 Common Stock of Merger Sub. At the Effective Time, by virtue of the Merger and without any action on the part of Merger Sub, the Company or Parent, each share of common stock of Merger Sub issued and outstanding immediately prior to the Effective Time shall each be converted into and exchanged for one (1) share(s) of Common Stock of the Surviving Company.

1.6 Effect on Company Capital Stock. At the Effective Time, upon the terms and subject to the conditions of this Agreement, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the Sellers, as the case may be:

(a) Preferred Stock. As a condition precedent to Closing, all Preferred Stock of the Company shall have been converted to Common Stock prior to the Effective Time by action of the Company and its Shareholders. At the Effective Time, there shall be no Preferred Stock that is issued and outstanding. Any issued and outstanding Preferred Stock at the Effective Time shall automatically be canceled and extinguished without consideration paid or delivered in exchange therefor.

(b) Stock Options. As a condition precedent to Closing, each Stock Option shall have been exercised in exchange for Common Stock, or cancelled. At the Effective Time, there shall be no Stock Option that is issued and outstanding. Any issued and outstanding Stock Option at the Effective Time shall automatically be cancelled and extinguished without consideration paid or delivered in exchange therefor.

(c) Convertible Debt. As a condition precedent to Closing, before the Effective Time, all Convertible Debt shall be converted to Common Stock, or repaid by the Company. Any issued and outstanding Convertible Debt at the Effective Time shall automatically be cancelled and extinguished without consideration paid or delivered in exchange therefor.

(d) Common Stock. Each share of Common Stock that is issued and outstanding immediately prior to the Effective Time shall be canceled, extinguished and automatically converted into the right to receive Parent Common Shares equal to the Per Share Merger Consideration (as reduced at the Closing by the Per Share Portion of each of the Holdback Shares) in accordance with and subject to the conditions provided in this ARTICLE I.

(e) Treasury Stock. Each share of treasury stock of the Company, whether Common Stock or Preferred Stock, if any, shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be paid or delivered in exchange therefor.

1.7 Merger Consideration. The aggregate consideration in respect of all shares of Common Stock shall be a number of Parent Common Shares, all of which will be voting stock of the Parent, to be jointly determined by Parent and Representative in the Closing Statement (hereinafter defined) ("Merger Consideration"); subject to Parent's right of offset for Parent Indemnitees' claims pursuant to Section 1.11 and ARTICLE IX hereof, the Merger Consideration shall be equal to that number of shares of Parent Common Shares equal to twenty-five percent (25%) of the issued and outstanding Parent Common Shares at the Adjustment Time on a diluted basis (for clarity, taking into account all Parent Common Shares issued as the Merger Consideration, and including all outstanding Parent Common Shares and all preferred shares [if any], on an as-converted basis, and all outstanding convertible notes, options, warrants and other rights to acquire Parent Common Shares immediately prior to the Adjustment Time; but excluding the Parent Convertible Debentures, and subject to Sections 6.1(d) and 6.1(e), the POC Loan and ERC Loan in determining the diluted number of shares on which the Merger Consideration is calculated). The Merger Consideration shall be set forth in the Closing

Statement and shall be allocated among the Sellers as specified in the Closing Statement agreed to pursuant to Section 1.9 below. The Parties acknowledge and agree that neither Parent nor Merger Sub shall have any liability to any Person relating to, or obligation to verify, the allocation of the Merger Consideration among the Sellers as set forth in the Closing Statement (including with respect to the determination of the Per Share Merger Consideration and the Per Share Portion), and upon delivery of the Merger Consideration as set forth in this ARTICLE I in accordance with the Closing Statement and this ARTICLE I, Parent and Merger Sub will have satisfied all of their respective obligations under this Agreement with respect thereto. The Parties intend that the transactions considered in this Agreement shall qualify as a reorganization pursuant to Code Sections 368(a)(1)(A) and 368(a)(2)(E); provided, however, neither the Parent nor Merger Sub makes any representation or warranty to the Company and/or its shareholders as to the tax treatment of the merger for U.S. federal income tax purposes. The Company and the shareholders of the Company agree that they shall rely solely upon their own advisors, attorneys and accountants as to the tax treatment of the merger for U.S. federal income tax purposes.

1.8 Closing Transfers. At the Closing, Parent shall make or cause to be made the transfers of Parent Common Shares (each such transfer, a "Closing Transfer") to TSX Trust Company (the "Transfer Agent") equal to the Merger Consideration deliverable to the Sellers in accordance with Section 1.9 (and for the avoidance of doubt, less the Holdback Shares (as defined in Section 1.11))and as set forth in the Closing Statement (the "Closing Shares"), to be distributed by the Transfer Agent to the Sellers in accordance with this ARTICLE I; provided, that if any Seller has not delivered to the Representative and Parent a duly executed and completed Letter of Transmittal and Surrendered Certificate(s) prior to the Closing Date, the amount allocated with respect to such Seller will be delivered to the Transfer Agent on behalf of such Seller (and distributed thereto upon delivery of such executed and completed Letter of Transmittal and Surrendered Certificate(s)).

1.9 Adjustment of the Merger Consideration.

(a) Closing Statement. No later than three (3) days prior to the Closing Date, the Parent and the Representative shall cooperate in good faith to prepare a statement (the "Closing Statement") setting forth the number of Parent Common Shares that is the Merger Consideration (pursuant to Section 1.7 hereinabove) as of the Adjustment Time, together with reasonably detailed calculations demonstrating each component thereof. Company shall be solely responsible for providing the Per Share Merger Consideration and Per Share Portion for the Closing Statement, and Parent shall incur no liability with respect thereto.

1.10 Letters of Transmittal.

(a) Promptly following the date hereof, the Company shall deliver to each Seller a Letter of Transmittal in the form of **Exhibit C** hereto (a "Letter of Transmittal"). Promptly following the receipt by the Transfer Agent of the Closing Transfer contemplated in Section 1.8, the Transfer Agent shall deliver to each Seller who delivered to the Representative and Parent a duly completed and executed Letter of Transmittal and Surrendered Certificates(s) at least two (2) Business Days prior to the Closing Date the portion of the Merger Consideration allocated to each such Seller in accordance with the Closing Statement. Following the Closing, but subject to Section 1.10(c), upon delivery by a Seller that did not receive such portion of the Closing Transfer contemplated by Section 1.8 at the Closing pursuant to the immediately preceding sentence to the Representative and Parent of a duly completed and executed Letter of Transmittal and Surrendered Certificate(s), the Transfer Agent shall deliver to such Seller within five (5) Business Days after such delivery, the Parent Common Shares to which such Seller is entitled to pursuant to the immediately preceding sentence. No interest or dividends will be paid or accrued on the consideration payable to any Seller hereunder. Until surrendered in accordance with the provisions of this Section 1.10, the shares of Common Stock shall represent, for all purposes, only the right to receive the number of Parent Common Shares equal to the applicable portion of the Merger Consideration payable in respect thereto pursuant to this Agreement.

(b) In the event that any stock certificate representing the shares of Common Stock has been lost, stolen or destroyed, upon the making of a customary affidavit of that fact by the Seller claiming such certificate to be lost, stolen or destroyed, the Parent, will deliver, in exchange for the shares represented by such lost, stolen or destroyed certificate, the consideration to which such Seller would otherwise be entitled pursuant to Section 1.6(d) without any requirement to post any bond or other security.

(c) Promptly following the date that is nine (9) months after the Closing Date, Parent may instruct the Transfer Agent to deliver to Parent all Parent Common Shares that are still in its possession at such time, in which case Transfer Agent's duties shall terminate. Thereafter, each Seller may deliver a duly completed and executed Letter of Transmittal and Surrendered Certificates(s) to the Surviving Company or Parent (as applicable) and (subject to applicable abandoned property, escheat and similar Laws) receive in consideration therefor, and the Surviving Company and/or Parent (as applicable) shall promptly deliver, the portion of the Merger Consideration or deliverable to such Seller in respect of its Surrendered Certificates(s) as determined in accordance with this ARTICLE I without any interest thereon.

1.11 Merger Consideration Holdback. Parent shall retain, and not pay at Closing, the Holdback Shares for the purpose of satisfying any indemnification claims of Parent Indemnitees pursuant to ARTICLE IX. The Holdback Shares (less any amount necessary to satisfy pending claims of Parent Indemnitees pursuant to ARTICLE IX of this Agreement which remain unresolved) shall be delivered to the Transfer Agent (for distribution to the Sellers) on the date that is nine (9) months after the Closing Date. The balance of any Holdback Shares shall be delivered to the Transfer Agent (for distribution to the Sellers) after the resolution of all then pending Parent Indemnitee claims pursuant to ARTICLE IX hereof.

1.12 No Liability. Notwithstanding anything to the contrary in this ARTICLE I, none of the Company, Parent, the Representative or the Surviving Company shall be liable to any Person for any amount properly paid in good faith to a public official pursuant to any abandoned property, escheat or similar law.

1.13 Post-Closing Agreements. Immediately following Closing, Parent shall provide an unsecured loan to Surviving Company in an amount not less than Two Hundred Thousand Dollars ($200,000.00 U.S.) for use by Surviving Company in repaying outstanding liabilities in an amount not in excess of One Hundred Thousand Dollars ($100,000.00), with the remaining amount to be used for working capital as agreed upon by Parent and the Representative.

1.14 Office Sharing Pending Closing. After execution of this Agreement, pending Closing, Parent shall occupy and share with Company that certain office space currently leased by the Company at 2060 N. Loop W., Suite 100, Houston, Texas 77018. Parent agrees to pay fixed rent to Company in the amount of One Thousand Dollars ($1,000.00 U.S.) per month. If the transactions contemplated herein do not close, Parent and Company shall cooperate in good faith to reasonably agree about the further use of such office space.

1.15 Management of Parent after Closing. After Closing, Jeff Harder shall be added to the board of directors of Parent. The current officers of Parent will remain, pending further resolutions of the board of directors in the ordinary course of business; provided that Casey Minshew will be appointed as the Chief Commercial Officer of Parent.

ARTICLE II

CLOSING

2.1 Closing. Subject to the terms and conditions of this Agreement, the consummation of the Merger and the other Transactions (the "Closing") shall take place at 11:00 a.m., local Dallas time, at the offices of Krage & Janvey, L.L.P., or as otherwise agreed by the parties hereto. on a date to be mutually specified by Parent and the Representative, which shall be no later than the second (2nd) Business Day after the satisfaction or waiver (by the applicable Party hereto in writing) of the conditions set forth in ARTICLE VI (not including conditions which are to be satisfied by actions taken at the Closing but subject to the satisfaction or waiver (by the applicable Party hereto in writing) of those conditions at the Closing) (the date on which the Closing actually occurs, the "Closing Date"). The Parties shall use their reasonable best efforts to complete the Closing through electronic means of communication to avoid the necessity of a physical Closing.

2.2 Effective Time. Subject to the provisions of this Agreement, on the Closing Date, the Parties shall cause to be filed a certificate of merger, executed in accordance with, and in such form as is required by, the relevant provisions of the TBOC with respect to the Merger (the "Certificate of Merger") with the Secretary of State of the state of Texas. The Merger shall become effective upon the filing of the Certificate of Merger or at such later time as is agreed to by the parties herein and specified in the Certificate of Merger (the time the Merger becomes effective being hereinafter referred to as the "Effective Time").

2.3 Deliveries by the Company and the Representative at Closing. At or prior to the Closing, the Company and/or the Representative, as applicable, shall deliver, or cause to be delivered, to Parent the following:

(a) the Certificate of Merger, duly executed by the Company;

(b) a certificate required to be delivered pursuant to Section 6.2(e);

(c) evidence of resignation or removal, effective as of the Closing, of those directors and officers of any Group Company designated by Parent to the Representative in writing at least five (5) Business Days prior to the Closing Date;

(d) evidence of the absence of issued and outstanding Preferred Stock, Stock Options and Convertible Debt; and

(e) a certificate conforming to the requirements of Treasury Regulation Section 1.1445-2(c)(3) to the effect that the Company is not, and has not been during the relevant period specified in Section 897(c)(1)(A)(ii) of the Code, a "United States real property holding corporation" within the meaning of Section 897(c) of the Code together with the appropriate notice to the Internal Revenue Service pursuant to Treasury Regulation Section 1.897-2(h).

2.4 Deliveries by Parent and Merger Sub at Closing. At or prior to the Closing, Parent and/or Merger Sub, as applicable, shall deliver, or cause to be delivered, the following:

(a) to the Transfer Agent the Closing Shares; and

(b) to the Representative, a certificate required to be delivered pursuant to Section 6.3(d).

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth on the disclosure schedule delivered by the Company to Parent and Merger Sub on the date hereof (the "Company Disclosure Schedule"), which are subject to the limitations and qualifications set forth in Section 11.2(c), the Company hereby represents and warrants to Parent and Merger Sub as of the date hereof as follows:

3.1 Organization and Power. Each of the Group Companies is a corporation or other legal entity duly formed, validly existing and in good standing under the Laws of its respective jurisdiction of formation. Each of the Group Companies is duly licensed or qualified to do business in each jurisdiction in which the nature of its business or the character or location of any properties or assets owned or leased by it makes such licensing or qualification necessary, except for those jurisdictions where the failure to be so licensed or qualified would not have a Company Material Adverse Effect. The Company has the requisite power and authority to execute and deliver this Agreement and each other Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. Each of the Group Companies has the power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted in all material respects.

3.2 Authorization of Agreement. The execution and delivery of the Transaction Agreements to which the Company is a party, the performance by the Company of its obligations thereunder and the consummation of the Transactions have been duly authorized by the requisite corporate action on the part of the Company. Each of the Transaction Agreements to which the Company is a party has been duly and validly executed and delivered by the Company and (assuming the due authorization, execution and delivery by the other parties thereto) each such Transaction Agreement, when so executed and delivered, will constitute, the legal, valid and binding obligations of the Company, enforceable against it in accordance with its terms, subject to applicable Equitable Principles.

3.3 Conflicts; Consents of Third Parties.

(a) Except as listed on Section 3.3(a) of the Company Disclosure Schedule, and assuming all Governmental Approvals set forth on Section 3.3(b) of the Company Disclosure Schedule have been obtained and are effective and all applicable waiting periods have expired or been terminated and all filings and notifications described in Section 3.3(b) of the Company Disclosure Schedule have been made, none of the execution, delivery and performance by the Company of this Agreement or the other Transaction Agreements to which it is a party or the consummation of the Transactions by the Company will conflict with, violate or constitute a default (with or without notice or lapse of time, or both) under, give rise to a right of termination, acceleration, modification or cancellation under, or otherwise require the consent or waiver of, notice or declaration to, or filing with any Person, including any Governmental Authority, pursuant to, any provision of (A) the Organizational Documents of any Group Company; (B) any Material Contract or Permit to which any Group Company is a party to or bound by, or by which any Group Company's properties or assets are bound; or (C) any Law applicable to any Group Company, except, in the case of clauses (B) and (C), where such conflict, violation or default, consent, waiver, notice, declaration or filing would not have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Except as set forth on Section 3.3(b) of the Company Disclosure Schedule, no consent, waiver, approval, waiting period expiration or termination, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Authority (a "Governmental Approval") is required on the part of any Group Company in connection with the execution and delivery by the Company of the Transaction Agreements to which it is a party or the consummation of the Transactions by the Company, except those Governmental Approvals, which, if not obtained, would not have, individually or in the aggregate, a Company Material Adverse Effect.

3.4 Capitalization; Operating Subsidiaries.

(a) The authorized capital stock of the Company consists of 25,000,000 shares, consisting of (a) 20,000,000 shares of Common Stock, and (b) 5,000,000 shares of Preferred Stock. As of the date hereof, there are 5,500,000 shares of Preferred Stock issued and outstanding, and 1,150,000 shares of Common Stock issued and outstanding. Section 3.4(a)(i) of the Company Disclosure Schedule sets forth the number and classes of issued and outstanding shares of Common Stock as of the date of this Agreement, the names of the holders thereof and the number of shares of Common Stock held by each such holder. Each of the shares of Common Stock has been duly and validly authorized and issued. Except as set forth on Section 3.4(a)(ii) of the Company Disclosure Schedule, there are no outstanding (i) equity interests or voting securities of the Company, (ii) securities convertible or exchangeable into or exchangeable or exercisable for any shares of Common Stock or other equity interests or voting securities of the Company, (iii) options, warrants or rights (including purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts or rights of first refusal) or other Contracts that require the Company to issue, sell or otherwise cause to become outstanding or to acquire, subscribe for, purchase, repurchase or redeem shares of Common Stock or other equity interests of the Company or (iv) stock appreciation, phantom stock, profit participation or similar rights with respect to the Company. The shares of Common Stock set forth on Section 3.4(a)(i) of the Company Disclosure Schedule constitute all of the outstanding equity securities or securities convertible into or exchangeable for equity securities of the Company.

(b) Section 3.4(b) of the Company Disclosure Schedule sets forth a true and correct list of all direct and indirect Subsidiaries of the Company (the "Operating Subsidiaries"), listing for each such Operating Subsidiary (i) its name, (ii) its jurisdiction of organization and (iii) the number and type of its issued and outstanding equity interests. The Company has no Subsidiaries other than the Operating Subsidiaries. Except for the Operating Subsidiaries or as set forth on Section 3.4(b) of the Company Disclosure Schedule, no Group Company owns, or holds the right to acquire, any stock, partnership interest, joint venture interest or other equity ownership interest in any other Person. All of the issued and outstanding equity interests of each of the Operating Subsidiaries have been duly and validly authorized and issued and are owned (either directly or indirectly) by the Company or one of the Operating Subsidiaries, free and clear of any Liens (other than Permitted Liens and limitations imposed by their Organizational Documents or any applicable securities Laws). Except as otherwise set forth in Section 3.4(b) of the Company Disclosure Schedule, there are no outstanding (w) equity interests or voting securities of any Operating Subsidiary, (x) securities convertible or exchangeable into equity interests of any Operating Subsidiary, (y) options, warrants or rights (including purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts or rights of first refusal) or other Contracts that require any Operating Subsidiary to issue, sell or otherwise cause to become outstanding or to acquire, subscribe for, purchase, repurchase or redeem any equity interests of such Operating Subsidiary or (z) stock appreciation, phantom stock, profit participation or similar rights with respect to any Operating Subsidiary.

(c) Except for this Agreement and as set forth on Section 3.4(c) of the Company Disclosure Schedule, neither the Company nor any Group Company is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive rights, anti-dilution rights, rights of first refusal or any similar rights with respect to any securities of the Company.

3.5 Financial Statements.

(a) The Company has made or will make available to Parent within thirty (30) days following the execution of this Agreement, the following financial statements (collectively, the "Company Financial Statements"):

(i) the audited consolidated balance sheets of the Company as of December 31, 2017 and December 31, 2018, and the related consolidated statements of operations, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows of the Company for the fiscal years then ended;

(ii) an unaudited consolidated balance sheet of the Company as of September 30, 2019, and the related unaudited statements of operations and cash flows of the Company for the nine-month period then ended; and

(iii) September 30, 2019, shall be referred to herein as the "Balance Sheet Date", the balance sheet of the Company as of such date shall be referred to herein as the "Balance Sheet".

(b) The Company Financial Statements have been prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of the Company as of the dates and for the periods indicated therein except, in each case, as disclosed therein or as set forth on Section 3.5(b) of the Company Disclosure Schedule, and, in the case of the unaudited Company Financial Statements, (i) that such Company Financial Statements may be subject to normal year-end adjustments and (ii) for the absence of notes thereto throughout the periods covered thereby.

3.6 Undisclosed Liabilities; Indebtedness.

(a) Except as set forth on Section 3.6(a) of the Company Disclosure Schedule, to the Knowledge of the Company, neither the Company nor any of the Operating Subsidiaries have any liabilities that would have been required to be reflected on the Balance Sheet or in the notes thereto in accordance with GAAP and were not so reflected, other than (i) as disclosed in, set forth on, or reflected or reserved against in the Company Financial Statements, (ii) those incurred in the Ordinary Course of Business since the Balance Sheet Date, (iii) those that are repaid, terminated, forgiven, settled, cancelled or otherwise extinguished at Closing pursuant to the terms of this Agreement, or (iv) those that would not have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Section 3.6(b) of the Company Disclosure Schedule sets forth a true and complete list as of the date of this Agreement of all Indebtedness of the Group Companies.

3.7 Absence of Certain Developments. Except as set forth on Section 3.7 of the Company Disclosure Schedule, between the Balance Sheet Date and the date hereof, (a) the business of the Group Companies has been conducted in all material respects in the Ordinary Course of Business, and (b) there has not been any Company Material Adverse Effect.

3.8 Legal Proceedings. Except as set forth on Section 3.8 of the Company Disclosure Schedule, as of the date hereof, there are no pending or, to the Knowledge of the Company, threatened, material Legal Proceedings against any Group Company. As of the date hereof, there is no pending material Order imposed upon any of the Group Companies. None of the Group Companies has any suit, litigation, arbitration, claim, charge, grievance, action or proceeding pending against any Governmental Authority or other Person.

3.9 Compliance with Laws; Permits.

(a) Except as set forth on Section 3.9(a) of the Company Disclosure Schedule, each Group Company is in compliance with all Laws applicable to their respective businesses or operations, except for such instances of noncompliance that would not, individually or in the aggregate, result in a material liability to the Group Companies, taken as a whole. Between the Balance Sheet Date and the date hereof, no Group Company has received any written notice of, or been formally charged by a Governmental Authority with, the violation of any Laws.

(b) Except as set forth on Section 3.9(b) of the Company Disclosure Schedule, the Group Companies have obtained all Permits that are required for the operation of their respective businesses as presently conducted, other than any such Permits that, if not held by the Group Companies, would, individually or in the aggregate, result in a material liability to the Group Companies.

(c) Without limiting the generality of the foregoing, the Group Companies are in compliance in all material respects and have, during all periods for which any applicable statute of limitations has not expired, complied in all material respects with, the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended, and any other applicable non-U.S. anti-corruption laws and regulations; applicable Laws related to the imposition of economic sanctions or embargoes by the U.S. Government, including all regulations, laws and policies administered by the U.S. Department of Treasury, Office of Foreign Assets Control; applicable U.S. export controls, including the Export Administration Regulations administered by the U.S. Department of Commerce, Bureau of Industry and Security; and all rules and regulations of the United States Securities and Exchange Commission and/or Federal Trade Commission.

(d) None of the representations and warranties contained in this Section 3.9 shall be deemed to relate to tax matters (which are governed by Section 3.10), environmental matters (which are governed by Section 3.12), employee benefits matters (which are governed by Section 3.16) or employment matters (which are governed by Section 3.17).

3.10 Taxes.

(a) The Group Companies have prepared and timely filed, or caused to be prepared and timely filed, with the appropriate Taxing Authorities, all material Tax Returns required to be filed with respect to the Group Companies, taking into account any extensions of time to file.

(b) The Group Companies have timely paid, or caused to be timely paid, all material Taxes (whether or not shown as due and payable on such Tax Returns) with respect to the Group Companies. The Group Companies have withheld and paid to the appropriate Taxing Authority all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder or third party.

(c) No material deficiencies for any Taxes have been proposed, asserted or assessed in writing against any Group Company that are still pending.

(d) No extensions of the period for assessment of any Taxes are in effect with respect to any Group Company (other than by virtue of extensions of time to file Tax Returns obtained in the Ordinary Course of Business).

(e) No material Tax Return filed by the Group Companies is under current examination by any Taxing Authority.

(f) No claim has been made in writing by any Taxing Authority in a jurisdiction where the Group Companies does not file Tax Returns with respect to a particular Tax that the Group Companies is or may be subject to taxation in such jurisdiction that has not been resolved, except for claims that would not, individually or in the aggregate, result in a material liability to the Group Companies, taken as a whole.

(g) There are no Liens for Taxes upon any of the assets or properties of the Group Companies, except for Permitted Liens.

(h) No Group Company has participated in any listed transaction within the meaning of Treasury Regulations Section 1.6011-4(b).

(i) The Group Companies have provided to Parent true, correct and complete copies of all income and other material Tax Returns filed by or with respect to each member of the Group Companies for taxable periods beginning after December 31, 2014.

(j) The unpaid Taxes not yet due and payable owed by or with respect to, as the case may be, each Group Company: (i) did not, as of the Balance Sheet Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income), and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of any Group Company in filing its Tax Returns. Since the Balance Sheet Date, no Group Company has incurred any liability for Taxes outside the Ordinary Course of Business and all Taxes not yet due and payable for a Pre-Closing Tax Period have been accrued and adequately disclosed and fully provided for in accordance with GAAP on the Financial Statements provided to Parent.

(k) No Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) beginning after the Closing Date as a result of (i) any change in method of accounting for a Pre-Closing Tax Period; (ii) any closing agreement described in Section 7121 of the Code (or similar provision of state, local or foreign Law); (iii) any installment sale or open sale transaction disposition made in a Pre-Closing Tax Period; (iv) any prepaid amount received in a Pre-Closing Tax Period; (v) any election by the Company under Section 108(i) of the Code; (vi) any intercompany transaction or excess loss account described in Treasury regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law); or (vii) any other action taken outside of the Ordinary Course of Business for the purpose of deferring a Tax from a Pre-Closing Tax Period to a period following the Closing Date.

(l) Each Group Company has the U.S. federal income tax classification set forth on Schedule 3.10(l) of the Company Disclosure Schedule.

(m) The representations set forth in this Section 3.10 and Section 3.15 are the only representations in this Agreement with respect to Taxes of the Group Companies and, except with respect to Section 3.10(k), shall only apply to taxable periods ending on or prior to the Closing Date.

3.11 Title to Properties.

(a) Section 3.11(a) of the Company Disclosure Schedule set forth a list of all real property owned by any Group Company ("Owned Real Property").

(b) Section 3.11(b) of the Company Disclosure Schedule sets forth a list of all real property leased, or subleased to, or otherwise used or occupied by any Group Company (the "Leased Real Property") pursuant to leases, subleases and occupancy agreements thereof (individually, a "Real Property Lease").

(c) Except as disclosed on Section 3.11(c) of the Company Disclosure Schedule:

(i) each Real Property Lease is a legal, valid and binding obligation of the Group Company party thereto (except (i) as enforceability may be limited by applicable Equitable Principles or (ii) where the failure to be legal, valid, or binding would not, individually or in the aggregate, result in a material liability to the Group Companies) and, assuming the due authorization and execution by any other party thereto, is in full force and effect;

(ii) no Group Company (A) is in material default under any Real Property Lease, or (B) has any Knowledge of any current default by any other party to any Real Property Lease; and

(iii) the applicable Group Company has good and marketable title to each Owned Real Property, free and clear of any and all Liens, except for Permitted Liens.

3.12 Environmental Matters.

(a) Except as set forth on Section 3.12(a) of the Company Disclosure Schedule:

(i) To the Knowledge of the Company, the Group Companies are in compliance with all Environmental Laws applicable to them or their respective businesses or operations, except where the failure to be in compliance would not, individually or in the aggregate, result in a material liability to the Group Companies.

(ii) To the Knowledge of the Company, (x) the Group Companies maintain all Permits that are required under Environmental Laws for the operation of their respective businesses as presently conducted (collectively, the "Environmental Permits") and (y) the Group Companies are not in default or violation of any term, condition or provision of any Environmental Permit, except, in the case of clauses (x) and (y), as would not, individually or in the aggregate, result in a material liability to the Group Companies.

(iii) Since the Balance Sheet Date, the Group Companies have not received any written notice of a Legal Proceeding or Order alleging that any of the Group Companies are in material violation of or have any material liability for cleanup or remediation of Hazardous Materials under any Environmental Law.

(b) This Section 3.12 sets forth the sole and exclusive representations and warranties of the Group Companies under this Agreement with respect to Environmental Permits, Environmental Laws, Hazardous Materials, or other environmental matters.

3.13 Material Contracts.

(a) Section 3.13(a) of the Company Disclosure Schedule sets forth a list of all of the following Contracts as of the date of this Agreement (other than (A) any such Contract solely by or between the Group Companies, (B) purchase or sale orders entered into in the Ordinary Course of Business or (C) confidentiality or non-disclosure Contracts entered into in the Ordinary Course of Business) to which any Group Company is a party or by which it is bound (collectively, the "Material Contracts"):

(i) Contracts with each current officer or director, or current employee of a Group Company who receives annual compensation (excluding bonus and commissions) in excess of $50,000.00;

(ii) Contracts entered into since the Balance Sheet Date relating to the acquisition by a Group Company of any operating business, or the equity interests of any other Person;

(iii) Contracts for or relating to the making of any material loans to another Person;

(iv) Contracts that are expected to involve (A) payment to a Group Company or (B) payment by a Group Company, in either case, of more than $15,000.00 in the aggregate for any individual Contract during the fiscal year ending December 31, 2019 that are not terminable by such Group Company without penalty on 30 days' or less notice;

(v) Contract under which any Group Company is a lessee or lessor of any tangible property (other than real property), except for any such Contract under which the aggregate annual rental payments do not exceed $15,000.00;

(vi) Contracts containing covenants of a Group Company prohibiting or materially limiting the right of any of the Group Companies to compete in any line of material business or prohibiting or restricting their ability to conduct material business with any Person in any geographic area;

(vii) Contracts for material joint venture agreements with any Person (other than a Group Company); and

(viii) Contracts relating to the incurrence, assumption or guarantee of any Indebtedness or imposing a Lien (other than Permitted Lien) on any of the assets of the Company or any Operating Subsidiary, including indentures, guarantees, loan or credit agreements (except for (x) those being terminated or cancelled in connection with the Closing and (y) security agreements ancillary to any Lease of personal property with respect to the property so Leased).

(b) Except as set forth on Section 3.13(b) of the Company Disclosure Schedule, each Material Contract is in full force and effect and is a legal, valid, and binding obligation of the Group Company party thereto and, to the Knowledge of the Company, the other party or parties thereto, except (i) as enforceability may be limited by applicable Equitable Principles or (ii) where the failure to be legal, valid binding or enforceable would not, individually or in the aggregate, result in a material liability to the Group Companies, taken as a whole.

3.14 Personal Property. Except as set forth in Section 3.14 of the Company Disclosure Schedule, each of the Group Companies has good and valid title to (or a valid leasehold interest in) the tangible personal property currently used in the conduct of the business of such Group Company (other than items of tangible personal property that individually or in the aggregate are immaterial to the operation of such business), and such title or leasehold interests are free and clear of all Liens (other than Permitted Liens). All items of tangible personal property that are material to the operation of the business of the Group Companies are in satisfactory operating condition and repair (ordinary wear and tear excepted).

3.15 Intellectual Property.

(a) Except as set forth on Section 3.15(a) of the Company Disclosure Schedule, to the Knowledge of the Company, all material Intellectual Property that is used in or necessary to the conduct of business of the Group Companies as currently conducted is either (i) owned by a Group Company (such Intellectual Property, "Owned Intellectual Property"), or (ii) licensed to a Group Company for its use, except, in each case, where a failure to so own or license such Intellectual Property would not, individually or in the aggregate, result in a material liability to the Group Companies.

(b) Section 3.15(b)(i) of the Company Disclosure Schedule sets forth a list of all material registrations and applications for registration or issuance with a Governmental Authority of any Owned Intellectual Property (collectively, the "Scheduled IP"). To the

Knowledge of the Company, the Scheduled IP is subsisting and in full force and effect. To the Knowledge of the Company, except as set forth on Section 3.15(b)(ii) of the Company Disclosure Schedule, there is no pending claim by any third party contesting the ownership or use by any of the Group Companies of any Owned Intellectual Property, except as would not, individually or in the aggregate, result in a material liability to the Group Companies.

(c) To the Knowledge of the Company, except as set forth on Section 3.15(c) of the Company Disclosure Schedule, (i) the Group Companies, in the current operation of their business, have not in the past six (6) years infringed, violated or misappropriated any Intellectual Property of any third party, except for any infringement, violation or misappropriation that would not, individually or in the aggregate, result in a material liability to the Group Companies, and (ii) no third party is infringing, violating, or misappropriating any Owned Intellectual Property.

(d) Section 3.15(d)(i) of the Company Disclosure Schedule separately lists and identifies all Software that is owned by the Group Companies (the "Company Software"). Except as set forth on Section 3.15(d)(ii) of the Company Disclosure Schedule, all right, title and interest in and to the Company Software is owned by a Group Company free and clear of all Liens except for Permitted Liens. The Company Software performs in all material respects in accordance with the documentation and other written materials related thereto and, to the Knowledge of the Company, is free from any disabling codes or instructions and any "back door," "time bomb," "Trojan horse," "worm," "drop dead device," "virus" or other software routines or hardware components that permit unauthorized access or the unauthorized disruption, impairment, disablement or erasure of such Company Software.

(e) Except for shrink-wrap licenses and other licenses for Commercial-Off-The-Shelf Software, or standard licenses granted to the Company's customers in the ordinary course, Section 3.15(e) of the Company Disclosure Schedule sets forth a complete list of all licenses under which any Group Company is a licensor or licensee or otherwise is authorized to use any material Intellectual Property ("Licensed Intellectual Property"). All such licenses are in full force and effect, and are binding obligations of the Group Company party thereto and, to the Knowledge of the Company, the other party or parties thereto, except (i) as enforceability may be limited by applicable Equitable Principles or (ii) where the failure to be legal, valid, binding or enforceable would not have a Company Material Adverse Effect. No Group Company that is a party to such license is in default under any such license, and to the Knowledge of the Company, no other party or parties to any such license is in default thereunder.

(f) The Group Companies have taken commercially reasonable efforts to maintain the secrecy of their trade secrets. To the Knowledge of the Company, no trade secret material to the business of the Group Companies as presently conducted has been authorized to be disclosed or has been actually disclosed by any Group Company other than pursuant to a binding and enforceable nondisclosure agreement or other obligation of confidentiality restricting the disclosure and use of the trade secrets.

3.16 Employee Benefit Plans.

(a) Section 3.16 of the Company Disclosure Schedule sets forth a list of each "employee benefit plan" within the meaning of Section 3(3) of ERISA, and all other material pension, retirement, profit-sharing, deferred compensation, equity or equity-based compensation, health and welfare, severance pay, vacation, bonus, incentive compensation and fringe benefit plans, but excluding government programs, statutory benefits, and individual employment or award agreements, that are currently adopted, maintained by, sponsored or contributed to by the Group Companies or under which any Group Company has any outstanding liability, (each a "Benefit Plan," and collectively, the "Benefit Plans").

(b) With respect to each Benefit Plan, the Company has provided or made available to Parent the following to the extent applicable: (i) the plan document (or, in the case of an unwritten Benefit Plan, a written description thereof) and all amendments thereto; (ii) the most recent summary plan description (and any summaries of material modifications with respect thereto); (iii) the most recent annual report on Form 5500 (with schedules and attachments); and (iv) the most recent IRS opinion or determination letter.

(c) Except as set forth on Section 3.16(c) of the Company Disclosure Schedule, (i) no Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code, and (ii) no Benefit Plan is a "multiemployer plan" within the meaning of Section 3(37) or 4001(a)(3) of ERISA.

(d) With respect to each Benefit Plan, the Group Companies are in compliance in all material respects with ERISA, the Code and all Laws applicable to such Benefit Plans, and each Benefit Plan has been administered in all material respects in accordance with its terms.

(e) No claim, Legal Proceeding, investigation, audit or other action (other than routine claims for benefits in the Ordinary Course of Business) is pending, or to the Knowledge of the Company, threatened against any Benefit Plan.

(f) None of the Benefit Plans provide retiree health or welfare insurance benefits to any current or former employee of the Company or its Subsidiaries, except as may be required by Section 4980B of the Code, Part 6 of Subtitle B of Title I of ERISA or any similar Law requiring group health plan continuation coverage.

(g) Except as set forth on Section 3.16(g) of the Company Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Transactions will result in the payment of any amount under any Benefit Plan that would, individually or in combination with any other such payment, result in an "excess parachute payment" within the meaning of Section 280G of the Code.

(h) Notwithstanding any other provision of this Agreement to the contrary, this Section 3.16 contains the sole and exclusive representation and warranties of the Company with respect to employee benefit matters.

3.17 Labor.

(a) No Group Company is a party to any labor or collective bargaining agreement in respect of any employee or group of employees of the Group Companies. Except as set forth on Section 3.17(a) of the Company Disclosure Schedule, (i) there are no, and within the period starting on the Balance Sheet Date and ending on the date hereof, there have been no, material strikes, work stoppages, work slowdowns, lockouts, picketing or other material labor disputes pending or, to the Knowledge of the Company, threatened against any Group Company, and (ii) there are no material unfair labor practice charges, grievances or complaints pending or, to the Knowledge of the Company, threatened by or on behalf of any employee or group of employees of any of the Group Companies against any of the Group Companies before a Governmental Authority.

(b) Schedule 3.17(b) sets forth a list of all employees of the Company as of the date that is two (2) Business Days prior to the date hereof, including each employee's name, title, date of hire and employment status (active or inactive). The Company has provided to Parent a true and complete list of each employee's current base salary (or wages), target bonus, and other cash incentive compensation.

(c) This Section 3.17 constitutes the sole and exclusive representations and warranties of the Group Companies with respect to employment or labor matters.

3.18 Privacy and Data Security.

(a) Each Group Company materially complies with Applicable Privacy and Security Laws, and with privacy and information security obligations to which it is subject under contract, privacy policy, or online terms of use. The Company maintains policies and procedures that materially comply with (i) Applicable Privacy and Security Laws and (ii) privacy and information security obligations to its customers, data subjects or other Persons, under contract, privacy policy, or online terms of use. To the Company's Knowledge, no Group Company has received any written notice from any Governmental Authority that it is under investigation for a material violation of any of the Applicable Privacy and Security Laws.

(b) All computer systems, including the Software, firmware, hardware, networks, interfaces, and related systems owned or licensed by the Group Companies (collectively, the "Business Systems") are sufficient for the needs of their business as currently conducted. To the Company's Knowledge, in the last eighteen (18) months, there has been (i) no material disruption, interruption or outage to any material Business System, (ii) no material part of the Business Systems has been prone to material malfunction or error and (iii) no unauthorized material breaches of the security of the Business Systems. The Group Companies have safeguarded their Business Systems with information security controls, and disaster recovery and business continuity practices.

3.19 Transactions With Related Parties. Except as set forth on Section 3.19 of the Company Disclosure Schedule, no present officer, director, member or shareholder of any of the Group Companies, nor any Affiliate of any Group Company (each a "Related Party"), is currently a party to any transaction or Contract with a Group Company, other than (i) employment or consulting agreements entered into with individuals in the Ordinary Course of Business, (ii) Contracts with respect to the acquisition by, or merger with, a Group Company, where the seller or Surviving Company (or an Affiliate of the seller or Surviving Company) thereunder became a Related Party in connection with such transaction, (iii) Contracts entered into in the Ordinary Course of Business on an arm's length basis and (iv) Contracts which will be terminated at or prior to Closing.

3.20 Insurance. Section 3.20 of the Company Disclosure Schedule contains a list of all material insurance policies owned or held by or on behalf of the Group Companies as of the date of this Agreement (the "Insurance Policies"). As of the date of this Agreement, all Insurance Policies are in full force and effect and the Group Companies have complied in all material respects with the provisions of such policies. All premiums due and payable on the Insurance Policies have been paid as of the date hereof. As of the date hereof, neither the Company nor any of the Operating Subsidiaries have received a written notice of cancellation of any Insurance Policy.

3.21 Financial Advisors. No Person (i) has acted, directly or indirectly, as a broker, finder, agent, investment banker or financial advisor for the Sellers, the Group Companies and (ii) is entitled to any fee or commission or like payment based on the arrangements made by the Sellers, the Company or any of the Operating Subsidiaries in connection with the Transaction.

3.22 LIMITATIONS OF REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE III (AS MODIFIED, SUBJECT TO THE LIMITATIONS AND QUALIFICATIONS SET FORTH IN SECTION 11.2(c), IN EACH CASE, BY THE COMPANY DISCLOSURE SCHEDULE), THE COMPANY MAKES NO, AND HAS NOT AUTHORIZED ANY OF ITS AFFILIATES TO MAKE ANY OTHER, EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE COMPANY, THE GROUP COMPANIES OR THE TRANSACTION, AND THE COMPANY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER MADE BY THE COMPANY, ANY AFFILIATE OF THE COMPANY OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MANAGERS,

EMPLOYEES, AGENTS OR REPRESENTATIVES AND IF MADE, SUCH REPRESENTATION OR WARRANTY MAY NOT BE RELIED UPON BY PARENT, MERGER SUB OR ANY OF THEIR RESPECTIVE AFFILIATES AND REPRESENTATIVES AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OF ITS AFFILIATES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE III (AS MODIFIED, SUBJECT TO THE LIMITATIONS AND QUALIFICATIONS SET FORTH IN SECTION 11.2(c), IN EACH CASE, BY THE COMPANY DISCLOSURE SCHEDULE), THE COMPANY HEREBY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, OPINION, PROJECTION, FORECAST, STATEMENT, MEMORANDUM, PRESENTATION, ADVICE OR INFORMATION MADE, COMMUNICATED, OR FURNISHED (ORALLY OR IN WRITING) TO PARENT, MERGER SUB OR THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES (INCLUDING ANY OPINION, PROJECTION, FORECAST, STATEMENT, MEMORANDUM, PRESENTATION, ADVICE OR INFORMATION THAT MAY HAVE BEEN OR MAY BE PROVIDED TO PARENT OR MERGER SUB BY ANY DIRECTOR, OFFICER, EMPLOYEE, AGENT, CONSULTANT, OR REPRESENTATIVE OF THE COMPANY OR ANY OF ITS AFFILIATES, INCLUDING ANY INFORMATION MADE AVAILABLE IN ANY ELECTRONIC DATA ROOM HOSTED BY THE COMPANY OR ANY OF ITS REPRESENTATIVES IN CONNECTION WITH THE TRANSACTION). THE COMPANY DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES TO PARENT OR MERGER SUB REGARDING THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS CONDUCTED BY THE GROUP COMPANIES.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth on the disclosure schedule delivered by Parent to the Representative and the Company concurrently with entry into this Agreement (the "Parent Disclosure Schedules"), which are subject to the limitations and qualifications set forth in Section 11.2(c), Parent and Merger Sub hereby represents and warrants to the Company as of the date hereof as follows:

4.1 Organization and Power. Parent is a corporation duly organized, validly existing and in good standing under the Laws of British Columbia, Canada. Merger Sub is a Texas corporation duly organized, validly existing and in good standing under the Laws of State of Texas. Each of Parent and Merger Sub has the requisite corporate power and authority to execute and deliver each Transaction Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. Each of Parent and Merger Sub has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted. Each of Parent and Merger Sub is duly licensed or qualified to do business in each jurisdiction in which the nature of its business or the character or location of any properties or assets owned or leased by it makes such licensing or qualification necessary, except for those jurisdictions where the failure to be so licensed or qualified would not have, individually or in the aggregate, a Parent Material Adverse Effect.

4.2 Authorization of Agreement. The execution and delivery of the Transaction Agreements to which it is a party and the performance of its obligations thereunder have been duly authorized by the requisite corporate action on the part of each of Parent and Merger Sub. No other proceeding on the part of either Parent or Merger Sub (including by its respective equityholders) is necessary to authorize the Transaction Agreements to which it is a party or to consummate the Transactions. Each of the Transaction Agreements to which it is a party has been duly and validly executed and delivered by each of Parent and Merger Sub and (assuming the due authorization, execution and delivery by the other parties thereto) each of the Transaction Agreements, when so executed and delivered, will constitute, the legal, valid and binding obligations of Parent and/or Merger Sub, as applicable, enforceable against it in accordance with its terms, subject to applicable Equitable Principles.

4.3 Conflicts; Consents of Third Parties.

(a) Assuming all Governmental Approvals contemplated by Section 4.3(b) below have been obtained and are effective and all applicable waiting periods have expired or been terminated and all filings and notifications described in Section 3.3(b) of the Company Disclosure Schedule have been made, none of the execution, delivery and performance by either Parent or Merger Sub of the Transaction Agreements to which it is a party, or the consummation of the Transaction by Parent and Merger Sub, will conflict with, violate or constitute a default (with or without notice or lapse of time, or both) under or give rise to a right of termination, acceleration, modification or cancellation under any provision of (A) the Organizational Documents of Parent or Merger Sub, as applicable; (B) any Contract or Permit which Parent or Merger Sub or any of their Affiliates, as applicable, is a party to or bound by, or by which Parent's or Merger Sub's or any of their Affiliates', as applicable, properties or assets are bound; or (C) any Law applicable to Parent or Merger Sub or any of their Affiliates, as applicable, except, in the case of clauses (B) and (C), where such conflict, violation acceleration, termination, modification, cancellation or default, would not have, individually or in the aggregate, a Parent Material Adverse Effect.

(b) Except as set forth on Section 4.3(b) of the Parent Disclosure Schedules, no Governmental Approval is required on the part of either Parent or Merger Sub in connection with the execution and delivery by such Party of the Transaction Agreements to which it is a party, or the consummation of the Transactions by such Party, except for any Governmental Approval (i) described in Section 3.3(b) of the Company Disclosure Schedule or (ii) the failure of which to make or obtain would not have, individually or in the aggregate, a Parent Material Adverse Effect.

4.4 Capitalization; Parent Operating Subsidiaries.

(a) The authorized capital of the Parent consists of an unlimited number of Parent Common Shares. As of the date hereof, there are 235,286,816 Parent Common Shares issued and outstanding. Further, as of the date hereof, there are convertible debentures in the aggregate principal amount of CDN$2,682,799 (convertible at a price of CDN$0.12 per share) ("Parent Convertible Debentures") issued and outstanding, and 2,000,000 Stock Options granted by Parent ("Parent Stock Options").

(b) Parent is the sole shareholder of record, and the sole beneficial shareholder of Merger Sub. Section 4.4(b) of the Parent Disclosure Schedules sets forth a true and correct list of all direct and indirect Subsidiaries of the Parent (the "Parent Operating Subsidiaries"), listing for each such Parent Operating Subsidiary (i) its name, (ii) its jurisdiction of organization and (iii) the number and type of its issued and outstanding equity interests. The Parent has no Subsidiaries other than the Parent Operating Subsidiaries. Except for the Parent Operating Subsidiaries or as set forth on Section 4.4(b) of the Parent Disclosure Schedules, no Parent Group Company owns, or holds the right to acquire, any stock, partnership interest, joint venture interest or other equity ownership interest in any other Person. All of the issued and outstanding equity interests of each of the Parent Operating Subsidiaries have been duly and validly authorized and issued and are owned (either directly or indirectly) by the Company or one of the Parent Operating Subsidiaries, free and clear of any Liens (other than Permitted Liens and limitations imposed by their Organizational Documents or any applicable securities Laws). Except as otherwise set forth in Section 4.4(b) of the Parent Disclosure Schedules, there are no outstanding (w) equity interests or voting securities of any Parent Operating Subsidiary, (x) securities convertible or exchangeable into equity interests of any Parent Operating Subsidiary, (y) options, warrants or rights (including purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts or rights of first refusal) or other Contracts that require any Parent Operating Subsidiary to issue, sell or otherwise cause to become outstanding or to acquire, subscribe for, purchase, repurchase or redeem any equity interests of such Parent Operating Subsidiary or (z) stock appreciation, phantom stock, profit participation or similar rights with respect to any Parent Operating Subsidiary.

(c) Except for this Agreement and as set forth on Section 4.4(c) of the Parent Disclosure Schedules, neither the Parent nor any Parent Group Company is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive rights, anti-dilution rights, rights of first refusal or any similar rights with respect to any securities of the Parent.

4.5 Legal Proceedings. There are no pending or, to the knowledge of Parent or Merger Sub, threatened, Legal Proceedings against Parent or Merger Sub or their Affiliates that would have, individually or in the aggregate, a Parent Material Adverse Effect. There is no outstanding material Order imposed upon either Parent or Merger Sub or any of their assets or Affiliates, except for Legal Proceedings which, if adversely determined, would not have, individually or in the aggregate, a Parent Material Adverse Effect.

4.6 Compliance with Laws; Permits.

(a) Except as set forth on Section 4.6(a) of the Parent Disclosure Schedules, each Parent Group Company is in compliance with all Laws applicable to their respective businesses or operations, except for such instances of noncompliance that would not, individually or in the aggregate, result in a material liability to the Parent Group Companies, taken as a whole.

(b) Except as set forth on Section 4.6(b) of the Parent Disclosure Schedules, the Parent Group Companies have obtained all Permits that are required for the operation of their respective businesses as presently conducted, other than any such Permits that, if not held by the Parent Group Companies, would, individually or in the aggregate, result in a material liability to the Parent Group Companies.

(c) Except as set forth on Section 4.6(c) of the Parent Disclosure Schedules, without limiting the generality of the foregoing, the Parent Group Companies are in compliance in all material respects and have, during all periods for which any applicable statute of limitations has not expired, complied in all material respects with, the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended, and any other applicable non-U.S. anti-corruption laws and regulations; applicable Laws related to the imposition of economic sanctions or embargoes by the U.S. Government and Canadian Government, including all regulations, laws and policies administered by the U.S. Department of Treasury, Office of Foreign Assets Control and Government of Canada; applicable U.S. and Canadian export controls, including the Export Administration Regulations administered by the U.S. Department of Commerce, Bureau of Industry and Security; and all rules and regulations of the United States Securities and Exchange Commission, Federal Trade Commission and/or applicable Canadian securities commissions.

(d) None of the representations and warranties contained in this Section 4.6 shall be deemed to relate to tax matters (which are governed by Section 4.7), employee benefits matters (which are governed by Section 4.10) or employment matters (which are governed by Section 4.11).

4.7 Taxes.

(a) The Parent Group Companies have prepared and timely filed, or caused to be prepared and timely filed, with the appropriate Taxing Authorities, all material Tax Returns required to be filed with respect to the Parent Group Companies, taking into account any extensions of time to file.

(b) The Parent Group Companies have timely paid, or caused to be timely paid, all material Taxes (whether or not shown as due and payable on such Tax Returns) with respect to the Parent Group Companies. The Parent Group Companies have withheld and paid to the appropriate Taxing Authority all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder or third party.

(c) No material deficiencies for any Taxes have been proposed, asserted or assessed in writing against any Parent Group Company that are still pending.

(d) No extensions of the period for assessment of any Taxes are in effect with respect to any Parent Group Company (other than by virtue of extensions of time to file Tax Returns obtained in the Ordinary Course of Business).

(e) No material Tax Return filed by the Parent Group Companies is under current examination by any Taxing Authority.

(f) No claim has been made in writing by any Taxing Authority in a jurisdiction where the Parent Group Companies does not file Tax Returns with respect to a particular Tax that the Parent Group Companies is or may be subject to taxation in such jurisdiction that has not been resolved, except for claims that would not, individually or in the aggregate, result in a material liability to the Parent Group Companies, taken as a whole.

(g) There are no Liens for Taxes upon any of the assets or properties of the Parent Group Companies, except for Permitted Liens.

(h) The representations set forth in this Section 4.7 are the only representations in this Agreement with respect to Taxes of the Parent Group Companies and shall only apply to taxable periods ending on or prior to the Closing Date.

(i) The unpaid Taxes not yet due and payable owed by or with respect to, as the case may be, each Parent Group Company: (i) did not, as of the Balance Sheet Date, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income), and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of any Parent Group Company in filing its Tax Returns. Since the Balance Sheet Date, no Parent Group Company has incurred any liability for Taxes outside the Ordinary Course of Business and all Taxes not yet due and payable for a Pre-Closing Tax Period have been accrued and adequately disclosed and fully provided for in accordance with GAAP on the Financial Statements provided to the Company.

(j) No Parent Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) beginning after the Closing Date as a result of (i) any change in method of accounting for a Pre-Closing Tax Period; (ii) any closing agreement described in Section 7121 of the Code (or similar provision of state, local or foreign Law); (iii) any installment sale or open sale transaction disposition made in a Pre-Closing Tax Period; (iv) any prepaid amount received in a Pre-Closing Tax Period; (v) any election under Section 108(i) of the Code; (vi) any intercompany transaction or excess loss account described in Treasury regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax Law); or (vii) any other action taken outside of the Ordinary Course of Business for the purpose of deferring a Tax from a Pre-Closing Tax Period to a period following the Closing Date.

(k) Each Parent Group Company has the U.S. federal income tax classification set forth on Schedule 4.7(k) of the Parent Disclosure Schedules.

(l) Parent or a "qualified subsidiary," as defined in Treasury Regulation 1.367(a)-3(c)(5)(viii), will have been engaged in the active conduct of a trade or business outside the United States, within the meaning of Treasury Regulation 1.367(a)-2(d)(2), (3), and (4), for the entire thirty-six-month period immediately preceding the Effective Time, and at the Effective Time neither Parent nor any qualified subsidiary has an intention to substantially dispose of or discontinue such trade or business.

4.8 Title to Properties.

(a) Section 4.8(a) of the Parent Disclosure Schedules set forth a list of all real property owned by any Parent Group Company ("Parent Owned Real Property").

(b) Section 4.8(b) of the Parent Disclosure Schedules sets forth a list of all real property leased, or subleased to, or otherwise used or occupied by any Parent Group Company (the "Parent Leased Real Property") pursuant to leases, subleases and occupancy agreements thereof (individually, a "Parent Real Property Lease").

(c) Except as disclosed on Section 4.8(c) of the Parent Disclosure Schedules:

(iv) each Real Property Lease is a legal, valid and binding obligation of the Parent Group Company party thereto (except (i) as enforceability may be limited by applicable Equitable Principles or (ii) where the failure to be legal, valid, or binding would not, individually or in the aggregate, result in a material liability to the Parent Group Companies) and, assuming the due authorization and execution by any other party thereto, is in full force and effect;

(v) no Parent Group Company (A) is in material default under any Real Property Lease, or (B) has any Knowledge of any current default by any other party to any Real Property Lease; and

(vi) the applicable Parent Group Company has good and marketable title to each Parent Owned Real Property, free and clear of any and all Liens, except for Permitted Liens.

4.9 Personal Property. Except as set forth in Section 4.9 of the Parent Disclosure Schedules, each of the Parent Group Companies has good and valid title to (or a valid leasehold interest in) the tangible personal property currently used in the conduct of the business of such Parent Group Company (other than items of tangible personal property that individually or in the aggregate are immaterial to the operation of such business), and such title or leasehold interests are free and clear of all Liens (other than Permitted Liens). All items of tangible personal property that are material to the operation of the business of the Parent Group Companies are in satisfactory operating condition and repair (ordinary wear and tear excepted).

4.10 Employee Benefit Plans.

(a) Section 4.10(a) of the Parent Disclosure Schedules sets forth a list of each "employee benefit plan" within the meaning of Section 3(3) of ERISA, and all other material pension, retirement, profit-sharing, deferred compensation, equity or equity-based compensation, health and welfare, severance pay, vacation, bonus, incentive compensation and fringe benefit plans, but excluding government programs, statutory benefits, and individual employment or award agreements, that are currently adopted, maintained by, sponsored or contributed to by the Parent Group Companies or under which any Parent Group Company has any outstanding liability, (each a "Parent Benefit Plan," and collectively, the "Parent Benefit Plans").

(b) With respect to each Parent Benefit Plan, the Parent has provided or made available to Company the following to the extent applicable: (i) the plan document (or, in the case of an unwritten Parent Benefit Plan, a written description thereof) and all amendments thereto; and (ii) the most recent summary plan description (and any summaries of material modifications with respect thereto)

(c) Except as set forth on Section 4.10(c) of the Parent Disclosure Schedules, (i) no Parent Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code, and (ii) no Parent Benefit Plan is a "multiemployer plan" within the meaning of Section 3(37) or 4001(a)(3) of ERISA.

(d) With respect to each Parent Benefit Plan, the Parent Group Companies are in compliance in all material respects with ERISA (if applicable), the Code and all Laws applicable to such Parent Benefit Plans, and each Parent Benefit Plan has been administered in all material respects in accordance with its terms.

(e) No claim, Legal Proceeding, investigation, audit or other action (other than routine claims for benefits in the Ordinary Course of Business) is pending, or to the Knowledge of the Parent, threatened against any Parent Benefit Plan.

(f) None of the Parent Benefit Plans provide retiree health or welfare insurance benefits to any current or former employee of the Parent or its Parent Operating Subsidiaries, except as may be required by Section 4980B of the Code, Part 6 of Subtitle B of Title I of ERISA or any similar Law requiring group health plan continuation coverage.

(g) Except as set forth on Section 4.10(g) of the Parent Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation of the Transactions will result in the payment of any amount under any Parent Benefit Plan that would, individually or in combination with any other such payment, result in an "excess parachute payment" within the meaning of Section 280G of the Code.

(h) Notwithstanding any other provision of this Agreement to the contrary, this Section 4.10 contains the sole and exclusive representation and warranties of the Parent with respect to employee benefit matters.

4.11 Labor.

(a) No Parent Group Company is a party to any labor or collective bargaining agreement in respect of any employee or group of employees of the Parent Group Companies. Except as set forth on Section 4.11(a) of the Parent Disclosure Schedules, (i) there are no material strikes, work stoppages, work slowdowns, lockouts, picketing or other material labor disputes pending or, to the Knowledge of the Parent, threatened against any Parent Group Company, and (ii) there are no material unfair labor practice charges, grievances or complaints pending or, to the Knowledge of the Parent, threatened by or on behalf of any employee or group of employees of any of the Parent Group Companies against any of the Parent Group Companies before a Governmental Authority.

(b) This Section 4.11 constitutes the sole and exclusive representations and warranties of the Group Companies with respect to employment or labor matters.

4.12 Privacy and Data Security. Each Parent Group Company materially complies with Applicable Privacy and Security Laws, and with privacy and information security obligations to which it is subject under contract, privacy policy, or online terms of use. The Parent maintains policies and procedures that materially comply with (i) Applicable Privacy and Security Laws and (ii) privacy and information security obligations to its customers, data subjects or other Persons, under contract, privacy policy, or online terms of use. To the Parent's Knowledge, no Parent Group Company has received any written notice from any Governmental

Authority that it is under investigation for a material violation of any of the Applicable Privacy and Security Laws.

4.13 Transactions With Related Parties. Except as set forth on Section 4.13 of the Parent Disclosure Schedules, no present officer, director, member or shareholder of any of the Parent Group Companies, nor any Affiliate of any Parent Group Company (each a "Parent Related Party"), is currently a party to any transaction or Contract with a Parent Group Company, other than (i) employment or consulting agreements entered into with individuals in the Ordinary Course of Business, (ii) Contracts with respect to the acquisition by, or merger with, a Parent Group Company, where the seller or Surviving Company (or an Affiliate of the seller or Surviving Company) thereunder became a Related Party in connection with such transaction, (iii) Contracts entered into in the Ordinary Course of Business on an arm's length basis and (iv) Contracts which will be terminated at or prior to Closing.

4.14 Insurance. Section 4.14 of the Parent Disclosure Schedules contains a list of all material insurance policies owned or held by or on behalf of the Parent Group Companies as of the date of this Agreement (the "Parent Insurance Policies"). As of the date of this Agreement, all Parent Insurance Policies are in full force and effect and the Parent Group Companies have complied in all material respects with the provisions of such policies. All premiums due and payable on the Parent Insurance Policies have been paid as of the date hereof. As of the date hereof, neither the Parent nor any of the Operating Subsidiaries have received a written notice of cancellation of any Insurance Policy.

4.15 Canadian Public Filings.

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company has timely filed with the applicable Canadian securities commissions and the TSXV (including following any extensions of time for filing provided by applicable Canadian securities commissions under applicable Canadian securities Laws) all forms, reports, schedules, statements and other documents required to be filed by the Parent with the applicable Canadian securities commissions and the TSXV (collectively, the "Parent Public Disclosure Reports"). Except to the extent corrected by subsequent Parent Public Disclosure Reports, such Parent Public Disclosure Reports (a) as of their respective dates of filing, complied, and will comply, in all material respects with the applicable requirements of applicable Canadian securities Laws, and (b) did not and will not, at the time they were filed, or if amended or restated, at the time of such later amendment or restatement, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which such statements were made, not misleading. Other than pursuant to the Parent Public Disclosure Reports, no Parent Operator Subsidiary is subject to the periodic reporting requirements of applicable Canadian securities Laws or is otherwise required to file any periodic forms, reports, schedules, statements or other documents with any applicable Canadian securities commission.

(b) As of the date of this Agreement, there are no outstanding or unresolved comments in comment letters received from any applicable Canadian securities commission with respect to the Parent filings with any applicable Canadian securities commission. As of the date hereof, to the Knowledge of the Parent, none of the Parent filings with any applicable Canadian securities commission is the subject of ongoing review and there are no inquiries or investigations by such Canadian securities commission or any internal investigations pending or threatened, in each case regarding the Parent filings with such Canadian securities commission or regarding any accounting or disclosure practices of the Parent or the Parent Operating Subsidiaries.

4.16 Financial Statements. The audited consolidated financial statements and unaudited consolidated interim financial statements of the Parent and its consolidated Subsidiaries (including any related notes) included in the Parent Public Disclosure Reports:

(i) (x) complied as to form in all material respects with the rules and regulations of the applicable Canadian securities Laws, and (y) were prepared in accordance with either Canadian generally accepted accounting principles ("Canadian GAAP") prior to January 1, 2011, International Financial Reporting Standards ("IFRS") from January 1, 2011 to December 31, 2018, or United States generally accepted accounting principles ("GAAP") following December 31, 2018, applied on a consistent basis and subject, in the case of the unaudited financial statements, to normal year-end audit adjustments and to the absence of information or notes not required by Canadian GAAP, IFRS or GAAP, as applicable, to be included in the interim financial statements; and

(ii) fairly presented in all material respects the consolidated financial position of the Parent and its consolidated Parent Operating Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (except, in the case of any unaudited interim financial statements, to the absence of footnotes and normal year-end adjustments).

4.17 Investment. Parent is acquiring the equity securities of the Group Companies for its own account and for investment purposes and not with a view to the distribution thereof. Parent acknowledges that such equity securities have not been registered under the Securities Act or any state securities Law and Parent must bear the economic risk of its investment in such securities until and unless the offer and sale of such securities is subsequently registered under the Securities Act and all applicable state securities Laws or an exemption from such registration is applicable. Parent has conducted an examination of available information relating to the Group Companies and their respective businesses, Parent has such knowledge, sophistication and experience in business and financial matters that it is capable of evaluating an investment in such securities, and Parent can bear the substantial economic risk of an investment in such securities for an indefinite period of time and can afford a complete loss of such investment.

4.18 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder, agent, investment banker or financial advisor for Parent, Merger Sub or their respective

Affiliates and no Person is entitled to any fee or commission or like payment based on the arrangements made by Parent, Merger Sub or their respective Affiliates in connection with the Transaction.

4.19 No Other Representations and Warranties; No Reliance; Parent and Merger Sub Investigation.

(a) Each of Parent and Merger Sub acknowledges and agrees that, except as expressly set forth in ARTICLE III, the Company makes no promise, representation or warranty, express or implied, relating to the Group Companies or any of their respective businesses, operations, assets, liabilities, conditions or prospects or the Transaction, including with respect to merchantability, fitness for any particular or ordinary purpose, or as to the accuracy or completeness of any information regarding any of the foregoing, or as to any other matter, notwithstanding the delivery or disclosure to Parent and/or Merger Sub or any of its Affiliates or representatives of any documents, opinions, projections, forecasts, statements, memorandums, presentations, advice or information (whether communicated orally or in writing), and any such other promises, representations or warranties, or liability or responsibility therefor, are hereby expressly disclaimed. In addition, each of Parent and Merger Sub acknowledges and agrees that it has not executed or authorized the execution of this Agreement in reliance upon any promise, representation or warranty not expressly set forth in ARTICLE III.

(b) In respect of this Agreement and the Transaction, neither Parent nor Merger Sub has relied or is relying on any document or written or oral information, statement, representation or warranty furnished to or discovered by it or any of its Affiliates other than the representations and warranties set forth in this Agreement.

(c) Each of Parent and Merger Sub acknowledges that it is has made its own inquiry and is relying on its own independent investigation and analysis in entering into the Transaction. Each of Parent and Merger Sub is knowledgeable about the industries in which the Company operates and is capable of evaluating the merits and risks of the Transaction. Each of Parent and Merger Sub has been afforded full access to the books and records, facilities and personnel of the Company for purposes of conducting a due diligence investigation and has conducted a full due diligence investigation of the Company.

(d) Except as otherwise expressly set forth in this Agreement, each of Parent and Merger Sub understands and agrees that the Company, its Operating Subsidiaries and each of their respective assets are being furnished "as is", "where is" and, subject to the representations and warranties contained in ARTICLE III, with all faults and without any other representation or warranty of any nature whatsoever or elsewhere in this Agreement.

ARTICLE V

COVENANTS

5.1 Conduct of Business. Except as contemplated by this Agreement, from and after the date hereof until the earlier of the Closing or the termination of this Agreement in accordance with its terms, the Company shall, and shall cause each other Group Company to, except as set forth on Section 5.1 of the Company Disclosure Schedule or as consented to in writing by Parent (which consent shall not be unreasonably withheld, conditioned, or delayed), (a) conduct its business in the Ordinary Course of Business (including any conduct that is reasonably related, complementary or incidental thereto), (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve the present commercial relationships with key Persons with whom it does business and (c) not do any of the following:

(i) make any capital expenditure (other than capitalized software development costs) in excess of $10,000.00 individually or $25,000.00 in the aggregate or, with respect to capitalized software development costs, in excess of $25,000.00 in the aggregate in any calendar month;

(ii) take or omit to take any action that would reasonably be expected to result in a Company Material Adverse Effect;

(iii) declare or pay a dividend on, or make any other distribution in respect of, its equity securities except dividends and distributions by an Operating Subsidiary to the Company or dividends or distributions solely in cash;

(iv) acquire or agree to acquire in any manner (whether by merger or consolidation, the purchase of an equity interest in or a material portion of the assets of or otherwise) any business or any Person or other business organization or division thereof of any other Person other than the acquisition of assets in the Ordinary Course of Business;

(v) amend, extend, renew or terminate any Material Contract or Real Property Lease, as applicable, other than any Contracts or extensions (A) with a term of less than one year, (B) which involve $25,000.00 or less, or (C) amended, extended, renewed or terminated in the Ordinary Course of Business;

(vi) change in any material respect the base compensation of, or enter into any new bonus or incentive agreement or arrangement (other than any transaction, retention, change of control or similar payments which, in each case, are payable in connection with the transactions contemplated by this Agreement) with, any of its employees, other than changes made in accordance with normal compensation practices and consistent with past practices of the Group Companies or changes required by employment agreements or by any Law;

(vii) materially amend or enter into a new, Benefit Plan (except as required by Law, a Contract in effect on the date hereof or customary renewals of existing Benefit Plans in the Ordinary Course of Business) or collective bargaining;

(viii) incur any Indebtedness in excess of $75,000.00 in the aggregate (with respect to the Group Companies, taken as a whole), except (1) current liabilities incurred in the Ordinary Course of Business or (2) borrowings under existing credit facilities, and (3) obligations under Contracts entered into in the Ordinary Course of Business;

(ix) adopt any amendments to their respective Organizational Documents;

(x) make any material change in the accounting principles, methods, practices or policies applied in the preparation of the Financial Statements, unless such change is required by applicable Law or GAAP;

(xi) sell, or otherwise dispose of, any (A) intangible, or (B) material tangible assets in excess of $50,000.00 in the aggregate;

(xii) make, change or revoke any material Tax election outside of the Ordinary Course of Business; change any material annual Tax accounting period; change any material Tax accounting principles, methods, practices or policies; file any amended Tax Return; enter into any material Tax allocation agreement, Tax sharing agreement, or Tax indemnity agreement (other than commercial Contracts entered into in the Ordinary Course of Business that do not primarily relate to Taxes); or

(xiii) agree in writing to do anything contained in this Section 5.1.

5.2 Access to Information.

(a) From and after the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, upon reasonable advance notice, and subject to the restrictions contained in the confidentiality agreements to which the Group Companies are subject, the Company shall provide to Parent and Parent's authorized representatives during normal business hours reasonable access to all books and records of the Group Companies (in a manner so as to not interfere with the normal business operations of any Group Company) for any reasonable purpose (provided, the continuation of due diligence shall not be deemed a reasonable purpose). All of such information shall be treated as confidential information pursuant to the terms of the Confidentiality Agreement. Notwithstanding anything to the contrary in this Agreement, the Company shall not be required to disclose any competitively sensitive information or disclose any other information to Parent or its representatives if such disclosure would be reasonably likely to (x) jeopardize any attorney-client or other legal privilege, (y) contravene any applicable Laws, fiduciary duty or binding agreement entered into prior to the date hereof, or (z) if the Parties are in an adversarial relationship in litigation or arbitration (in which case the furnishing of information, documents or records contemplated by this Section 5.2(a) shall be subject to applicable rules relating to discovery) (the matters referred to in this sentence with respect to any Person, the "Access Limitations").

(b) From and after the Closing Date, in connection with any reasonable business purpose, including the determination of any matter relating to the rights or obligations of the Sellers under this Agreement, upon reasonable prior request and subject to the Access Limitations, Parent shall, and shall cause the Group Companies to, (i) afford the Representative and its authorized representatives reasonable access, during normal business hours, to the offices, properties, books, records and other documents of Parent and its Affiliates in respect of the Group Companies and (ii) make available to the Representative and its authorized representatives the employees of the Surviving Company, Parent and its Affiliates in respect of the Group Companies whose assistance, expertise, testimony, notes and recollections or presence is necessary to assist the Representative in connection with the inquiries for any of the purposes referred to above, including the presence of such Persons as witnesses in hearings or trials for such purposes; provided, however, that (x) such requests shall not unreasonably interfere with the normal operations of Parent or any of its Affiliates, (y) that the auditors and accountants of Parent or its Affiliates shall not be obligated to make any work papers (to the extent such exist) available to any Person unless and until such Person has signed a customary agreement relating to such access to work papers in form and substance reasonably acceptable to such auditors or accountants, and (z) that if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of information, documents or records contemplated by this Section 5.2(b) shall be instead subject to applicable rules relating to discovery.

(c) During the period from the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, Parent hereby agrees that it is not authorized to and shall not (and shall not permit any of its employees, agents, representatives or Affiliates to) contact any customer, supplier, distributor, officer, employee or other material business relation of any Group Company regarding the Transactions without the prior written consent of the Company.

5.3 Efforts; Regulatory Filings and Consents. Each of the Company on the one hand, and Parent and Merger Sub, on the other hand, shall use its respective best efforts to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable (i) to consummate and make effective as promptly as possible, but in no event later than the Termination Date, the Transactions, (ii) to obtain all Governmental Approvals of any Governmental Antitrust Authority required to be obtained or made by the Company, Parent or Merger Sub, or any of their respective Subsidiaries or Affiliates in connection with the Transactions or the taking of any action contemplated by this Agreement, (iii) to defend vigorously, lift, mitigate or rescind the effect of any litigation or administrative proceeding involving any Governmental Antitrust Authority (including a private party challenge) adversely affecting this Agreement or the Transaction, including promptly appealing any adverse court or administrative decision; provided, however, that the Company and its Affiliates shall not be required to make any material monetary expenditures or commence or be a plaintiff in any litigation to satisfy their obligations under this Section 5.3; provided, further, the Company and its Affiliates shall not be required to sell or otherwise dispose of any portion of the business of the Group Companies or offer or grant any material accommodation (financial or otherwise) to any Person in order to satisfy their obligations under this Section 5.3.

5.4 Confidentiality. Each of Parent and Merger Sub acknowledges that the information provided to it and its representatives in connection with this Agreement (including Section 5.2(a) hereof) and the Transaction is subject to the terms of the Confidentiality Agreement, dated October 7, 2019, by and between Parent and Energy Funders, Inc. (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference.

5.5 Preservation of Records. In addition to and not in limitation of the provisions of Section 5.2(a), Parent agrees to preserve and keep the records relating to the businesses of the Group Companies for a period of seven (7) years from the Closing Date and shall make such records and personnel available to the Representative as may be reasonably requested in connection with, among other things, any insurance claims by, Legal Proceedings (other than Legal Proceedings between the Representative and Parent related to this Agreement or the Transaction) or tax audits against, or governmental investigations of, the Group Companies or in order to enable the Representative to comply with its obligations under this Agreement and each other Transaction Agreement.

5.6 Publicity. None of the Representative or, prior to the Closing, the Company, on the one hand, or Parent, Merger Sub or, following the Closing, the Surviving Company, on the other hand, shall issue any press release or public announcement concerning this Agreement, the other Transaction Agreements or the Transaction or make any other public disclosure containing or pertaining to the terms of this Agreement without obtaining the Representative's or Parent's, as applicable, prior written approval, which approval will not be unreasonably withheld or delayed, unless, in the judgment of the Party seeking to disclose, disclosure is otherwise required by applicable Law or by the applicable rules of any stock exchange on which such disclosing Party lists securities; provided that, to the extent any disclosure is required by applicable Law or stock exchange rule, the Party intending to make such disclosure shall use its commercially reasonable efforts consistent with applicable Law or stock exchange rule to consult with the Representative or Parent, as applicable, with respect to the text thereof and; provided, further, that (i) the Company and Representative, on the one hand, and Parent and its equityholders and Affiliates, on the other hand, shall be entitled to disclose such information to their respective directors, officers, executive employees, equity owners, partners, prospective partners, investors, prospective investors, professional advisors and lenders who have a need to know the information and who agree to keep such information confidential or are otherwise bound to confidentiality and (ii) Parent's financing sources and other professional advisors may publish "tombstones" or other customary announcements which do not contain pricing details that are not otherwise publicly available; provided that Representative is provided notice thereof at least forty-eight (48) hours in advance of any such publication.

5.7 Director and Officer Liability; Indemnification.

(a) For a period of six (6) years after the Closing, (i) Parent shall not, and shall not permit the Group Companies to, amend, repeal or modify any provision in any of their Organizational Documents relating to the exculpation, indemnification or advancement of expenses of any present or former officers, managers and/or directors (each, a "D&O Indemnified Person") (unless and to the extent required by Law) in a manner that would adversely affect the rights of D&O Indemnified Persons and (ii) Parent shall, and shall cause the Group Companies to, to the fullest extent permitted, and subject to the limitations and conditions set out by applicable Law, (A) indemnify and hold harmless the D&O Indemnified Persons against all D&O Expenses (as defined below) and all Losses, claims, damages, judgments and amounts paid in settlement in respect of any threatened, pending or completed claim, action or proceeding, whether criminal, civil, administrative or investigative, based on or arising out of or relating to the fact that such Person is or was a director or officer of any of the Group Companies or arising out of acts or omissions occurring on or prior to the Closing (a "D&O Indemnifiable Claim") and (B) advance to such D&O Indemnified Persons all D&O Expenses incurred in connection with any D&O Indemnifiable Claim promptly after receipt of statements therefor. Any D&O Indemnifiable Claims shall continue until such D&O Indemnifiable Claim is disposed of or all Orders in connection with such D&O Indemnifiable Claim are fully and finally satisfied. For the purposes of this Agreement, "D&O Expenses" shall include attorneys' fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, to be a witness in or participate in any D&O Indemnifiable Claim.

(b) Parent shall use commercially reasonable efforts to cause the Surviving Company, at Parent's or Surviving Company's expense (but in no event as an offset to the Merger Consideration), to purchase and maintain in effect beginning on the Closing Date and for a period of three (3) years thereafter without any lapses in coverage, a "tail" policy providing directors' and officers' liability insurance coverage for the benefit of those Persons who are covered by any Group Company's directors' and officers' liability insurance policies as of the date hereof or at the Closing with respect to matters occurring prior to the Closing. Such policy shall provide coverage that is at least equal to the coverage provided under the Group Companies' current or former directors' and officers' liability insurance policies; provided that the Company may substitute therefor policies of at least the same coverage containing terms and conditions which are no less advantageous to the beneficiaries thereof so long as such substitution does not result in gaps or lapses in coverage with respect to matters occurring prior to the Closing Date.

(c) If Parent, the Surviving Company, any of the Operating Subsidiaries or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving company or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and other assets to any Person, then, and in each such case, Parent shall cause proper provision to be made so that the applicable successors and assigns or transferees expressly assume the obligations set forth in this Section 5.7.

5.8 Shareholder Approval. Concurrently with the execution of this Agreement, the Company has delivered to Parent the resolutions of the shareholders of the Company representing the Requisite Shareholder Approval.

5.9 Conduct of Business. Except as contemplated by this Agreement, from and after the date hereof until the earlier of the Closing or the termination of this Agreement in accordance with its terms, the Parent shall, and shall cause each other Parent Group Company to, except as set forth on Section 5.9 of the Parent Disclosure Schedules or as consented to in writing by Company (which consent shall not be unreasonably withheld, conditioned, or delayed), (a) conduct its business in the Ordinary Course of Business (including any conduct that is reasonably related, complementary or incidental thereto), (b) use commercially reasonable efforts to preserve substantially intact its business organization and to preserve the present commercial relationships with key Persons with whom it does business and (c) not do any of the following:

(i) take or omit to take any action that would reasonably be expected to result in a Parent Material Adverse Effect;

(ii) change in any material respect the base compensation of, or enter into any new bonus or incentive agreement or arrangement (other than any transaction, retention, change of control or similar payments which, in each case, are payable in connection with the transactions contemplated by this Agreement) with, any of its employees, other than changes made in accordance with normal compensation practices and consistent with past practices of the Group Companies or changes required by employment agreements or by any Law;

(iii) incur any Indebtedness in excess of $100,000.00 in the aggregate (with respect to the Parent Group Companies, taken as a whole), except (1) current liabilities incurred in the Ordinary Course of Business or (2) borrowings under existing credit facilities, and (3) obligations under Contracts entered into in the Ordinary Course of Business;

(iv) issue any equity interests or grant any option or issue any warrant to purchase or subscribe for any such securities or issue any securities convertible into such securities (except in connection with the exercise or conversion of equity securities, options and warrants issued and outstanding as of the date hereof);

(v) adopt any amendments to their respective Organizational Documents; or

(vi) agree in writing to do anything contained in this Section 5.9.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Conditions to the Obligations of the Company, Parent and Merger Sub. The obligations of the Company, Parent and Merger Sub to effect the Closing and to consummate the Transaction are subject to the satisfaction (or, if permitted by applicable Law, waiver in writing by the Party for whose benefit such condition exists) of the following conditions:

(a) TSXV Approval. Parent shall have received the conditional approval from the TSXV with respect to the Transaction and has the ability to comply with any requirements of TSXV in such conditional approval;

(b) [Intentionally Omitted.]

(c) there shall not be in effect any Law or Order of a Governmental Authority of competent jurisdiction in the United States or Canada directing that the Transaction not be consummated as provided herein or which has the effect of rendering it impossible or illegal to consummate the Transaction; provided, however, that Parent shall have taken all actions required by Section 5.3 to prevent the occurrence or entry of any such Law or Order and to remove or appeal as promptly as possible any such Law or Order;

(d) POC Loan Conversion. The POC Loan shall be converted to Parent Common Shares and/or paid or modified in a manner reasonably satisfactory to Parent, Company and the noteholders thereof, prior to Closing; and in connection therewith the Parent POC Guaranty shall be released;

(e) ERC Loan Conversion. The ERC Loan shall be converted to Parent Common Shares and/or paid or modified in a manner reasonably satisfactory to Parent, Company and the noteholders thereof, prior to Closing; and in connection therewith the Parent ERC Guaranty shall be released; and

(f) Austin Chalk Agreement. Parent shall have negotiated an agreement with Paleo Oil Company LLC and/or its beneficial owners, Roger S. Baugh, Jr. and Black Oil Trust, with respect to having the right and option to farm-in certain oil and gas leases owned by Paleo Oil Company LLC in Washington and Austin County, Texas covering the Giddings Field Austin Chalk trend. Such agreement shall be in form and substance reasonably acceptable to Company and Parent.

6.2 Other Conditions to the Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Closing and to consummate the Transaction are subject to the satisfaction (or, if permitted by applicable Law, waiver in writing by Parent) of the following further conditions:

(a) the Fundamental Representations shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are made on and as of a specified date, in which case such representations and warranties shall be true and correct only as of the specified date);

(b) the representations and warranties of the Company set forth in ARTICLE III (other than those referred to in clause (a) above), respectively, shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are made on and as of a specified date, in which case such representations and warranties shall be so true and correct only as of the specified date), except to the extent that the facts, events and circumstances that cause such representations and warranties to not be true and correct as of such dates have not had a Company Material Adverse Effect (provided that for the purposes of the foregoing clause, qualifications as to materiality and Company Material Adverse Effect contained in such representations and warranties shall not be given effect);

(c) the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by the Company under this Agreement on or prior to the Closing Date, including but not limited to those set forth in ARTICLE I hereto;

(d) since the date hereof, there shall not have occurred a Company Material Adverse Effect; and

(e) prior to or at the Closing, the Company shall have delivered to Parent a certificate of an authorized officer of the Company, dated as of the Closing Date, in form and substance reasonably acceptable to Parent, to the effect that the conditions specified in Sections 6.2(a), 6.2(b), 6.2(c) and 6.2(d) have been satisfied.

6.3 Other Conditions to the Obligations of the Company. The obligations of the Company to effect the Closing and to consummate the Transaction are subject to the satisfaction (or, if permitted by applicable Law, waiver in writing by the Representative) of the following further conditions:

(a) the representations and warranties of Parent and Merger Sub set forth in Section 4.1 (Organization and Power), Section 4.2 (Authorization of Agreement) and Section 4.18 (Financial Advisors) shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are made on and as of a specified date, in which case such representations and warranties shall be true and correct only as of the specified date);

(b) the representations and warranties of Parent and Merger Sub set forth in ARTICLE IV (other than those referred to in clause (a) above) shall be true and correct on and as of the Closing Date as though made on and as of the Closing Date (other than such representations and warranties that are made on and as of a specified date, in which case such representations and warranties shall be true and correct only as of the specified date), except to the extent that the facts, events and circumstances that cause such representations and warranties to not be true and correct as of such dates have not had a Parent Material Adverse Effect (provided that for the purposes of the foregoing clause, qualifications as to materiality and Parent Material Adverse Effect contained in such representations and warranties shall not be given effect);

(c) Parent and Merger Sub shall have performed and complied in all material respects with all covenants required to be performed or complied with by it under this Agreement on or prior to the Closing Date, including but not limited to those set forth in ARTICLE I hereto; and

(d) prior to or at the Closing, Parent shall have delivered to the Representative a certificate of an authorized officer of Parent, dated as of the Closing Date, in form and substance reasonably acceptable to the Representative, to the effect that the conditions specified in Sections 6.3(a), 6.3(b) and 6.3(c) have been satisfied.

6.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in this ARTICLE VI to be satisfied if such failure was caused by such Party's failure to use best efforts to cause the Closing to occur, as required by Section 5.3.

ARTICLE VII

TERMINATION

7.1 Termination.

(a) This Agreement may be terminated and the Transaction may be abandoned at any time prior to the Closing:

(i) by mutual written consent of Parent and the Representative;

(ii) by either the Representative or Parent, if any Governmental Authority of competent jurisdiction in the United States or Canada shall have issued an Order or taken any other action restraining, enjoining or otherwise prohibiting the

Transaction (after giving effect to Parent's and Merger Sub's respective obligations under Section 5.3) and such Order or other action shall have become final and non-appealable;

(iii) by either the Representative or Parent, if the Closing does not occur on or prior to February 29, 2020 (the "Termination Date"); provided, that the right to terminate this Agreement pursuant to this Section 7.1(a)(iii) shall not be available to any Party whose breach of any provision of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date;

(iv) by the Representative, upon written notice to Parent, if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of Parent or Merger Sub or any of such representations and warranties shall have become untrue in a manner that would result in any conditions set forth in Sections 6.3(a), 6.3(b) or 6.3(c) not being satisfied prior to the Termination Date, such breach or inaccuracy has not been waived by the Representative, and the breach or inaccuracy, if capable of being cured, has not been cured within thirty (30) days following the Representative's written notice to Parent of such breach or inaccuracy or is not capable of being cured on or prior to the Termination Date; provided that the right to terminate this Agreement under this Section 7.1(a)(iv) shall not be available to the Representative if the Company is then in material breach of any representation, warranty, covenant, or other agreement contained herein;

(v) by Parent, upon written notice to the Representative, if there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of the Company or any of such representations and warranties shall have become untrue in a manner that would result in any conditions set forth in Sections 6.2(a), 6.2(b) or 6.2(c) not being satisfied prior to the Termination Date, such breach or inaccuracy has not been waived by Parent, and the breach or inaccuracy, if capable of being cured, has not been cured within thirty (30) days following Parent's written notice to the Representative of such breach or inaccuracy or is not capable of being cured on or prior to the Termination Date; provided that the right to terminate this Agreement under this Section 7.1(a)(v) shall not be available to Parent if it is then in material breach of any representation, warranty, covenant, or other agreement contained herein; or

(vi) by the Representative, whether or not the Representative or the Company has sought or is entitled to seek specific performance pursuant to Section 10.9, if (A) all of the conditions set forth in Sections 6.1 and 6.2 have been satisfied or waived (other than those conditions which by their terms cannot be satisfied until the Closing and those conditions that Parent's breach has caused not to be satisfied) and (B) Parent fails to consummate the Transactions within five (5) Business Days following the date on which the Closing was required to have occurred pursuant to Section 2.1.

(b) In the event of termination by the Representative or Parent pursuant to this Section 7.1, written notice thereof shall forthwith be given to the other and the Transaction shall be terminated, without further action by any Party. If the Transactions are terminated as provided herein, Parent shall return to the Company or destroy all documents and other material received from the Company or the Representative relating to the Transaction, whether so obtained before or after the execution hereof.

7.2 Effect of Termination. If this Agreement is terminated and the Transaction is abandoned as described in Section 7.1, this Agreement shall become null and void and of no further force and effect, without any liability or obligation on the part of any Party or their respective directors, officers, employees, owners, representatives or Affiliates, and the Transaction shall be abandoned without further action by the Parties, except for (i) the penultimate sentence of Section 5.2(a) (Access to Information) and (ii) Sections 7.2 (Effect of Termination) and ARTICLE X (Miscellaneous), each of which, shall survive such termination. Nothing in this Section 7.2, however, shall be deemed to release any Party from any liability for any willful breach by such Party of the terms and provisions of this Agreement prior to termination. For purposes of this Sections 7.2, "willful" shall mean a breach that is a consequence of an act undertaken by the breaching Party with the knowledge (actual or constructive) that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

ARTICLE VIII

TAX MATTERS

8.1 Cooperation. After the Closing Date, the Representative shall (and shall cause its Affiliates to), in each case to the extent reasonably requested by Parent: (a) assist Parent in preparing any Tax Returns for a Pre-Closing Tax Period, and in connection therewith provide Parent necessary powers of attorney, (b) cooperate fully in preparing for and conducting any audits of, or disputes with Taxing Authorities regarding, any Tax Returns of the Group Companies for a Pre-Closing Tax Period, and (c) make available to Parent and to any Taxing Authority as reasonably requested all information, records, and documents relating to Taxes of the Group Companies. In furtherance of the foregoing, Parent and the Representative shall retain (and shall cause their Affiliates to retain) copies of all Tax Returns and related workpapers for all taxable periods that include the Closing Date and all prior taxable periods until the expiration of the statute of limitations to which such Tax Returns relate.

8.2 Tax Returns. The Company Group shall prepare and timely file all Tax Returns of the Company Group required to be filed on or before the Closing Date and timely pay all Taxes required to be paid with such Tax Returns. Such Tax Returns shall be prepared consistent with past practice (except as required under applicable Law). The Company shall deliver a draft copy of each such Tax Return to Parent for its review and comment at least thirty (30) calendar days before the due date thereof (taking into account any applicable extensions) in the case of income Tax Returns and as soon as practicable for all other Tax Returns, and the Company shall consider in good faith any comments of Parent on such Tax Returns. Parent shall prepare and file, or cause to be prepared and filed, all Tax Returns of the Company Group required to be filed after the Closing Date. To the extent such Tax Returns relate to a period (or portion thereof) ending on or prior to the Closing Date, such Tax Returns shall be prepared consistent with past practice (except as required under applicable Law). Parent shall deliver a draft copy of each such Tax Return to the Representative for its review at least thirty (30) calendar days before the due date thereof (taking into account any applicable extensions) in the case of income Tax Returns and as soon as practicable for all other Tax Returns, and the Parent shall consider in good faith any comments of the Representative on such Tax Returns.

8.3 Straddle Period Taxes. To the extent permissible under applicable Laws, the Parties agree to elect (and have the Company and each Operating Subsidiary elect) to have each Tax year of the Company and each Operating Subsidiary to end on the Closing Date and, if such election is not permitted or required in a jurisdiction with respect to a specific Tax such that the Company or any Operating Subsidiary is required to file a Tax Return for a Straddle Period, to utilize the following conventions for determining the amount of Taxes attributable to the portion of the Straddle Period ending on the Closing Date: (i) in the case of property Taxes and other similar Taxes imposed on a periodic basis, the amount attributable to the portion of the Straddle Period ending on the Closing Date shall equal the Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the period ending on the Closing Date and the denominator of which is the total number of calendar days in the entire Straddle Period; and (ii) in the case of all other Taxes (including income Taxes, sales Taxes, employment Taxes, withholding Taxes, etc.), the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined as if the Company or Operating Subsidiary filed a separate Tax Return with respect to such Taxes for the portion of the Straddle Period ending on and as of the end of the day on the Closing Date using a “closing of the books methodology.” For purposes of clause (ii), (A) any item determined on an annual or periodic basis (including amortization and depreciation deductions) shall be allocated to the portion of the Straddle Period ending on the Closing Date based on the relative number of days in such portion of the Straddle Period ending on the Closing Date as compared to the number of days in the entire Straddle Period; and (B) any item (or Tax) resulting from a Parent Closing Date Transaction shall be attributed to the portion of the Straddle Period beginning after the Closing Date. For the avoidance of doubt, for purposes of allocating amounts required to be included by Parent or any Group Company in income under Section 951(a) or 951A of the Code with respect to any Straddle Period of a foreign Group Company, the taxable year of the relevant foreign Group Company giving rise to the income required to be included shall be deemed to close on the Closing Date in the same manner as described above.

8.4 338(g) Elections. Neither Parent nor any Group Company shall make an election under Section 338(g) of the Code with respect to the Transactions, or make any other Tax election or take any other action that has the effect of increasing the amount of Taxes attributable to a Pre-Closing Tax Period.

8.5 Other Tax Matters. The parties hereto shall, to the extent permitted or required under applicable Law, treat the Closing Date as the last day of the taxable period of the Group Companies for all Tax purposes.

8.6 Transfer Taxes. Any sales, use, real estate transfer, stock transfer or similar transfer Tax ("Transfer Taxes") payable in connection with the Transaction shall be borne solely by Parent. Except as otherwise required by Law, Parent shall duly and timely prepare and file any Tax Return relating to such Taxes. Parent shall give the Representative a copy of each such Tax Return for its review and comments at least fifteen (15) days prior to filing and shall give the Representative a copy of such Tax Return as filed, together with proof of payment of the Taxes shown thereon to be payable.

8.7 Tax Refunds. Parent shall cause the Company to pay to the Representative for the benefit of the shareholders of the Company, promptly upon receipt thereof, any and all refunds of Taxes (including interest thereon if any received from any Taxing Authority with respect to such refund) received after the Closing Date with respect to, or attributable to any Pre-Closing Tax Period, except to the extent that such refund (i) arises as the result of a carryback of a loss or other Tax benefit from a period or portion thereof beginning after the Closing Date or (ii) is included in the calculation of Working Capital.

ARTICLE IX

INDEMNIFICATION

9.1 Survival of Representations and Covenants. The representations and warranties of the Company, Parent and Merger Sub contained in ARTICLE III and ARTICLE IV (other than Fundamental Representations), or in any certificate delivered pursuant to Section 6.2(e) or Section 6.3(d), shall survive the Closing until the date which is nine months after the Closing Date. The representations and warranties in Section 3.1 (Organization and Power), Section 3.2 (Authorization of Agreement), Section 3.4 (Capitalization; Operating Subsidiaries), and Section 3.21 (Financial Advisors) (collectively, the "Fundamental Representations") shall survive the Closing until the third (3^{rd}) anniversary of the Closing Date. All covenants set forth herein to be performed prior to or at the Closing shall terminate at the Closing, and all other covenants set forth herein to be performed after the Closing shall survive the Closing in accordance with their respective terms.

9.2 General Indemnification.

(a) Subject to the other provisions of this ARTICLE IX, from and after the Closing, each Seller shall (severally, and not jointly, based on each Seller's Pro Rata Share), indemnify, defend and hold each of Parent, Merger Sub and/or their respective officers, directors, employees, Affiliates and agents (each a "Purchaser Indemnitee") harmless from any direct damages, losses, liabilities, obligations, claims of any kind, interest or expenses (including reasonable attorneys' fees and expenses) ("Loss") actually incurred as a result of (i) any breach of any representation or warranty made by the Company (A) contained in ARTICLE III or (B) in the certificate delivered pursuant to Section 6.2(e), and (ii) any breach by any Seller of any of its covenants or agreements contained herein which are to be performed after the Closing Date.

(b) Subject to the other provisions of this ARTICLE III, from and after the Closing, Parent shall, and shall cause the Surviving Company to, indemnify, defend and hold each Seller and their respective Affiliates, officers, directors, employees and agents (each a "Seller Indemnitee" and, together with any Purchaser Indemnitee, an "Indemnified Party" and, collectively, the "Indemnified Parties") harmless from any Loss actually incurred as a result of (i) any breach of any representation or warranty made by Parent or Merger Sub (A) contained in ARTICLE IV or (B) in the certificate delivered pursuant to Section 6.3(d), and (ii) any breach by Parent or the Surviving Company (including by way of being the successor of Merger Sub and the Company) of any of their respective covenants or agreements contained herein which are to be performed by Parent or the Surviving Company, as applicable, after the Closing Date.

(c) The obligations to indemnify and hold harmless pursuant to this Section 9.2 shall survive the consummation of the transactions contemplated hereby for the applicable period set forth in Section 9.1, except for claims for indemnification asserted in good faith prior to the end of such applicable period (which such specific claims shall survive until final resolution thereof).

9.3 Notice of Claims; Third Party Claims.

(a) Notice of Claims.

(i) Any Indemnified Party seeking indemnification hereunder shall give promptly (and, in any event, within the applicable periods set forth in Section 9.1) to the party obligated to provide indemnification to such Indemnified Party (an "Indemnitor") a written notice (the "Notice of Claim") describing in reasonable detail the facts giving rise to the claim for indemnification hereunder and shall include in such Notice of Claim (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provision of this Agreement upon which such claim is based; provided, however, that the failure of any Indemnified Party to give the Claim Notice promptly as required by this Section 9.3(a) shall not affect such Indemnified Party's rights under this ARTICLE IX except to the extent (x) such failure is actually prejudicial to the rights and obligations of the Indemnitor or (y) such Notice of Claim is delivered after the expiration of the applicable periods set forth in Section 9.1.

(ii) After the giving of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this ARTICLE IX shall be determined: (i) by the written agreement between the Indemnified Party and the Indemnitor; (ii) by a final judgment or decree of any court of competent jurisdiction; or (iii) by any other means to which the Indemnified Party and the Indemnitor shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. The Indemnified Party shall have the burden of proof in establishing the amount of Losses suffered by it. All amounts due to the Indemnified Party as so finally determined shall be paid by wire transfer within thirty (30) days after such final determination.

(b) Third Party Claims.

(i) If a claim, action, suit or proceeding by a Person who is not a Party or an Affiliate thereof (a "Third Party Claim") is made against any Indemnified Party, and if such Person intends to seek indemnity with respect thereto under this ARTICLE IX, such Indemnified Party shall promptly (and, in any event, within the applicable periods set forth in Section 9.1) give a Notice of Claim to the Indemnitor; provided that the failure to give such Notice of Claim shall not relieve the Indemnitor of its obligations hereunder, except to the extent (x) such failure is actually prejudicial to the rights and obligations of the Indemnitor or (y) such Notice of Claim is delivered after the expiration of the applicable periods set forth in Section 9.1. Thereafter, the Indemnified Party shall deliver to the Indemnitor, within five (5) days after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim. Notwithstanding the foregoing, should a Person be physically served with a complaint with regard to a Third Party Claim, the Indemnified Party must notify the Indemnitor with a copy of the complaint within five (5) days after receipt thereof and shall deliver to the Indemnitor, within five (5) days after the receipt of such complaint, copies of notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim (or in each case such earlier time as may be necessary to enable the Indemnitor to respond to the court proceedings on a timely basis).

(ii) The Indemnitor shall have thirty (30) days after receipt of such notice to assume the conduct and control, at the expense of the Indemnitor, of the settlement or defense thereof, and the Indemnified Party shall, at its sole cost and expense, cooperate with the Indemnitor in connection therewith; provided that the Indemnitor shall permit the Indemnified Party to participate in such settlement or defense through counsel chosen by such Indemnified Party (and the fees and expenses of such counsel shall be borne by such Indemnified Party). So long as the Indemnitor is reasonably contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim. If the Indemnitor elects to conduct the defense and settlement of a Third Party Claim, then the Indemnified Party shall have the right to pay or settle such Third Party Claim; provided, that, in such event, it shall waive any right to indemnity by the Indemnitor for all Losses related to such claim unless the Indemnitor shall have consented to such payment or settlement. If the Indemnitor does not notify the Indemnified Party within thirty (30) days after the receipt of the Indemnified Party's Notice of Claim hereunder that it elects to undertake the defense thereof, the Indemnified Party shall have the right to contest, settle or compromise the claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement. The Indemnitor shall not, except with the consent of the Indemnified Party (which shall not be unreasonably withheld or delayed), enter into any settlement that does not include as a term thereof the giving by the Person(s) asserting such claim to all Indemnified Parties of a release from all liability with respect to such claim or consent to entry of any judgment.

(iii) All of the Parties shall cooperate in the defense or prosecution of any Third Party Claim in respect of which indemnity may be sought hereunder and each of Parent and the Surviving Company (or a duly authorized representative of such Party) shall (and shall cause the Group Companies to) furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

9.4 Limitation on Indemnification Obligations. The rights of an Indemnified Party to indemnification pursuant to the provisions of Section 9.2(a) and/or Section 9.2(b) are subject to the following limitations:

(a) the amount of any and all Losses shall be determined net of (i) any amounts recovered or recoverable by the Indemnified Party under insurance policies or other collateral sources (such as contractual indemnities of any Person which are contained outside of this Agreement) with respect to such Losses, in each case, net of costs of collection resulting from making any claim thereunder and (ii) any Tax benefits realizable by or accruing to the Indemnified Party with respect to such Losses;

(b) the Indemnified Party shall not be entitled to recover for any particular Loss pursuant to Section 9.2(a)(i) and/or Section 9.2(b)(i) unless such Loss equals or exceeds $10,000.00;

(c) the Indemnified Party shall not be entitled to recover Losses pursuant to Section 9.2(a)(i) and/or Section 9.2(b)(i) until the total amount which the Indemnified Party would recover under Section 9.2(a)(i) and/or Section 9.2(b)(i) (as limited by the provisions of Section 9.4(a), Section 9.4(b) and Section 10.14), but for this Section 9.4(c), exceeds $50,000.00 (the "Deductible"), in which case the Indemnified Party shall only be entitled to recover Losses in excess of such amount, subject to the other limitations herein;

(d) the maximum liability of Sellers, on the one hand, and Parent and/or Merger Sub on the other, with respect to Losses indemnifiable pursuant to Section 9.2(a) and/or Section 9.2(b) shall be an amount equal to the Holdback Shares;

(e) [Intentionally Omitted.]

(f) the Purchaser Indemnitees shall not be entitled to indemnification pursuant to Section 9.2(a) for any Loss to the extent that (i) prior to the date hereof the Group Companies recorded a reserve in their consolidated books and records with respect to such Loss or in a general category of items or matters similar in nature to the specific items or matters giving rise to such Loss, (ii) such Loss was taken into account in calculating the Merger Consideration, (iii) the Purchaser Indemnitees could have, with commercially reasonable efforts, mitigated or prevented such Loss, or (iv) such Loss results from or is magnified by the action or inaction of any Purchaser Indemnitee after the Closing;

(g) an Indemnified Party shall not be entitled to indemnification pursuant to Section 9.2(a) and/or Section 9.2(b) for any Loss if the Indemnified Party (or any director, officer or employee of the Indemnified Party or its Affiliates) had knowledge of the facts, events or conditions constituting or resulting in the breach (alleged or otherwise) of the representation, warranty or covenant giving rise to such Loss;

(h) In the event that an Indemnified Party realizes Tax benefits or recovers, under insurance policies or from other collateral sources, any amount in respect of a matter for which such Indemnified Party was indemnified pursuant to Section 9.2(a) and/or Section 9.2(b), such Indemnified Party shall promptly pay over to an account or accounts designated by the Indemnitor (but with respect to Sellers, the Representative (on behalf of the Sellers) for distribution to the Sellers) the amount so recovered (after deducting therefrom the amount of the expenses incurred by such Indemnified Party in procuring such recovery), but not in excess of the sum of (i) any amount previously so paid to or on behalf of such Indemnified Party in respect of such matter and (ii) any amount expended by the Indemnitor in pursuing or defending any claim arising out of such matter;

(i) for purposes of determining Losses pursuant to Section 9.2(a) and/or Section 9.2(b) (but not for purposes of determining whether a breach has occurred), the representations and warranties set forth in this Agreement shall be considered without regard to any materiality qualification (including such terms as “material” and “Company Material Adverse Effect”) set forth therein; and

(j) Purchaser Indemnitee shall be entitled, in its sole and absolute discretion, to offset Losses against the Holdback Shares.

9.5 Representative. Each Seller hereby appoints the Representative to act as the agent of the Sellers with full power to resolve all questions, disputes, conflicts and controversies concerning Losses as provided in this ARTICLE IX. Purchaser Indemnitees are entitled to rely on the acts and agreements of the Representative as the acts and agreements of the Sellers under this ARTICLE IX. With respect to any amount payable to the Seller Indemnitees under this ARTICLE IX by Parent, payment by Parent of such amount to the Representative shall be deemed a payment of such amount to the Seller Indemnitees, and upon making any such payment to the Representative, Parent shall have no further obligation or liability with respect thereto.

9.6 Exclusive Remedy. Except in the case where a Party seeks to obtain specific performance pursuant to Section 10.9, from and after the Closing, the rights of the Parties to indemnification pursuant to the provisions of this ARTICLE IX shall be the sole and exclusive remedy for the Parties with respect to any matter in any way arising from or relating to this Agreement or its subject matter. Subject to the foregoing, to the maximum extent permitted by law, the Parties hereby waive all other rights and remedies with respect to any matter in any way relating to this Agreement or arising in connection herewith, whether under any Law at common law, in equity or otherwise.

ARTICLE X

MISCELLANEOUS

10.1 Expenses. Except as otherwise provided in this Agreement or the other Transaction Agreements, each Party shall bear its own costs and expenses incurred in connection with the negotiation and execution of this Agreement and the other Transaction Agreements and each other agreement, document and instrument contemplated hereby or thereby and the consummation of the Transaction. Parent shall be responsible for all governmental fees and charges applicable to any requests for Governmental Approvals or to the consummation of the Transaction and all charges and expenses of the Transfer Agent in connection with this Agreement.

10.2 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Texas without giving effect to the choice of law principles of such state that would require or permit the application of the Laws of another jurisdiction.

10.3 Submission to Jurisdiction; Waivers. The Parties agree that any dispute, controversy or claim arising out of or relating to the Transaction or to this Agreement, or the validity, interpretation, breach or termination thereof, including claims seeking redress or asserting rights under any Law, shall be resolved exclusively in the state or federal courts sitting in the State of Texas (the "Texas Courts"). In that context, and without limiting the generality of the foregoing, each Party irrevocably and unconditionally:

(a) submits for itself and its property in any action relating to the Transaction or to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive jurisdiction of the Texas Courts, and appellate courts having jurisdiction of appeals from any of the foregoing courts, and agrees that all claims in respect of any such action shall be heard and determined in such Texas Courts or, to the extent permitted by Law, in such appellate courts;

(b) consents that any such action may and shall be brought exclusively in such courts and waives any objection that it may now or hereafter have to the venue or jurisdiction of any such action in any such court or that such action was brought in an inconvenient forum, and agrees not to plead or claim the same;

(c) waives all right to trial by jury in any action (whether based on contract, tort or otherwise) arising out of or relating to the Transaction or to this Agreement, or its performance under or the enforcement of this Agreement;

(d) agrees that service of process in any such action may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Party at its address as provided in Section 10.7; and

(e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the Laws of the State of Delaware.

10.4 Further Assurances. After the Closing, each Party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be requested in order to more effectively consummate the Transaction.

10.5 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto), the documents delivered pursuant hereto and the other Transaction Agreements represent the entire understanding and agreement between the Parties with respect to the Transaction and supersedes all prior agreements among the Parties respecting the Transaction. The Parties have voluntarily agreed to define their rights, liabilities and obligations respecting the Transaction exclusively in contract pursuant to the express terms and provisions of this Agreement; and the Parties expressly disclaim that they are owed any duties or are entitled to any remedies not expressly set forth in this Agreement.

10.6 Amendments and Waivers. Prior to Closing, this Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by Parent and the Company. Following Closing, this Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by Parent and the Representative. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In the event any provision of any other Transaction Agreement shall in any way conflict with the provisions of this Agreement (except where a provision therein expressly provides that it is intended to take precedence over this Agreement), this Agreement shall control.

10.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand, (b) when sent by facsimile or e-mail (with written confirmation of receipt), or (c) one Business Day following the day sent by overnight courier (charges prepaid), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a Party may have specified by notice given to the other Parties pursuant to this provision).

If to the Company (prior to the Closing) or the Representative, to:

c/o Philip Racusin
Pagel, Davis & Hill, P.C.
1415 Louisiana, 22nd Fl.
Houston, Texas 77002
Facsimile: 281-994-9951
Email: Philip@energyfunders.com

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

Jeffrey R. Harder, Esq.
Jackson Walker LLP
1401 McKinney Street, Suite 1900
Houston, Texas 77010
713-752-4346
Facsimile: 713-308-4141

If to Parent or Merger Sub, or, following the Closing, the Surviving Company, to:

c/o Paleo Resources, Inc.
1980 Post Oak Blvd, Suite 1500
Houston, TX 77056
Attention: Tom M. Crain, Jr. President
Email: tom@paleoresources.com

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

Paul C. Sewell, Esq.
Krage & Janvey, LLP
2100 Ross Avenue, Suite 2600
Dallas, Texas 75201
Facsimile: (214) 220-0320
Email: psewell@kjllp.com

and

Roy Hudson
DLA Piper (Canada) LLP
1000, 250 - 2nd Street SW
Calgary, AB T2P 0C1
Email: roy.hudson@dlapiper.com

10.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any Law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the Transaction is consummated as originally contemplated to the greatest extent possible.

10.9 Specific Performance.

(a) Each Party acknowledges and agrees that the other Parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by the Company, Parent or Merger Sub could not be adequately compensated in all cases by monetary damages alone, even if available. Accordingly, in addition to any other right or remedy to which any Party may be entitled at law or in equity, before or after the Closing, each Party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking. Each of the Parties further agrees that it shall not object to, or take any position inconsistent with respect to, whether in a court of law or otherwise, (i) the appropriateness of the specific performance contemplated by this Section 10.9 and (ii) the exclusive jurisdiction of the courts set forth in Section 10.3 with respect to any action brought for any such remedy.

(b) Each Party further agrees that (i) by seeking the remedies provided for in this Section 10.9, a Party shall not in any respect waive its right to seek any other form of relief that may be available to such party under this Agreement or in the event that the remedies provided for in this Section 10.9 are not available or otherwise are not granted, and (ii) nothing set forth in this Section 10.9 shall require any Party to institute any action for (or limit any Party's right to institute any action for) specific performance under this Section 10.9 prior or as a condition to exercising any termination right under ARTICLE VII, nor shall the commencement of any action pursuant to this Section 10.9 or anything set forth in this Section 10.9 restrict or limit any such Party's right to terminate this Agreement in accordance with ARTICLE VII, or pursue any other remedies under this Agreement that may be available then or thereafter.

10.10 No Third-Party Beneficiaries; No Recourse Against Affiliates. Nothing in this Agreement, express or implied, is intended or shall be construed to give any rights to any Person or entity other than (i) the Parties and their successors and permitted assigns, and (ii) each D&O Indemnified Person, who shall have the right to enforce the obligations of Parent and the Company solely with respect to Section 5.7. No past, present or future director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, attorney or representative of the Company, any Operating Subsidiary, any Seller or any of its respective Affiliates shall have any liability (whether in Law or in equity or in contract or in tort) for any obligations or liabilities of the Company arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of, the Transaction, including any alleged nondisclosure or misrepresentations made by any such Persons.

10.11 Assignment. No Party may assign or transfer this Agreement or any right, interest or obligation hereunder, directly or indirectly (by operation of Law or otherwise), without the prior written approval of Parent, on the one hand, and the Representative, on the other hand; provided, that each of Parent and Merger Sub may assign its rights, but not its obligations, under this Agreement to (a) any of its Affiliates or (b) its financing sources for collateral purposes; and, provided, further that any such assignment shall not relieve Parent or Merger Sub of its obligations hereunder. Any assignment in violation of this Section 10.11 shall be void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

10.12 Authorization of Representative.

(a) By virtue of adoption of this Agreement by the Sellers, and without further action by any such Seller, the Representative is hereby appointed, authorized and empowered to act as an agent, representative and attorney-in-fact for each of the Sellers in connection with and to facilitate the consummation of the Transactions, including pursuant to the Transfer Agent Agreement and the matters related to (x) the Merger Consideration contemplated by Section 1.9, (y) the preparation and filing of the Tax Returns with respect to the Group Companies contemplated by ARTICLE VIII and (z) all other such items and matters set forth in this Agreement and the other Transaction Agreements contemplating participation by the Representative (collectively, "Representative Actions"), in each case with the power and authority, including power of substitution, acting in the name of or for and on behalf of each Seller, and subject to the limitations set forth herein or therein: (i) to execute and deliver and receive such waivers and consents as the Representative, in its sole discretion, may deem necessary or desirable; (ii) to collect and receive all moneys and other proceeds and property payable to the Representative from the Sellers, and, subject to any applicable withholding Laws, and net of any out-of-pocket expenses incurred by the Representative, disburse and pay the same to each Seller in accordance with such Seller's Pro Rata Share; (iii) to authorize the set off, reduction, cancellation or the release of any Parent Common Shares from the Holdback Shares in accordance with this Agreement; (iv) to authorize the release of any Parent Common Shares by the Transfer Agent in accordance with this Agreement and the Transfer Agent Agreement; (v) to enforce and protect the rights and interests of the Sellers and the Representative arising out of or under or in any manner relating to any Representative Action, and to take any and all actions which the Representative believes are necessary or appropriate in respect thereof, including asserting or pursuing any claim, action, proceeding or investigation (a "Claim") against Parent, Merger Sub and/or any of the Group Companies (after the Closing) or defending any Claim by Parent, Merger Sub and/or any of the Group Companies (after the Closing) against the Sellers relating to this Agreement, consenting to, compromising or settling any such Claims, conducting negotiations with Parent, Merger Sub, the Group Companies (after the Closing) and their representatives regarding such Claims; (vi) agree to, object to, negotiate, resolve, enter into settlements and compromises of, demand arbitration or litigation of, and comply with Orders with respect to, indemnification claims by Parent or any other Purchaser Indemnitee pursuant to ARTICLE IX; (vii) to refrain from enforcing any right of any Seller and/or the Representative arising out of or under or in any manner relating to any Representative Action in connection with the foregoing; provided, that no such failure to act on the part of the Representative, except as otherwise provided in this Agreement shall be deemed a waiver of any such right or interest by the Representative or by the Sellers unless such waiver is in writing signed by the waiving party or by the Representative; (viii) to make, execute, acknowledge, deliver and receive all such other agreements, guarantees, Orders, receipts, endorsements, notices, requests, instructions, certificates, stock powers, letters and other writings, and, in general, to do any and all things and to take any and all action that the Representative, in its sole and absolute discretion, may consider necessary or proper or convenient in connection with or to carry out the Representative Actions, and all other agreements, documents or instruments executed in connection therewith; and (viii) take all such other actions as the Representative shall deem necessary or appropriate, in its discretion, for the accomplishment of the foregoing and the consummation of the Transactions. The Parties acknowledge and agree that the appointment, authorization and empowerment of the Representative set forth in this Section 10.12(a) shall not include any matter specifically reserved for a Seller in this Agreement.

(b) The Representative shall be entitled to the payment of all its out-of-pocket expenses incurred as the Representative by Sellers in accordance with their Pro Rata Shares subject to and in accordance with the terms and conditions set forth in this Agreement, which such amounts to be used by the Representative to pay expenses incurred by the Representative in its capacity as the Representative; provided, that if the Transaction is not consummated, the Company shall reimburse the Representative for all costs and expenses reasonably incurred by the Representative in connection with the Transaction and neither Parent nor Merger Sub shall have any liability to the Representative or the Company in connection therefor. In connection with this Agreement, and any instrument, agreement or document relating hereto or thereto, and in exercising or failing to exercise all or any of the powers conferred upon the Representative hereunder, (i) the Representative shall incur no responsibility whatsoever to any of the Sellers by reason of any error in judgment or other act or omission performed or omitted hereunder or any such other agreement, instrument or document, excepting only responsibility for any act or failure to act which represents willful misconduct, (ii) the Representative shall not be liable to Sellers for any apportionment or distribution of payments made by the Representative in good faith, and if any such apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Seller to whom payment was due, but not made or not made in full, shall be to recover from the other Sellers any payment in excess of the amount to which such Seller is determined to have been entitled, and (iii) the Representative shall be entitled to rely on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any error in judgment or other act or omission of the Representative pursuant to such advice shall in no event subject the Representative to liability to any of the Sellers. Each Seller shall indemnify, on a pro rata basis (based on such Seller's Pro Rata Share), the Representative against all Losses (including any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened or any claims whatsoever), arising out of or in connection with any claim, investigation, challenge, action or proceeding or in connection with any appeal thereof, relating to the acts or omissions of the Representative hereunder. The foregoing indemnification shall not apply in the event of any action or proceeding which finally adjudicates the liability of the Representative hereunder for its willful misconduct.

(c) All of the indemnities, immunities and powers granted to the Representative under this Agreement shall survive the Closing Date and/or any termination of this Agreement. Each of Parent and Merger Sub shall have the right to rely upon all actions taken or omitted to be taken by the Representative pursuant to this Agreement, all of which actions or omissions shall be legally binding upon the Sellers. The grant of authority provided for herein (i) is coupled with an interest and shall be irrevocable and survives the death, incompetency, bankruptcy or liquidation of any of the Sellers and (ii) shall survive the Closing.

(d) The Parties acknowledge and agree that the Representative shall have no liability to, and shall not be liable for any Losses of, any Party in connection with any obligations of the Representative under this Agreement or otherwise in respect of this Agreement or the Transaction.

(e) In the event of the death, incapacity, liquidation, dissolution or resignation of any Person serving as the Representative, as applicable, within twenty (20) days of such death, incapacity, liquidation, dissolution or resignation, the Sellers shall choose the successor representative by affirmative vote of the Sellers who hold a majority of the voting power of the Company based on their Pro Rata Share. Following such resignation, any reference to the Representative herein shall be deemed to include such successor representative.

10.13 Attorney Conflict Waiver. Recognizing that Jackson Walker LLP and Jeffrey R. Harder have acted as legal counsel to the Representative and its Affiliates and the Group Companies prior to the Closing, and that Jackson Walker LLP intends to act as legal counsel to the Representative and its Affiliates (which will no longer include the Group Companies) after the Closing, each of Parent and the Company hereby waives, on its own behalf and agrees to cause its Affiliates to waive, any conflicts that may arise in connection with Jackson Walker LLP representing the Representative and/or its Affiliates (including any of the Sellers) after the Closing as such representation may relate to Parent, any Group Company or the Transaction. In addition, all communications involving attorney-client confidences between the Representative, its Affiliates or any Group Company and Jackson Walker LLP in the course of the negotiation, documentation and consummation of the Transaction shall be deemed to be attorney-client confidences that belong solely to the Representative and its Affiliates (and not the Group Companies). Accordingly, the Group Companies shall not have access to any such communications, or to the files of Jackson Walker LLP relating to its engagement, whether or not the Closing shall have occurred. Without limiting the generality of the foregoing, upon and after the Closing, (i) the Representative and its Affiliates (and not the Group Companies) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Group Companies shall be a holder thereof, (ii) to the extent that files of Jackson Walker LLP in respect of such engagement constitute property of the client, only the Representative and its Affiliates (and not the Group Companies) shall hold such property rights and (iii) Jackson Walker LLP shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to any of the Group Companies by reason of any attorney-client relationship between Jackson Walker LLP and any of the Group Companies or otherwise.

10.14 Limitation on Damages. Notwithstanding anything else to the contrary set forth herein, no Party or other Indemnitor shall be liable for, and no breach of any representation, warranty or covenant contained herein or in any certificate delivered pursuant to this Agreement shall give rise to any right on the part of Parent, Merger Sub, the Company, any Seller or any other Indemnified Party to, any punitive, special, consequential, incidental, indirect, exemplary or remote damages or Losses based thereon, including regarding the loss of future revenue, income, profits, diminution of value or loss of business reputation or opportunity, and no Party or other Indemnitor will be obligated to any other Person for any Loss determined as a multiple of income, increase factor, premium or revenue in connection with the transactions contemplated hereby.

10.15 Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile or other electronic transmission (including e-mail), each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement. Such delivery of counterparts shall be conclusive evidence of the intent to be bound hereby and to the extent applicable, the foregoing constitutes the election of the Parties to invoke any Law authorizing electronic signatures.

ARTICLE XI

DEFINITIONS AND INTERPRETATIONS

11.1 Certain Definitions.

(a) For purposes of this Agreement, the following terms shall have the meanings specified in this Section 11.1:

"Actual Fraud" means actual common law fraud by the Company in the making of its representations and warranties contained in ARTICLE III or in any certificate delivered pursuant to Section 6.2(e) of this Agreement.

"Adjustment Time" means 11:59 p.m., Houston, Texas local time, on the Closing Date.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Applicable Privacy and Security Laws" means all applicable Laws and guidance issued by a Governmental Authority concerning the privacy or security of Personal Information or other confidential data, and all regulations promulgated and guidance issued by Governmental Authorities thereunder.

"Business Day" means any day of the year on which national banking institutions in Houston, Texas are open to the public for conducting business and are not required or authorized to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial-Off-The-Shelf Software" means software that was obtained from a third party on general commercial terms widely and readily available for purchase by the general public on such commercial terms, and was licensed on a non-exclusive basis for fixed payments of less than $50,000 in the aggregate or annual payments of less than $50,000 per year.

"Common Stock" means the common stock of the Company, par value $0.001.

"Company Shareholder Agreement" means that certain Shareholders Agreement of the Company, dated as of July 8, 2015, by and among, the Company and the shareholders of the Company signatories thereto, as amended, restated or otherwise modified from time to time.

"Company Material Adverse Effect" means a material adverse effect on the business, assets, properties, financial condition or results of operations of the Group Companies, taken as a whole; provided that no event, change, occurrence, circumstance or effect (by itself or taken together with any and all other events, changes, occurrences, circumstances or effects) that results from or arises out of or is related to any of the following shall constitute or be deemed to contribute to a "Company Material Adverse Effect", or be taken into account in determining whether a "Company Material Adverse Effect" has occurred or may, would or could occur: (i) changes in general economic conditions in the United States or any other country or region in the world, or changes in conditions in the global economy generally; (ii) changes in conditions in the financial markets, credit markets or capital markets in the United States or any other country or region in the world; (iii) changes in political conditions in the United States or any other country or region in the world, acts of war, sabotage or terrorism (including any escalation or general worsening of any such acts of war, sabotage or terrorism), earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wildfires or other natural disasters, weather conditions and other force majeure events, in each case in the United States or any other country or region in the world; (iv) changes affecting the industry generally in which the Group Companies operate; (v) the announcement of this Agreement, the pendency of the Transaction or any investigation or challenge to the Transaction, or the consummation of the Transaction (including but not limited to, the loss of any employees, suppliers, customers, advertisers, assets, or property interests resulting from the identity of Parent or Merger Sub); (vi) the taking of any action required or contemplated by this Agreement or undertaken with Parent's consent pursuant to the terms of this Agreement, or the failure to take any action prohibited by this Agreement or to which Parent refused to provide consent pursuant to the terms of this Agreement; (vii) changes in Law or other legal or regulatory conditions (or the interpretation thereof); (viii) changes in GAAP or other accounting standards (or the interpretation thereof); (ix) any failure, in and of itself, by the Group Companies to meet internal or external projections or forecasts or revenue or earnings predictions (provided that the cause or basis for the Company or its Subsidiaries failing to meet such projections or forecasts or revenue or earnings predictions may be considered in determining the existence of a Company Material Adverse Effect unless such cause or basis is otherwise excluded by this definition); (x) any failure of Parent to obtain any waiver or consent from any Person required in connection with this Agreement; or (xi) any matters expressly set forth in the Company Disclosure Schedule.

"Company Transaction Expenses" means, without duplication and only to the extent not paid prior to Closing, the collective amount of all (i) out-of-pocket costs and expenses incurred by the Group Companies in connection with the Transaction payable by the Group Companies to outside legal counsel, accountants, advisors, brokers and other third parties, and (ii) transaction bonuses, change of control or similar payments (other than those arising from actions of Parent taken after the Closing) that are due to any current or former employee, officer or director of the Group Companies directly as a result of the consummation of the Transaction pursuant to any Contract entered into by any Group Company prior to the Closing.

"Contract" means any written agreement, contract, indenture, note, mortgage bond, lease or license.

"Convertible Debt" means those certain notes payable by Company to the various lenders party thereto which are identified on **Exhibit D** attached hereto.

"Environmental Laws" means as enacted and in effect on or prior to the Closing Date, any Laws concerning pollution or protection of the environment, or the release, treatment, storage, transportation, remediation, or disposal of Hazardous Materials.

"Equitable Principles" means (i) bankruptcy, insolvency, reorganization, moratorium and similar Laws, in each case, affecting creditors' rights and remedies generally, and (ii) general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERC Loan" means that certain loan in the stated principal amount of $2,100,000.00 wherein Energy Reserve Capital, LLC is the Lender and Paleo Energy (USA) Inc. f/k/a Tanager Energy (USA) Inc. is the Borrower pursuant to that certain Loan Agreement dated March 31, 2019 which loan agreement renewed and extended a promissory note in the original principal sum of $1,250,000 dated December 4, 2018; which loan is also evidenced by that certain Promissory Note in the stated principal amount of $2,100,000.00 wherein Paleo Energy (USA) Inc. f/k/a Tanager Energy (USA) Inc. is the Maker and Energy Reserve Capital, LLC is the Payee, which as of September 30, 2019, the principal amount of $1,581,000 is due and owing.

"Fundamental Representations" means the representations and warranties provided in Section 3.1 (Organization and Power), Section 3.2 (Authorization of Agreement), Section 3.4 (Capitalization; Operating Subsidiaries) and Section 3.21 (Financial Advisors).

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Antitrust Authority" shall mean any Governmental Authority with regulatory jurisdiction over any consent required for the consummation of the Transaction, under Canada law or under Other Competition Laws.

"Governmental Authority" means any government or governmental, judicial, administrative or regulatory body thereof, or political subdivision thereof, whether domestic, foreign, federal, state, provincial or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

"Group Companies" means the Company and the Operating Subsidiaries.

"Hazardous Materials" means any substances, wastes or materials that are listed, regulated or defined as hazardous, toxic, pollutants, or contaminants under any Environmental Laws, including materials defined as "hazardous substances" under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., and petroleum or petroleum products (including, crude oil or any fraction thereof).

"Holdback Shares" means Parent Common Shares equal to ten percent (10%) of the Merger Consideration.

"Indebtedness" of any Person means, without duplication, (i) the outstanding principal amount of and accrued and unpaid interest of (A) indebtedness of such Person or its Subsidiaries for borrowed money and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person or its Subsidiaries is responsible or liable; (ii) all obligations of such Person or its Subsidiaries issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding accounts payable and other current liabilities arising in the Ordinary Course of Business); (iii) capitalized lease obligations of such Person or its Subsidiaries; (iv) all obligations of the type referred to in clauses (i) through (iii) of other Persons for the payment of which such Person or its Subsidiaries is responsible or liable, directly or indirectly, as obligor, guarantor or surety; and (v) all obligations of the type referred to in clauses (i) through (iv) of other Persons secured by any Lien on any property or asset of such Person or its Subsidiaries; provided, however, that Indebtedness shall not include (1) Transaction Expenses, (2) any undrawn letter of credit or similar instrument or (3) any long-term or short-term deferred revenue and customer deposits.

"Intellectual Property" means any and all (i) works of authorship (whether or not published) copyrighted works and all applications, registrations, and renewals in connection therewith; (ii) inventions (whether or not patentable), and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof; (iii) trade names, trademarks, service marks, and trade dress, including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (iv) trade secrets and confidential information; and (v) Internet domain names.

"IRS" means the United States Internal Revenue Service.

"Knowledge" means, with respect to the Company, the actual knowledge (without independent inquiry) of Casey Minshew, Philip Racusin, and Michael Racusin, and with respect to the Parent, the actual knowledge (without independent inquiry) of Roger S. Braugh, Jr., and Tom M. Crain, Jr.

"Law" means all foreign, federal, state, provincial and local laws statutes, codes, ordinances, rules, regulations, resolutions, and Orders.

"Leases" means any lease, license, sublease, sublicense, franchise, easement or other Contract pursuant to which a Person has the right to use any real, personal or intangible property. When used as a verb, the word "Lease" or "Leased" (or words having correlative meanings) means to lease, license, sublease, sublicense, obtain a franchise, acquire an easement or otherwise use any real, personal or intangible property.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits or proceedings, whether public or private, by or before a Governmental Authority or arbiter.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, or other security interest or similar restriction.

"Order" means any order, injunction, judgment, decree, determination, ruling, writ, assessment or arbitration or other award of a Governmental Authority.

"Ordinary Course of Business" means the ordinary and usual course of business of the Group Companies consistent with past practices.

"Organizational Documents" means, with respect to a particular Person (other than a natural person), the certificate/articles of formation/incorporation/organization, bylaws, partnership agreement, limited liability company agreement, trust agreement or other similar organizational document or agreement, as applicable, of such Person.

"Other Competition Laws" shall mean all Laws (other than the Competition Act (Canada)) intended to prohibit, restrict or regulate actions having an anti-competitive effect or purpose, including competition, restraint of trade, anti-monopolization, merger control or antitrust Laws.

"Parent Common Shares" means common shares in the capital of Parent.

"Parent Group Companies" means Parent and the Parent Operating Subsidiaries.

"Parent ERC Guaranty" means that certain Continuing Guaranty Agreement executed by Parent in favor of Energy Reserve Capital, LLC guarantying the ERC Loan.

"Parent Material Adverse Effect" means a material adverse effect on the business, assets, properties, financial condition or results of operations of the Parent Group Companies, taken as a whole; provided that no event, change, occurrence, circumstance or effect (by itself or taken together with any and all other events, changes, occurrences, circumstances or effects) that results from or arises out of or is related to any of the following shall constitute or be deemed to contribute to a "Parent Material Adverse Effect", or be taken into account in determining whether a "Parent Material Adverse Effect" has occurred or may, would or could occur: (i) changes in general economic conditions in the United States or any other country or region in the world, or changes in conditions in the global economy generally; (ii) changes in conditions in the financial markets, credit markets or capital markets in the United States or any other country or region in the world; (iii) changes in political conditions in the United States or any other country or region in the world, acts of war, sabotage or terrorism (including any escalation or general worsening of any such acts of war, sabotage or terrorism), earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wildfires or other natural disasters, weather conditions and other force majeure events, in each case in the United States or any other country or region in the world; (iv) changes affecting the industry generally in which the Parent Group Companies operate; (v) the announcement of this Agreement, the pendency of the Transaction or any investigation or challenge to the Transaction, or the consummation of the Transaction (including but not limited to, the loss of any employees, suppliers, customers, advertisers, assets, or property interests resulting from the identity of Parent or Merger Sub); (vi) the taking of any action required or contemplated by this Agreement or undertaken with Parent's consent pursuant to the terms of this Agreement, or the failure to take any action prohibited by this Agreement or to which Parent refused to provide consent pursuant to the terms of this Agreement; (vii) changes in Law or other legal or regulatory conditions (or the interpretation thereof); (viii) changes in

GAAP or other accounting standards (or the interpretation thereof); (ix) any failure, in and of itself, by the Parent Group Companies to meet internal or external projections or forecasts or revenue or earnings predictions (provided that the cause or basis for the Parent or its Subsidiaries failing to meet such projections or forecasts or revenue or earnings predictions may be considered in determining the existence of a Parent Material Adverse Effect unless such cause or basis is otherwise excluded by this definition); (x) any failure of Parent to obtain any waiver or consent from any Person required in connection with this Agreement; or (xi) any matters expressly set forth in the Parent Disclosure Schedules.

"Parent POC Guaranty" means that certain Continuing Guaranty Agreement executed by Parent in favor of Energy Reserve Capital, LLC guarantying the POC Loan.

"Per Share Merger Consideration" means a number of Parent Common Shares equal to (x) the Merger Consolidation, divided by (y) the aggregate issued and outstanding shares of Common Stock immediately prior to Closing.

"Per Share Portion" means the quotient (expressed as a percentage) of (x) one (1), divided by (y) the aggregate issued and outstanding shares of Common Stock immediately prior to Closing.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates of a Governmental Authority.

"Permitted Liens" means (i) all Liens disclosed in policies of title insurance and/or recorded in public records; (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable or not yet delinquent (or which may be paid without interest or penalties) or the amount or validity of which is being contested in good faith by appropriate proceedings; (iii) mechanics', carriers', workers', repairers' and similar Liens arising or incurred in the Ordinary Course of Business or the amount or validity of which is being contested in good faith by appropriate proceedings; (iv) pledges, deposits or other Liens to the performance of bids, trade contracts (other than for borrowed money), Leases or statutory obligations (including, workers' compensation, unemployment insurance or other social security legislation, but excluding Liens for Taxes); (v) zoning, entitlement and other land use or Environmental Laws by any Governmental Authority; (vi) survey exceptions and matters as to the Owned Real Property Leased Real Property which would be disclosed by an accurate survey or inspection of such real property and which do not materially impair the current occupancy or current use of such Owned Real Property Leased Real Property; (vii) any Lien affecting the fee interest of any Leased Real Property; (viii) title of a lessor under a capital or operating Lease; (ix) any Liens discharged or released at or in connection with Closing; and (x) such other imperfections in title, charges, easements, restrictions and encumbrances which do not or would not have, individually or in the aggregate, a Company Material Adverse Effect.

"Person" means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Personal Information" means any information that identifies, or in combination with other information may identify, an individual, including name, address, telephone number, health information, social security number, driver's license number, government-issued identification number, financial account number, or log-in information.

"Plan" means the EF Resources, Inc. 2015 Stock Option Plan effective as of July 8, 2015, as amended, restated or otherwise modified to date, or any other stock option plan or arrangement adopted or approved by the board of directors of the Company, and any optional (both incentive and non-qualified) award agreements issued pursuant thereto, in each case, as amended from time to time, and any successor plans thereto.

"POC Loan" means that certain loan in the original principal amount of \$1,745,591.15 wherein Paleo Oil Company, LLC is the Lender and Paleo Energy (USA) Inc. f/k/a Tanager Energy (USA) Inc. is the Borrower pursuant to that certain Loan Agreement dated September 5, 2018; which loan is also evidenced by that certain Promissory Note in the original principal amount of \$1,745,591.15 wherein Paleo Energy (USA) Inc. f/k/a Tanager Energy (USA) Inc. is the Maker and Paleo Oil Company, LLC is the Payee, which as of September 30, 2019, the principal amount of \$1,462,591 is due and owing.

"Pre-Closing Tax Period" means (i) any taxable period ending on or before the Closing Date, and (ii) with respect to any Straddle Period, the portion of such Straddle Period ending on the Closing Date.

"Preferred Stock" means the preferred stock of the Company, par value \$0.001 per share.

"Pro Rata Share" means, with respect to each Seller, a percentage obtained by dividing (i) the aggregate number of shares of Common Stock held by such Person immediately prior to the Effective Time, by (ii) the total number of shares of Common Stock outstanding immediately prior to the Effective Time. The respective Pro Rata Shares of the Sellers are set forth in **Exhibit D** and any and all shares of Common Stock resulting from any conversion of any Preferred Stock; from exercises of stock options to acquire shares of Common Stock under the Plan or otherwise; or from conversion of any Convertible Debt occurring between the date of this Agreement and the Effective Time.

"Requisite Shareholder Approval" means, pursuant to Section 251 of the TBOC, the affirmative vote or written consent of the shareholders of the Company holding a two-thirds (66 2/3%) majority of the outstanding shares of capital stock of the Company entitled to vote on the approval of this Agreement and transactions contemplated hereby, including the Merger.

"Schedules" means the Company Disclosure Schedule and/or the Parent Disclosure Schedules, as the case may be.

"Securities Act" means the Securities Act of 1933, as amended.

"Sellers" means, collectively, as of immediately prior to the Effective Time, each holder of Common Stock.

"Software" means computer software programs and software systems, including all databases, compilations, compilers, higher level or "proprietary" languages, macros, related documentation and materials, whether in source code, object code or human readable form (excluding Commercial-Off-The-Shelf Software).

"Stock Option" means each issued and outstanding option to purchase Common Stock or Preferred Stock pursuant to the Plan.

"Straddle Period" means any taxable period beginning on or before the Closing Date and ending after the Closing Date.

"Subsidiary" means any Person of which a majority of the outstanding share capital, voting securities or other equity interests is owned, directly or indirectly, by another Person.

"Surrendered Certificate(s)" means one or more stock certificates representing the shares of Common Stock surrendered in accordance with this Agreement or, if any stock certificate representing the shares of Common Stock has been lost, stolen or destroyed, compliance with Section 1.10(b) with respect to such applicable shares.

"Tax" or "Taxes" means any federal, provincial, state, local or foreign taxes, including all net income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, equity, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, or other tax of any kind whatsoever, including any interest, penalty or addition thereto imposed by a Taxing Authority.

"Tax Return" means any return, declaration, report, claim for refund or information return or statement or attachment thereto, and including any amendment thereof required to be filed with a Taxing Authority in respect of any Taxes.

"Taxing Authority" means the Canada Revenue Agency, the IRS or any governmental agency, board, bureau, body, department or authority having or purporting to exercise jurisdiction with respect to any Tax.

"Transaction(s)" means the transactions contemplated by this Agreement and the other Transaction Agreements.

"Transaction Agreements" means this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement to which Parent, Merger Sub, the Company, any Seller, or any Subsidiary is a party or to be executed by Parent, Merger Sub, the Company, any Seller, or any Subsidiary in connection with the consummation of the Transaction.

"TSXV" means the TSX Venture Exchange.

(b) Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

Access Limitations	Section 5.2(a)
Agreed Principles	Section 11.1(a)
Agreement	Preamble
Balance Sheet	Section 3.5(a)(iii)
Balance Sheet Date	Section 3.5(a)(iii)
Benefit Plan(s)	Section 3.16(a)
Business Systems	Section 3.18(b)
Certificate of Merger	Section 2.2
Claim	Section 10.12(a)
Closing	Section 2.1
Closing Date	Section 2.1
Merger Consideration	Section 1.7
Closing Date Merger Consideration	Section 1.9(c)
Closing Shares	Section 1.8
Closing Statement	Section 1.9(c)
Closing Transfers	Section 1.8
Company	Preamble
Company Disclosure Schedule	ARTICLE III
Company Financial Statements	Section 3.5(a)
Company Software	Section 3.15(d)
Confidentiality Agreement	Section 5.4
Deductible	Section 9.4(c)
Dispute Notice	Section 1.9(d)(i)
Disputed Items	Section 1.9(d)(i)
D&O Expenses	Section 5.7(a)
D&O Indemnifiable Claim	Section 5.7(a)
D&O Indemnified Person	Section 5.7(a)
Effective Time	Section 2.2
Environmental Permits	Section 3.12(a)(ii)
Fundamental Representations	Section 9.1
Governmental Approval	Section 3.3(b)
Insurance Policies	Section 3.20
Indemnified Party	Section 9.2(b)
Indemnitor	Section 9.3(a)(i)
Leased Real Property	Section 3.11(b)
Letter of Transmittal	Section 1.10(a)
Licensed Intellectual Property	Section 3.15(e)
Loss	Section 9.2(a)
Material Contracts	Section 3.13(a)
Merger	Recitals
Merger Consideration	Section 1.7
Notice of Claim	Section 9.3(a)(i)
Operating Subsidiaries	Section 3.4(b)
Owned Intellectual Property	Section 3.15(a)

11.2 Certain Interpretive Matters. Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(a) Time of the Essence; Calculation of Time Periods. Time is of the essence for each and every provision of this Agreement. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(b) Dollars. Any reference in this Agreement to “$” or dollars shall mean U.S. dollars.

(c) Exhibits/Schedules/Construction. The Exhibits and Schedules to this Agreement are an integral part of this Agreement and are hereby incorporated herein and made a part hereof as if set forth herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement. If a subject matter is addressed in more than one representation and warranty in this Agreement, each of Parent and Merger Sub shall be entitled to rely only on the most specific representation and warranty addressing such matter. Any disclosure set forth in one section of the Schedules shall apply to (i) the representations and warranties or covenants contained in the Section of this Agreement to which it corresponds in number, (ii) any representation and warranty or covenant to which it is referred by cross reference, and (iii) any other representation or warranty or covenant to the extent it is reasonably apparent from the wording of such disclosure that such disclosure is applicable to such representation or warranty or covenant.

(d) Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

(e) Headings. The provision of the Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Article," "Section" or other subdivision are to the corresponding Article, Section or other subdivision of this Agreement unless otherwise specified.

(f) Herein. The words such as "herein," "hereinafter," "hereof," "hereunder" and "hereto" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

(g) Including. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(h) Made Available. An item shall be considered "made available" to a Party hereto, to the extent such phrase appears in this Agreement, only if such item has been provided in writing (including via electronic mail) to such Party or its representatives or posted by the Company or its representatives in the Data Room.

(i) Reflected On or Set Forth In. An item arising with respect to a specific representation or warranty shall be deemed to be "reflected on" or "set forth in" a balance sheet or financial statements, to the extent any such phrase appears in such representation or warranty, if (i) there is a reserve, accrual or other similar item underlying a number on such balance sheet or financial statements that related to the subject matter of such representation, (ii) such item is otherwise specifically set forth on the balance sheet or financial statements, or (iii) such item is reflected on the balance sheet or financial statements and is specifically set forth in the notes thereto.

(j) Material. As used in this Agreement, unless the context would require otherwise, the term "material" and the concept of the "material" nature of an effect upon the Group Companies or their business shall be measured relative to the Group Companies, taken as a whole, as their business is currently being conducted. There have been included in the Company Disclosure Schedule or the Parent Disclosure Schedules and may be included elsewhere in this Agreement items which are not "material" within the meaning of the immediately preceding sentence for informational purposes and in order to avoid any misunderstanding, and such inclusion shall not be deemed to be an agreement by the Parties that such items are "material" or to further define the meaning of such term for purposes of this Agreement.

(k) Joint Negotiation and Drafting. The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

PARENT:

PALEO RESOURCES, INC.

By: "Thomas M. Crain, Jr"
Name: Thomas M. Crain, Jr.
Title: President

MERGER SUB:

PALEO EFR ACQUISITION, INC.

By: "Thomas M. Crain, Jr."
Name: Thomas M. Crain, Jr.
Title: Director

THE COMPANY:

EF RESOURCES, INC.

By: "Casey Minshew"
Name: Casey Minshew
Title: Chief Executive Officer

REPRESENTATIVE:

"Philip Racusin"

Philip Racusin

Exhibit A

[Reserved]

Exhibit B

[Reserved]

<u>Exhibit C</u>

Form of Letter of Transmittal

The form of Letter of Transmittal shall be negotiated in good faith and reasonably agreed to by the Parent, Company and Representative prior to the Closing, at which time it shall be substituted herein as **<u>Exhibit C</u>**.

<u>**Exhibit D**</u>

Pro Rata Share

The Company shall provide Parent with the final Pro Rata Share calculations in a Certificate from the Secretary of the Company upon execution of this Agreement and updated as of the Adjustment Time as appropriate, at which time it will be substituted herein as Exhibit D.