

## MATERIAL CHANGE REPORT

*SECURITIES ACT (BRITISH COLUMBIA) SECTION 85(1)*  
*SECURITIES ACT (ALBERTA) SECTION 146(1)*  
*SECURITIES ACT (SASKATCHEWAN) SECTION 84(1)*  
*SECURITIES ACT (ONTARIO) SECTION 75(2)*  
*SECURITIES ACT (QUÉBEC) SECTION 73*

**ITEM 1 Reporting Issuer:**

Moxie Exploration Ltd. (“Moxie”)  
811-3<sup>rd</sup> Street S.W.  
Calgary, Alberta T2P 4L5

**ITEM 2 Date of Material Change:**

May 27, 2003

**ITEM 3 News Release:**

A joint news release disclosing the nature and substance of the material change was issued by Endeavour Energy Inc. (“Endev” or the “Offeror”) and Moxie on May 27, 2003, and disseminated through the facilities of Canada Newswire and would have been received by the securities commissions where Moxie is a “reporting issuer” and the stock exchanges on which the securities of Moxie are listed and posted for trading in the normal course of its dissemination.

**ITEM 4 Summary of Material Change:**

Moxie and Endeavour entered into an agreement (the “Pre-Acquisition Agreement”) dated May 27, 2003, pursuant to which Endeavour agreed to make an offer (the “Offer”) to purchase all of the issued and outstanding common shares of Moxie (the “Moxie Shares” or the “Common Shares”), including all Moxie Shares which may become outstanding on the exercise of options and warrants to purchase Moxie Shares. **A copy of the Pre-Acquisition Agreement is attached as Exhibit “A” to this Material Change Report.** Certain of the terms and conditions of the Pre-Acquisition Agreement are summarized and described below and such description is qualified by and reference should be made to, the actual terms and conditions of the Pre-Acquisition Agreement which is attached hereto as Exhibit “A”.

Certain directors, officers and shareholders of Moxie, holding 28% of the issued and outstanding Moxie Shares, have agreed to tender to the Offer all Moxie Shares owned or controlled by them (including any Moxie Shares acquired pursuant to the exercise of any options or warrants to purchase Moxie Shares).

**ITEM 5 Full Description of Material Change:**

On May 27, 2003, Moxie entered into the Pre-Acquisition Agreement whereby Endeavour agreed to make an Offer, either directly or indirectly, which consists of, at the election of each holder of Moxie Shares, either (i) \$0.46 in cash per Moxie Share, subject to a

maximum aggregate cash consideration being issued pursuant to the Offer of \$12,000,000; or (ii) 0.278788 of a common share of Endeavor for each Moxie Share subject to a maximum aggregate share consideration being issued pursuant to the Offer of 5,835,000 Endeavor Shares or any combination thereof.

The board of directors of Moxie (the "Board of Directors") has determined that it will unanimously recommend that the holders of Moxie Shares (the "Moxie Shareholders") accept the Offer.

Under the terms and conditions of the Pre-Acquisition Agreement Moxie has, *inter alia*, agreed:

1. that at the time the Offeror first takes up and pays for Moxie Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn a number of Moxie Shares which constitutes at least 66 $\frac{2}{3}$  % of the outstanding Moxie Shares (calculated on a diluted basis) (the "Minimum Condition");
2. to immediately cease and cause to be terminated any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted heretofore by Moxie or its officers, directors, employees, financial advisors, representatives and agents ("Representatives") with respect to any proposal other than by Endeavor to acquire all or a material portion of the assets of Moxie or control more than 20% of the outstanding voting shares of Moxie (a "Take-over Proposal"). However, Moxie may engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Moxie, or the Representatives) seeks to initiate such discussions or negotiations and may furnish such third party information concerning Moxie and its business, properties and assets which has previously been provided to Endeavor if, and only to the extent that the third party has first made a bona fide written Take-over Proposal that is financially superior to the Offer (as determined in good faith in each case by Moxie's Board of Directors after receiving the advice of its financial advisors) (a "Superior Proposal") and Moxie's Board of Directors has concluded in good faith, after considering applicable law and receiving the advice of outside counsel that such action is required by the Moxie Board of Directors to comply with fiduciary duties under applicable law.
3. that prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Moxie receives from such person or entity an executed confidentiality agreement and Moxie immediately provides to Endeavor any information provided to any such person or entity if not previously provided to Endeavor; but only if prior to such acceptance, recommendation, approval or implementation of a Superior Proposal, Moxie's Board of Directors shall have concluded in good faith, after considering provisions of applicable law and after giving effect to all proposals to adjust the terms and conditions of the Offer which may be offered by Endeavor during the 72 hour notice period Moxie terminates the Pre-Acquisition Agreement in accordance with the terms thereof and has concurrently paid the fees payable as described below. Moxie shall give Endeavor orally and in writing at least 72 hours advance notice of any decision by the Board of Moxie to accept, recommend, approve or implement a Superior Proposal. Such notice shall include the principal business terms and conditions

of the Superior Proposal and the general attributes of any non-cash consideration but shall not include the identity of the party making the Superior Proposal.

4. to pay to Endev a compensation fee of \$500,000 in the event that:
- (a) the Board of Directors of Moxie has withdrawn or, in any manner adverse to Endev, redefined, modified or changed any of its recommendations with respect to the Offer;
  - (b) any bona fide Take-over Proposal for the Moxie Shares is publicly announced or commenced, and the Board of Directors of Moxie shall have failed to publicly reaffirm and maintain its recommendation of the Offer to Moxie's shareholders within 10 days after the public announcement or commencement of any such Take-over Proposal;
  - (c) the Board of Directors of Moxie shall have recommended that Moxie's shareholders deposit their Moxie Shares under, vote in favour of, or otherwise accept, a Take-over Proposal;
  - (d) Moxie shall have entered into any agreement with any person with respect to a Take-over Proposal prior to the expiry time of the Offer, excluding a confidentiality agreement; or
  - (e) a Take-over Proposal is publicly announced, proposed, offered or made to Moxie's shareholders or to Moxie prior to the expiry time of the Offer, the Offer shall have expired by reason of the Minimum Condition not being satisfied, and such Take-over Proposal has been completed within 180 days of expiry of the Offer.

Moxie has agreed to pay the compensation fee within one business day of the occurrence of the earliest event described above.

The Pre-Acquisition Agreement also contains certain other customary covenants, representations and warranties of each Moxie and Endev.

Moxie's financial advisor, FirstEnergy Capital Corp., has advised Moxie that it will provide an opinion that the consideration provided by the Offer is fair, from a financial point of view, to holders of Moxie Shares.

**ITEM 6      Reliance on Section 146(2) of the *Securities Act*:**

Not applicable.

**ITEM 7      Omitted Information:**

Not applicable.

**ITEM 8 Senior Officer:**

Inquires in respect of the material change referred to herein may be made to:

Thomas Love, Chairman & CFO  
Moxie Exploration Ltd.  
811-3<sup>rd</sup> Street S.W.  
Calgary, Alberta T2P 4L5  
Tel: (403) 215-9871

**ITEM 9 Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this Report.

**DATED** at Calgary, Alberta this 3<sup>rd</sup> day of June, 2003.

**MOXIE EXPLORATION LTD.**

Per: (signed) *Thomas Love*  
Thomas Love  
Chairman and CFO

**EXHIBIT "A"**

**PRE-ACQUISITION AGREEMENT**

**Between**

**ENDEV ENERGY INC.**

**and**

**MOXIE EXPLORATION LTD.**

Dated as of May 27, 2003

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## PRE-ACQUISITION AGREEMENT

THIS AGREEMENT made as of the 27th day of May, 2003,

BETWEEN:

**ENDEV ENERGY INC.**, a corporation duly amalgamated under and governed by the laws of Alberta and having its head and principal office in the City of Calgary, in the Province of Alberta (hereafter referred to as "Endev")

AND

**MOXIE EXPLORATION LTD.**, a corporation duly incorporated under and governed by the laws of Alberta and having its head and principal office in the City of Calgary, in the Province of Alberta (hereafter referred to as "Moxie")

WHEREAS the Board of Directors of each of Endev and Moxie has determined that it is in the best interests of their respective corporations and shareholders that Endev and Moxie combine their business interests with the result that there shall be one economic enterprise and that such combination be effected through an offer by Endev to purchase all of the outstanding shares of Moxie;

AND WHEREAS the Board of Directors of Moxie has determined to unanimously recommend acceptance of the Endev offer to the shareholders of Moxie;

AND WHEREAS Endev is willing to make an offer subject to the terms and conditions of this Agreement;

NOW THEREFORE IN CONSIDERATION OF the mutual covenants hereinafter contained and other good and valuable consideration (the receipt and adequacy whereof is hereby acknowledged), the parties hereto agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

"**Act**" means the *Business Corporations Act* (Alberta) as the same has been and may hereafter from time to time be amended;

"**affiliates**" has the meaning set forth in the Act;

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this Agreement, as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Schedules hereto;

"**Business Day**" means any day excepting a Saturday, Sunday or statutory holiday in Calgary, Alberta;

"**Canadian GAAP**" means Canadian generally accepted accounting principles applied on a consistent basis;

"**diluted basis**" means, with respect to the number of outstanding Moxie Shares at any time, such number of outstanding Moxie Shares calculated assuming that all Moxie Options, and Moxie Warrants and other rights to purchase Moxie Shares are exercised;

"**Disclosure Letter**" means the letter dated May 27, 2003 delivered concurrently with this Agreement;

"**Effective Time**" means the time that Endeavour shall have acquired ownership of and paid for at least the Minimum Required Shares pursuant to the terms of the Offer;

"**Endeavour**" means Endeavour Energy Inc.;

"**Endeavour Governing Documents**" means the Articles of Amalgamation and any amendments thereto and By-laws of Endeavour;

"**Endeavour Options**" means the outstanding options to acquire Endeavour Shares;

"**Endeavour Shares**" means common shares in the share capital of Endeavour;

"**Expiry Time**" means the Initial Expiry Time unless the Offer has been or is required to be extended, in which case it means the expiry time of the Offer as extended, or required to be extended, from time to time;

"**Initial Expiry Time**" means 3:00 p.m. (Calgary time) on the first Business Day which falls after the 35th day following the day of the mailing of the Offer Documents to the shareholders of Moxie (where the first day of this period is the day immediately following the day of mailing);

"**material**" means, where used in relation to Moxie or Endeavour, respectively, a fact, asset, liability, transaction or circumstance concerning the business, assets, rights, liabilities, capitalization, operations, prospects or financial condition of such company, taken as a whole, that: (i) would be reasonably likely to have a significant effect on the market price or value of the shares of such company; or (ii) that would prevent or materially delay completion of the Offer in accordance with this Agreement, or, in the case of Moxie, any compulsory acquisition or Second Stage Transaction;

"**Material Adverse Change**" means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Moxie or Endeavour, respectively, which is, or could reasonably be expected to be, materially adverse to the business of such company considered as a whole other than a change: (i) which has prior to the date hereof been publicly disclosed or otherwise disclosed in the Disclosure Letter; (ii) resulting from conditions affecting the oil and gas industry as a whole; (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; (iv) resulting from changes in the market price of crude oil or natural gas; or (v) any adverse drilling results for any wells being currently drilled or anticipated to be drilled prior to the Expiry Time;

"**Minimum Condition**" means the condition set forth in paragraph (a) of Schedule A;

"**Minimum Required Shares**" means at least that number of the outstanding Moxie Shares required pursuant to the Minimum Condition unless Endeavour shall have waived the Minimum Condition in which case "Minimum Required Shares" means that number of the outstanding Moxie Shares which Endeavour takes

up on the Take-up Date, provided that such number of Moxie Shares shall not be less than 50% of the issued and outstanding Moxie Shares on a diluted basis (exclusive of any Moxie Shares that Endev owned prior to the date the Offer Documents are mailed);

"**Moxie**" means Moxie Exploration Ltd.;

"**Moxie Governing Documents**" means the Articles of Incorporation and any amendments thereto and By-laws of Moxie;

"**Moxie Optionholders**" means the holders of Moxie Options;

"**Moxie Options**" means the outstanding options to acquire Moxie Shares under the Stock Option Plan;

"**Moxie Shares**" means common shares in the share capital of Moxie;

"**Moxie Warrantholders**" means the holders of Moxie Warrants;

"**Moxie Warrants**" mean the outstanding common share purchase warrants to acquire Moxie Shares;

"**Offer**" has the meaning set forth in Section 2.1(a);

"**Offer Documents**" has the meaning set forth in Section 2.3(a);

"**Officer Obligations**" means the obligations of Moxie to its officers, employees and key consultants for severance or termination payments in connection with a termination of employment or change of control of Moxie pursuant to any written agreements, in each case as listed in the Disclosure Letter;

"**Second Stage Transaction**" has the meaning set forth in Section 4.1;

"**Securities Authorities**" means the appropriate securities commissions or similar regulatory authorities in Canada and each of the provinces and territories thereof and in the United States and each of the states thereof;

"**Securities Laws**" has the meaning set forth in Section 2.3(a);

"**Stock Option Plan**" means the Incentive Share Option Plan of Moxie as of November 19, 1999;

"**subsidiary**" has the meaning set forth in the *Securities Act* (Alberta);

"**Superior Proposal**" has the meaning set forth in Section 8.3;

"**Take-over Proposal**" means a proposal or offer (other than by Endev), whether or not subject to a due diligence condition, whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Moxie or to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of Moxie whether by an arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving Moxie including without limitation any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of Moxie or to acquire in any manner, directly or indirectly, more than 20% of the outstanding voting shares of Moxie (other than the transactions contemplated by this Agreement); and

"**Take-up Date**" means the date that Endeavor first takes up and acquires Moxie Shares pursuant to the Offer.

**1.2 Singular, Plural, etc.**

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

**1.3 Deemed Currency**

In the absence of a specific designation of any currency any undesignated dollar amount herein shall be deemed to refer to Canadian dollars.

**1.4 Headings, etc.**

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made.

**1.5 Date for any Action**

In the event that any date on which any action is required to be taken hereunder by any of the parties hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

**1.6 Governing Law**

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

**1.7 Attornment**

The parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either party in such court. The parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

**1.8 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement in respect of Moxie shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature in respect of Moxie required to be made shall be made in a manner consistent with Canadian GAAP and past practice.

## **1.9 Knowledge**

Where in this Agreement a representation or warranty is made on the basis of the knowledge or awareness of Moxie, such knowledge or awareness consists only of the actual knowledge or awareness, as of the date of this Agreement, of the senior executive officers of Moxie, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

## **1.10 Interpretation Not Affected by Party Drafting**

The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

## **1.11 Incorporation of Schedules**

Schedules A to C attached hereto and described below shall, for all purposes hereof, form an integral part of this Agreement.

Schedule A	Conditions to the Offer
Schedule B	Form of Pre-tender Agreement
Schedule C	Form of Joint Press Release

## **ARTICLE 2 THE OFFER**

### **2.1 The Offer**

- (a) Subject to the terms and conditions of this Agreement, Endev shall mail to holders of Moxie Shares and Moxie Options as soon as practicable but in any event not later than 11:59 p.m. (Calgary time) on June 16, 2003, an offer to purchase all of the outstanding Moxie Shares including Moxie Shares which may become outstanding pursuant to the exercise of outstanding Moxie Options and Moxie Warrants, for an ascribed price of \$0.46 for each Moxie Share, to be comprised of \$0.23 cash and \$0.23 in Endev Shares (at a deemed price of \$1.65 per Endev common share) for each Moxie Share (provided that fractional Endev Shares will not be issued and will be rounded up or down to the nearest whole number of Endev Shares), or any combination of the foregoing, subject to a maximum of \$12,000,000 and a maximum of 5,835,000 Endev Shares for all of the issued and outstanding Moxie Shares in the event that holders of Moxie Shares elect to receive, in the aggregate, greater than \$12,000,000 in cash pursuant to the Offer, then such holders of Moxie Shares shall be deemed to have elected, on a proportionate basis, to have received Endev Shares to the extent necessary. In the event that holders of Moxie Shares elect to receive, in the aggregate, in excess of 5,835,000 Endev Shares pursuant to the Offer then such holders of Moxie Shares shall be deemed to have elected, on a proportionate basis, to have elected to receive cash to the extent necessary. To the extent a shareholder fails to elect, such shareholder shall be deemed to have elected to receive one-half cash and one-half Endev Shares. The offer shall be made in accordance with this Agreement, the Act and Securities Laws and be subject to the conditions set forth in Schedule A hereto (the "Offer", which term shall include any amendments to, or extensions of, such Offer, including, without limitation, increasing the consideration, removing or waiving any condition or extending the date by which Moxie Shares may be tendered). Endev and Moxie shall cooperate in making on a timely basis any filings with respect to the Offer, including amendments thereafter on a

timely basis as required by Securities Laws. The Offer shall be prepared and in accordance with this Agreement, the Act and Securities Laws. Endeavor shall provide Moxie with a draft copy of the Offer Documents prior to mailing for its review and comment.

- (b) Endeavor may make the Offer itself or through any direct or indirect subsidiary. In the event that a Endeavor subsidiary makes or participates in the making of the Offer, the term "Endeavor" as used herein shall include such subsidiary, other than in Article 5 where the term "Endeavor" shall not include such subsidiary, but Endeavor shall continue to be liable to Moxie, as principal obligor, for such subsidiary's obligations hereunder and for any default by such subsidiary in the performance of its obligations hereunder.
- (c) The Offer shall expire at the Initial Expiry Time, except that the Offer may be extended, at the sole discretion of Endeavor, if the conditions thereto set forth in Schedule A hereto are not satisfied on the date and time at which the Offer expires and if Endeavor determines, acting reasonably, that there is a reasonable prospect that the conditions of the Offer may not be satisfied prior to the Expiry Time. In addition, in the event that any appropriate regulatory approval is not obtained prior to the time the Offer is scheduled to terminate, unless such approval has been denied, Endeavor agrees that it will extend the Offer for not less than two additional successive 10 day periods, if upon the expiry of any extension, the appropriate regulatory approval has not been obtained.

In the event that at the Expiry Time, all conditions of the Offer contained in Schedule A hereto have been satisfied or waived other than the condition set forth in paragraph (g) of Schedule A, Endeavor hereby agrees to extend the Offer for a period of time not less than 10 days past the Expiry Time. If the condition set forth in paragraph (g) of Schedule A is not waived at the end of the extended Offer period, Endeavor shall have no further obligation to extend the Offer.

Subject to the satisfaction or waiver of the conditions set forth in Schedule A hereto, Endeavor shall, as soon as practicable and in any event, within three Business Days accept for payment and pay for all Moxie Shares validly tendered (and not properly withdrawn) pursuant to the Offer. Each of Endeavor and Moxie shall use all commercially reasonable efforts to consummate the Offer, subject to the terms and conditions thereof.

- (d) It is agreed that Endeavor may, in its sole discretion, waive any term or condition of the Offer for its benefit provided that if Endeavor takes up and pays for any Moxie Shares it shall acquire not less than the Minimum Required Shares. Endeavor agrees that it shall not amend any term or condition of the Offer (which for greater certainty, does not include waiving, in whole or part, a condition of the Offer) in a manner that is materially adverse to the holders of Moxie Shares without the prior written consent of Moxie other than to: (i) comply with Section 2.1(c); (ii) extend the Offer, if, at the initial or extended date on which the Offer is scheduled to terminate, any of the conditions to the Offer shall not be satisfied or waived by Endeavor, until such time as such conditions are satisfied or waived by Endeavor; (iii) extend the Offer for any period required by any rule, regulation, interpretation or position of the Securities Authorities applicable to the Offer or any period required by applicable law; or (iv) comply with the legal obligations of Endeavor with respect to any amendment, modification or change of the Offer.

Notwithstanding and without limiting the foregoing, Endeavor may at any time following the Initial Expiry Time, reduce the Minimum Condition to a percentage not less than 50% (exclusive of any Moxie Shares that Endeavor owned prior to the date the Offering Documents are mailed) and shall, subject to the conditions of the Offer being satisfied or waived, take up and pay for all Moxie Shares validly deposited to the Offer, provided that, after Endeavor reduces the Minimum Condition, Endeavor extends the Offer by a 10 day period and agrees to extend the Offer for not less than two additional successive 10 day periods if, upon the expiry of any extension, the Minimum

Condition has not been satisfied. Any agreement of Endev referred to in the foregoing sentence shall continue after the Effective Time until such agreement shall have been performed or this Agreement is terminated.

Endev shall provide a draft of any proposed amendment, modification or change to the Offer to Moxie.

- (e) Endev will instruct the depository under the Offer to advise Moxie from time to time, not less frequently than every three Business Days until the day immediately prior to the Expiry Time and thereafter on an hourly basis, if requested by Moxie and in such manner as Moxie may reasonably request, as to the number of Moxie Shares that have been tendered (and not withdrawn) under the Offer.
- (f) Endev's obligation to make the Offer as set forth in Section 2.1(a) is conditional upon the execution and delivery to Endev, concurrently with the execution of this Agreement, of the quitclaim agreements and pre-tender agreements referred to in Section 2.2(b).
- (g) Notwithstanding any of the other terms of this Agreement, Endev shall not be required to make the Offer if, on or before the date Endev would otherwise be required to make the Offer under the terms of this Agreement:
  - (i) any of the representations or warranties of Moxie contained herein shall not be true and correct in all material respects or Moxie shall not have complied in all material respects with each of its covenants set out herein; or
  - (ii) the Board of Directors of Moxie shall have withdrawn its positive recommendation of the Offer; or
  - (iii) a Material Adverse Change shall have occurred, or a person shall have commenced a bona fide action for injunctive relief against the performance of this Agreement or the completion of the Offer, or another event shall have occurred or circumstances shall exist which would make it impossible or highly unlikely to satisfy one or more of the conditions of the Offer set forth in Schedule A hereto.

The foregoing conditions are for the sole benefit of Endev and may be waived by Endev at any time.

## **2.2 Moxie Directors' Circular**

- (a) Moxie hereby consents to the Offer as set forth in Section 2.1 and confirms that its Board of Directors has resolved that it will recommend that holders of Moxie Shares accept the Offer, has approved the entering into of this Agreement and has received the opinion of its financial advisors that the consideration payable pursuant to the Offer is fair, from a financial point of view, to the holders of Moxie Shares and has resolved to unanimously recommend acceptance of the Offer by the holders of Moxie Shares, subject to Section 8.3. Moxie shall prepare and make available for mailing with the Offer, sufficient copies of a directors' circular prepared in accordance with Securities Laws. The directors' circular will set forth (among other things) the recommendation of the Board of Directors of Moxie as described above. Moxie shall provide Endev with a draft copy of the directors' circular prior to its finalization for Endev's review and comment.
- (b) The Board of Directors of Moxie has been advised that (i) the directors and officers of Moxie intend to tender their Moxie Shares under the Offer, and (ii) that all Moxie Optionholders have

agreed either, at their election, to (a) exercise such Moxie Options or (b) in lieu of exercising their Moxie Options, Moxie will pay the cash difference between the exercise price of their Moxie Options and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) immediately after the Take-up Date in exchange for the termination of their Moxie Options and in either case, providing that such Moxie Optionholder agrees to surrender any remaining unexercised options to Moxie for cancellation for no consideration effective immediately after the Take-up Date, and (iii) all Moxie Warrantholders will be advised, immediately following the entering into of this Agreement, that such Moxie Warrantholders may either (a) exercise such Moxie Warrants or (b) enter into quitclaim agreements with Moxie pursuant to which they will elect that, in lieu of exercising their Moxie Warrants, Moxie will pay the cash difference between the exercise price of the Moxie Warrants and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) in exchange for the termination of the Moxie Warrants, providing that such Moxie Warrantholder agrees to surrender any remaining unexercised Moxie Warrants to Moxie for cancellation for no consideration on the date that such cash payment is made. Moxie represents that its directors and officers have agreed to execute pre-tender agreements (in the form of the agreement attached hereto as Schedule B) and agrees to use its reasonable best efforts to deliver such agreements within 72 hours of the execution of this Agreement duly executed by all of its directors and officers. The directors' circular shall reflect the execution and delivery of the pre-tender agreements and the agreement of the directors and officers to tender their Moxie Shares pursuant to the Offer.

- (c) Moxie represents that it has obtained advice from FirstEnergy Capital Corp. that the consideration to be offered to Moxie's shareholders pursuant to the Offer is fair to holders of Moxie Shares from a financial point of view and that such financial advisor will provide a written opinion to such effect on or before June 16, 2003. The fairness opinion will be attached to or referred to in the directors' circular referred to in Section 2.2(a).

### **2.3 Offer Documents**

- (a) Endev shall file or cause to be filed with the appropriate Securities Authorities an Offer to Purchase and Take-over Bid Circular and the related Letter of Transmittal and Notice of Guaranteed Delivery pursuant to which the Offer will be made (collectively, the "Offer Documents"). The Offer Documents, when filed with the Securities Authorities and when mailed to holders of Moxie Shares, shall contain (or shall be amended in a timely manner to contain) all information which is required to be included therein in accordance with the Act and any applicable Canadian provincial securities laws, United States securities laws, the "blue sky" or securities laws of the states of the United States and any other applicable law (collectively, the "Securities Laws").
- (b) Moxie agrees to provide such assistance as Endev or its agents may reasonably request in connection with communicating the Offer and any amendments and supplements thereto to the holders of the Moxie Shares, Moxie Options and Moxie Warrants and to such other persons as are entitled to receive the Offer under Securities Laws, including providing lists and updated or supplemental lists of the holders of Moxie Shares, holders of Moxie Options and holders of Moxie Warrants and other securities convertible into or exchangeable for Moxie Shares and mailing labels with respect to all such holders of securities as soon as possible after the date of this Agreement but in any event no later than the close of business in Calgary on June 16, 2003 and updates or supplements thereto from time to time as may be requested by Endev.

## **2.4 Outstanding Stock Options and Warrants**

- (a) Persons holding Moxie Options pursuant to the Stock Option Plan and Moxie Warrants who may do so under Securities Laws and in accordance with the Stock Option Plan and the terms of such Moxie Warrants shall be entitled to exercise all of their options and warrants and tender all Moxie Shares issued in connection therewith under the Offer upon payment by certified cheque or bank draft of the exercise price in full. The Moxie Board of Directors shall not, prior to completion of the Offer, grant additional options pursuant to the Stock Option Plan or issue other securities convertible into Moxie Shares. It is agreed by Endeavor that all Moxie Options which have been tendered to Moxie for exercise, conditional on Endeavor taking up Moxie Shares under the Offer ("Conditional Exercise"), shall be deemed to have been exercised concurrently with the take-up of Moxie Shares by Endeavor. Furthermore, Endeavor shall accept as validly tendered under the Offer as of the Take-up Date all Moxie Shares which are to be issued pursuant to the Conditional Exercise, provided that the holders of such options indicate that such shares are tendered pursuant to the Offer and provided that such holder agrees to surrender their remaining unexercised options to Moxie for cancellation for no consideration effective immediately after the Take-up Date. For clarity, there shall be no conditional exercise with respect to the Moxie Warrants, which must be exercised unconditionally in order to tender the Moxie Shares issuable upon exercise thereof to the Offer.
- (b) Moxie and Endeavor agree that to the extent holders of Moxie Options do not exercise such Moxie Options and Moxie Warrant holders do not exercise such Moxie Warrants and, in each case, tender the Moxie Shares they receive upon such exercise, Moxie and Endeavor shall use their reasonable best efforts to negotiate with and obtain from all holders of Moxie Options and Moxie Warrants quitclaim agreements pursuant to which the Moxie Option holders and Moxie Warrant holders agree with Endeavor and Moxie that, (i) in the case of the Moxie Options, in lieu of such persons exercising their Moxie Options, Moxie will pay to such persons the cash difference between the exercise price of their Moxie Options and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) immediately after the Take-up Date of the Offer in exchange for the termination of their Moxie Options and provided that such holders agree to surrender their remaining unexercised options to Moxie for cancellation for no consideration effective immediately after the Take-up Date, and (ii) in the case of the Moxie Warrants, in lieu of such persons exercising their Moxie Warrants, Moxie will pay to such persons the cash difference between the exercise price of their Moxie Warrants and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) in exchange for the termination of their Moxie Warrants and provided that such holders agree to surrender their remaining unexercised warrants to Moxie for cancellation for no consideration on the date that such cash payment is made.
- (c) Endeavor and Moxie acknowledge and agree that, pursuant to the Stock Option Plan, all outstanding and unvested Moxie Options shall immediately vest at the Effective Time.

## **2.5 Rights Plan**

Moxie represents to Endeavor that it does not have in operation any manner of rights plan pursuant to which its shareholders would be entitled to acquire Moxie Shares in the event of the Offer proceeding.

## **2.6 Employee Plans**

- (a) Subject to and following the take-up of Moxie Shares by Endeavour under the Offer on the Take-up Date, Endeavour covenants and agrees to cause Moxie to effect the severance and termination payments payable to its employees as described in the Disclosure Letter.
- (b) Subject to and following the take-up of Moxie Shares by Endeavour under the Offer on the Take-up Date, Endeavour covenants and agrees to cause Moxie to pay to employees terminated for any reason except just cause all amounts accrued to the date of termination of employment.

## **ARTICLE 3 PUBLICITY AND SOLICITATION**

### **3.1 Publicity**

- (a) Each of Endeavour and Moxie shall advise, consult and cooperate with the other party prior to issuing, or permitting any of its directors, officers, employees or agents to issue any press release or other written statement to the press with respect to this Agreement or the transactions contemplated hereby. Endeavour and Moxie shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable law or by obligations pursuant to any listing agreement with a stock exchange and only after using its reasonable commercial best efforts to consult the other party taking into account the time constraints to which it is subject as a result of such law or obligation.
- (b) Moxie and Endeavour agree that a joint press release substantially in the form of Schedule C shall be issued immediately following the execution of this Agreement.
- (c) Moxie agrees that it shall include, as part of its material change report filing it makes pursuant to applicable Canadian securities laws in respect of this Agreement, the complete text of this Agreement.

### **3.2 Solicitation**

At Endeavour's discretion, investment firms to be selected by Endeavour may act as dealer managers (the "Dealer Managers") in connection with the Offer and solicit acceptances of the Offer. The Dealer Managers may form a soliciting dealer group comprised of members of the Investment Dealers Association of Canada and of the stock exchanges in Canada and their United States broker dealer affiliates to solicit acceptances of the Offer.

## **ARTICLE 4 TRANSACTIONS FOLLOWING COMPLETION OF THE OFFER**

### **4.1 Second Stage Transaction**

If Endeavour takes up and pays for Moxie Shares pursuant to the terms of the Offer, and thereby acquires at least the Minimum Required Shares, Endeavour agrees to use all commercially reasonable efforts to acquire, and Moxie agrees to use all commercially reasonable efforts to assist Endeavour in acquiring, the balance of the Moxie Shares by way of a statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other type of acquisition transaction or transactions ("Second Stage Transaction") carried out for consideration per Moxie Share not less than the consideration paid pursuant to the Offer (it being understood that Endeavour shall be under no obligation to pay more than that amount). Nothing herein shall be construed to prevent Endeavour from acquiring, directly

or indirectly, additional Moxie Shares in the open market or in privately negotiated transactions, in another take-over bid, tender or exchange offer, or otherwise in accordance with Securities Laws (including by way of compulsory acquisition) following completion of the Offer.

#### **4.2 Information Circular, Etc.**

Without limiting Section 4.1, Moxie agrees that if Endev is required to effect a Second Stage Transaction which requires approval of Moxie's shareholders in a meeting of Moxie's shareholders, Moxie shall take all action necessary in accordance with Securities Laws, other applicable Canadian laws, the Moxie Governing Documents and the requirements of The Toronto Stock Exchange, the TSX Venture Exchange or any other regulatory authority having jurisdiction to duly call, give notice of, convene and hold a meeting of its shareholders as promptly as practicable to consider and vote upon the action proposed by Endev. In the event of such a meeting or meetings, Moxie shall use all commercially reasonable efforts to mail to its shareholders an Information Circular with respect to the meeting of Moxie's shareholders. The term "Information Circular" shall mean such proxy or other required informational statement or circular, as the case may be, and all related materials at the time required to be mailed to Moxie's shareholders and all amendments or supplements thereto, if any. Endev and Moxie each shall use all commercially reasonable efforts to obtain and furnish the information required to be included in any Information Circular. The information provided and to be provided by Endev and Moxie for use in the Information Circular, on both the date the Information Circular is first mailed to Moxie's shareholders and on the date any such meeting is held, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and will comply in all material respects with all applicable requirements of law. Endev and Moxie each agree to correct promptly any such information provided by it for use in any Information Circular which shall have become false or misleading.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF ENDEV**

As of the date hereof, Endev hereby represents and warrants to Moxie as follows and acknowledges that Moxie is relying upon these representations and warranties in connection with the entering into of this Agreement:

#### **5.1 Organization and Qualification**

Endev is a corporation duly incorporated and organized and validly existing under the laws of the Province of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Endev is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Endev.

#### **5.2 Authority Relative to this Agreement**

Endev has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Endev of the transactions contemplated hereby have been duly authorized by its Board of Directors and no other corporate proceedings on its part are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Endev and constitutes a legal, valid and binding obligation of Endev enforceable against it in accordance with its terms, subject to

bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

### **5.3 No Violations**

- (a) Neither the execution and delivery of this Agreement by Endev, the consummation by it of the transactions contemplated hereby nor compliance by it with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Endev under, any of the terms, conditions or provisions of (x) the charter or bylaws of Endev or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Endev is a party or to which it, or any of its properties or assets, may be subject or by which Endev is bound; or (ii) subject to compliance with the statutes and regulations referred to in Section 5.3(b), violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Endev (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Endev or on the ability of Endev to consummate the transactions contemplated hereby).
- (b) Other than in connection with or in compliance with the provisions of Securities Laws, the *Investment Canada Act* (Canada), the *Competition Act* (Canada), the rules of The Toronto Stock Exchange and the TSX Venture Exchange, and any pre-merger notification statutes, (i) there is no legal impediment to Endev's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Endev in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have a material adverse effect on the ability of Endev to consummate the transactions contemplated hereby.

### **5.4 Capitalization**

As of the date hereof, the authorized share capital of Endev consists of an unlimited number of common shares. As of the date hereof, an aggregate of 69,680,398 Endev Shares are issued and outstanding and no preferred shares are issued or outstanding. As of the date hereof, options to acquire an aggregate of 3,299,000 Endev Shares have been granted and are unexercised under Endev's stock option plan and Endev has in place a shareholder rights protection plan which may provide for the issuance of additional Endev Shares in certain events. Except as set forth above, there are no securities of Endev outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Endev of any shares of Endev (including the Endev Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Endev (including the Endev Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of Endev. All outstanding Endev Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any preemptive rights, and all Endev Shares issuable upon exercise of outstanding stock options in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any preemptive rights.

## **5.5 No Material Adverse Change**

Since December 31, 2002, there has not been any Material Adverse Change.

## **5.6 No Undisclosed Material Liabilities**

Except: (a) as disclosed or reflected in the audited financial statements of Endeavour as at December 31, 2002; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice; or (ii) pursuant to the terms of this Agreement, Endeavour has not incurred any liabilities of any nature, whether accrued, contingent or otherwise that have constituted or could be reasonably expected to constitute a Material Adverse Change.

## **5.7 Impairment**

Neither the making of the Offer nor the successful completion of the Offer will result in a Material Adverse Change pursuant to or as a result of the provisions of any agreement or arrangement to which Endeavour is a party.

## **5.8 Financial Advisor**

Endeavour has not retained nor will it retain any financial advisor, broker, agent or finder or paid, or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that, in its sole discretion, it may elect to retain a dealer-manager(s) to assist in soliciting responses to the Offer.

## **5.9 Conduct of Business**

Except as publicly disclosed, since December 31, 2002, Endeavour has not taken any action that would be in violation of Section 7.2 if such provision had been in effect since such date, other than violations which would not have any material adverse effect on the business, operations or financial condition of Endeavour considered as a whole or would not materially affect Endeavour's ability to consummate the transactions contemplated hereby.

## **5.10 Reports**

- (a) Endeavour has heretofore delivered to Moxie true and complete copies of (i) Endeavour's 2002 draft Annual Information Form, Endeavour's Information Circular relating to its 2003 annual meeting of shareholders, Endeavour's 2002 Annual Report to shareholders and its draft interim report for the period ending March 31, 2003; (ii) all prospectuses or other offering documents used by Endeavour in the offering of its securities or filed with Securities Authorities since December 31, 2002; and (iii) the consolidated audited financial statements of Endeavour dated December 31, 2002. As of their respective dates, such forms, statements, prospectuses and other offering documents (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and complied in all material respects with all applicable requirements of law. The audited financial statements and unaudited interim financial statements of Endeavour publicly issued by Endeavour, previously delivered to Moxie, or included or incorporated by reference in such forms, statements, prospectuses and other offering documents were prepared in accordance with Canadian GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Endeavour's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent

they may not include footnotes or may be condensed or summary statements), and fairly present the consolidated financial position, results of operations and changes in financial position of Endeavour as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

- (b) Endeavour will deliver to Moxie as soon as they become available true and complete copies of any report or statement filed by it with Securities Authorities subsequent to the date hereof. As of their respective dates, such reports and statements (excluding any information therein provided by Moxie, as to which Endeavour makes no representation) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and will comply in all material respects with all applicable requirements of law. The financial statements of Endeavour issued by Endeavour or to be included in such reports and statements (excluding any information therein provided by Moxie, as to which Endeavour makes no representation) will be prepared in accordance with Canadian GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Endeavour's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the financial position, results of operations and changes in financial position of Endeavour as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

#### **5.11 Subsidiaries**

Endeavour has no subsidiaries.

#### **5.12 Compliance with Law**

Endeavour has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, have a material adverse effect on the business, affairs, operations, assets, prospects or financial condition of Endeavour, or on the ability of Endeavour to consummate the transactions contemplated hereby.

#### **5.13 Material Agreements**

There are no agreements material to the conduct of Endeavour's business except land contracts entered into in the ordinary course of business and construction, ownership and operation agreements entered into in the ordinary course of business and the agreements as listed in the Disclosure Letter, and all such agreements are valid and subsisting and Endeavour is not in material default under any such agreements.

#### **5.14 Disclosure**

Other than as set forth in the Endeavour public documents, there is no information regarding any event, circumstance or action taken or failed to be taken which could reasonably be expected to materially adversely affect the business, operations, assets, capitalization, financial condition, prospects, rights or liabilities of or relating to Endeavour, other than (i) the swap of certain properties with the NCE Resources Group, pursuant to which, effective June 1, 2003 with a projected closing date of July 1, 2003, Endeavour will dispose of certain production of approximately 330 BOE/d in return for • production of approximately 65 BOE/d, certain acreage in the Eyremore, Alberta area plus \$4,600,000.00 in cash, and (ii) the fact that Endeavour has recently terminated its management services agreement with the NCE Resources Group.

To the best of Endeav's knowledge, none of the information delivered to Moxie prior to the date hereof and as modified or supplemented from time to time prior to the date hereof is misleading or incorrect in any material respect taken as a whole, in light of the circumstances under which it was made, excluding all financial projections concerning Endeav.

#### **5.15 Books and Records**

The corporate records and minute books of Endeav have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

#### **5.16 Litigation, Etc.**

There are, at the date hereof, no actions, suits or proceedings pending, or to the knowledge of Endeav threatened, affecting Endeav before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves a possibility of any judgment against or liability of Endeav or other person which, if successful, would have a material adverse effect on the business, affairs, operations, assets, prospects or financial condition of Endeav, or on the ability of Endeav or Moxie to consummate the transactions contemplated hereby.

#### **5.17 Environmental**

Endeav is not aware of, nor has it received:

- (a) any order or directive which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures; or
- (b) any demand or notice with respect to the material breach of any environmental, health or safety law applicable to Endeav or any of its business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants.

#### **5.18 Tax Matters**

- (a) For purposes of the following section, the following definitions shall apply:
  - (i) The term "Taxes" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, employment insurance, social insurance taxes, sales and use taxes, *ad valorem* taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, insurance taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Endeav is required to pay, withhold or collect.
  - (ii) The term "Returns" shall mean all reports, estimates, declarations of estimated tax, elections, information statements and returns relating to, or required to be filed in connection with, any Taxes.

- (b) All Returns required to be filed by or on behalf of Endeavour have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Endeavour with respect to items or periods covered by such Returns.
- (c) Endeavour has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2002 for Taxes, including income taxes, labour taxes and related deferred taxes, in conformity with Canadian GAAP.
- (d) For all periods ending on and after December 31, 2001, Moxie has been furnished by Endeavour true and complete copies of: (i) material portions of income tax audit reports, statements of deficiencies, closing or other agreements received by Endeavour and the or on behalf of Endeavour relating to Taxes; and (ii) all material federal, provincial, state, local or foreign income or franchise tax returns for Endeavour.
- (e) No material deficiencies exist or have been asserted with respect to Taxes of Endeavour. Endeavour is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or to Endeavour's knowledge threatened against Endeavour or any of its assets. Except as disclosed in the Disclosure Letter, no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Endeavour. There is no audit in process, pending or, to the knowledge of Endeavour, threatened by a governmental or taxing authority relating to the Returns of Endeavour and/or any subsidiary for the last three years.
- (f) Endeavour has provided adequate accruals in its financial statements for the year ended December 31, 2002 (or, in either case, such amounts are fully funded) for all employee benefit obligations of Endeavour arising under or relating to each of the employee benefit plans or agreements or policies maintained by or binding on Endeavour.

#### **5.19 Reporting Issuer Status**

Endeavour is a "reporting issuer" in material compliance with all applicable securities laws of the provinces of Canada and the Endeavour Shares are only listed on The Toronto Stock Exchange.

#### **5.20 Debt and Working Capital**

As at March 31, 2003, Endeavour's consolidated debt (other than trade debt) did not exceed \$1,200,000 and its working capital deficit was approximately \$1,400,000.

#### **5.21 Funds Available**

Endeavour has made adequate financial arrangement prior to the execution of this Agreement to ensure that sufficient funds are available to pay for all Moxie Shares tendered pursuant to the Offer and eligible to receive the maximum portion of the cash consideration in accordance with the terms of the Offer.

### **ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF MOXIE**

As of the date hereof, Moxie hereby represents and warrants to Endeavour as follows and acknowledges that Endeavour is relying upon these representations and warranties in connection with the entering into of this Agreement:

## **6.1 Organization and Qualification**

Moxie is a corporation duly incorporated and validly existing under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Moxie is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Moxie taken as a whole.

## **6.2 Authority Relative to this Agreement**

Moxie has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Moxie's Board of Directors, and no other corporate proceedings on the part of Moxie are necessary to authorize this Agreement (except for obtaining shareholder approval in respect of any Second Stage Transaction) and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Moxie and constitutes a legal, valid and binding obligation of Moxie enforceable against Moxie in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

## **6.3 No Violations**

- (a) Except as disclosed in the Disclosure Letter, neither the execution and delivery of this Agreement by Moxie, the consummation of the transactions contemplated hereby nor compliance by Moxie with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Moxie under any of the terms, conditions or provisions of (x) the Moxie Governing Documents or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Moxie is a party or to which it, or any of its properties or assets, may be subject or by which Moxie is bound; or (ii) subject to compliance with the statutes and regulations referred to in Section 6.3(b), violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Moxie (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Moxie taken as a whole or on the ability of Moxie to consummate the transactions contemplated hereby).
- (b) Other than in connection with or in compliance with the provisions of Securities Laws, the *Investment Canada Act* (Canada), the *Competition Act* (Canada), the rules of The Toronto Stock Exchange, the TSX Venture Exchange, and any pre-merger notification statutes, (i) there is no legal impediment to Moxie's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Moxie in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have a material adverse effect on the ability of Moxie to consummate the transactions contemplated hereby.

#### **6.4 Capitalization**

As of the date hereof, the authorized share capital of Moxie consists of an unlimited number of common shares and an unlimited number of non-voting first preferred shares, issuable in series. As of the date hereof, an aggregate of 41,851,078 Moxie Shares are issued and outstanding and no preferred shares are issued or outstanding. As of the date hereof, options to acquire an aggregate of 3,946,000 Moxie Shares have been granted and are unexercised under the Stock Option Plan and warrants to purchase an aggregate of 1,098,640 Moxie Shares have been issued and are unexercised. Except as set forth above, there are no securities of Moxie outstanding and no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Moxie of any shares of Moxie (including the Moxie Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Moxie (including the Moxie Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attributes of Moxie. All outstanding Moxie Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any preemptive rights, and all Moxie Shares issuable upon exercise of outstanding stock options and warrants in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any preemptive rights.

#### **6.5 No Material Adverse Change**

Since December 31, 2002, there has not been any Material Adverse Change.

#### **6.6 No Undisclosed Material Liabilities**

Except: (a) as disclosed or reflected in the audited financial statements of Moxie as at December 31, 2002 or in the material agreements set out in the Disclosure Letter pursuant to Section 6.14 hereof; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business and consistent with past practice; or (ii) pursuant to the terms of this Agreement, Moxie has not incurred any liabilities of any nature, whether accrued, contingent or otherwise that have constituted or could be reasonably expected to constitute a Material Adverse Change.

#### **6.7 Impairment**

Neither the making of the Offer nor the successful completion of the Offer will result in a Material Adverse Change pursuant to or as a result of the provisions of any agreement or arrangement to which Moxie is a party.

#### **6.8 Officer Obligations**

Officer Obligations do not exceed an aggregate of \$440,000 for severance payable to officers, employees and key consultants.

#### **6.9 Financial Advisor**

Except as set forth in the Disclosure Letter, Moxie has not retained nor will it retain any financial advisor, broker, agent or finder or paid, or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except FirstEnergy Capital Corp. has been retained as Moxie's financial advisor in connection with certain matters including the transactions contemplated hereby. The total obligation of Moxie to such financial advisor is set forth in the Disclosure Letter. After the payment of the financial

obligations to FirstEnergy Capital Corp. as set forth in the Disclosure Letter, Moxie will not have any continuing obligations to FirstEnergy Capital Corp. other than those related to indemnification, confidentiality and the payment of expenses.

#### **6.10 Conduct of Business**

Except as publicly disclosed, since December 31, 2002, Moxie has not taken any action that would be in violation of Section 7.1 if such provision had been in effect since such date, other than violations which would not have any material adverse effect on the business, operations or financial condition of Moxie considered as a whole or would not materially affect Moxie's ability to consummate the transactions contemplated hereby.

#### **6.11 Reports**

- (a) Moxie has heretofore delivered to Endev true and complete copies of (i) Moxie's 2002 Annual Information Form, Moxie's Information Circular relating to its 2003 annual meeting of shareholders, Moxie's 2002 Annual Report to shareholders and the interim reports for the period ending March 31, 2003; (ii) all prospectuses or other offering documents used by Moxie in the offering of its securities or filed with Securities Authorities since December 31, 2001; and (iii) the audited financial statements of Moxie dated December 31, 2002. As of their respective dates, such forms, statements, prospectuses and other offering documents (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and complied in all material respects with all applicable requirements of law. The audited financial statements and unaudited interim financial statements of Moxie publicly issued by Moxie, previously delivered to Endev, or included or incorporated by reference in such forms, statements, prospectuses and other offering documents were prepared in accordance with Canadian GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Moxie's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements), and fairly present the financial position, results of operations and changes in financial position of Moxie as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).
- (b) Moxie will deliver to Endev as soon as they become available true and complete copies of any report or statement filed by it with Securities Authorities subsequent to the date hereof. As of their respective dates, such reports and statements (excluding any information therein provided by Endev, as to which Moxie makes no representation) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and will comply in all material respects with all applicable requirements of law. The consolidated financial statements of Moxie issued by Moxie or to be included in such reports and statements (excluding any information therein provided by Endev, as to which Moxie makes no representation) will be prepared in accordance with Canadian GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Moxie's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the consolidated financial position, results of operations and changes in financial position of Moxie as of the dates thereof and for the periods

indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments).

**6.12 Subsidiaries**

Moxie has no subsidiaries.

**6.13 Compliance with Law**

Moxie has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, have a material adverse effect on the business, affairs, operations, assets, prospects or financial condition of Moxie, taken as a whole, or on the ability of Moxie to consummate the transactions contemplated hereby.

**6.14 Material Agreements**

There are no agreements material to the conduct of Moxie's business except land contracts entered into in the ordinary course of business and construction, ownership and operation agreements entered into in the ordinary course of business and the agreements as listed in the Disclosure Letter, and all such agreements are valid and subsisting and Moxie is not in material default under any such agreements.

**6.15 Disclosure**

Moxie has disclosed to Endeavor in the Disclosure Letter any information regarding any event, circumstance or action taken or failed to be taken which could reasonably be expected to materially adversely affect the business, operations, assets, capitalization, financial condition, prospects, rights or liabilities of or relating to Moxie taken as a whole.

To the best of Moxie's knowledge, none of the information delivered to Endeavor prior to the date hereof and as modified or supplemented from time to time prior to the date hereof is misleading or incorrect in any material respect taken as a whole, in light of the circumstances under which it was made, excluding all financial projections concerning Moxie.

**6.16 Employment Agreements**

Except as listed in the Disclosure Letter, Moxie is not a party to any written employment or consulting agreement or any verbal employment or consulting agreement with a term of more than one year or any written agreement which provides for a payment by Moxie on a change of control of Moxie or severance of employment.

**6.17 U.S. Securities Law Matters**

To Moxie's knowledge, less than 10% (calculated in accordance with Schedule 14D-1F or Rule 14d-1 under the United States *Securities Exchange Act of 1934*, as amended (the "US Exchange Act")) of the outstanding Moxie Shares are held by US holders (as defined in Schedule 14D-1F of the US Exchange Act). Moxie is a foreign private issuer, as that term is defined in Rule 3b-4 of the US Exchange Act. Moxie is not an investment company registered or required to be registered under the United States *Investment Company Act of 1940*, as amended.

### **6.18 Employee Benefit Plans**

Moxie does not have any employee benefit plans other than: (i) the Stock Option Plan; (ii) with respect to those matters contemplated in Section 2.6 hereof; and (iii) existing health, dental, vision and short and long term disability plans, life insurance and accidental death and dismemberment of general application and agreements and promises contemplated by the Officer Obligations and has made no promises with respect to increased benefits under such plans. All contributions (including premiums) required by law or contract to and including March 31, 2003 to have been paid or accrued, under or with respect to such plans, have been paid or accrued as at that date, as the case may be, except where failure to make any such contribution could not reasonably be expected to result in a Material Adverse Change.

### **6.19 Books and Records**

The corporate records and minute books of Moxie have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

### **6.20 Litigation, Etc.**

There are, at the date hereof, no actions, suits or proceedings pending, or to the knowledge of Moxie threatened, affecting Moxie before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves a possibility of any judgment against or liability of Moxie or other person which, if successful, would have a material adverse effect on the business, affairs, operations, assets, prospects or financial condition of Moxie, taken as a whole, or on the ability of Moxie or Endeavor to consummate the transactions contemplated hereby.

### **6.21 Environmental**

Except as set forth in the Disclosure Letter, Moxie is not aware of, or has received:

- (a) any order or directive which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures; or
- (b) any demand or notice with respect to the material breach of any environmental, health or safety law applicable to Moxie or any of its business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants.

### **6.22 Tax Matters**

- (a) For purposes of the following section, the following definitions shall apply:
  - (i) The term "Taxes" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, employment insurance, social insurance taxes, sales and use taxes, *ad valorem* taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, insurance taxes, environmental taxes, transfer taxes, workers' compensation

and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Moxie is required to pay, withhold or collect.

- (ii) The term "Returns" shall mean all reports, estimates, declarations of estimated tax, elections, information statements and returns relating to, or required to be filed in connection with, any Taxes.
- (b) All Returns required to be filed by or on behalf of Moxie have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Moxie with respect to items or periods covered by such Returns.
- (c) Moxie has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2002 for Taxes, including income taxes, labour taxes and related deferred taxes, in conformity with Canadian GAAP.
- (d) For all periods ending on and after December 31, 2000, Endeavour has been furnished by Moxie true and complete copies of: (i) material portions of income tax audit reports, statements of deficiencies, closing or other agreements received by Moxie or on behalf of Moxie relating to Taxes; and (ii) all material federal, provincial, state, local or foreign income or franchise tax returns for Moxie.
- (e) No material deficiencies exist or have been asserted with respect to Taxes of Moxie. Except as disclosed in the Disclosure Letter, Moxie is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or to Moxie's knowledge threatened against Moxie or its assets. Except as disclosed in the Disclosure Letter, no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Moxie. There is no audit in process, pending or, to the knowledge of Moxie, threatened by a governmental or taxing authority relating to the Returns of Moxie for the last three years.
- (f) Except as set out in the Disclosure Letter, Moxie has provided adequate accruals in its financial statements for the year ended December 31, 2002 (or, in either case, such amounts are fully funded) for all pension or other employee benefit obligations of Moxie arising under or relating to each of the pension or retirement income plans or other employee benefit plans or agreements or policies maintained by or binding on Moxie.

### **6.23 Reporting Issuer Status**

Moxie is a "reporting issuer" in material compliance with all applicable securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Québec and the Moxie Shares are only listed on the TSX Venture Exchange.

### **6.24 Debt and Working Capital**

As at April 30, 2003, Moxie had no long-term debt and its working capital deficiency (before any provision for current income taxes and excluding any unrealized hedging losses) did not exceed \$300,000. The Company does not have any off balance sheet financing.

## **6.25 Confidentiality Agreements**

All agreements entered into by Moxie with persons other than Endeavor regarding the confidentiality of information provided to such persons or reviewed by such persons with respect to the sale of Moxie or any merger, arrangement or amalgamation of Moxie with another party are in substantially the form of the confidentiality agreement executed by Endeavor (the "Confidentiality Agreement"). Moxie has not negotiated any Take-over Proposal with any person who has not entered into such a confidentiality agreement.

## **6.26 Insurance**

Policies of insurance in force as of the date hereof naming Moxie as an insured adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Moxie. All such policies of insurance shall remain in force and effect and shall not be canceled or otherwise terminated as a result of the transactions contemplated hereby or by the Offer, except as may be provided by the existing provisions of such insurance policies.

## **ARTICLE 7 CONDUCT OF BUSINESS**

### **7.1 Conduct of Business by Moxie**

Moxie covenants and agrees that, during the period from the date of this Agreement until the earlier of either: (i) the Effective Time; or (ii) this Agreement is terminated by its terms, unless Endeavor shall otherwise agree in writing, except as required by law or in connection with a Take-over Proposal or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the business of Moxie shall be conducted only in, and Moxie shall not take any action except in, the usual and ordinary course of business and consistent with past practice, and Moxie shall use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships;
- (b) Moxie shall not directly or indirectly do or permit to occur any of the following: (i) amend the Moxie Governing Documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person; (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Moxie, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Moxie, other than Moxie Shares issuable pursuant to the terms of the Moxie Options or Moxie Warrants; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Moxie; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above;
- (c) Moxie has not, other than as disclosed in the Disclosure Letter or otherwise herein, and shall not, without prior consultation with and the consent of Endeavor, such consent not to be unreasonably withheld, directly or indirectly do any of the following: (i) sell, pledge, dispose of or encumber any assets having an individual value in excess of \$100,000; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or make any investment either by purchase of shares or securities, contributions of capital or property transfer; (iii) acquire any assets with an acquisition cost which would exceed: (A) \$100,000 individually; or (B) \$500,000 in the

aggregate, with the exception of purchases at Crown lease sales and freehold lease acquisitions; (iv) incur any indebtedness for borrowed money except in the ordinary course of business or in excess of existing facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than the Officer Obligations and the arrangements contemplated in Section 2.6 hereof (including daylight employee assistance loans or loan guarantees in connection with the exercise of Stock Options) and fees payable to legal advisors in the ordinary course and fees payable to legal and financial advisors in respect of the Offer; (v) authorize, recommend or propose any release or relinquishment of any material contract right; (vi) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (vii) enter into or terminate any hedges, swaps or other financial instruments or like transactions (other than in accordance with their terms); (viii) enter into commitments of a capital expenditure nature including Crown lease purchases and freehold lease acquisitions or incur any contingent liability in excess of \$100,000 individually and \$500,000 in the aggregate and in accordance with the 2003 operating budget, copies of which have been made available to Endev (and Moxie shall not amend such budget); (ix) enter into any non-arm's length transactions including with any officers, directors or employees of Moxie or transfer any property or assets of Moxie to any employees, except: (i) as may be necessary for the maintenance of existing facilities, machinery and equipment in good operating condition and repair in the ordinary course of business; or (ii) as may be required by law; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

- (d) Moxie shall not create any new Officer Obligations (except as disclosed in the Disclosure Letter) and, except for payment of the existing Officer Obligations (from which Endev shall make appropriate withholdings as required by applicable tax laws), Moxie shall not grant to any officer or director an increase in compensation in any form, grant any general salary increase other than in accordance with the requirements of any existing collective bargaining or union contracts, grant to any other employee any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices, make any loan to any officer, director or employee, or take any action with respect to the grant of any severance or termination pay arising from the Offer or a change of control of Moxie or the entering into of any employment agreement with, any officer or director, or with respect to any increase of benefits payable under its current severance or termination pay policies; and
- (e) Moxie shall not adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements.

## **7.2 Conduct of Business by Endev**

Endev covenants and agrees that, during the period from the date of this Agreement until the earlier of either: (i) the Effective Time; or (ii) this Agreement is terminated by its terms, unless Moxie shall otherwise agree in writing, except as required by law or in connection with a Take-over Proposal or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the business of Endev shall be conducted only in, and Endev shall not take any action except in, the usual and ordinary course of business and consistent with past practice, and Endev shall use

all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships; and

- (b) Endeavor shall not directly or indirectly do or permit to occur any of the following: (i) amend the Endeavor Governing Documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person; (iii) split, combine or reclassify any of its shares; (iv) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Endeavor; or (v) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.

### **7.3 Provision of Information; Access**

Immediately upon acceptance of this Agreement, Moxie shall provide to Endeavor information, subject to the existing confidentiality restrictions pursuant to the Confidentiality Agreement, to enable Endeavor to quickly and efficiently integrate the business and affairs of Moxie with Endeavor at the Effective Time and:

- (a) Moxie shall permit:
- (i) Endeavor and its representatives to have reasonable access to Moxie's premises, field operations, records, computer systems, properties, books, contracts, records, employees and management personnel;
  - (ii) Endeavor and its representatives reasonable access to interview employees of Moxie for the purpose of determining which employees will be retained after the Effective Time; and
  - (iii) Endeavor and its representatives to be informed of the operations of Moxie to ensure there is compliance with Section 7.1 hereof;
- (b) Endeavor shall permit:
- (i) Moxie and its representatives to have reasonable access to Endeavor's premises, field operations, records, computer systems, properties, books, contracts, records, employees and management personnel; and
  - (ii) Moxie and its representatives to be informed of the operations of Endeavor to ensure there is compliance with Section 7.2 hereof.

It is acknowledged that the purpose of this clause is to permit Endeavor to be in a position to expeditiously integrate the business and operations of Moxie with that of Endeavor immediately upon but not prior to, the Effective Time, and to allow Moxie to complete reasonable due diligence on the business and affairs of Endeavor in order to properly assess the value of the Offer, in each case, without causing any unreasonable disruptions to Moxie's or Endeavor's respective business or operations prior to the Effective Time.

## **ARTICLE 8 COVENANTS OF MOXIE**

### **8.1 Notice of Material Change**

From the date hereof until the termination of this Agreement, Moxie shall promptly notify Endeavor in writing of:

- (a) any material change (actual, anticipated, contemplated or, to the knowledge of Moxie, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of Moxie considered as a whole;
- (b) any change in any representation or warranty set forth in Article 6 which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or
- (c) any material fact in respect of Moxie which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.

Moxie shall in good faith discuss with Endev any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Moxie, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Endev pursuant to this section.

## **8.2 Non-Completion Fee**

If at any time after the execution of this Agreement (and provided there is no material breach or non-performance by Endev of a material provision of this Agreement in any respect):

- (a) the Board of Directors of Moxie has withdrawn or, in any manner adverse to Endev, redefined, modified or changed any of its recommendations referred to in Section 2.2, or shall have resolved to do so;
- (b) any bona fide Take-over Proposal for the Moxie Shares is publicly announced or commenced, and the Board of Directors of Moxie shall have failed to publicly reaffirm and maintain its recommendation of the Offer to Moxie's shareholders within 10 days after the public announcement or commencement of any such Take-over Proposal;
- (c) the Board of Directors of Moxie shall have recommended that Moxie's shareholders deposit their Moxie Shares under, vote in favour of, or otherwise accept, a Take-over Proposal;
- (d) Moxie shall have entered into any agreement with any person with respect to a Take-over Proposal prior to the Expiry Time of the Offer, excluding a confidentiality agreement entered into in compliance with Section 8.3; or
- (e) a Take-over Proposal is publicly announced, proposed, offered or made to Moxie's shareholders or to Moxie prior to the Expiry Time of the Offer, the Offer shall have expired by reason of the Minimum Condition not being satisfied, and such Take-over Proposal has been completed within 180 days of expiry of the Offer,

Moxie shall upon the occurrence of any such event and in any event within one Business Day pay to Endev the amount of \$500,000. Such payment shall be made in immediately available funds to an account designated by Endev. On the date of the earliest of any of the events specified in Sections 8.2(a) to (e), Moxie shall be deemed to hold such amount in trust for Endev. In the event that a Take-over Proposal is publicly announced, proposed, offered or made to holders of Moxie Shares as contemplated by Section 8.2(e), Moxie agrees to deliver to Endev, at least 3 Business Days prior to the scheduled expiry of such Take-over Proposal, an irrevocable letter of credit, in form satisfactory to Endev, acting reasonably, drawable within one Business Day after Endev shall have delivered to the issuing party a written certificate confirming the occurrence of an event specified in Section 8.2(e) or such other form of security as is satisfactory to Endev, acting reasonably.

Any payment pursuant to Section 8.2 shall be without prejudice to the rights or remedies available to Endev upon the breach of any provision of this Agreement.

For the purposes of Section 8.2(b), an announcement by the Board of Directors of Moxie that it does not have all the information necessary to properly evaluate the Take-over Proposal and accordingly is reaffirming and maintaining its recommendation of the Offer pending receipt and analysis of additional information shall not constitute an event within the ambit of Section 8.2(b) hereof or trigger any obligations to make the payment contemplated by this Section, provided that the Board of Directors of Moxie, not less than five days before the Expiry Time of the Offer, publicly reaffirms and maintains its recommendation of the Offer as set forth in Section 2.2(a) to holders of Moxie Shares without the foregoing qualification in respect of receipt and analysis of additional information relating to the Take-over Proposal.

### **8.3 No Solicitation**

Moxie shall immediately cease and cause to be terminated any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted heretofore by Moxie or its officers, directors, employees, financial advisors, representatives and agents ("Representatives") with respect to a Take-over Proposal (as defined herein) whether or not initiated by Moxie and in connection therewith, Moxie shall not release any third party from any confidentiality or standstill agreement to which Moxie and such third party is a party or amend any of the foregoing and shall exercise all rights to require the return of information regarding Moxie. From and after the date hereof, Moxie will not, and will not authorize or permit any of its Representatives to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or participate in or take any other action to facilitate any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to a Take-over Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Take-over Proposal; provided, however, that Moxie may: (i) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Moxie, or the Representatives after the date hereof) seeks to initiate such discussions or negotiations and may furnish such third party information concerning Moxie and its business, properties and assets which has previously been provided to Endev if, and only to the extent that: (A) the third party has first made a bona fide written Take-over Proposal that is financially superior to the Offer (as determined in good faith in each case by Moxie's Board of Directors after receiving the advice of its financial advisors) (a "Superior Proposal") and Moxie's Board of Directors has concluded in good faith, after considering applicable law and receiving the advice of outside counsel that such action is required by the Moxie Board of Directors to comply with fiduciary duties under applicable law; (B) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Moxie receives from such person or entity an executed confidentiality agreement having confidentiality and standstill terms substantially similar to those contained in the Confidentiality Agreement; (C) Moxie immediately provides to Endev any information provided to any such person or entity if not previously provided to Endev; (ii) comply with applicable Securities Laws relating to the provision of directors' circulars, and make appropriate disclosure with respect thereto to Moxie's shareholders; and (iii) accept, recommend, approve or implement a Superior Proposal contemplated in clause (i)(A), but only (in the case of this clause (iii)) if prior to such acceptance, recommendation, approval or implementation, Moxie's Board of Directors shall have concluded in good faith, after considering provisions of applicable law and after giving effect to all proposals to adjust the terms and conditions of this Agreement and the Offer which may be offered by Endev during the 72 hour notice period set forth below Moxie terminates this Agreement in accordance with Sections 8.2 and 11.1(f) and concurrently therewith has paid the fees payable thereunder. Moxie shall give Endev orally and in writing at least 72 hours advance notice of any decision by the Board of Moxie to accept, recommend, approve or implement a Superior Proposal. Such notice shall include the principal business terms and conditions of

the Superior Proposal and the general attributes of any non-cash consideration but shall not include the identity of the party making the Superior Proposal.

#### **8.4 Moxie Board of Directors**

The Board of Directors of Moxie immediately following the acquisition by Endeavor of more than 50% of the outstanding Moxie Shares pursuant to the Offer shall be reconstituted through resignations of all existing Moxie directors and the appointment of Endeavor nominees in their stead. Moxie shall, in accordance with the foregoing and subject to the provisions of the Act, assist Endeavor to secure the resignations of all Moxie directors to be effective at such time as may be required by Endeavor and to use its best efforts to cause the election of the Endeavor nominees to fill the vacancies so created in order to effect the foregoing without the necessity of a shareholder meeting.

#### **8.5 Structure of Transaction**

Moxie shall, to the extent reasonable, cooperate with Endeavor in structuring the acquisition by Endeavor of Moxie in a tax efficient manner. Endeavor shall indemnify Moxie for all costs and taxes in connection with the foregoing. Endeavor shall, to the extent reasonable, cooperate with Moxie in structuring the exercise of the Moxie Options and Moxie Warrants in a tax efficient manner.

#### **8.6 Financial and Other Information**

Moxie shall make available to Endeavor, and consents to the use of, all financial statements and other information of Moxie which may be required to be disclosed in the Offer or in other Endeavor documents, including any proxy statement of Endeavor, and amendments thereto, as required under applicable law. Such financial statements shall be prepared in accordance with Canadian GAAP. If required by applicable law, such financial statements shall be audited by Moxie's auditors. Moxie shall use its best efforts to have its auditors, to the extent required under applicable law, provide their consent to the use of their report and the use of their name in connection with any disclosure by Endeavor of such financial statements. Endeavor agrees to reimburse Moxie for its reasonable third party expenses in connection with complying with this Section 8.6.

### **ARTICLE 9 COVENANTS OF ENDEAVOR**

#### **9.1 Availability of Funds**

Endeavor covenants and agrees that at all times when the Offer is outstanding, Endeavor shall not take any action, or fail to take any action, which would or could reasonably be expected to result in the representation and warranty set out in Section 5.21 being untrue in any material respect at any time while the Offer is outstanding.

#### **9.2 Other Covenants**

Endeavor covenants and agrees that, from and including the date hereof until the termination of this Agreement, unless Moxie agrees otherwise in writing:

- (a) Endeavor shall use its reasonable commercial efforts to consummate the Offer, subject only to the terms and conditions hereof and thereof;
- (b) Endeavor shall use its reasonable commercial efforts to obtain all of the regulatory approvals, waivers and consents set out in paragraph (b) of Schedule A; and

- (c) Endeavour shall honour all employment agreements, severance agreements and other arrangements disclosed in the Disclosure Letter. Endeavour acknowledges that Moxie shall hold the benefits of this section in trust for the benefit of such employees and Endeavour shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to expiry of the Offer or termination of this Agreement, whichever first occurs.

From the date hereof until the termination of this Agreement, Endeavour shall promptly notify Moxie in writing of:

- (a) any material change (actual, anticipated, contemplated or, to the knowledge of Endeavour, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of Endeavour;
- (b) any change in any representation or warranty set forth in Article 5 which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or
- (c) any material fact in respect of Endeavour which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.

Endeavour shall in good faith discuss with Moxie any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Endeavour, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Moxie pursuant to this section.

## **ARTICLE 10 MUTUAL COVENANTS**

### **10.1 Other Filings**

Endeavour and Moxie shall, as promptly as practicable hereafter, prepare and file any filings required under the *Competition Act* (Canada), the *Investment Canada Act* (Canada), any Securities Law, the rules of The Toronto Stock Exchange, the TSX Venture Exchange and the United States *Securities Exchange Act of 1934*, as amended, state securities or "blue-sky" laws of the states of the United States, as amended, or any other applicable law relating to the transactions contemplated herein.

### **10.2 Additional Agreements**

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law as advised by counsel in writing, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts: (i) to obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts (including, without limitation, the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Moxie's operations); (ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations; (iii) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby; (iv) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions

contemplated hereby; (v) to effect all necessary registrations and other filings and submissions of information requested by governmental authorities; and (vi) to fulfill all conditions and satisfy all provisions of this Agreement and the Offer. For purposes of this Agreement, the obligation to use "commercially reasonable efforts" to obtain waivers, consents, approvals and authorizations to loan agreements, leases and other contracts or under laws or regulation shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations.

## **ARTICLE 11 TERMINATION, AMENDMENT AND WAIVER**

### **11.1 Termination**

This Agreement, other than the provisions set forth in Sections 8.2, 11.2 and 12.8, may be terminated by written notice promptly given to the other party hereto, at any time prior to the time Endeavor first takes up and pays for Moxie Shares:

- (a) by mutual agreement by Endeavor and Moxie; or
- (b) by Moxie, if Endeavor has not mailed the Offer Documents to holders of Moxie Shares on or before 12:00 midnight (Calgary time) on June 16, 2003 (or June 23, 2003 in the event that the French translation is required or in the event that Endeavor is required to include pro-forma financial statements in the bid circular); or
- (c) by Endeavor, if the conditions to the Offer have not been satisfied or waived by Endeavor on or before the Expiry Time (after having extended the Offer as required pursuant to this Agreement); or
- (d) by either Endeavor or Moxie, if Endeavor has not taken up and paid for the Moxie Shares deposited under the Offer on or before the date which is 90 days, or if a Take-over Proposal is publicly announced, proposed, offered or made to Moxie's shareholders, 180 days, following the day of mailing of the Offer Documents; or
- (e) by either Endeavor or Moxie, if the Offer terminates or expires at the Expiry Time without Endeavor taking up and paying for any of the Moxie Shares as a result of the failure of any condition to the Offer to be satisfied or waived unless the failure of such condition shall be due to the failure of the party seeking to terminate this Agreement to perform the obligations required to be performed by it under this Agreement; or
- (f) by either Endeavor or Moxie, if the fee referred to in Section 8.2 becomes payable and payment is made or is immediately available to Endeavor; or
- (g) by either Endeavor or Moxie, if there has been a misrepresentation, breach or nonperformance by the other party of any representation, warranty (without reference to any qualification as to materiality in such representation and warranty) or covenant contained in this Agreement which would have or would reasonably be expected to have a material adverse effect on the party seeking to terminate, provided the breaching party has been given notice of and 5 Business Days to cure any such misrepresentation, breach or non-performance.

### **11.2 Effect of Termination**

In the event of the termination of this Agreement as provided in Section 11.1, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of

Endev or Moxie hereunder except as set forth in Sections 8.2 (provided that the right of payment (in the case of Section 8.2(e), being the public announcement or commencement of such Take-over Proposal) arose prior to the termination of this Agreement), Section 8.6 (insofar as it relates to the reimbursement of expenses) and Section 12.8 and this Section 11.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any party from liability for any breach of this Agreement.

### **11.3 Amendment**

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

### **11.4 Waiver**

Endev, on the one hand, and Moxie, on the other hand, may (i) extend the time for the performance of any of the obligations or other acts of the other, (ii) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein or (iii) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

## **ARTICLE 12 GENERAL PROVISIONS**

### **12.1 Notices**

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by cable, telegram, telecopier or telex or sent by prepaid overnight carrier to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

(a) if to Endev:

2525, 700 – 9th Avenue SW  
Calgary, Alberta  
T2P 3V4

Attention: Randy Harrison, President  
Telecopy No.: (403) 265-1795

with a copy to:

Burnet, Duckworth & Palmer LLP  
#1400, 350 - 7th Avenue S.W.  
Calgary, Alberta  
T2P 3N9

Attention: J. G. (Jeff) Lawson  
Telecopy No.: (403) 260-0337

(b) if to Moxie:

811 – 3rd Street SW  
Calgary, Alberta  
T2P 4L5

Attention: Steve Dabner, President and Chief Executive Officer  
Telecopy No.: (403) 269-4179

with a copy to:

McCarthy Tetrault LLP  
3300, 421 – 7<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 4K9

Attention: Greg Turnbull  
Telecopy No.: (403) 260-3501

## **12.2 Miscellaneous**

This Agreement: (i) except for the Confidentiality Agreement, constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties, with respect to the subject matter hereof; and (ii) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of the Agreement, and such facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

## **12.3 Directors' and Officers' Insurance**

If Endeavor takes up and pays for Moxie Shares pursuant to the Offer, Moxie shall, provided Moxie is able to obtain the same at a cost not exceeding 250% of the annual premium of Moxie's current directors' and officers' insurance policy, obtain and pay for directors' and officers' liability insurance on a "trailing" or "run-off" basis for Moxie's current and former directors and officers (whether such insurance is maintained independently of or included under Endeavor's directors and officers insurance policy), covering claims made prior to or within three years from the date that the director or officer resigns or is removed as a director or officer of Moxie. Coverage of such directors and officers insurance should be substantially equivalent in scope and coverage to that provided by Moxie's current directors and officers insurance policy.

## **12.4 Indemnities**

Endeavor agrees that, if it acquires the Minimum Required Shares under the Offer, it shall cause Moxie to fulfill its obligations pursuant to indemnities provided or available to past and present officers and directors of Moxie pursuant to the provisions of the articles, bylaws or similar constating

documents of Moxie, applicable corporate legislation and any written indemnity agreements between Moxie and its past and present directors and officers in the forms provided to Endeavor.

#### **12.5 Employment Agreements**

Endeavor covenants and agrees to, and after the Effective Time Endeavor will cause Moxie and any successor to Moxie, to honour and comply with the terms of those existing employment agreements, termination, severance and retention plans or policies of Moxie which Moxie has disclosed to Endeavor in writing prior to the date hereof.

#### **12.6 Use of Moxie Name**

Endeavor agrees that, after a period of twelve months from the Effective Time, it will consent to the principals of Moxie utilizing the "Moxie" name or some derivative thereof, for their business and affairs.

#### **12.7 Third Party Beneficiaries**

The provisions of Sections 12.3, 12.4 and 12.5 are (i) intended for the benefit of the employees of Moxie and all present and former directors and officers of Moxie, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors administrators and other legal representatives (collectively, the "Third Party Beneficiaries") and Moxie shall hold the rights and benefits of Sections 12.3, 12.4 and 12.5 in trust for and on behalf of the Third Party Beneficiaries and Moxie hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

#### **12.8 Assignment**

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties. Endeavor may assign all or any part of its rights or obligations under this Agreement to a direct or indirect wholly-owned subsidiary of Endeavor, provided that if such assignment takes place, Endeavor shall continue to be liable to Moxie for any default in performance by the assignee.

#### **12.9 Expenses**

Except as provided in Section 8.2 and 8.6, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense, whether or not the Offer is consummated.

#### **12.10 Confidentiality Agreement**

With respect to the Offer, including market purchases permitted under Applicable Law, Moxie hereby consents to the Offer and Endeavor is hereby released from any of the restrictions set forth in Section 11 of the Confidentiality Agreement.

**12.11 Survival of Representations and Warranties**

The representations and warranties of Endeavor and Moxie contained in this Agreement shall not survive the completion of the Offer and shall expire and be terminated at the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

**12.12 Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**12.13 Counterpart Execution**

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute one agreement.

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

**ENDEAVOR ENERGY INC.**

Per: (signed) Randy Harrison  
Randy Harrison

**MOXIE EXPLORATION LTD.**

Per: (signed) Steve Dabner  
Steve Dabner

Per: (signed) Thomas Love  
Thomas Love

## SCHEDULE A

### CONDITIONS TO THE OFFER

The capitalized terms used in this Schedule A have the meanings set forth in the attached Pre-Acquisition Agreement dated May 27, 2003 (the "Agreement") between Endev and Moxie, except that the term "Offeror" shall be deemed to refer to Endev.

Notwithstanding any other provision of the Offer, but subject to the provisions of the Agreement, the Offeror reserves the right to withdraw or terminate the Offer and not take up and pay for, or to extend the period of time during which the Offer is open and postpone taking up and paying for, any Moxie Shares deposited under the Offer unless all of the following conditions are satisfied or waived by the Offeror:

- (a) at the Expiry Time, and at the time the Offeror first takes up and pays for Moxie Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn at least 66 2/3% of the outstanding Moxie Shares (calculated on a diluted basis) (the "Minimum Condition");
- (b) all requisite regulatory approvals, consents and expiries of waiting periods (including, without limitation, under the *Competition Act* (Canada), *Investment Canada Act* (Canada) and those of any stock exchanges or other securities or regulatory authorities) shall have been obtained or occurred on terms and conditions satisfactory to the Offeror, acting reasonably, and all applicable statutory or regulatory waiting periods shall have expired or been terminated;
- (c)
  - (i) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person in Canada or elsewhere, whether or not having the force of law, and (ii) no law, regulation or policy (including applicable tax laws and regulations in those jurisdictions in which Moxie carries on business) shall have been proposed, enacted, promulgated, amended or applied, which in either case, in the sole judgment of the Offeror acting reasonably:
    - (A) has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by, or the sale to, the Offeror of the Moxie Shares or the right of the Offeror to own or exercise full rights of ownership of the Moxie Shares;
    - (B) has had, or if the Offer was consummated could reasonably be expected to result in, a Material Adverse Change or, in the case of (ii) above, could reasonably be expected to have a material adverse effect on the Offeror;
    - (C) has a material adverse effect on the completion of any compulsory acquisition or any amalgamation, statutory arrangement or other transaction involving the Offeror and/or an affiliate of the Offeror and Moxie and/or the holders of Moxie Shares for the purposes of Moxie becoming, directly or indirectly, a wholly-owned subsidiary of the Offeror or affecting an amalgamation or merger of Moxie's business and assets with or into the Offeror and/or an affiliate of the Offeror (a "Second Stage Transaction");

- (d) there shall not exist any prohibition at law against the Offeror making the Offer or taking up and paying for all of the Moxie Shares under the Offer or completing any compulsory acquisition or Second Stage Transaction in respect of any Moxie Shares not acquired under the Offer;
- (e) in the sole judgment of the Offeror, acting reasonably: (i) Moxie shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under the Agreement: and (ii) all representations and warranties of Moxie contained in the Agreement shall have been true and correct in all material respects as of the date of the Agreement and shall not have ceased to be true and correct in any material respect thereafter provided that Moxie has been given notice of and 5 Business Days to cure any misrepresentation, breach or non-performance and has failed to cure any such misrepresentation, breach or non-performance;
- (f) the Offeror shall have determined that there does not exist and has not occurred any Material Adverse Change;
- (g) the Offeror shall have determined in its reasonable discretion that Moxie's total debt (including any working capital deficiency but before any provision for current income taxes and excluding any unrealized hedging losses) did not exceed \$300,000 as at April 30, 2003; and
- (h) the Offeror shall have determined that there has not occurred: (i) any general suspension of trading in, or general limitation on prices for, securities on any United States or Canadian national securities exchange; (ii) a declaration of a general banking moratorium or any general suspension of payments in respect of banks in the United States or Canada; (iii) any limitation by any United States or Canadian government or regulatory authority on the extension of credit by banks or other financial institutions applicable to financing the Offer; or (iv) in the case of any of the foregoing existing as of the date of the Offer, material acceleration or worsening thereof.

**SCHEDULE B**

**FORM OF PRE-TENDER AGREEMENT**

May 27, 2003

Dear Sir:

**Re: Offer by Endeavour to Purchase all of the Moxie Shares**

---

Reference is made to the Pre-Acquisition Agreement dated May 27, 2003 (the "Pre-Acquisition Agreement") between Endeavour Energy Inc. ("Endeavour") and Moxie Exploration Ltd. ("Moxie") pursuant to which Endeavour has agreed to make an offer to purchase all of the issued and outstanding common shares ("Moxie Shares") of Moxie (including all common shares of Moxie issued on exercise of outstanding options and warrants). Unless otherwise defined herein, all capitalized terms referred to herein shall have the meanings attributed thereto in the Pre-Acquisition Agreement.

We understand that you (the "Selling Shareholder") or your affiliates beneficially own, directly or indirectly, or exercise control or direction over, \_\_\_\_\_ Moxie Shares. In addition, we understand that you or your affiliates beneficially own, directly or indirectly, or exercise control or direction over the number of Moxie Options and/or Moxie Warrants set forth below.

Number of Moxie Options	Expiry Date	Exercise Price

  

Number of Moxie Warrants	Expiry Date	Exercise Price

Any references in this letter agreement to Moxie Shares and/or Moxie Options and/or Moxie Warrants owned by the Selling Shareholder shall mean such number of Moxie Shares and/or Moxie Options and/or Moxie Warrants.

This letter agreement sets out the terms and conditions upon which the Selling Shareholder has agreed, among other things, (i) to support the Offer and to deposit under the Offer, or cause to be deposited under the Offer, all of the Moxie Shares held by the Selling Shareholder that are, or will be, beneficially owned or controlled by the Selling Shareholder, (ii) in the case of the Moxie Options, to either exercise such Moxie Options and tender the Moxie Shares issuable on exercise thereof to the Offer or to effect the quitclaim of all outstanding Moxie Options in favour of Moxie for consideration equal to the difference between \$0.46 (or the agreed cash value or any increased purchase price for the Moxie Shares under the Offer) and the exercise price of such Moxie Options should the Offer be consummated, and (iii) in the case of the Moxie Warrants, at the holder's election, to either exercise such Moxie Warrants and tender the Moxie Shares issuable on exercise thereof under the Offer or effect a quitclaim of any remaining Moxie Warrants in favour of Moxie for consideration equal to the difference between \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) in exchange for the termination of the Moxie Warrants on the date that such cash payment is made.

## 1. Covenants of Selling Shareholder

By the acceptance of this letter agreement, the Selling Shareholder hereby agrees, subject to the terms of paragraph 3 of this letter agreement, from the date hereof until the earlier of the termination of this letter agreement and the Take-up Date:

- (a) not to sell, assign, convey or otherwise dispose of any of the Moxie Shares owned by such Selling Shareholder and not to permit any affiliate of such Selling Shareholder to sell, assign, convey or otherwise dispose of any of the Moxie Shares owned by it;
- (b) unconditionally and irrevocably to accept and to cause any affiliate of such Selling Shareholder to unconditionally and irrevocably accept the Offer made by Endeavour by depositing the Moxie Shares presently owned or hereafter acquired by such Selling Shareholder or affiliate prior to the Expiry Time and in accordance with the terms and conditions of the Offer;
- (c) if they hold Moxie Options, that they will either (i) exercise the Moxie Options and tender the Moxie Shares issuable on exercise thereof under the Offer as a Conditional Exercise in accordance with the terms the Pre-Acquisition Agreement, or (ii) in lieu of exercising such Moxie Options, effect the quitclaim of any rights under such Moxie Options to Moxie for consideration equal to the cash difference between the exercise price of the Moxie Options and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) immediately after the Take-up Date of the Offer in exchange for the termination of their Moxie Options and provided that the Selling Shareholder hereby agrees to surrender their remaining unexercised Options to Moxie for cancellation for no consideration effective immediately after the Take-up Date;
- (d) if they hold Moxie Warrants, they will either (i) exercise the Moxie Warrants and tender the Moxie Shares issuable on exercise thereof under the Offer in accordance with the terms of the Pre-Acquisition Agreement, or (ii) if they do not elect to exercise such Moxie Warrants, then in lieu of exercising such Moxie Warrants, they hereby agree to effect the quitclaim of any rights under such Moxie Warrants to Moxie for consideration equal to the cash difference between the exercise price of the Moxie Warrants and \$0.46 (or the agreed cash value of any increased purchase price for the Moxie Shares under the Offer) in exchange for the termination of the Moxie Warrants, provided that the Selling Shareholder hereby agrees to surrender any remaining unexercised Moxie Warrants to Moxie for cancellation for no consideration on the date that such cash payment is made; and, provided further that if the Moxie Warrants are not exercised prior to their expiry date, they shall terminate in accordance with their terms;
- (e) that all loans made by Moxie to the Selling Shareholder, if any, shall be repaid in full on the Take-up Date and that all outstanding amounts shall be netted against any amounts due from Endeavour under the Offer to the Selling Shareholder;
- (f) not to exercise any statutory or other rights of withdrawal with respect to any Moxie Shares owned by such Selling Shareholder or any affiliate of such Selling Shareholder once deposited pursuant to the Offer unless this letter agreement is terminated prior to Endeavour taking up the Moxie Shares under the Offer; and
- (g) not to exercise any shareholder rights or remedies available at common law or pursuant to the *Business Corporations Act* (Alberta) or applicable securities legislation to delay, hinder, upset or challenge the Offer.

## **2. Covenants of Endeavour**

- (a) Endeavour shall make the Offer in accordance with the terms and conditions of the Pre-Acquisition Agreement and shall comply with the terms and conditions of Article 2 and Sections 12.3 and 12.4 thereof in respect of the Offer.
- (b) Endeavour shall, subject to the satisfaction or waiver of the conditions set forth in the Offer, take up and pay for all Moxie Shares owned by the Selling Shareholder or any affiliate of the Selling Shareholder deposited pursuant to the Offer, all in accordance with the terms and conditions of the Offer and the provisions of the Pre-Acquisition Agreement.

## **3. Fiduciary Duties**

Nothing herein shall restrict or limit the actions of any director or officer required to be taken in the discharge of his or her fiduciary duties as a director or officer of Moxie.

## **4. Expenses**

Endeavour and the Selling Shareholder agree to pay their own respective expenses incurred in connection with this letter agreement. Each of the parties hereto agrees to indemnify the other against any claim for a finder's fee or other compensation validly made by any broker which has an agreement with such indemnifying party for the payment of such fee or compensation. This paragraph 4 shall survive the termination of this letter agreement pursuant to paragraph 5.

## **5. Termination**

**5.1** The obligations hereunder of the Selling Shareholder shall terminate at the option of the Selling Shareholder upon written notice given by the Selling Shareholder to Endeavour:

- (a) if Endeavour has not made the Offer by midnight (Calgary time), on June 16, 2003;
- (b) if, the Offer having been made by the time referred to in subsection (a), Endeavour has not, for any reason whatsoever, taken up and paid for the Moxie Shares owned by the Selling Shareholder under the Offer by August 31, 2003; or
- (c) if Endeavour has breached or failed to perform any of its covenants or agreements herein contained in a material respect or any of the representations and warranties of Endeavour set forth herein are not true and correct in any material respect.

**5.2** The obligations hereunder of Endeavour shall terminate at the option of Endeavour upon written notice given by Endeavour to the Selling Shareholder if the Selling Shareholder has breached or failed to perform and satisfy any of its covenants or agreements herein contained in a material respect or any of the representations or warranties of the Selling Shareholder contained herein is not true and correct in a material respect.

**5.3** The obligations hereunder of Endeavour and the Selling Shareholder shall terminate:

- (a) if, prior to the expiry of the Offer, a Take-over Proposal is announced, proposed, offered or made to the holders of Moxie Shares which, in the opinion of Moxie's Board of Directors after consultation with its financial advisors, would constitute a Superior Proposal and which permits the Board of Directors of Moxie to withdraw, modify or change any recommendation regarding

the Offer in accordance with Section 8.3 of the Pre-Acquisition Agreement and if the non-completion fee payable pursuant to Section 8.2 of the Pre-Acquisition Agreement is paid;

- (b) if Endeavor decreases the consideration offered pursuant to the Offer or otherwise modifies or amends the Offer in a manner materially adverse to holders of Moxie Shares, provided that an extension of the Offer shall not constitute an adverse modification or amendment to the Offer; or
- (c) in the event the Pre-Acquisition Agreement is terminated pursuant to Section 11.1 thereof.

**5.4** In the event of the termination of this agreement as provided in Sections 5.1 and 5.2 above, this agreement shall forthwith become void and of no further force or effect and there shall be no liability on the part of any party hereto, provided that the foregoing shall not relieve any party from any liability for any breach of this agreement.

## **6. Alternative Take-Over Proposal**

In the event that (i) an offer containing a Take-over Proposal is publicly announced, proposed, offered or made to Moxie's shareholders or to Moxie prior to the Expiry Time of the Offer, (ii) the Selling Shareholder is precluded from depositing the Subject Shares to such Take-over Proposal as a result of the operation of this Agreement, (iii) Endeavor acquires the Subject Shares, directly or indirectly, and deposits them to such Take-over Proposal, and (iv) such Take-over Proposal is subsequently completed, then within three (3) business days from the date that Endeavor receives its consideration for the Subject Shares under such Take-over Proposal, Endeavor shall deliver to the Selling Shareholder an amount equal to one-half of the difference in the value between (x) the price per Moxie Share under the Take-over Proposal for the Subject Shares, and (y) \$0.46 per Moxie Share (or such increased consideration that Endeavor may offer under the Offer, as amended, for the Subject Shares, provided such increased consideration exceeds the amount offered under the Take-over Proposal at the time the Offer is amended). For purposes of the foregoing, in the event that all or a portion of the Take-over Proposal is comprised of shares or other securities, then the value of the same shall be determined by having reference to the weighted average trading price of such shares or other securities on the principal stock exchange where they trade on the date that Endeavor receives such shares or other securities on account of the Take-over Proposal, and when there is no public market for such shares or other securities, the value of the same shall be determined jointly by Endeavor and the Selling Shareholder, acting reasonably.

## **7. Amendment**

Except as expressly set forth herein, this letter agreement constitutes the whole of the agreement between the parties and may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto.

## **8. Assignment**

Except as expressly set forth herein, no party to this letter agreement may assign any of its rights or obligations under this letter agreement without the prior written consent of the other party.

## **9. Disclosure**

Prior to first public disclosure of the existence and terms and conditions of this letter, none of the parties hereto shall disclose the existence of this letter agreement, or any details hereof, to any person other than Moxie, its directors and officers, without the prior written consent of the other parties hereto, except to the extent required by law. The existence and terms and conditions of this letter

agreement may be disclosed by Endeavour and Moxie in the press release issued in connection with the execution of the Pre-Acquisition Agreement and the Offer Documents and the Directors Circular prepared by Moxie.

**10. Enurement**

This letter agreement will be binding upon and enure to the benefit of Endeavour, the Selling Shareholder and their respective executors, administrators, successors and permitted assigns.

**11. Applicable Law**

This letter agreement shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdictions of the courts of the Province of Alberta.

**12. Counterparts**

This letter agreement may be signed in counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of telecopier.

Yours truly,

**ENDEAVOUR ENERGY INC.**

**MOXIE EXPLORATION LTD.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**Acceptance**

The foregoing is hereby accepted as of and with effect from the 27th day of May, 2003.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name:  
Title:

**SCHEDULE C**

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**Endev Energy Inc. Announces Strategic Acquisition of Moxie Exploration Ltd.**

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Calgary, Alberta, May 27, 2003 - Endev Energy Inc. ("Endev") (TSX-ENE) and Moxie Exploration Ltd. ("Moxie") (TSXV-MXE) jointly announce that they have entered into a binding acquisition agreement (the "Agreement") whereby Endev will, subject to certain conditions, offer to purchase all the issued and outstanding common shares of Moxie. The consideration under the offer (the "Offer") for each Moxie common share is a combination of \$0.23 cash and 0.139394 of an Endev common share, or any combination of cash and Endev shares subject to a maximum of 5,835,000 Endev common shares being issued and a maximum of \$12.0 million being paid. This assumes that all outstanding options and warrants will be exercised. Based on today's closing price of Endev shares, the value to the Moxie shareholders is approximately \$0.48 per common share, which represents a 30% premium over the last trading price. As a result, Moxie shareholders in aggregate will receive consideration consisting of approximately 50% cash and 50% Endev common shares.

The total value of the Offer for Moxie is approximately \$22.0 million, based on the close of market on May 27 including assumption of net debt of approximately \$0.5 million and proceeds of \$1.2 million on the assumed exercise of all outstanding options and warrants.

The Board of Directors of Moxie has unanimously agreed to recommend acceptance of the Offer. Certain shareholders, including the management and directors of Moxie holding 23.3% of the issued and outstanding common shares of Moxie (27.9% on a fully diluted basis) have agreed to tender their common shares to the Offer. The Agreement provides that Moxie shall not, directly or indirectly, solicit or initiate any inquiries, discussion or negotiations with any third party with respect to any take-over proposal. Moxie has agreed to pay a non-completion fee to Endev in the amount of \$500,000 under certain circumstances.

FirstEnergy Capital Corp. acted as financial advisor to Moxie and will provide an opinion that the Offer is fair, from a financial point of view, to Moxie shareholders.

Moxie's current production is almost 100% natural gas or approximately 5.0 MMCF/d, produces high netbacks, and is all focused in the Eyre/More/Majorville area of southern Alberta, adjacent to Endev's key shallow gas focus area. Moxie's established reserves at December 31, 2002 were approximately 1.6 million barrels of oil equivalent ("BOE") on a 6:1 basis.

Randy Harrison, Endev President & COO commented "We are very pleased to acquire Moxie due to the excellent strategic fit in Endev's key shallow gas area at Eyre/More/Majorville."

The Moxie Offer represents the third major transaction this year for Endev in its core southern Alberta shallow gas area: the first being a commitment in which Endev has agreed to farm in on a contiguous 45-section land block at Majorville. This land has potential for approximately 180 low risk shallow gas drilling opportunities. Secondly, Endev has entered into an agreement to purchase an interest in another shallow gas property from a private oil & gas company in the same area involving 60 sections of primarily 85% working interest lands with the potential to drill more than 200 shallow gas wells. Expected initial production rates on these wells is 100 mcf/d per well with reserves of 1 bcf/section.

Endev also expects to drill 100 shallow gas wells by year end. The Moxie lands provide Endev with approximately 130 additional highly prospective drilling locations in one of its key areas.

Following the acquisition, Endev will have, on a combined basis, the following:

- Current daily average production of over 3,650 BOE/d, comprised of approximately 13 MMCF/d of natural gas production and 1,500 BBL/d of crude oil and natural gas liquids.
- Basic shares outstanding of approximately 75.3 million common shares (an increase of 5.8 million).
- Contiguous land holdings in the Eyremore/Majorville area with interest in over 140 sections and over 80,000 net acres.
- Net debt of approximately \$16.5 million.

Endev expects the Offer will be mailed to holders of common shares of Moxie no later than June 16, 2003 and will be open for a period of 35 days. The Offer is subject to all necessary regulatory approvals and customary conditions, including that a minimum of 66 2/3% of Moxie shares, calculated on a fully diluted basis, be tendered to the Offer.

Endev and Moxie are Calgary, Alberta, Canada based crude oil and natural gas exploration, development and production companies.

Neither the TSX nor the TSX Venture Exchange has reviewed this press release and they do not accept any responsibility for the adequacy or accuracy of this release.

For further information:

Endev Energy Inc.

Attention: Mr. Randy Harrison,  
President and COO  
or  
Dennis J. Kwan, C.A.  
Controller

Telephone: (403) 750-2600  
1-800-750-2677

Moxie Exploration Ltd.

Attention: Steve Dabner  
President and CEO  
Telephone: (403) 215-9871  
or  
Tom Love,  
Chairman and CFO

Telephone: (403) 215-9870

### **Forward Looking Statements**

Certain information regarding Endev Energy Inc. set forth in this document, including management's assessment of the Company's future plans and operations contains forward looking statements that involve substantial known and unknown risks and uncertainties. These forward looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's and management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of reserve estimates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. Endev Energy's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward looking statements and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward looking statements will provide what, if any benefits to Endev Energy Inc.