ASSET PURCHASE AGREEMENT

BETWEEN

IROC DRILLING AND PRODUCTION SERVICES CORP.

AND

IROC SYSTEMS CORP.

AND

JMAC DRILLING LTD.

MADE AS OF

FEBRUARY 7 , 2007

McCarthy Tétrault LLP
Suite 3300, 421 – 7th Avenue S.W.
Calgary, Alberta
T2P 4K9

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of February 7, 2007

BETWEEN

IROC DRILLING AND PRODUCTION SERVICES CORP., a corporation incorporated under the laws of the Province of Alberta (the "**Purchaser**"),

- and -

IROC SYSTEMS CORP., a corporation incorporated under the laws of Canada ("**IROC**")

- and -

JMAC DRILLING LTD., a corporation incorporated under the laws of the Province of Alberta (the "**Vendor**")

WHEREAS the Vendor owns the Assets;

AND WHEREAS the Vendor desires to sell to the Purchaser and the Purchaser desires to purchase from the Vendor the Assets upon and subject to the terms and conditions set out in this Agreement;

AND WHEREAS the Delayed Assets will be conveyed and delivered by the Vendor to the Purchaser following the Closing Date subject to the provisions of the Holdback Agreement (as defined herein);

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

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

"**Affiliate**" of any person means any other person who directly or indirectly controls, or is controlled by, or is under common control with, such person and for these purposes:

(a) a body corporate is controlled by a person if (A) securities of the body corporate to which are attached more than fifty (50%) percent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the person, and (B) the votes attached to those securities are sufficient to elect a majority of the directors of the body corporate;

(b) an association, partnership or other organization is controlled by a person if (A) more than fifty (50%) percent of the ownership interests, however designated, into which the association, partnership or other organization is divided are beneficially owned by the person, and (B) the person is able to direct the business and affairs of the association, partnership or other organization;

(c) a body corporate, association, partnership or other organization is controlled by a person if the person has, directly or indirectly, control in fact of the body corporate, association, partnership or other organization; and

(d) a body corporate, association, partnership or other organization that controls another body corporate, association, partnership or other organization is deemed to control any body corporate, association, partnership or other organization that is controlled or deemed to be controlled by the other body corporate, association, partnership or other organization;

"**Agreement**" means this agreement, including its recitals and schedules, as amended from time to time.

"**Ancillary Agreements**" means the Holdback Agreement, the Lenders Rights Agreement, the Promissory Notes, the Non-Disclosure Agreement, the Security Agreement, the Collateral Agent Agreement, the Guarantee, the Pledge Agreement, the Subordination Documents, and the Lender Representation Letters.

"**Applicable Law**" means

(a) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, and

(b) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law.

"**Assets**" means the assets referred to or described in Section 2.01 and Schedule 2.01(a).

"**Business Day**" means a day other than a Saturday, Sunday or statutory holiday in the Province of Alberta.

"**Claims**" means all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), claims and demands of whatever nature or kind including all reasonable legal fees and disbursements.

"**Closing**" means the closing of the transactions contemplated herein.

"**Closing Date**" means February 16, 2007 or such other date as may be agreed to in writing by the Vendor and the Purchaser.

"**Closing Payment Amount**" means the aggregate amount of Interim Expenses as agreed upon by the Vendor and Purchaser as of the Closing Date.

"**Closing Notes**" means the two five (5) year secured promissory notes, each in the principal amount of SEVEN MILLION FIVE HUNDRED THOUSAND ($7,500,000) DOLLARS with an interest rate of 9% per annum commencing on the Closing Date, and each substantially in the form which is attached to Schedule 2.02.

"**Collateral Agent Agreement**" means the Collateral and Disbursement Agent Agreement dated as of the Closing Date among the Purchaser, IROC, the Lenders and Computershare Trust Company of Canada, as agent for the Lenders, in a form to be mutually agreed upon by the parties.

"**Competition Act**" means the *Competition Act* (Canada).

"**Deductible**" has the meaning set out in Section 7.02(2)(b).

"**Defence Counsel**" has the meaning set out in Section 7.04.

"**Defence Notice**" has the meaning set out in Section 7.04.

"**Delayed Assets**" will have the meaning set forth in the Holdback Agreement.

"**Effective Date**" has the meaning set out in Section 6.05.

"**Escrow Agent**" means the person to be appointed as escrow agent under the Holdback Agreement and the Pledge Agreement as the context requires.

"**Excess Indemnity Amount**" will have the meaning set out in the Pledge Agreement.

"**Excluded Liabilities**" has the meaning set out in Section 2.03.

"**GAAP**" has the meaning set out in Section 1.05.

"**Governmental Authority**" means any domestic or foreign legislative, executive, judicial, regulatory or administrative body or person having or purporting to have jurisdiction in the relevant circumstances.

"**Guarantee**" means the guarantee to be provided by IROC to the Vendor on Closing, in a form to be mutually agreed upon by the parties, which will guarantee all obligations of the Purchaser under the Promissory Notes.

"**Holdback Agreement**" means the agreement to be entered into by the Purchaser, the Vendor, the Lenders and the Escrow Agent on Closing in a form to be mutually agreed upon by the parties, which will provide for a holdback of a portion of the Purchase Price Common Shares and the Holdback Notes.

"**Holdback Notes**" means the two five (5) year secured promissory notes, each in the principal amount of TWO MILLION FIVE HUNDRED THOUSAND ($2,500,000) DOLLARS with an interest rate of 9% per annum commencing when the Delayed Assets are conveyed and delivered by the Vendor and accepted by the Purchaser in accordance with the Holdback Agreement each substantially in the form attached to Schedule 2.02(a).

"**Holdback Shares**" has the meaning set out in Section 2.06(1).

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indemnitee**" has the meaning set out in Section 7.04.

"**Indemnitor**" has the meaning set out in Section 7.04.

"**Interim Expenses**" has the meaning set out in Section 6.05(1)(b).

"**Interim Period**" means the period between the close of business on the Effective Date and the Time of Closing.

"**Interim Revenue**" has the meaning set out in Section 6.05(1)(a).

"**Investment Canada Act**" means the *Investment Canada Act* (Canada).

"**IROC Financial Statements**" means the audited comparative consolidated financial statements of IROC as at and for the years ended December 31, 2005 and 2004 and the unaudited comparative consolidated financial statements of IROC as at and for the nine month periods ended September 30, 2006 and September 30, 2005.

"**Lenders**" means, collectively Troob and MSD.

"**Lender Representation Letters**" has the meaning set out in Section 2.04(2).

"**Lenders Rights Agreement**" means the Lenders rights agreement to be entered into by IROC and the Lenders on Closing, in a form to be mutually agreed upon by the parties.

"**MSD**" means SOF Investments, L.P. - Canada

"**Material Adverse Effect**" means, when used in connection with the Assets or any person, any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the Assets, or to the business, assets, liabilities, financial condition or results of operations of such person as applicable, other than any change, event, violation, inaccuracy, circumstance or effect resulting from (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere, (ii) conditions affecting the oil and gas exploration, exploitation, development and production industry as a whole, and not specifically relating to any person, including changes in tax laws, (iii) any decline in crude oil or natural gas prices on a current or forward basis, or (iv) any matter which has been specifically disclosed by the Vendor in relation to the Assets, or such person, as applicable, provided that any circumstance described in any of (i), (ii) or (iii) above does not disproportionately impact the person to whom it applies.

"Non-Disclosure Agreement" means the non-disclosure agreement dated January 5, 2007 between the Vendor and IROC.

"Noteholders" means the Vendor or the Lenders if the Vendor directs the Promissory Notes to be issued to the Lenders at Closing.

"**Permits**" means all permits, consents, waivers, licences, certificates, approvals, authorizations, registrations, franchises, rights, privileges, quotas and exemptions, or any item with a similar effect, issued or granted by any person.

"Pledge Agreement" means the Agreement to be entered into by the Lenders, the Purchaser and the Escrow Agent in a form to be mutually agreed upon by the parties, which will provide for a pledge of a certain number of the Purchase Price Common Shares.

"Pledge Shares" means the 350,000 Purchase Price Common Shares pledged by each of the Lenders in favour of the Purchaser as security for the payment of the Excess Indemnity Amount pursuant to the terms of the Pledge Agreement.

"**Promissory Notes**" means collectively the Closing Notes and the Holdback Notes, each in substantially the form as set out in Schedule 2.02(a).

"**Purchase Price**" has the meaning set out in Section 2.02.

"**Purchaser Indemnitees**" has the meaning set out in Section 7.02(1).

"**Purchase Price Common Shares**" has the meaning set out in Section 2.02.

"**Security Agreement**" means the security agreement to be entered into by the Purchaser and the Noteholders or their agent on Closing, in a form to be mutually agreed upon by the parties, which will provide for a first security interest over the Assets by the Noteholders.

"**Subordination Documents**" has the meaning set forth in Section 2.05.

"**Subsidiary**" means, with respect to any person, an entity which is controlled by such person.

"**Time of Closing**" means February , 2007, 2:00 p.m. (Calgary Time) on the Closing Date.

"**Third Party Proceeding**" has the meaning set out in Section 7.04.

"**TSX**" means the Toronto Stock Exchange.

"**Transfer Taxes**" has the meaning set out in Section 4.03(3).

"**Troob**" means TCM Spectrum Fund (QP) LP.

"**Vendor Indemnitees**" has the meaning set out in Section 7.03(1).

"**Warranty Survival Period**" has the meaning set forth in Section 7.01.

1.02 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.03 Extended Meanings

In this Agreement words importing the singular number include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term "including" means "including without limiting the generality of the foregoing" and the term "third party" means any person other than the Vendor and the Purchaser.

1.04 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles ("**GAAP**"), such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

1.06 Currency

All references to currency herein are to lawful money of Canada.

1.07 Control

(1) For the purposes of this Agreement,

(a) a person controls a body corporate if securities of the body corporate to which are attached more than 50 per cent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the person and the votes attached to those securities are sufficient, if exercised, to elect a majority of the directors of the body corporate;

(b) a person controls an unincorporated entity, other than a limited partnership, if more than 50 per cent of the ownership interests, however designated, into which the entity is divided are beneficially owned by that person and the person is able to direct the business and affairs of the entity; or

(c) the general partner of a limited partnership controls the limited partnership.

(2) A person who controls an entity is deemed to control any entity that is controlled, or deemed to be controlled, by the entity.

(3) A person is deemed to control, within the meaning of paragraph (1)(a) or (b) an entity if the aggregate of

(a) any securities of the entity that are beneficially owned by that person, and

(b) any securities of the entity that are beneficially owned by any entity controlled by that person

is such that, if that person and all of the entities referred to in paragraph (b) that beneficially own securities of the entity were one person, that person would control the entity.

1.08 Schedules

The following are the Schedules to this Agreement:

Schedule 2.01(a)	-	Assets
Schedule 2.02(a)	-	Promissory Notes
Schedule 3.01(3)(a)	-	Encumbrances
Schedule 3.01(3)(b)	-	Deferred Maintenance and Maintenance Schedule
Schedule 3.01(7)(a)	-	Actions, Suits and Proceedings
Schedule 3.01(7)(c)	-	Insurance
Schedule 3.03(m)	-	IROC Legal Claims
Schedule 5.02(k)	-	Drilling Contracts

For purposes of this Agreement, information disclosed in any Schedule will be deemed to be disclosed for all purposes including disclosure in any other Schedule.

ARTICLE 2 - SALE AND PURCHASE

2.01 Assets to be Sold and Purchased

Upon and subject to the terms and conditions hereof and the Holdback Agreement, the Vendor will sell to the Purchaser and the Purchaser will purchase from the Vendor, effective on the Effective Date, all of the rights, titles, benefits and interests of the Vendor in and to the following assets:

(a) the Assets described in Schedule 2.01(a);

(b) all other associated machinery and equipment and tools, handling equipment, furniture, furnishings, computer hardware and peripheral equipment, supplies and accessories of the Assets;

(c) all plans and specifications in the Vendor's possession or under its control relating to the structures, improvements, appurtenances and fixtures forming part of the Assets including all such electrical, mechanical and structural drawings related thereto as are in the possession or under the control of the Vendor; and

(d) inspection, maintenance and other records, books, documents and data bases recorded or stored by means of any device, including in electronic form, relating to the Assets, provided that the Vendor may retain copies of such records, books, documents and data bases.

2.02 Purchase Price

(a) The purchase price (the "**Purchase Price**") payable to the Vendor for the Assets shall be THIRTY THREE MILLION NINE HUNDRED AND FIFTY THOUSAND ($33,950,000) Dollars, subject to further adjustments which may be required pursuant to the provisions of the Holdback Agreement in connection with the Delayed Assets, which will be paid at Closing by the issuance to the Vendor, or to the Lenders as may be directed by the Vendor, of (i) SIX MILLION AND TWO HUNDRED THOUSAND (6,200,000) common shares of IROC (the "**Purchase Price Common Shares**") issued at a deemed price of Two Dollars and Twenty five Cents ($2.25) per share; and (ii) the Promissory Notes.

(b) The Vendor and the Purchaser will on or before the Time of Closing jointly execute an election, in the prescribed form and containing the prescribed information, to have subsection 167(1.1) of the *Excise Tax Act* (Canada) apply to the sale and purchase of the Assets hereunder so that no tax is payable in respect of such sale and purchase under Part IX of the *Excise Tax Act* (Canada). The Purchaser will file such election with the Minister of National Revenue within the time prescribed by the *Excise Tax Act* (Canada).

2.03 Obligations and Liabilities Not Assumed

Except as provided in this Agreement, the Purchaser shall not assume, or otherwise be responsible for, any of the Vendor's liabilities, claims or obligations, whether actual or contingent, matured or unmatured, liquidated or unliquidated, known or unknown, or related or unrelated to the Assets, whether arising out of occurrences prior to, at or after the Closing Date, or such other time as provided below, (collectively, "**Excluded Liabilities**") which Excluded Liabilities are and shall remain the sole obligation of the Vendor and which include, without limitation:

(a) any liability or obligation to or in respect of any present or former directors, officers, employees or consultants of the Vendor including, without limitation, liabilities under (i) any employment agreement, whether or not written, between the Vendor and any person, (ii) any employee plan of the Vendor including in respect of the Vendor's withdrawal or partial withdrawal from or termination of any employee plan, and (iii) any claim under labour relations or employment standards legislation, any disability claim or any claim under any unemployment compensation or worker's compensation law or regulation or under any federal or provincial employment discrimination law or regulation, which shall have been asserted on or prior to the Closing Date or is based on acts or omissions which occurred on or prior to the Closing Date;

(b) all indebtedness of the Vendor;

(c) accrued obligations and severance costs arising out of terminations of employees occurring prior to the Closing Date;

(d) any liability or obligation of the Vendor in respect of any tax arising prior to the Effective Date, including, without limitation, any liability or obligation for goods and services tax arising from the restatement or adjustment of previously filed goods and services tax returns or income tax or other tax obligations arising from restatement or adjustment of previously filed income or other type tax returns;

(e) any liabilities or obligations of the Vendor in respect of accounts payable of the Vendor related or unrelated to the Assets arising prior to the Effective Date; and

(f) any liabilities or obligations of the Vendor resulting from entering into, performing its obligations pursuant to or consummating the transactions contemplated by this Agreement.

2.04 <u>Payment of Purchase Price</u>

(1) Subject to the holdback provisions of Section 2.05, the Purchase Price will be paid and satisfied as follows:

(a) by the delivery of the Purchase Price Common Shares to the Vendor or to the Lenders as may be directed by the Vendor on the Closing Date; and

(b) by the delivery of the Promissory Notes to the Vendor, or to the Lenders as may be directed by the Vendor, on the Closing Date.

(2) In the event that the Vendor directs that the Purchase Price Common Shares and the Promissory Notes be issued to the Lenders, the Purchaser, IROC and each such Lender shall be required to enter into a mutually satisfactory representation letter (a "**Lender Representation Letter**") pursuant to which (i) the Purchaser and IROC shall represent and warrant to the Lenders that the representations and warranties set forth in Section 3.02 hereof are true and correct as of the Closing Date and that such other person is entitled to rely thereon, and (ii) each Lender shall provide such representations and warranties to IROC as are necessary in order to confirm that the issuance of the Purchase Price Common Shares and Promissory Notes to such Lender is exempt from the prospectus requirements of the applicable Canadian securities laws.

2.05 Security

As security for payment of all amounts due and owing under the Promissory Notes, the Purchaser and the Noteholders shall execute and deliver on the Closing Date the Security Agreement, the Purchaser shall register the security interests of the Noteholders in the Assets created under the Security Agreement under the *Personal Property Security Act* (Alberta) and obtain such subordination agreements and other consents (the "**Subordination Documents**") as may be required or requested by the Noteholders in their sole discretion in order to provide that such security interests have priority with respect to all other security interests relating to the Assets.

In addition, as further security for the amounts outstanding under the Promissory Notes, IROC will on the Closing Date deliver the Guarantee.

2.06 Holdback

On Closing 1,550,000 of the Purchase Price Common Shares (the "**Holdback Shares**") and the Holdback Notes will be held back under the terms and conditions of Holdback Agreement.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

3.01 Vendor's Representations and Warranties

The Vendor represents and warrants to the Purchaser that:

(1) *Corporate*

(a) The Vendor is a corporation duly incorporated, organized and subsisting under the laws of the Province of Alberta with the corporate power to own the Assets and to carry on its business and has made all necessary filings under all Applicable Laws except where the failure to make such filings could not reasonably be expected to have a Material Adverse Effect with respect to the Assets or significantly impede the ability of the Vendor to consummate the transactions contemplated hereby.

(b) The Vendor has the power, authority and right to enter into and deliver this Agreement and each Ancillary Agreement to which it is, or is specified to be, a party, and to complete the transactions to be completed by it hereunder and thereunder. The execution and delivery by the Vendor of this Agreement and each Ancillary Agreement to which it is, or is specified to be, a party, and the consummation of the transactions contemplated hereby and thereby have been authorized by all necessary corporate action on the part of the Vendor.

(c) This Agreement constitutes a valid and legally binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court. Upon the execution and delivery by the Vendor of each Ancillary Agreement to which it is, or is specified to be, a party, such Ancillary Agreements will constitute valid and legally binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

(d) Except as set forth in Schedule 3.01(3)(a), there is no contract, option or any other right of a third party binding upon or which at any time in the future may become binding upon the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the Assets other than pursuant to the provisions of this Agreement or pursuant to purchase orders accepted by the Vendor in the usual and ordinary course of the Assets.

(e) Neither the entering into nor the delivery of this Agreement or any Ancillary Agreement, nor the completion of the transactions contemplated hereby or thereby by the Vendor will result in the violation of:

(i) any of the provisions of the constating documents or by-laws of the Vendor;

(ii) except as set forth in Schedule 3.01(3)(a), any agreement or other instrument to which the Vendor is a party or by which the Vendor is bound; or

(iii) any Applicable Law in respect of which the Vendor must comply.

(f) Except for the consent of the Lenders required by the agreements described in Schedule 3.01(3)(a), no filing or registration with, or authorization, consent or approval of any Government Authority or other person is required by the Vendor in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

(2) *Financial*

(a) The books and records of the Vendor relating to the Assets are complete and correct and present fairly and disclose in all material respects the financial position of the Assets and all material financial transactions of the Vendor relating to the Assets have been accurately recorded in such books and records and, to the extent possible, such books and records have been prepared in accordance with generally accepted accounting principles consistently applied.

(b) Except as set forth in Schedule 3.01(3)(a), the Vendor does not have outstanding any bonds, debentures, mortgages, notes or other indebtedness and is not subject to any agreement to create any bonds, debentures, mortgages, notes or other indebtedness, including guarantees, indemnifications or like obligations and liabilities relating to the Assets except for operating costs relating to the Assets which are or will be incurred in the ordinary course of business.

(3) *Condition of Assets*

(a) The Vendor is and will be on the Closing Date, the legal and beneficial owner of the Assets (other than the Delayed Assets), with good and marketable title thereto free and clear of all mortgages, charges, liens, pledges, claims, security interests and agreements and other encumbrances of whatsoever nature, other than those set out in Schedule 3.01(3)(a) and the Vendor has good right, full power and absolute authority to sell and assign the Assets (other than the Delayed Assets) to the Purchaser for the purpose and in the manner as provided in this Agreement and, immediately upon the Closing, the Purchaser will have possession of and may from time to time and at all times thereafter peaceably and quietly have, hold, possess and enjoy the Assets (other than the Delayed Assets) and every part thereof to and for its own use and benefit without any manner of hindrance, interruption, molestation, claim or demand of, from or by the Vendor or any other person claiming through the Vendor.

(b) All Assets (other than the Delayed Assets) owned or used by the Vendor have been properly maintained and are in good working order for the purposes of on-going operation, subject to ordinary wear and tear for machinery and equipment of comparable age, and all deferred maintenance and the maintenance schedules for the Assets (other than the Delayed Assets) for the next twelve (12) months are set out in Schedule 3.01(3)(b).

(c) On the Closing Date the Assets (other than the Delayed Assets) will be in good working order and good operating condition, ordinary wear and tear excepted, and reasonably fit for their usual purpose. The Vendor has not received, nor has it been informed of any material default or notice of material default relating to the Assets or any of them and the Vendor has no knowledge and has not been informed of any substantial physical damage to or alteration in or to any of the Assets which could reasonably be expected to have a Material Adverse Effect with respect to the Assets.

(4) *Contracts and Commitments*

(a) Except as set forth in Schedule 3.01(3)(a), the Vendor is not a party to any contract or commitment relating to the Assets outside the usual and ordinary course.

(b) Except as set forth in Schedule 3.01(3)(a), the Vendor is not a party to or bound by any guarantee, indemnification, surety or similar obligation pertaining to the Assets.

(c) The Vendor is not a party to any lease, or agreement in the nature of a lease, pertaining to the Assets.

(d) There are no outstanding orders, notices or similar requirements relating to the Assets issued by any fire, health, labour, police or environmental authority or any other Governmental Authority and there are no matters under discussion with any fire, health, labour, police or environmental authority or any other Governmental Authority relating to any orders, notices or similar requirements concerning the Assets.

(e) There is no lien against the Assets as a result of workers' compensation legislation and no Workers' Compensation Board possesses, nor is it entitled to a claim or lien against the Assets, or any of them, due to any payments not being made to any Workers' Compensation Board. To the Vendor's knowledge, the Vendor has complied with the requirements of the *Workers' Compensation Act* (Alberta) and the *Employment Standards Act* (Alberta) and any other statutory requirements in Alberta relating to employees

(5) *Operation of Assets*

(a) The Vendor has not operated the Assets in contravention of any Applicable Law. There are no Permits required to own or operate the Assets in the usual and ordinary course.

(6) *Taxes*

(a) There are no liens for taxes of any type, kind or nature upon the Assets, except for statutory liens for current taxes not yet due.

(b) The Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 83967 6277 RT0001.

(c) The Vendor is not a non-resident of Canada or a partnership for the purposes of section 116 of the *Income Tax Act*.

(7) *General*

(a) There are no actions, suits, claims, lawsuits, investigations or proceedings (whether or not purportedly on behalf of the Vendor):

(i) pending or, to the knowledge of the Vendor, threatened against the Vendor which could reasonably be expected to have a Material Adverse Effect with respect to the Assets, or

(ii) before or by any Governmental Authority,

except such actions, suits or proceedings as are disclosed in Schedule 3.01(7)(a).

(b) Attached as Schedule 3.01(7)(b) is a true and complete list of all insurance policies maintained by the Vendor that also specify the insurer, the amount of the coverage, the type of insurance, the policy number and any pending claims thereunder.

(c) No representation or warranty or other statement made by the Vendor in this Agreement contains any untrue statement or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

(8) *Survival of Vendor's Representations and Warranties*

(a) The representations and warranties of the Vendor set forth in Section 3.01 shall survive Closing and, notwithstanding such completion shall continue in full force and effect for the benefit of the Purchaser; provided that in the absence of fraud, no claim or action shall be commenced with respect to the breach of any such representation or warranty unless written notice of such claim, together with reasonable particulars is provided to the Vendor within one (1) year following the Closing Date.

3.02 <u>Purchaser's and IROC's Representations and Warranties</u>

(1) Each of the Purchaser and IROC jointly and severally represents and warrants to the Vendor that:

(a) Each of the Purchaser and IROC is a corporation duly incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation with the corporate power to own its assets and to carry on its business as currently carried on;

(b) The Purchaser is a wholly-owned Subsidiary of IROC;

(c) Each of the Purchaser and IROC has good and sufficient power, authority and right to enter into and deliver this Agreement and each Ancillary

Agreement to which it is, or is specified to be, a party, and to complete the transactions to be completed by it hereunder and thereunder. The execution and delivery by each of the Purchaser and IROC of this Agreement and each Ancillary Agreement to which it is, or is specified to be, a party, and the consummation of the transactions contemplated hereby and thereby have been authorized by all necessary corporate action on the part of the Purchaser and IROC, as applicable;

(d) This Agreement constitutes a valid and legally binding obligation of each of the Purchaser and IROC, enforceable against the Purchaser and IROC in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court. Upon the execution and delivery by the Purchaser of each Ancillary Agreement to which it is, or is specified to be, a party, such Ancillary Agreements will constitute valid and legally binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court. Upon the execution and delivery by IROC of each Ancillary Agreement to which it is, or is specified to be, a party, such Ancillary Agreements will constitute valid and legally binding obligations of IROC, enforceable against IROC in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court;

(e) Neither the entering into nor the delivery of this Agreement or any Ancillary Agreement, nor the completion of the transactions contemplated hereby or thereby by the Purchaser or IROC will result in a violation of:

(i) any of the provisions of the constating documents or by-laws of the Purchaser or IROC;

(ii) any agreement or other instrument to which the Purchaser or IROC is a party or by which the Purchaser or IROC or any of their respective assets are bound; or

(iii) any Applicable Law in respect of which the Purchaser or IROC must comply;

(f) No filing or registration with, or authorization, consent or approval of, any Governmental Authority or other person is required by IROC or the

Purchaser in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements;

(g) The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 8596750001;

(h) The Purchaser together with its affiliates (as defined in the *Competition Act*) do not have assets in Canada that exceed FOUR HUNDRED ($400,000,000) MILLION DOLLARS (less the amount of the Purchase Price) or annual gross revenues from sales in, from or into Canada that exceed FOUR HUNDRED ($400,000,000) MILLION DOLLARS (less the amount of the Purchase Price), in either case, as determined pursuant to Section 109 of the *Competition Act*;

(i) The Purchaser is a Canadian within the meaning of the *Investment Canada Act*;

(j) The authorized capital of IROC consists of an unlimited number of common shares, of which 38,017,080 common shares will be the only common shares issued and outstanding immediately prior to the Closing Date, and which shares are validly issued and outstanding as fully paid and non-assessable;

(k) As of their respective dates, the IROC Financial Statements and all press releases, annual reports, information circulars, material change reports, or similar documents filed with securities authorities since January 1, 2006, 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 in which they were made, not misleading and complied in all material respects with all Applicable Law. The IROC Financial Statements were prepared in accordance with GAAP (except as otherwise indicated in such financial statements and the notes thereto or, in the case of unaudited interim financial statements, to the extent that they may not include footnotes, are subject to normal year end adjustments), and present fairly in accordance with GAAP principles, consistently applied, the consolidated financial position, results of operations and cash flows of IROC on a consolidated basis 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) and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of IROC on a consolidated basis. There are no material liabilities of IROC or any of its subsidiaries of any nature (matured or unmatured, fixed or contingent), other than (1) those set forth or adequately provided for in the balance sheets and associated notes thereto included in the IROC Financial Statements, (2) those incurred in the ordinary course of business and not required to be set forth in the IROC Financial Statements under generally accepted accounting principles, (3) those incurred in the ordinary course of business since the dates of the IROC Financial Statements and consistent with past practice, and (4) those incurred in connection with the execution of this Agreement.

(l) Since September 30, 2006, there has been no material adverse change in the affairs, business, prospects, operations, results of operations, assets, capitalization or condition of IROC or any of its Subsidiaries, financial or otherwise, whether or not in the ordinary course of business, whether separately or in the aggregate with other occurrences or developments, whether insured against or not, and whether arising as a result of any legislative or regulatory change, revocation of any license or right to do business, fire, explosion, accident, casualty, labour dispute, flood, drought, riot, storm, condemnation, act of God, public force or otherwise, except changes occurring in the usual and ordinary course of business which have not adversely affected the affairs, business, prospects, operations, results of operations, assets, capitalization or condition of IROC or any of its Subsidiaries, financial or otherwise;

(m) There are no claims, actions, suits or proceedings (whether or not purportedly on behalf of IROC or any of its Subsidiaries) pending or, to its knowledge, threatened against or adversely affecting, or which might have a Material Adverse Effect on the business, assets, liabilities, financial condition or results of operations of IROC and its subsidiaries, taken as a whole, or any of their respective assets, whether or not insured, and which might involve the possibility of any judgment or liability against IROC, except such claims, actions, suits or proceedings as are disclosed in Schedule 3.03(m) attached hereto;

(n) IROC does not have any liability, obligation or commitment for the payment of income taxes, corporate taxes, goods and service taxes, or any other taxes or duties of whatever nature or kind, or interest or penalties with respect thereto, except such as are disclosed in the financial statements for the year ended December 31, 2005 (as filed on SEDAR) or such taxes or duties not yet due as have arisen since the date the financial statements in the usual and ordinary course of business and for which adequate provision in the accounts of IROC have been made, and IROC is not in arrears with respect to any required withholdings or instalment payments of any tax or duty of any kind and have not filed any waiver for a taxation year under the *Income Tax Act* or any other legislation imposing tax on IROC, foreign or domestic;

(o) On the Closing Date, the Purchase Price Common Shares will have been authorized and allotted for issuance hereunder and will, when issued, will be validly issued, as fully paid and non-assessable shares in the capital of IROC.;

(p) The issuance of the Purchase Price Common Shares by IROC and the Promissory Notes by the Purchaser pursuant to the terms of this Agreement is exempt from the prospectus and registration requirements of all applicable securities law, and no document is required to be filed, no proceeding is required to be taken and no permit, approval, consent or authorization is required to be obtained by IROC from any Governmental Authorities in connection with the issuance of such securities or the execution and delivery of the Guarantee by IROC other than filings as required pursuant to securities laws of Alberta, British Columbia and Ontario;

(q) No securities commission or similar regulatory authority or stock exchange has issued any order which is currently outstanding preventing or suspending trade in any security of IROC or prohibiting the issuance of the Purchase Price Common Shares or the Promissory Notes or Guarantee. No such proceeding is pending or, to the knowledge of IROC, threatened or contemplated, and IROC is not in default of any requirements of any securities laws, rules or policies applicable to IROC or its securities;

(r) IROC is a reporting issuer not on the list of defaulting reporting issues in the Provinces of Alberta, British Columbia and Ontario; and

(s) On the Closing Date, the Purchase Price Common Shares will have been conditionally approved for listing on the TSX and the TSX will have accepted notice of the transactions contemplated herein and the issuance of the Purchase Price Common Shares.

(2) Survival of IROC's Representations and Warranties

(a) The representations and warranties of the Purchaser and IROC set forth in Section 3.02 shall survive the completion of the sale and purchase of the Assets herein provided for and, notwithstanding such completion, shall continue in full force and effect for the benefit of the Vendor; provided that in the absence of fraud, no claim or action shall be commenced with respect to the breach of any such representation or warranty unless written notice of such claim together with reasonable particulars is provided to the Purchaser within one (1) year following the Closing Date.

ARTICLE 4 - COVENANTS

4.01 Covenants of the Vendor

(1) Except as otherwise contemplated by this Agreement or consented to in writing by the Purchaser, from the date of this Agreement until Closing, the Vendor will:

(a) carry on using the Assets (other than the Delayed Assets) in the usual and ordinary course, consistent with past practice provided that all acts and proceedings involving a commitment in excess of $50,000 with respect to the Assets (other than the Delayed Assets) will be subject to the prior approval of the Purchaser, which approval will not be unreasonably withheld;

(b) use all reasonable commercial efforts to preserve intact the Assets;

(c) use all reasonable commercial efforts to cause its current insurance policies with respect to the Assets not to be cancelled or terminated or any other coverage thereunder to lapse, unless simultaneously with such terminations, cancellation or lapse, replacement policies underwritten by insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies, and where possible, for substantially similar premiums, are in full force and effect;

(d) promptly advise the Purchaser in writing of the occurrence of any Material Adverse Effect in respect of the Assets or of any facts that come to their attention which would cause any of the Vendor's representations and warranties herein contained to be untrue in any respect; and

(e) maintain the books, records and accounts of the Assets in the usual and ordinary course, consistent with past practice and record all transactions on a basis consistent with that practice.

(2) If, following the Closing, either of the Purchaser and/or IROC is required by any Governmental Authority or any Applicable Law to provide historical financial statements on the Vendor and/or the Assets, the Vendor agrees to provide such historical financial statements to the Purchaser and/or IROC. If there are no such historical financial statements, the Vendor agrees to use its reasonable best efforts to provide the Purchaser and/or IROC with reasonable access to the Vendor's records such that the Purchaser and/or IROC will be in a position to prepare such financial statements. Any expenses relating to the foregoing shall be payable by the Purchaser and/or IROC.

(3) The Vendor will use its commercially reasonable efforts to ensure that the representations and warranties of the Vendor are true and correct at the Time of Closing and that the conditions of closing for the benefit of the Purchaser have been performed or complied with by the Time of Closing.

4.02 <u>Examination of Records and Assets</u>

(1) The Vendor will forthwith make available to the Purchaser and its authorized representatives all records, documents, and or data bases recorded or stored by means of any device, including in electronic form, with respect to any title documents, abstracts of title, deeds, blue prints, designs and copyrights, contracts and commitments, maintenance records and logs, operation records and logs, construction information or warranty documents or information in its possession or under its control relating to any of the Assets. The Vendor will forthwith make available to the Purchaser and its authorized representatives (accountants and tax advisors) for examination all books of account and accounting records relating to the Assets. The Vendor

will, if reasonably requested, provide copies, at the cost of the Purchaser, of the following records maintained in connection with the Assets: financial statements, inventory data and inventory master records. The Vendor will give the Purchaser and its authorized representatives every reasonable opportunity to have access to and to inspect the Assets. The exercise of any rights of access or inspection by or on behalf of the Purchaser under this Section 4.02(1) will not affect or mitigate the covenants, representations and warranties of the Vendor in this Agreement which will continue in full force and effect.

(2) The Purchaser will have until the last Business Day prior to the Closing Date, or such other date mutually agreed to by the parties, to investigate title to the Assets at its own expense, and the Purchaser will within that time deliver to the Vendor or its counsel any objection that the Purchaser may have to such Assets. If any valid objection is made within that time, which the Vendor does not within a further period of 10 days resolve to the satisfaction of the Purchaser, and which the Purchaser will not waive, each of the Vendor and the Purchaser will, notwithstanding any negotiation or any other provision of this Agreement, be entitled to rescind this Agreement by notice to the other, and in such event both the Vendor and the Purchaser will be released from all obligations hereunder.

4.03 <u>Covenants of the Purchaser</u>

(1) Prior to the Time of Closing on the Closing Date, the Purchaser and IROC will promptly advise the Vendor in writing of the occurrence of any change, event, violation, inaccuracy, circumstance or effect that will, or that could reasonably be expected to, have a Material Adverse Effect with respect to the Purchaser or IROC and its subsidiaries, taken as a whole, or any of their respective assets.

(2) The Purchaser will use its commercially reasonable efforts to ensure that the representations and warranties of the Purchaser are true and correct at the Time of Closing and that the conditions of closing for the benefit of the Vendor have been performed or complied with by the Time of Closing.

(3) The Purchaser will be liable for and will pay, or will cause to be paid, all transfer, value added, ad-valorem, excise, sales, use, consumption, goods and services, harmonized sales, retail sales, social services, or other similar taxes or duties (collectively, "**Transfer Taxes**") payable under any Applicable Law on or with respect to the sale and purchase of the Assets under this Agreement. The Purchaser will prepare and file any affidavits or returns required in connection with the foregoing at its own cost and expense. To the extent that any Transfer Taxes are required to be paid by or are imposed upon the Vendor, the Purchaser will reimburse, or will cause to be reimbursed, to the Vendor such taxes within a reasonable time of payment of such taxes by the Vendor. All amounts payable by the Purchaser to the Vendor hereunder do not include Transfer Taxes.

4.04 <u>Tax Matters</u>

(1) The Vendor and the Purchaser will furnish or cause to be furnished to each other, each at its own expense, as promptly as practicable, such information and assistance, and provide additional information and explanations of any material provided, relating to the Assets as is

reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to taxes.

(2) Notwithstanding anything contained in this Agreement, in any of the Ancillary Agreements, or in any other document, certificate or opinion delivered pursuant to the transactions contemplated in or under any of the foregoing, the Vendor acknowledges and agrees that if the Promissory Notes are issued to the Lenders on the Closing Date, or subsequently assigned or transferred to the Lenders after the Closing Date or assigned or transferred to any person, or on behalf of any person, not resident of Canada for purpose of the *Income Tax Act* (the "**Non-Resident**") with respect to any payments made under the Promissory Notes to the Lenders or the Non-Resident, the Purchaser shall withhold and remit any and all amounts as are required from such payments pursuant to the applicable tax laws and regulations without any "gross up" to the amount due and owing under the Promissory Notes or to the Purchase Price.

ARTICLE 5 - CONDITIONS AND TERMINATION

5.01 Conditions for the Benefit of the Purchaser and of IROC

The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Purchaser and IROC, jointly, and which are to be performed or complied with at the time specified below or prior to the Time of Closing if no time is specified:

(a) the representations and warranties of the Vendor set forth in Section 3.01 that do not contain an express materiality qualification will be true and correct at the Time of Closing in all material respects with the same force and effect as if made at and as of such time;

(b) the representations and warranties of the Vendor set forth in Section 3.01 that do contain an express materiality qualification will be true and correct at the Time of Closing in all respects with the same force and effect as if made at and as of such time;

(c) the Vendor will have performed or complied in all material respects with all of the obligations and covenants of this Agreement to be performed or complied with by the Vendor at or prior to the Time of Closing;

(d) the Purchaser will be furnished with such certificates or other instruments (including instruments of conveyance with respect to the Assets) of the Vendor or of officers of the Vendor as set out in Section 6.02(1) herein or as the Purchaser or the Purchaser's counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement to have been performed or complied with by the Vendor at or prior to the Time of Closing have been performed or complied with and that the representations and warranties of the Vendor herein given are true and correct at the Time of Closing;

(e) any security or other encumbrances, including, but not limited to the security interest and/or encumbrances set out in Schedule 3.01(3)(a), against the Assets (other than the Delayed Assets) shall have been discharged or the security holder or encumbrancer shall have provided a no interest letter in a form satisfactory to the Purchaser or the Vendor shall arrange to discharge any and all security or encumbrances relating to the Assets after the Closing Date on terms and conditions acceptable to the Purchaser in its sole discretion;

(f) there will have been obtained from all appropriate Governmental Authorities and other relevant third parties such other approvals or consents as are required to permit the change of ownership of the Assets contemplated hereby;

(g) no action, claim or proceeding is or will be pending or, to the Vendor's knowledge, threatened by any person:

(i) to enjoin, restrict or prohibit the sale and purchase of the Assets contemplated hereby; or

(ii) involving the Assets, or any of them, which action, claim or proceeding could reasonably be expected to have a Material Adverse Effect on the Assets or significantly impede the consummation of the transactions contemplated by this Agreement or any of the Ancillary Agreements;

(h) no Material Adverse Effect will have occurred in relation to the Assets from the date hereof to the Time of Closing;

(i) the Vendor will have delivered to the Purchaser all other items required to be delivered pursuant to Section 6.02(1) herein; and

(j) the Purchaser and IROC will have received approval for the transactions contemplated hereunder and under the Ancillary Agreements from their bankers.

5.02 <u>Conditions for the Benefit of the Vendor</u>

The sale by the Vendor and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Vendor and which are to be performed or complied with at or prior to the Time of Closing:

(a) the representations and warranties of the Purchaser and IROC set forth in Section 3.02 that do not contain an express materiality qualification will be true and correct in all material respects at the Time of Closing with the same force and effect as if made at and as of such time;

(b) the representations and warranties of the Purchaser and IROC set forth in Section 3.02 that do contain an express materiality qualification will be true and correct in all respects at the Time of Closing with the same force and effect as if made at and as of such time;

(c) the Purchaser and IROC will have performed or complied in all material respects with all of the obligations and covenants of this Agreement to be performed or complied with by the Purchaser and IROC at or prior to the Time of Closing;

(d) the Vendor will be furnished with such certificates or other instruments of the Purchaser and IROC or of officers of the Purchaser and IROC as set out in Section 6.02(2) herein or as the Vendor or the Vendor's counsel may reasonably think necessary in order to establish that the obligations and covenants contained in this Agreement to have been performed or complied with by the Purchaser and IROC at or prior to the Time of Closing have been performed or complied with and that the representations and warranties of the Purchaser and IROC herein given are true and correct at the Time of Closing;

(e) any security or other encumbrances, including, but not limited to the security interests and/or encumbrances set out in Schedule 3.01(3)(a), against the Assets (other than the Delayed Assets) shall have been discharged or the security holder or encumbrancer shall have provided a no interest letter in a form satisfactory to the Purchaser, or the Vendor shall arrange to discharge any and all security or encumbrances relating to the Assets after the Closing Date on terms and conditions acceptable to the Purchaser in its sole discretion;

(f) there will have been obtained from all appropriate Governmental Authorities and other relevant third parties such other approvals or consents as are required to permit the change of ownership of the Assets contemplated hereby;

(g) no action, claim or proceeding is or will be pending or to the Vendor's knowledge threatened by any person:

    (i) to enjoin, restrict or prohibit the sale and purchase of the Assets contemplated hereby; or

    (ii) involving the Assets, or any of them, which action, claims or proceeding could reasonably be expected to significantly impede the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements;

(h) no change, event, violation, inaccuracy, circumstance or effect shall have occurred that has, or that could reasonably be expected to have, a Material Adverse Effect with respect to the Purchaser or IROC and its subsidiaries, taken as a whole, or any of their respective assets, from the date hereof to the Time of Closing;

(i) the board of directors and the shareholders of the Vendor will have approved the transactions contemplated by this Agreement;

(j) the Purchaser's and IROC's bankers shall have agreed to subordinate their security to the security contemplated by the Security Agreement, on terms satisfactory to the Noteholders, in their sole discretion;

(k) each of the drilling contracts to which the Vendor is currently a party as described in Schedule 5.02(k) shall have been terminated and the Vendor shall have been released from all obligations thereunder to the satisfaction of the Vendor in its sole discretion; and

(l) the Purchaser will have delivered to the Vendor all other items required to be delivered pursuant to Section 6.02(2) herein.

5.03 Waiver of Condition

The Purchaser (on its own behalf and on behalf of IROC), in the case of a condition set out in Section 5.01, and the Vendor, in the case of a condition set out in Section 5.02, will have the exclusive right to waive the performance or compliance of such condition in whole or in part and on such terms as may be agreed upon without prejudice to any of its rights in the event of non-performance of or non-compliance with any other condition in whole or in part. Any such waiver will not constitute a waiver of any other conditions in favour of the waiving party. Such waiving party will retain the right to complete the purchase and sale of the Assets herein contemplated but will not have the right to sue the other party in respect of any breach of the other party's covenants, obligations or any inaccuracy or misrepresentation in a representation or warranty of the other party which gave rise to the non-performance of or non-compliance with the condition so waived provided that such other party acknowledged in writing at the Closing Date that the waiving party had the right not to complete the purchase and sale of the Assets herein contemplated.

5.04 Termination

This Agreement may be terminated, by notice given prior to or at the completion of the sale and purchase of the Assets herein contemplated:

(a) by the Purchaser if any condition in Section 5.01 has not been satisfied as of the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing Date;

(b) by the Vendor if any condition in Section 5.02 has not been satisfied as of the Time of Closing or if satisfaction of such a condition is or becomes impossible (other than through the failure of the Vendor to comply with its obligations under this Agreement) and the Vendor has not waived such condition on or before the Closing Date;

(c) by written agreement of the Purchaser and the Vendor; or

(d) by the Vendor or the Purchaser if the completion of the sale of Assets herein contemplated has not occurred (other than through the failure of the party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before February 28, 2007 or such later date as the parties may agree upon.

5.05 Effect of Termination

Each party's right of termination under Section 5.04 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 5.04, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 6.02(3) and (4) and 9.03 will survive; provided, however, that if this Agreement is terminated by a party because of a breach of a representation or warranty, covenant, obligation or other provision of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies with respect to such breach will survive such termination unimpaired.

ARTICLE 6 - CLOSING ARRANGEMENTS

6.01 Closing

The sale and purchase of the Assets will be completed at the Time of Closing at the offices of McCarthy Tétrault LLP, 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9.

6.02 Deliveries and Confidentiality

(1) At the Time of Closing the Vendor will deliver, or cause to be delivered, to the Purchaser:

(a) physical possession of the Assets (other than the Delayed Assets);

(b) all releases and registerable discharges or no interest letters from all parties holding security interests or encumbrances in and to the Assets or written agreement of the Vendor to obtain such discharges of security interests or encumbrances on terms and conditions acceptable to the Purchaser in its sole discretion;

(c) the Vendor's records, files, reports and data pertaining to the Assets or, if acceptable to the Purchaser, an undertaking to provide the Purchaser with same within a reasonable period of time following Closing, duly executed by the Vendor;

(d) a general conveyance for the Assets (other than the Delayed Assets) in such form as is mutually agreed by the Vendor and Purchaser, duly executed by the Vendor;

(e) the Holdback Agreement, duly executed by the Vendor;

(f) the Security Agreement duly executed by the Vendor;

(g) the Lenders Rights Agreement, duly executed by the Vendor;

(h) the Pledge Agreement duly, executed by the Lenders;

(i) Lender Representation Letters duly executed by the Lenders; (if applicable);

(j) certificates of an officer of the Vendor that (i) the representations and warranties of the Vendor found in Section 3.01 of this Agreement are true and correct at and as of the Closing Date, with the same force and effect as if made then in each case, (ii) all of the Vendor's conditions precedent have been satisfied or waived, (iii) the covenants to be performed by the Vendor prior to Closing have been duly performed, and (iv) there has been no material change and, in any event, no material adverse change has occurred in, the Assets or the operation or maintenance thereof, between the date hereof and the Closing Date;

(k) certified copies of resolutions of the board of directors and the shareholders of the Vendor authorizing and approving the execution and delivery of this Agreement and the completion of the sale of the Assets to the Purchaser in accordance with the provisions of this Agreement;

(l) a legal opinion of the Vendor's counsel in a form acceptable to the Purchaser and the Purchaser's counsel, acting reasonably;

(m) a certificate of status of the Vendor; and

(n) such other documents as may be specifically required hereunder or as may be reasonably requested by the Purchaser upon reasonable notice to the Vendor;

(2) At the Time of Closing, the Purchaser and IROC shall deliver, or cause to be delivered, the following to the Vendor, or the Escrow Agent where indicated:

(a) certificates registered in the name of the Vendor or such other persons as the Vendor may direct representing the Purchase Price Common Shares, less the Holdback Shares and Pledged Shares;

(b) certificates registered in the name of the Vendor or such other persons as the Vendor may direct representing the Holdback Shares, to the Escrow Agent pursuant to the Holdback Agreement;

(c) certificates registered in the name of the Vendor or such other persons as the Vendor may direct representing the Pledged Shares, to the Escrow Agent pursuant to the Pledge Agreement;

(d) the Closing Notes, duly executed by the Purchaser;

(e) the Holdback Agreement, duly executed by the Purchaser and IROC;

(f) the Holdback Notes, duly executed by the Purchaser, to the Escrow Agent pursuant to the Holdback Agreement;

(g) the Security Agreement, duly executed by the Purchaser and IROC;

(h) the Collateral Agent Agreement, duly executed by the Purchaser and IROC;

(i) the Guarantee duly executed by IROC;

(j) the Lenders Rights Agreement, duly executed by the Purchaser and IROC;

(k) Lenders Representation Letters, duly executed by the Purchaser, IROC and each Lender;

(l) the Subordination Documents, duly executed by the Purchaser and IROC as applicable;

(m) the Pledge Agreement, duly executed by the Purchaser;

(n) a certificate of an officer of the Purchaser and an officer of IROC certifying that (i) the representations and warranties of the Purchaser and IROC found in Section 3.02 of this Agreement are true and correct at and as of the Closing Date, with the same force and effect as if made then in each case, (ii) all of the Purchaser's and IROC's conditions precedent have been satisfied or waived, and (iii) the covenants to be performed by the Purchaser and IROC prior to Closing have been duly performed;

(o) a certified copy of a resolution of the board of directors of the Purchaser and certified excerpt of the minutes of a meeting of the board of directors of IROC authorizing and approving the execution and delivery of this Agreement and the completion of the purchase of the Assets from the Vendor in accordance with the provisions of this Agreement;

(p) a certified cheque payable to the Vendor in the amount equal to the Closing Payment Amount;

(q) a legal opinion of the counsel to the Purchaser and IROC in a form acceptable to the Vendor and the Vendor's counsel, acting reasonably;

(r) certificates of status of the Purchaser and IROC; and

(s) such other documents as may be specifically required hereunder or as may be reasonably requested by the Vendor upon reasonable notice to the Purchaser.

(3) Both prior to the Closing Date and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, thereafter each of the Purchaser and IROC will not

disclose (except as may be required by applicable laws or a court order) to anyone or use for its own or for any purpose other than the purpose contemplated by this Agreement any confidential information concerning the Vendor or the Assets obtained by the Purchaser or IROC pursuant hereto, will hold all such information in the strictest confidence and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, will return all documents, records and all other information or data relating to the Vendor which the Purchaser or IROC obtained pursuant to this Agreement.

(4) Both prior to the Closing Date and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, thereafter the Vendor will not disclose (except as may be required by applicable laws or a court order) to anyone (excluding the Lenders) or use for its own or for any purpose other than the purpose contemplated by this Agreement any confidential information concerning the Purchaser and/or IROC obtained by the Vendor pursuant hereto, will hold all such information in the strictest confidence and, if the sale and purchase of the Assets hereunder fails to occur for whatever reason, will return all documents, records and all other information or data relating to the Purchaser which the Vendor obtained pursuant to this Agreement.

(5) From and after the Closing Date the Vendor will not disclose (except as may be required by applicable laws or a court order) to anyone (excluding the Lenders) or use for any purpose any confidential information concerning the Assets purchased by the Purchaser pursuant to this Agreement and will hold all such information in the strictest confidence.

6.03 <u>Interim Operations and Transfer of Possession</u>

(1) During the Interim Period the Assets will be managed and operated by the Vendor in the usual and ordinary course of business for the account of the Purchaser as set forth in Section 6.05 hereof, and the Purchaser will be entitled to inspect all operations of the Assets during the Interim Period. All acts and proceedings taken by the Vendor in the management and operation of the Assets from the date hereof involving a commitment in excess of $50,000 and/or any payment in excess of $50,000 made by the Vendor in respect of the Assets during the Interim Period, will be subject to the prior approval of the Purchaser, which approval will not be unreasonably withheld.

(2) If the sale and purchase of the Assets provided for herein is not completed and closed in accordance with the terms and conditions hereof, then the Vendor will be under no obligation to account to the Purchaser for the receipts, money, profits, benefits and advantages derived by or accruing to the Vendor from the Assets during the Interim Period as referred to in Section 6.03(1).

6.04 <u>Risk of Loss</u>

(1) Until the Time of Closing the Assets will remain at the risk of the Vendor and the Vendor will maintain the policies of insurance which are described in Schedule 3.01(7)(b) in respect of loss or damage to or any other casualty in respect of the Assets. In the event of any loss, damage or claim in respect of any risk for which insurance is to be carried as aforesaid arising before the Time of Closing the Purchaser, as an additional condition of closing, will be

entitled to be satisfied that the insurers have accepted the claim of the Vendor for payment in accordance with the terms of the policies. If any destruction or damage occurs to the Assets on or before the Time of Closing or if any or all of the Assets are appropriated, expropriated or seized by governmental or other lawful authority on or before the Time of Closing, the Vendor will forthwith give notice thereof to the Purchaser and the Purchaser will have the option, exercisable by notice given within five Business Days of the Vendor giving the notice of such destruction, damage, appropriation, expropriation or seizure:

(a) to complete the purchase without reduction of the Purchase Price, in which event all proceeds of insurance or compensation for destruction or damage or appropriation, expropriation or seizure will be payable to the Purchaser and all right and claim of the Vendor to any such amounts not paid by the Closing Date will be assigned to the Purchaser; or

(b) to terminate this Agreement and not complete the purchase if, in the opinion of the Purchaser, such destruction, damage, appropriation, expropriation or seizure is material and in such event the Vendor and the Purchaser will be released from all obligations hereunder.

(2) If the Vendor gives notice pursuant to Section 6.04(1) within five Business Days prior to Closing Date, the Closing Date will be postponed until five Business Days after the giving of such notice by the Vendor.

6.05 **Effective Date**

(1) Notwithstanding the actual Closing Date or the date of this Agreement, the effective date (the "**Effective Date**") for the completion of the sale of Assets contemplated herein will be January 1, 2007, and accordingly:

(a) all revenue (the "**Interim Revenue**") derived from the Assets during the Interim Period shall be for the benefit of the Purchaser, and the Vendor shall account for and pay to the Purchaser all such Interim Revenue to the Purchaser in the event that any such Interim Revenue is actually received by the Vendor, it being agreed by the Parties that all work in progress related to the Assets shall be invoiced by the Purchaser for the account of the Purchaser following the Closing Date;

(b) all costs and expenses (the "**Interim Expenses**") incurred by the Vendor with respect to the direct operation of and insurance expenses related to the Assets (other than the Delayed Assets) including, without limitation, expenses related to the repair and maintenance of the Assets (other than the Delayed Assets) and consistent with past practices, during the Interim Period, shall be for the benefit of the Purchaser, and shall, upon the presentation of proper invoices and receipts to the Purchaser, be paid by the Purchaser; and

(c) all amounts of Interim Revenue and Interim Expenses shall be determined in accordance with GAAP.

(2) During the ninety (90) day period following the Closing Date, the Purchaser may audit such books, records and accounts of the Vendor respecting the Assets as it may reasonably require solely for the purpose of confirming the amounts due and payable pursuant to this Section 6.05 for Interim Revenue and/or Interim Expenses. Such audit shall be conducted upon reasonable notice to the Vendor during normal business hours, and shall be conducted at the sole expense of the Purchaser. The Purchaser shall advise the Vendor, of any discrepancies and to the extent the Vendor and the Purchaser are unable to resolve any discrepancies disclosed by such audit, such discrepancies shall be resolved through good faith negotiations between the parties, failing which in accordance with Article 8 of this Agreement.

ARTICLE 7 - INDEMNIFICATION

7.01 Survival

All covenants, representations and warranties of each party contained in this Agreement will survive the Closing and will continue in full force and effect for a period of one (1) year following the Closing Date (the "**Warranty Survival Period**"), subject to the provisions of this Article 7.

7.02 Indemnification by the Vendor

(1) Subject to the provisions of this Article 7, the Vendor will indemnify and save harmless each of the Purchaser and IROC and each of their Affiliates and their respective directors, officers, employees and agents (collectively, the "**Purchaser Indemnitees**") from and against:

(a) all Claims incurred by any of the Purchaser Indemnitees, directly or indirectly arising in connection with or relating to the ownership or operation of the Assets by the Vendor occurring or accruing up to the close of business on the day before the Closing Date; and

(b) all Claims incurred by any of the Purchaser Indemnitees directly or indirectly resulting from any breach of any covenant of the Vendor contained in this Agreement or contained in any other agreement, certificate or opinion delivered by the Vendor to the Purchaser hereunder, or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.01.

(2) Notwithstanding any of the other provisions of this Agreement, the Vendor will not be liable to any Purchaser Indemnitee in respect of any Claims described in Section 7.02(1) unless:

(a) written notice of such Claim is given to the Purchaser by the Vendor prior to the expiry of the Warranty Survival Period, except in the case of fraud, and

(b) the aggregate amount of all Claims incurred by the Purchaser Indemnitees exceeds $3,350,000 (the "**Deductible**") and then only to the extent that such Claims exceed the Deductible.

(3) Notwithstanding any of the other provisions of this Agreement, the Vendor will not have any liability under this Article 7.02 for any amounts in excess of the Purchase Price.

7.03 <u>Indemnification by the Purchaser</u>

(1) Subject to the provisions of this Article 7, each of IROC and the Purchaser will jointly and severally indemnify and save harmless the Vendor, its Affiliates and their respective directors, officers, shareholders, employees and agents (the "**Vendor Indemnitees**") from and against:

(a) any Claims incurred by any of the Vendor Indemnitees, directly or indirectly, arising in connection with or relating to the ownership or operation of the Assets by the Purchaser or IROC following the Effective Date;

(b) all Claims incurred by any of the Vendor Indemnitees directly or indirectly resulting from any breach of any covenant of the Purchaser or IROC contained in this Agreement or contained in any other agreement, certificate or opinion delivered by the Purchaser or IROC to the Vendor hereunder, or from any inaccuracy or misrepresentation in any representation or warranty set forth in Section 3.02; and

(c) all penalties and interest which the Vendor is required to pay to Canada Revenue Agency in respect of filing the election under subsection 167(1.1) of the *Excise Tax Act* (Canada).

(2) Notwithstanding any of the other provisions of this Agreement, except for any Claims pursuant to Section 7.03(1)(c), neither IROC nor the Purchaser will be liable to any Vendor Indemnitee in respect of any Claims described in Section 7.03(1) unless:

(a) written notice of such Claim is given to IROC or the Purchaser by the Vendor prior to the expiry of the Warranty Survival Period, except in the case of fraud, and

(b) the aggregate amount of all Claims incurred by the Vendor Indemnitees exceeds the Deductible and then only to the extent that such Claims exceed the Deductible.

(3) Notwithstanding any of the other provisions of this Agreement, the Purchaser and IROC will not have any liability under this Article 7.03 for any amounts, in aggregate, in excess of the Purchase Price, except that such limit shall not apply to any liabilities arising out of the Purchaser's operation of the Assets after Closing.

7.04 Third Party Indemnification

Promptly after the assertion by any third party ("**Third Party**") of any claim, demand or notice thereof (a "**Third Party Proceeding**") against any person entitled to indemnification under this Agreement (the "**Indemnitee**") that results or may result in the incurrence by such Indemnitee of any Claims for which such Indemnitee would be entitled to indemnification pursuant to this Agreement, such Indemnitee will promptly notify the party from whom such indemnification is or may be sought (the "**Indemnitor**") of such Third Party Proceeding. Such notice will also specify with reasonable detail (to the extent the information is reasonably available) the factual basis for the Third Party Proceeding, the amount claimed by the third party, or if such amount is not then determinable, a reasonable estimate of the likely amount of the claim by the Third Party. The failure to promptly provide such notice will not relieve the Indemnitor of any obligation to indemnify the Indemnitee, except to the extent such failure prejudices the Indemnitor. Thereupon, the Indemnitor will have the right, upon written notice (the "**Defence Notice**") to the Indemnitee within 30 days after receipt by the Indemnitor of notice of the Third Party Proceeding (or sooner if such Third Party Proceeding so requires) to conduct, at its own expense, the defence against the Third Party Proceeding in its own name or, if necessary, in the name of the Indemnitee provided that: (a) the Indemnitor acknowledges and agrees in the Defence Notice that as between the Indemnitor and the Indemnitee, it is liable to pay for all Claims arising from or relating to such Third Party Proceeding and (b) the Indemnitor provides to the Indemnitee adequate security (approved by the Purchaser acting reasonably) from time to time in respect of such Claims. The Defence Notice will specify the counsel the Indemnitor will appoint to defend such Third Party Proceeding (the "**Defence Counsel**"), and the Indemnitee will have the right to approve the Defence Counsel, which approval will not be unreasonably withheld. Any Indemnitee will have the right to employ separate counsel in any Third Party Proceeding and/or to participate in the defence thereof, but the fees and expenses of such counsel will not be included as part of any Claims incurred by the Indemnitee unless (i) the Indemnitor failed to give the Defence Notice, (ii) such Indemnitee has received an opinion of counsel, reasonably acceptable to the Indemnitor, to the effect that the interests of the Indemnitee and the Indemnitor with respect to the Third Party Proceeding are sufficiently adverse to prohibit the representation by the same counsel of both parties under applicable ethical rules, or (iii) the employment of such counsel at the expense of the Indemnitor has been specifically authorized by the Indemnitor. The party conducting the defence of any Third Party Proceeding will keep the other party apprised of all significant developments and will not enter into any settlement, compromise or consent to judgment with respect to such Third Party Proceeding unless the Indemnitor and the Indemnitee consent, which consent will not be unreasonably withheld.

ARTICLE 8 - ARBITRATION

8.01 Procedure

(1) Any question or matter in dispute between or to be decided by, the parties in respect of this Agreement or the transactions contemplated hereby must be submitted to arbitration pursuant to this Agreement and shall be subject to the following principles:

(a) Upon written demand of the Vendor or the Purchaser (on its own behalf and on behalf of IROC), representatives of each such party shall meet and attempt to appoint a single arbitrator. If such representatives are unable to agree on a single arbitrator within five (5) days of such demand, then upon written demand by either the Vendor or the Purchaser, each shall name an arbitrator within ten (10) days of such demand and the two arbitrators so named shall promptly thereafter choose a third. If either the Vendor or the Purchaser fails to name an arbitrator within ten (10) days of such demand, then the arbitrator for that party shall be appointed by any Justice of the Court of Queen's Bench of Alberta upon application by the other party. If the two arbitrators shall fail within ten (10) days from their appointment to agree upon and appoint the third arbitrator, then such third arbitrator shall be appointed by any Justice of the Court of Queen's Bench of Alberta upon request of either the Vendor or the Purchaser;

(b) The arbitrator or arbitrators selected to act hereunder shall be qualified by education, experience and training to pass upon the particular question or matter in dispute, or to be decided;

(c) The arbitrator or arbitrators chosen as aforesaid shall proceed immediately to hear and determine the question or questions in dispute. The decision of the single arbitrator shall be made within forty-five (45) days after his or her appointment, subject to any reasonable delay due to unforeseen circumstances. Where there are three arbitrators, the decision of the arbitrators, or a majority of them, shall be made within forty-five (45) days after the appointment of the third arbitrator, subject to any reasonable delay due to unforeseen circumstances. In the event the single arbitrator or the arbitrators, or a majority of them fail to make a decision within the period herein prescribed, then either the Vendor or the Purchaser may elect to have a new single arbitrator or arbitrators chosen in the manner herein prescribed, as if none had previously been selected;

(d) The decision of the single arbitrator or the decision of the arbitrators, or a majority of them, shall be drawn up in writing and signed by the single arbitrator or by the arbitrators, or a majority of them, and shall be final and binding upon the parties hereto;

(e) The liability of the Vendor and the Purchaser in respect of the compensation and expenses of the singe arbitrator or the arbitrators shall be determined by the arbitrator or arbitrators, as the case may be; and

(f) Arbitration pursuant hereto shall be governed in all respects not addressed herein by the provisions of the *Arbitration Act* (Alberta) and regulations thereunder.

ARTICLE 9 - GENERAL

9.01 Further Assurances

Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things as may, either before or after the Closing Date, reasonably be required to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

9.02 Time of the Essence

Time is of the essence of this Agreement.

9.03 Fees and Commissions

Each of the parties hereto will pay its respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs and expenses whatsoever and howsoever incurred and will indemnify and save harmless the other from and against any Claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions under this Agreement.

9.04 Public Announcements

Except as required by law, no public announcement or press release concerning the sale and purchase of the Assets may be made by any of the parties hereto without the prior consent and approval of the other parties to this Agreement.

9.05 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties hereto.

9.06 Entire Agreement

This Agreement and the Ancillary Agreements constitute the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement and the Ancillary Agreements. The Vendor hereby expressly excludes and disclaims any representations and warranties that may be implied by operation of law.

9.07 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by each of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

9.08 Assignment

Except as provided in Section 9.08(b), this Agreement may not be assigned by any party without the written consent of the other parties.

9.09 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

To JMAC Drilling Ltd.:

850, 333 – 7th Avenue SW
Calgary, AB T2P 2Z1

Attention: Jamie Macoun, President
Joe Giordano, Director
Fax No.: (403) 253-8151
E-mail: j.macoun@jmacdrilling.com
jgiordana@fieldstonecg.com

To IROC Drilling and Production Services Corp.:

1910, 715 – 5th Avenue SW
Calgary, AB T2P 2X6

Attention: Thomas Alford, President
Kevin Howell, CFO
Fax No.: (403) 263-1182
E-mail: thomas.alford@iroccorp.com
kevin.howell@iroccorp.com

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third Business Day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the

Business Day during which such normal business hours next occur if not given during such hours on any day.

9.10 No Merger

The representations and warranties in Sections 3.01, 3.02 and 3.03 of this Agreement shall be deemed to apply to all assignments, conveyances, transfers and other documents conveying the Assets from the Vendor to the Purchaser. There shall not be a merger of any of such representations or warranties in such assignments, conveyances, transfers or other documents, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

9.11 Remedies Cumulative

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

9.12 No Third Party Beneficiaries

Except as provided in Sections 7.02, 7.03, 9.05 and 9.08, this Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns and this Agreement will not be deemed to confer upon or give to any other person any remedy, claim, liability, reimbursement, cause of action or other right. The Vendor appoints the Purchaser as the trustee for the Purchaser Indemnitees of the covenants of indemnification of the Vendor with respect to such Purchaser Indemnitees as specified in this Agreement and the Purchaser accepts such appointment. The Purchaser appoints the Vendor as the trustee for the Vendor Indemnitees of the covenants of indemnification of the Purchaser with respect to such Vendor Indemnitees specified in this Agreement and the Vendor accepts such appointment.

9.13 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

9.14 Attornment

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta will have jurisdiction to entertain any action arising under this Agreement. The Vendor and the Purchaser each attorns to the jurisdiction of the courts of the Province of Alberta.

9.15 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

9.16 Facsimiles

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

[SIGNATURE PAGE FOLLOWS]

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

IROC DRILLING AND PRODUCTION SERVICES CORP.

Per: Jam Cuford

Per: ____________________

IROC SYSTEMS CORP.

Per: Jam Cuford

Per: ____________________

JMAC DRILLING LTD.

Per: ____________________

Per: ____________________

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

IROC DRILLING AND PRODUCTION SERVICES CORP.

Per: ____________________________

Per: ____________________________

IROC SYSTEMS CORP.

Per: ____________________________

Per: ____________________________

JMAC DRILLING LTD.

Per: ____________________________

Per: ____________________________

SCHEDULE 2.01(a)

Assets

SCHEDULE 2.02(a)

Promissory Notes

Form of Closing

PROMISSORY NOTE

Form of Holdback

PROMISSORY NOTE

SCHEDULE 3.01(3)(a)

Encumbrances

SCHEDULE 3.01(3)(b)

Deferred Maintenance and Maintenance Schedule

Nil.

SCHEDULE 3.01(7)(a)

Actions, Suits and Proceedings

SCHEDULE 3.03(m)

IROC Legal Claims

SCHEDULE 3.07(7)(b)

Insurance

JMAC Drilling Ltd.

SCHEDULE 5.02(k)

Drilling Contracts

TABLE OF CONTENTS