

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN:

SUNCOR ENERGY E&P PARTNERSHIP

(As Vendor)

- and -

TAMARACK ACQUISITION CORP.

(As Purchaser)

Dated as of September 3, 2014

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[ALL SCHEDULES HAVE INTENTIONALLY BEEN REDACTED FROM THIS AGREEMENT]

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of September 3, 2014.

BETWEEN:

SUNCOR ENERGY E&P PARTNERSHIP, a general partnership formed under the laws of the Province of Alberta, having an office in Calgary, Alberta, ("**SEEPP**") by its Managing Partner, Suncor Energy Inc. ("**SEI**"), a corporation formed under the laws of Canada, having an office in Calgary, Alberta ("**Vendor**")

- and -

TAMARACK ACQUISITION CORP., a corporation formed under the laws of the Province of Alberta, having an office in Calgary, Alberta ("**Purchaser**")

WHEREAS Vendor wishes to sell the Assets to Purchaser, and Purchaser wishes to purchase the Assets from Vendor, subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) "**Abandonment and Reclamation Obligations**" means all Losses and Liabilities, Claims and other duties and obligations, whether arising under contract, Applicable Law or otherwise, arising from, relating to or associated with:
 - (i) the abandonment of the Wells and restoration and reclamation of the surface sites thereof and any other lands used to gain access thereto;
 - (ii) the closure, decommissioning, dismantling and removal of the Tangibles, including any structures, buildings, pipelines, facilities, equipment and other tangible depreciable property and assets, together with the restoration and reclamation of the lands on or in which any of the foregoing are or were located and any other lands used to gain access thereto; and
 - (iii) the restoration, remediation or reclamation of the surface or subsurface of any lands other than those lands described in paragraphs (i) and (ii) and specifically relating to, or used to gain access to, the Assets.
- (b) "**Accepting Employee**" has the meaning ascribed to that term in Clause 7.2(f).
- (c) "**AFEs**" means authorities for expenditure, cash calls, operations notices, amounts budgeted pursuant to joint operating agreements, construction, ownership and operation agreements, unit agreements, mail ballots and similar notices and calls for funds and includes such other commitments and obligations as are set forth in Schedule H.
- (d) "**Affected Assets**" has the meaning ascribed to that term in Clause 10.3(b).

- (e) "**Affected Employees**" has the meaning provided in Clause 1.1(bb)(i).
- (f) "**Affiliate**" means, with respect to a particular Person, another Person that controls, is controlled by, or is under common control with that particular Person. For the purposes of this definition, a Person "controls" another Person (other than an individual) if the first Person:
- (i) holds more than 50% of the voting securities of such other Person; or
 - (ii) has power to appoint a majority of the board of directors or comparable body of such other Person; or
 - (iii) is entitled to more than 50% of the profits of such other Person or, in the event of a dissolution, to more than 50% of the assets of such other Person;
- or otherwise has the power to direct or cause the direction of management or policies of such other Person, in each case, regardless of whether such right or power is held or exercisable directly or through intermediaries or whether such right or power is held beneficially or as a trustee, guardian or similar capacity. In addition, if such other Person is a partnership and all of the partners therein would be considered "Affiliates" of each other as provided above in this Clause 1.1(f), such partnership shall be deemed to be an Affiliate of each such partner and each other Person that is or would be deemed to be an Affiliate of each such partner.
- (g) "**Agreement**" means this Asset Purchase and Sale Agreement, including the attached Schedules.
- (h) "**Alberta Energy Regulator**" means the Alberta Energy Regulator established pursuant to the Responsible Energy Development Act (S.A. 2012, c. R-17.3).
- (i) "**Applicable Canadian Securities Laws**" means, collectively or individually, as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, policies, orders, rulings and notices published or promulgated or both thereunder by the applicable Securities Regulatory Authorities, as such laws and statutes, including regulations, rules, by-laws, ordinances and other statutory instruments may be amended from time to time.
- (j) "**Applicable Law**" means, in relation to any Person, property, operation or circumstance, all laws and statutes, including regulations, rules, by-laws, ordinances and other statutory instruments enacted thereunder; all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction; all orders, rules, directives, policies and guidelines having force of law issued by any Governmental Authority including Applicable Canadian Securities Laws; and all terms and conditions of any Permits; that are in effect as of the relevant time and are applicable to such Person, property or circumstance.
- (k) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, but specifically excluding the Excluded Assets.
- (l) "**Business Day**" means a day, other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta, on which banks are open generally to conduct commercial business in Calgary, Alberta.
- (m) "**Claim**" means any claim, demand, lawsuit, action, proceeding, notice of non-compliance or violation, order or direction, arbitration or governmental proceeding or investigation.
- (n) "**Claiming Party**" has the meaning ascribed to that term in Clause 6.7.
- (o) "**Closing**" means the completion of the Transaction.
- (p) "**Closing Date**" means the latter of:

- (i) October 31, 2014; and
- (ii) such later date as may be determined pursuant to Article 10 hereof;

or any other Business Day as Vendor and Purchaser may agree, provided that, following Closing, references to the "Closing Date" shall mean the date on which Closing actually occurred.

- (q) "**Closing Place**" means the offices of Vendor or any other place as Vendor and Purchaser may agree.
- (r) "**Closing Statement**" has the meaning ascribed to that term in Clause 2.8(a).
- (s) "**Closing Time**" means 11:00 a.m. on the Closing Date or any other time as Vendor and Purchaser may agree.
- (t) "**Commissioner**" means the Commissioner of Competition appointed under the Competition Act.
- (u) "**Competition Act**" means the *Competition Act* (Canada) R.S.C. 1985, c.C-34, as amended and any regulations made thereunder.
- (v) "**Competition Act Condition**" means that with respect to the Competition Act, prior to the Closing Time, Competition Act Notification has been given and:
 - (i) the Commissioner shall have issued, and Purchaser shall have received, an advance ruling certificate pursuant to section 102 of the Competition Act in respect of the Transaction in form and substance acceptable to Purchaser, acting reasonably; or
 - (ii) Purchaser shall have received a No Action Letter, and
 - (A) the relevant waiting period in section 123 of the Competition Act shall have expired and there shall be no order issued by the Competition Tribunal under section 92, 100 or 104 of the Competition Act and there shall be no other agreement with the Commissioner or between Vendor and Purchaser precluding completion of the Transaction, unless such order or agreement is on terms and conditions acceptable to Purchaser, acting reasonably; or
 - (B) the obligation to give the requisite notice has been waived by the Commissioner or a Person authorized by the Commissioner pursuant to subsection 113(c) of the Competition Act.
- (w) "**Competition Act Notification**" means notification of the Transaction pursuant to: (i) a written request for the Commissioner to issue an advance ruling certificate under section 102 of the Competition Act or alternatively a No Action Letter and waiver pursuant to section 113(c) of the Competition Act; or (ii) section 114 of the Competition Act, including information required to be supplied pursuant to a request under section 114(2) of the Competition Act.
- (x) "**Consequential Losses**" means any consequential, incidental, punitive, special, exemplary or indirect damages, cost or deferred profits or revenues, loss of business opportunity, loss of value, losses based on loss of use or other business interruption losses and damages including economic loss and income tax liabilities.
- (y) "**Deposit**" has the meaning ascribed thereto in Clause 2.5(b).
- (z) "**Disclosed Environmental Liabilities**" means all Environmental Liabilities disclosed in Schedule J or disclosed in the VDR.

- (aa) **"Dollar"** or **"\$"** has the meaning ascribed to that term in Clause 1.12.
- (bb) **"Employee Letter"** means the letter from Vendor to Purchaser setting forth:
- (i) the names of certain of Vendor's employees, as determined in Vendor's sole discretion, whose primary employment obligations relate to the continuous daily operations of the Assets to whom Purchaser may make an offer of employment pursuant to Article 7 (the **"Affected Employees"**);
 - (ii) the title, length of service and location of work of each Affected Employee;
 - (iii) other material terms of employment, including current wages, salaries or hourly rate of pay, commissions, bonus and other amounts typically payable (whether monetary or otherwise) paid since the beginning of the most recently completed fiscal year of SEI or otherwise payable to each Affected Employee;
 - (iv) each Affected Employee's current vacation pay entitlement, length of annual vacation entitlement and other benefits; and
 - (v) the terms pursuant to which Vendor shall grant access to Purchaser to interview each Affected Employee.
- (cc) **"Encumbrance"** means an option to purchase, a ROFR, a farm-out agreement under which earning has not occurred, a royalty, a net profits interest, a carried working interest, a right to convert a royalty to a working interest on payout of a well, a penalty or forfeiture arising as a result of non-participation in a drilling or other operation and any other adverse claim or encumbrance, whether similar or dissimilar to the foregoing, including, without limitation, a Security Interest.
- (dd) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (ee) **"Environmental Defect"** means any Environmental Liabilities relating to any of the Assets, provided that neither:
- (i) Abandonment and Reclamation Obligations (other than those in respect of Wells that, according to Applicable Law, required abandonment prior to the Purchase Price Adjustment Date but were not abandoned in accordance with Applicable Law prior to that time); nor
 - (ii) Disclosed Environmental Liabilities,
- shall be, or be deemed to be, an Environmental Defect.
- (ff) **"Environmental Evaluator"** means an environmental practitioner who specializes in environmental assessments and who is mutually acceptable to Vendor and Purchaser.
- (gg) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Claims and other duties and obligations, whether arising under contract, Applicable Law or otherwise, arising from, relating to or associated with:
- (i) Abandonment and Reclamation Obligations;
 - (ii) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the Closing Time;

- (iii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of Petroleum Substances, oilfield wastes, water, hazardous substances, environmental contaminants and all other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;
- (iv) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Law pertaining to the Environment or to the protection of the Environment;
- (v) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
- (vi) the protection, reclamation, remediation or restoration of the Environment;

that relate to, arise or may have arisen by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets or on or in respect of the Lands or any lands pooled or unitized therewith.

- (hh) "**Excluded Assets**" means those items set forth in Schedule G.
- (ii) "**Final Statement of Adjustments**" has the meaning ascribed to that term in Clause 2.8(b).
- (jj) "**GAAP**" means the generally accepted accounting principles that are in effect for publicly accountable enterprises as implemented by the Canadian Institute of Chartered Accountants, as at the date on which the calculation, record, definition or other action is required to be made, given or taken, as the case may be, under this Agreement in accordance with GAPP, as implemented in accordance with Vendor accounting policies, including, for certainty, International Financial Reporting Standards in respect of any fiscal year beginning on or after January 1, 2011.
- (kk) "**General Conveyance**" means an agreement in the form set forth in Schedule L.
- (ll) "**Governmental Authority**" means any:
 - (i) governmental entity or authority of any nature, including any governmental ministry, agency, branch, department or official, and any court, regulatory board or other tribunal; or
 - (ii) individual or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;

having jurisdiction or power over any Person, property, operation, transaction or other matter or circumstance.
- (mm) "**GST**" means the goods and services tax administered pursuant to the GST Legislation.
- (nn) "**GST Legislation**" means the *Excise Tax Act*, R.S.C. 1985, c.E-15, as amended and the regulations thereunder.
- (oo) "**Identified ROFRs**" means the ROFRs set forth and described in Schedule I.
- (pp) "**Indemnified Matter**" has the meaning ascribed to that term in Clause 6.7.
- (qq) "**Indemnifying Party**" has the meaning ascribed to that term in Clause 6.7.

- (rr) "**Lands**" means Vendor's interest in all lands in the White Map Area, including those lands identified in Schedule B and, subject to any limitations identified or set forth in Schedule B, including the Petroleum Substances within, upon or under the Lands (subject to such restrictions and exclusions set forth in the Leases as to the Petroleum Substances and geological formations), but specifically excluding the Excluded Assets.
- (ss) "**Leases**" has the meaning ascribed to that term in Clause 1.1(ddd)(i).
- (tt) "**LMR**" means, as applicable, the liability management rating as set forth and described in ERCB Directive 006 and ERCB Directive 011.
- (uu) "**Losses and Liabilities**" means all losses, costs, expenses, interest, charges, assessments damages, liabilities, obligations, fines and penalties, including all reasonable costs incurred in investigating, defending or negotiating the settlement or resolution of any Claim or threatened Claim, and specifically including reasonable legal and other professional fees and expenses on a 'solicitor and his own client' or comparable basis and other professional fees and disbursements on a full indemnity basis, regardless of whether the foregoing arise in, under or by virtue of common law, in equity, under Applicable Law, under contract, negligence, strict liability, breach of duty or otherwise, but notwithstanding the foregoing, shall not include any losses or liability for Consequential Losses.
- (vv) "**Major Facilities**" means any and all plants, machinery, equipment, facilities and other tangible depreciable property and assets located in the White Map Area including those identified or described in Schedule C under the heading "Major Facilities, Processing Agreements and Units", but specifically excluding the Excluded Assets.
- (ww) "**Material Contracts**" means the production sales contracts, transportation agreements and those agreements and other arrangements identified in Schedule F.
- (xx) "**Material Environmental Defect**" means an Environmental Defect in respect of a particular Asset identified by Purchaser pursuant to Clause 10.6 where the future costs related to the management and remediation of such Environmental Defect, having regard to accepted industry practice with respect to the timing and method of remediation, is estimated by Purchaser, acting reasonably and in good faith, to exceed one million dollars (\$1,000,000) on an NPV Basis.
- (yy) "**Material Environmental Defects Threshold Amount**" means an amount equal to twenty percent (20%) of the Purchase Price.
- (zz) "**Material Title Defect**" means any Title Defect in respect of a particular Asset identified by Purchaser pursuant to Clause 10.3 where the value by which that Asset has been reduced by the Title Defect, taking into account the likelihood the Title Defect will manifest itself and the reasonable requirements for remedying the Title Defect, is estimated by Purchaser, acting reasonably and in good faith, to exceed one million dollars (\$1,000,000) on an NPV Basis.
- (aaa) "**Material Title Defects Threshold Amount**" means an amount equal to twenty percent (20%) of the Purchase Price.
- (bbb) "**Miscellaneous Interests**" means, subject to the limitations and exclusions below in this definition, all of Vendor's right, title and interest in and to all property and rights that pertain directly to the Petroleum and Natural Gas Rights or the Tangibles (excluding the Petroleum and Natural Gas Rights or the Tangibles themselves), including:
- (i) the Title and Operating Documents and all other contracts and agreements and all rights in relation thereto, including the Material Contracts;
 - (ii) Surface Rights;

- (iii) the well bores and down-hole casing for the Wells;
- (iv) Permits;
- (v) records, files, reports, data, correspondence and other information, including lease, contract, well, production and facilities files and records; and
- (vi) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i), (ii) and (iv) above.

however, the Miscellaneous Interests do not include:

- (A) any of the foregoing property or rights to the extent that they:
 - (I) include or pertain to any Seismic Data; or
 - (II) include or pertain to Vendor's proprietary technology, evaluations, forecasts or interpretations (whether geological, engineering, economic or otherwise); or
 - (III) are owned or licensed by Third Parties with restrictions that prohibit the sale, transfer or disclosure thereof to Purchaser; or
 - (IV) include or pertain to the Excluded Assets; or
 - (B) any deposits or other security related to Permits or any operations or royalties pertaining to the Assets.
- (ccc) "**No Action Letter**" means advice, in writing, by the Commissioner or a Person authorized by the Commissioner that such a Person is of the view that, in effect, the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Transaction, and such advice has not been rescinded or amended and is in a form and on such terms or conditions as are acceptable to the Purchaser, acting reasonably.
 - (ddd) "**Non-Accepting Employee**" has the meaning ascribed to that term in Clause 7.2(f).
 - (eee) "**NPV Basis**" means, in respect of calculating any cost or value, the net present value of that cost or value using a 20% discount rate.
 - (fff) "**Other Sales Taxes**" means all sales, value-added or similar taxes or other transfer taxes, fees and charges, other than GST, imposed or levied by any Governmental Authority on or in respect of the sale or supply of goods or services.
 - (ggg) "**Outstanding ROFRs**" has the meaning ascribed thereto in Clause 8.4(e).
 - (hhh) "**Parties**" means the parties to this Agreement, and "**Party**" means any one of the Parties to this Agreement.
 - (iii) "**Permits**" means, all licences, permits, approvals and authorizations granted or issued by any Governmental Authority and relating to the construction, installation, ownership, use or operation of the Assets.
 - (jjj) "**Permitted Encumbrances**" means:
 - (i) liens for taxes, assessments and governmental charges that are not due and payable or delinquent;

- (ii) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate for charges, costs or expenses that are not due and payable or delinquent;
 - (iii) mechanics', builders', materialmen's or other similar liens in respect of services rendered or goods supplied for which payment is not yet due and payable or delinquent;
 - (iv) easements, rights of way, servitudes and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables;
 - (v) the right reserved to or vested in any municipality or Governmental Authority by the terms of any lease, licence, franchise, grant or permit or by any provision of Applicable Law, to terminate any such lease, licence, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (vi) rights of general application reserved to or vested in any Governmental Authority to levy taxes on Petroleum Substances or any of them or the income therefrom, or to control, limit or regulate production rates or the operation or use of any property;
 - (vii) statutory exceptions to title and the reservations, limitations, provisos and conditions in any original grants from the Crown of any mines and minerals;
 - (viii) the terms and conditions of the Title and Operating Documents;
 - (ix) any Encumbrance held by any Third Party in respect of which Vendor delivers a release or discharge to Purchaser at or prior to Closing;
 - (x) contracts for the purchase and sale, processing, transportation or storage of Petroleum Substances or for the contract operation of any of the Assets identified in Schedule F or that are terminable without penalty on 31 days or less notice;
 - (xi) all ROFRs arising under or pursuant to any of the Title and Operating Documents; and
 - (xii) all Encumbrances, obligations, duties, terms and conditions identified or set forth in a Schedule or specifically consented to or approved in writing by Purchaser prior to the date of this Agreement or deemed approved or accepted by Purchaser in accordance with any provision of this Agreement.
- (kkk) "**Person**" includes any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Governmental Authority or other entity.
- (lll) "**Petroleum and Natural Gas Rights**" means all of Vendor's right, title and interest in and to:
- (i) rights in, or rights to drill for and to produce, save and market, Petroleum Substances;
 - (ii) fee simple interests and other estates in Petroleum Substances in situ;
 - (iii) working interests, carried working interests, royalty interests, revenue interests, net profit interests, production payments and similar interests in Petroleum Substances or the proceeds of the sale of Petroleum Substances or to payments calculated by reference thereto; and
 - (iv) rights to acquire any of the foregoing in paragraphs (i), (ii) and (iii);

but, in each case, only insofar as the foregoing relate to the Lands or any lands pooled or unitized therewith.

- (mmm) "**Petroleum Substances**" means crude oil, natural gas, natural gas liquids and other related hydrocarbons (including coal bed methane) and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including hydrogen sulphide and sulphur.
- (nnn) "**Pre-Closing Period**" means the period from the date of this Agreement to the Closing Date.
- (ooo) "**Prime Rate**" means the rate of interest equal to the annual rate of interest announced from time to time by the main Calgary branch of the Royal Bank of Canada as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.
- (ppp) "**Purchase Price**" has the meaning ascribed to that term in Clause 2.5(a).
- (qqq) "**Purchase Price Adjustment Date**" means 12:01 a.m. on July 1, 2014.
- (rrr) "**Related Persons**" means, in respect to a Party, that Party's Affiliates, together with that Party's and its Affiliates' directors, officers, employees and other personnel and agents.
- (sss) "**ROFR**" means a right of first refusal, right of first offer or other pre-emptive or preferential right of purchase or similar right to acquire the Assets or certain of them that may become operative by virtue of this Agreement or the completion of the Transaction.
- (ttt) "**Securities Regulatory Authorities**" means all applicable securities regulatory authorities, including the securities regulatory authorities in the provinces and territories of Canada and applicable listing authorities or stock exchanges, including the Toronto Stock Exchange.
- (uuu) "**Security Interest**" means a pledge, lien, charge, mortgage, assignment by way of security, conditional sale, title retention arrangement or other security interest.
- (vvv) "**Seismic Data**" means the seismic data described in the Seismic License.
- (www) "**Seismic License**" means a license to use the Seismic Data in the form attached as Schedule M.
- (xxx) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations, trust declarations and other documents or instruments, other than and in addition to the General Conveyance, that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Assets to Purchaser and to make Purchaser a party to, and to novate Purchaser into, the Title and Operating Documents in the place and stead of Vendor with respect to the Assets.
- (yyy) "**Surface Rights**" means all rights to occupy, cross or otherwise use or enjoy the surface of the Lands and any lands pooled or unitized therewith or any other lands: (i) upon which the Tangibles are situate, (ii) used in connection with the ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or (iii) used to gain access to any of the Lands (or any lands pooled or unitized therewith), the Tangibles or the Wells.
- (zzz) "**Take or Pay Obligations**" means obligations to sell or deliver Petroleum Substances or any of them without being entitled in due course to receive and retain full payment for such Petroleum Substances as identified in Schedule F.
- (aaaa) "**Tangibles**" means all of Vendor's right, title and interest in and to:
- (i) the Major Facilities; and

- (ii) all tangible depreciable property, apparatus, plant, equipment, machinery, field inventory and facilities other than the Major Facilities, currently or at any time in the past, used or intended for use in, or otherwise useful in exploiting any Petroleum Substances from or within the Lands (whether the Petroleum and Natural Gas Rights to which such Petroleum Substances are allocated are owned by Vendor or by others or both) and located within, upon or in the vicinity of the Lands (or any lands pooled or unitized therewith), including all gas plants, oil batteries, buildings, structures, fresh and produced water facilities, production equipment, production storage facilities, pipelines, flow lines, gathering lines and systems, pipeline connections, meters, generators, motors, compressors, treaters, scrubbers, dehydrators, separators, pumps, tanks, boilers, communication equipment and all salvageable equipment pertaining to any Wells,

but specifically excluding the Excluded Assets and any of the foregoing related thereto.

(bbbb) "**Third Party**" means any Person other than Vendor or Purchaser.

(cccc) "**Thirteenth Month Adjustment**" means the accounting procedure performed annually by the operator of the Assets or any of them for the purpose of redistributing operating expenses, processing fee revenues, royalties and gas cost allowances and other costs, expenses or revenues among the owners or users of those Assets.

(dddd) "**Title and Operating Documents**" means:

- (i) all leases, subleases, permits and licences (and any replacements, renewals or extensions thereof or leases or other instruments derived therefrom or issued in substitution therefor) pertaining to the Lands by virtue of which the holder thereof is granted certain rights with respect to Petroleum Substances within, upon or under the Lands or any lands pooled or unitized therewith or by virtue of which the holder thereof is deemed to be entitled to a share of Petroleum Substances removed from the Lands or any lands pooled or unitized therewith (collectively, the "**Leases**");
- (ii) agreements relating to the acquisition, ownership, operation or exploitation of the Petroleum and Natural Gas Rights, Tangibles or the Wells, including:
- (A) operating agreements, royalty agreements, farm-out or farm-in agreements, option agreements, participation agreements, pooling agreements, unit agreements, unit operating agreements, sale and purchase agreements and asset exchange agreements;
- (B) contracts for the purchase and sale of Petroleum Substances;
- (C) agreements pertaining to the Surface Rights;
- (D) agreements for the construction, ownership and operation of gas plants, oil batteries, production storage facilities, pipelines, flowlines, gathering lines and systems, compressors and other tangible depreciable property and assets;
- (E) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other substances, the injection or subsurface disposal of other substances, the use of well bores or the operation of any Tangibles or Wells by a Third Party; and
- (F) Permits and other approvals, authorizations or licences required under Applicable Law.

(eeee) "**Title Defect**" means, in respect of any particular Asset:

- (i) that a Vendor holds a smaller beneficial interest therein than attributed to it in a Schedule attached hereto; or

- (ii) that the interest of Vendor therein is subject to an Encumbrance that is either not described in or is misdescribed in a Schedule attached hereto, where the value of such Encumbrance or of the misdescribed portion of such Encumbrance, is directly adverse to the enforcement or defence of title to that Asset; or
- (iii) any other directly adverse deficiency or discrepancy in or affecting the title of Vendor in and to such Asset;

provided, however, that notwithstanding the foregoing, a 'Title Defect' specifically excludes:

- (iv) all defects, deficiencies, discrepancies, matters and things which are described in this Agreement;
- (v) any defect or other issue relating to any rights of first refusal, right of first offer or purchase, or other pre-emptive or preferential or similar right of purchase which may or may not have been applicable as a result of the contribution of the Assets by an Affiliate of Vendor to Vendor, or as a result of any previous internal reorganization of Vendor or its Affiliates;
- (vi) all losses of lease acreage between the Effective Date and the Closing Time due to the expiry of Leases;
- (vii) all Permitted Encumbrances;
- (viii) the fact that the interest of Vendor or any of its predecessors in any of the Assets is a beneficial interest and not a legal interest;
- (ix) all matters pertaining to the interest of a Third Party that does not pertain to the interest of Vendor in the Assets;
- (x) all Environmental Defects;
- (xi) the exercise of ROFRs, if any;
- (xii) failure to obtain consent (which may not be unreasonably withheld) of a Third Party prior to Closing for any Asset requiring prior written consent to assign the Asset or an interest therein;
- (xiii) alteration, subsequent to the Purchase Price Adjustment Date, to Vendor's interest in any of the Assets as set forth in a Schedule attached hereto as a result of an earning or payout conversion under the Title and Operating Documents, provided such earning or payout conversion right is described in a Schedule attached hereto;
- (xiv) missing documents or receipts which would otherwise demonstrate timely and full payment of initial consideration, lease rentals, delay payments, shut-in payments or other payments required under any Lease where the lessor of the applicable Lease has accepted subsequent payments and there is no notice of default in respect thereof from the lessor in the applicable Lease file, provided the failure of the lessee to make any such lease rental payment, delay payment, shut-in payment or other payment will not result in the termination of such Lease without notice of default from the lessor;
- (xv) cessation of production of any Well unless such cessation automatically causes the Lease in respect of such Well to terminate;
- (xvi) missing or unsigned documents in the chain of Vendor's title to any particular Asset where such documents are not reasonably required to confirm the creation, establishment or maintenance of such title and the current status of title can otherwise be confirmed with reasonable certainty; and

- (xvii) any limitation of, derogation from, or restriction on rights or interests granted under the Title and Operating Documents that is imposed by Applicable Law.
- (ffff) "**Title Evaluator**" means in the event of a dispute as to the existence of a Title Defect, a senior oil and gas practitioner in the City of Calgary who does not represent Vendor or Purchaser in this Transaction, and in the event of a dispute as to the value allocated to a Material Title Defect, an engineering and geological consulting services company with experience in evaluating oil and gas assets in the Western Canadian Sedimentary Basin.
- (gggg) "**Transaction**" means the purchase of the Assets by Purchaser from Vendor and the grant of the Seismic License by SEI to Purchaser on and subject to the terms and conditions, and as more fully described, in this Agreement.
- (hhhh) "**Transferring Employee**" has the meaning ascribed to that term in Clause 7.2(c).
- (iiii) "**VDR**" means the virtual data room established by Macquarie Capital Markets Canada Ltd. on behalf of Vendor for the purpose of Purchaser obtaining and reviewing information relating to the Assets.
- (jjjj) "**Vendor's Knowledge**" means only the actual knowledge or awareness, as the case may be, of the current officers and senior management of Vendor without further enquiry, and does not include any knowledge and awareness of any other Person or Persons.
- (kkkk) "**Vendor's Solicitors**" means Burnet, Duckworth & Palmer LLP.
- (llll) "**Wells**" means all wells, wellbores and casing which have been, are or may be used in connection with the Petroleum Substances including, without limitation:
- (i) all producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells located on or within the Lands or any lands pooled or unitized therewith, whether or not completed, together with all well licenses relating thereto; and
 - (ii) all abandoned wells in the White Map Area that have been classified reclamation certified by the Alberta Energy Regulator (or its predecessor) and in which Vendor, Vendor Related Persons, Vendor Affiliates or the predecessors in interest to any of the foregoing had any interest whether any of the foregoing operated such wells or not; and
 - (iii) all abandoned wells in the White Map Area that were once owned or operated by Vendor, Vendor Related Persons, Vendor Affiliates or the predecessors in interest to any of the foregoing that have been classified by the Alberta Energy Regulator (or its predecessor) as reclamation exempt; and
 - (iv) all wells identified or described in Schedule D.
- (mmmm) "**White Map Area**" means the area within the red outline on the map attached as Schedule A, but specifically excluding the Excluded Assets.
- (nnnn) "**Wilson Creek Claim**" means the Claim described in Schedule K.

1.2 Schedules

Appended to this Agreement are the following Schedules:

- Schedule A - White Map Area
- Schedule B - Lands and Leases

Schedule C	-	Major Facilities, Processing Agreements and Units
Schedule D	-	Wells
Schedule E	-	Pipelines
Schedule F	-	Material Contracts (Production Sales Contracts and Transportation Agreements)
Schedule G	-	Excluded Assets
Schedule H	-	Outstanding AFEs and Other Obligations
Schedule I	-	Identified ROFRs
Schedule J	-	Disclosed Environmental Liabilities
Schedule K	-	Claims
Schedule L	-	Form of General Conveyance
Schedule M	-	Seismic License and Seismic Data
Schedule N	-	Form of ROFR Escrow Agreement

These Schedules are incorporated into and form part of this Agreement. If any term or condition of such Schedules conflicts or is inconsistent with any term or condition in the main body of this Agreement, the term or condition in the main body of this Agreement shall prevail to the extent of the conflict or inconsistency.

1.3 Headings

The use of "Article", "Clause", "sub-clause", "paragraph" and "Schedule", whether or not followed by a number or letter or combination thereof, refers to the specified article, clause, sub-clause, paragraph or schedule of or to this Agreement.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles, clauses, sub-clauses, paragraphs and other sub-divisions and the insertion of headings for any of the foregoing are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Words Importing Number or Gender

When the context reasonably permits, words in this Agreement that suggest the singular shall be construed to suggest the plural and vice versa, and words in this Agreement that suggest gender or gender neutrality shall be construed to suggest the masculine, feminine and neutral genders.

1.6 Use of Derivative Terms

If a derivative form of a term or expression that is already specifically defined in this Agreement is also used in this Agreement, then such derivative form shall have a meaning that corresponds to the applicable defined term or expression.

1.7 Use of Industry Terms

Terms and expressions that are not specifically defined in this Agreement, but which have generally accepted meanings in the custom and usage of the petroleum and natural gas industry in Western Canada as of the date of this Agreement, shall have such generally accepted meanings when used in this Agreement unless the contrary is specified or provided for elsewhere in this Agreement.

1.8 Use of "Including"

The use of "including" or "includes" or similar words in this Agreement, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items immediately following such word to those or similar items, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words or phrases of similar import) is used, but rather such references shall be construed to refer to all items that could reasonably fall within the broadest possible scope of such general statement, term or matter.

1.9 Meaning of "Gross Negligence" and "Wilful Misconduct"

For the purposes of this Agreement, no act or omission by a Party or its Related Persons shall be construed as gross negligence or wilful misconduct if the act or omission is taken or omitted to be taken at the request or direction of, or with the prior written consent or approval of, the other Party.

1.10 Statutory References

Any reference in this Agreement to a law, statute, regulation, rule, by-law or other requirement of law or any governmental consent, approval, permit or other authorization shall be deemed to refer to such law, statute, regulation, rule, by-law or other requirement of law or such governmental consent, approval, permit or other authorization as it has been amended, supplemented, re-enacted, varied, or otherwise modified or replaced from time to time up to the applicable time.

1.11 Contractual References

Any reference in this Agreement to another contract, agreement, instrument or other document shall be deemed to refer to such contract, agreement, instrument or other document as it has been amended, modified, replaced or supplemented from time to time up to the applicable time.

1.12 Monetary References

Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "\$", shall mean the lawful currency of Canada.

1.13 References to Time

Any reference in this Agreement to any particular time shall mean the local time in CalgaRy, Alberta on the relevant day.

1.14 Date for Payments or Other Actions

Where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, that payment or calculation is to be made, or that other action is to be taken, as applicable, on or as of the next following Business Day.

1.15 Calculation of Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which such period ends.

ARTICLE 2 PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor hereby agrees to sell, assign, transfer and convey the Assets to Purchaser, and Purchaser hereby agrees to purchase and receive the Assets on the Closing Date, effective as of the Effective Date, subject to and in accordance with the terms of this Agreement.

2.2 White Map Area

Subject to the specific provisions of this Agreement, the Parties agree that regardless of what is listed in the Schedules to this Agreement (other than a Schedule comprised of a collateral agreement to be signed by the Parties at the Closing Time):

- (a) all rights and interests of Vendor within the White Map Area are included as part of the Assets sold to Purchaser pursuant to Clause 2.1, but for greater certainty specifically excludes the Excluded Assets;
- (b) all obligations of Vendor within the White Map Area other than Vendor's past, present and future responsibility for the Abandonment and Reclamation Obligations, the Environmental Liabilities and all other environmental problems, issues and risks of Vendor that exist within the White Map Area, and accruing on or subsequent to the Closing Time, are included as part of the liabilities assumed by Purchaser and are included in the indemnity provided to Vendor by Purchaser pursuant to Clause 6.3; and
- (c) all obligations of Vendor within the White Map Area in respect of Vendor's past, present and future responsibility for the Abandonment and Reclamation Obligations, the Environmental Liabilities and all other environmental problems, issues and risks of Vendor that exist within the White Map Area, whether accruing prior to, on or subsequent to the Closing Time are included as part of the liabilities assumed by Purchaser and are included in the assumption of obligations and indemnities by Purchaser in Clauses 6.3 and 6.4.

2.3 Closing

- (a) Subject to all other provisions of this Agreement, Closing shall take place at the Closing Place at the Closing Time.
- (b) Subject to all other provisions of this Agreement, title to, and beneficial ownership, risk and possession of, the Assets shall pass from Vendor to Purchaser upon Closing.

2.4 Form of Payment

All payments to be made pursuant to this Agreement on account of the Purchase Price shall be made by bank draft or wire transfer of immediately available funds to an account designated by Vendor in writing.

2.5 Purchase Price

- (a) Subject to adjustment in accordance with the provisions of this Agreement, the consideration to be paid by Purchaser to Vendor for the Assets (the "**Purchase Price**") shall be One Hundred and Sixty-Eight Million, Five Hundred Thousand Dollars (\$168,500,000).

- (b) Vendor acknowledges receipt from Purchaser, concurrently with Purchaser's execution hereof, of an amount equal to twenty percent (20%) of the Purchase Price as a good faith deposit to be applied against the Purchase Price on Closing (the "**Deposit**"). If Purchaser, in breach of this Agreement, does not close the purchase of the Assets, the Deposit shall be forfeited to Vendor for Vendor's own account absolutely as liquidated damages and not as a penalty as a result of Closing not occurring, which forfeiture of the Deposit shall constitute Vendor's sole remedy in such instance, with no right to claim further damages or other remedies from Purchaser. If Closing does not occur for any reason other than as aforesaid, the Deposit, together with interest thereon at Prime Rate, calculated daily but not compounded, for the period from the execution hereof to the date that the Deposit is returned to Purchaser shall be paid by Vendor to Purchaser.
- (c) At the Closing Time Purchaser shall pay to Vendor an amount equal to:
- (i) the Purchase Price;
 - (ii) less the Deposit;
 - (iii) plus interest at the Prime Rate plus 1% on an amount equal to the Purchase Price, calculated daily and not compounded, from and including the Purchase Price Adjustment Date to but not including the date of this Agreement;
 - (iv) plus interest at the Prime Rate plus 1% on an amount equal to the Purchase Price minus the Deposit, calculated daily and not compounded, from and including the date of this Agreement to and including the day prior to the Closing Time;
 - (v) plus or minus, as the case may be, the net amount of the adjustments set forth in the Closing Statement delivered pursuant to Section 2.8(a);
 - (vi) plus GST and Other Sales Taxes, as provided in Section 2.6(b).
- (d) The Purchase Price shall be allocated among the Assets as follows:
- (i) 80% to the Petroleum and Natural Gas Rights;
 - (ii) 20% less \$1.00 to the Tangibles; and
 - (iii) \$1.00 to the Miscellaneous Interests.

2.6 GST and Other Sales Taxes

- (a) The Purchase Price does not include an amount on account of GST or any Other Sales Taxes, if any, payable in respect of the Transaction.
- (b) At Closing, Purchaser shall pay to Vendor, in addition to the amounts specified pursuant to Clause 2.5 hereof, all GST payable in respect of the Transaction.
- (c) The Parties acknowledge that it is their understanding that no Other Sales Taxes are payable in respect of the Transaction and, therefore, at Closing, no amount will be paid by Purchaser to Vendor, and no amount will be collected by Vendor from Purchaser, on account of Other Sales Taxes in respect of the Transaction. However, if it is determined that Other Sales Taxes are payable in respect of the Transaction, then Purchaser shall pay such Other Sales Taxes promptly after receiving notice or otherwise becoming aware that such Other Sales Taxes are payable in respect of the Transaction and Purchaser shall indemnify, defend and save harmless Vendor and all Vendor Related Persons in respect of all such Other Sales Taxes payable in respect of the Transaction and any interest and penalties levied or imposed in connection therewith, except to the extent that such penalty, interest or other amounts payable by Vendor is the result of any act or omission by Vendor (other than the failure of Vendor to collect such Other Sales Taxes at Closing).

- (d) The Parties agree that, as between Vendor and Purchaser, Purchaser shall be solely liable for and Purchaser shall indemnify, defend and keep harmless Vendor from any GST, penalty, interest or other amounts which may be payable by or assessed against Vendor under the GST Legislation or any Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any Vendor Related Persons or any Claims made against Vendor or any Vendor Related Persons as a result of or in connection with the failure by Purchaser to pay or Vendor to collect any GST at Closing, except to the extent that such penalty, interest or other amounts payable by Vendor is the result of any act or omission by Vendor.

2.7 Adjustments

Except as otherwise provided in this Agreement and as specifically set out below in this Clause 2.7:

- (a) Purchaser is entitled to all revenues and benefits from the ownership and operation of the Assets incurred or accrued from and after the Purchase Price Adjustment Date and Purchaser is responsible, and will pay for, all expenditures and obligations pertaining to the ownership, operation and development of the Assets and all obligations relating to Accepting Employees incurred or accrued from and after the Purchase Price Adjustment Date, including all rentals, drilling penalties, property taxes, maintenance, development, capital and operating costs, accounts receivable in respect of such Assets and the proceeds from the sale of production, injected Petroleum Substances and revenues from processing and transportation fees charged to Third Parties and all costs, liabilities and obligations relating to Accepting Employees in accordance with Clause 7.4(b). All revenues, benefits, expenditures and obligations pertaining to the ownership, operation and development of the Assets, shall be apportioned between Vendor and Purchaser, on an accrual basis, as of the Purchase Price Adjustment Date in accordance with GAAP provided that:
- (i) net payments to Purchaser will only occur after cash receipt of revenues by Vendor and, for the purposes of the adjustment to the Purchase Price, revenues for which, as of the Closing Time, the cash has not been received by Vendor, shall not be credited against the Purchase Price;
 - (ii) the net income or loss (gross revenue less operating costs, and other direct costs) that has accrued in respect of the Assets from the Purchase Price Adjustment Date to the Closing Time will be reported as income or loss for income tax purposes by Vendor and net income or loss utilized to account for the apportionments hereunder will be adjusted for income taxes, calculated at the rate of twenty-five percent (25%) and the net amount will constitute an increase or decrease, as the case may be, to the Purchase Price;
 - (iii) proceeds (net of royalties and operating expenses) received on account of Petroleum Substances that were produced and sold between the Purchase Price Adjustment Date and the Closing Time shall be a credit to the account of Purchaser. Petroleum Substances beyond the wellhead at the Purchase Price Adjustment Date (including Petroleum Substances being processed, treated or transported or in tanks or storage) are not included in the Assets and, when sold, the proceeds therefrom will be paid to Vendor;
 - (iv) all costs relating to any work performed or goods and services provided in respect of the Assets will be deemed to have accrued as of the date the work was performed or the goods or services were provided, regardless of the time at which those costs became payable; and
 - (v) all rentals and similar payments, property taxes (including, if applicable, freehold mineral taxes) and other periodic costs that relate to the Assets shall be apportioned between the period before the Purchase Price Adjustment Date and the period after the Purchase Price Adjustment Date on a per diem basis.
- (b) Vendor shall receive a credit from Purchaser for an amount equal to all cash call advances, operating funds, and similar advances made by Vendor to operators in respect of the Assets that are unexpended at the Closing Time and Vendor shall ensure that such advances and funds or the benefit thereof are transferred from Vendor to Purchaser either in cash or by being held by the applicable operator for the benefit of

Purchaser. In cases where Vendor is the operator of the Assets and holds funds or advances it has received as operator for which expenses have not been incurred or accrued to the applicable joint venture parties, Vendor shall deal with such funds as required by the applicable Title and Operating Document. In respect of any of such funds transferred to Purchaser, Purchaser shall hold such funds as trustee on behalf of the Third Parties that paid such funds subject to the terms of the agreements under which such funds were paid.

- (c) In respect of Assets operated by Vendor, Vendor shall receive a credit in the amount of all prepaid operating inventory such as fuel and chemical supplies as at the Purchase Price Adjustment Date.
- (d) Any adjustments resulting from joint venture audits, Thirteenth Month Adjustments, plant equalizations, royalty audits or Crown royalty audits relating to the Assets:
 - (i) relating to the period prior to the Closing Time and for which audit queries are outstanding at the Closing Time;
 - (ii) that occur after the Closing Time but not later than two (2) years after the Closing Time or within the applicable period in the governing agreements included in the Miscellaneous Interests, whichever is later; or
 - (iii) in the case of royalty audits or Crown royalty audits that occur after the Closing Time but not later than four (4) years after the Closing Time or within the applicable period specified in the governing Leases or Regulations, as applicable, whichever is later;

shall be made as they are established and payment for them shall be made by the Party required to make payment hereunder within thirty (30) days of being notified in writing of the determination of the amount owing.

- (e) Purchaser shall be responsible for carrying out all Thirteenth Month Adjustments required in respect of the Assets for 2014. Vendor shall provide Purchaser with such information and data as may be required to carry out such Thirteen Month Adjustments to the extent such information and data are in the possession of Vendor at the Closing Date or are obtained by Vendor thereafter.

2.8 Interim and Final Accounting

- (a) An interim accounting of all apportionments required under this Article shall be carried out by the Parties for Closing based upon the actual cash receipt of revenues attributable to the Assets and Vendor's good faith estimates of all other apportionments (based upon information then available). The net apportionment pursuant to this Article based upon such accounting shall be paid at Closing as an adjustment to the Purchase Price. A statement setting out the above interim accounting shall be delivered by Vendor to Purchaser no later than two (2) Business Days prior to Closing (the "**Closing Statement**"). Vendor shall assist Purchaser in verifying the amounts set forth in the Closing Statements.
- (b) A final accounting of all apportionments pursuant to this Article shall be carried out within one hundred eighty (180) days following the Closing Time (the "**Final Statement of Adjustments**"). Purchaser shall pay to Vendor, or Vendor shall pay to Purchaser, as the case may be, the net cash amount owing in respect of the apportionments as specified in the Final Statement of Adjustments within thirty (30) days of delivery of the Final Statement of Adjustments to Purchaser. Vendor shall assist Purchaser in verifying the amounts set forth in the Final Statement of Adjustments.
- (c) Subject to Clause 2.7(c) and Clause 2.9, the Parties shall not be obligated to make any adjustment after such two hundred ten (210) day period unless such adjustment has been specifically requested, by notice, within such period. All adjustments shall be settled by payment by the Party required to make payment hereunder within thirty (30) days of such apportionment being agreed upon. All overdue payments hereunder shall be payable with interest at the Prime Rate calculated daily and not compounded from but excluding the date such payment is due to and including the day such payment is made.

2.9 Audit Rights for Apportionments

During the two hundred twenty five (225) day period following the Closing Time, Purchaser may, at its own cost, audit the books, records and accounts of Vendor respecting the Assets for the purpose of ascertaining, verifying or effecting adjustments pursuant to this Article. Such audit shall be conducted upon reasonable notice to Vendor at its offices during normal business hours, and shall be conducted at the sole expense of Purchaser. Any discrepancies disclosed by such audit shall be identified in writing to Vendor within thirty (30) days following the completion of such audit, and Vendor shall respond in writing to any claims or discrepancies within one hundred twenty (120) days of the receipt of such notice of claim or discrepancies. Notwithstanding the foregoing audit period limitation, Purchaser's audit rights under this Clause 2.9 shall be extended for the time period, and in respect of those books, records and accounts, as may be reasonably necessary to permit Purchaser to verify refunds or payments to be received or made by it pursuant to Clause 2.7(d).

2.10 General

- (a) GST shall be payable with respect to apportionments where required by law and paid accordingly by the applicable Party.
- (b) With respect to the sale of the Assets, if the Purchase Price is adjusted pursuant to Clauses 2.7, 2.8 or 2.9, such adjustment shall be allocated among the Petroleum and Natural Gas Rights and the Tangibles as is appropriate under the circumstances.

2.11 Grant of Seismic License

- (a) Effective as of the Closing Date, SEI shall grant to Purchaser a perpetual royalty free, non-exclusive, non-transferable right to use the Seismic Data on the terms and conditions set forth in the Seismic License.
- (b) Purchaser acknowledges and agrees that all right, title, estate and interest in the Seismic Data shall remain vested in SEI at and after the Closing Date. Under no circumstances shall Purchaser sell, licence, distribute or otherwise transfer to a third party the Seismic License or the Seismic Data or any copy of all or any portion thereof.

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Purchaser's Conditions

- (a) The obligation of Purchaser to complete the Transaction and purchase the Assets from Vendor is subject to the following conditions precedent, which are inserted into and made part of this Agreement for the exclusive benefit of Purchaser and may be waived only by Purchaser:
 - (i) the representations and warranties of Vendor set forth in Clause 5.1:
 - (A) shall be true and correct in all material respects as of the date of this Agreement; and
 - (B) shall be true and correct in all material respects as of the Closing Date,

or, in each case, shall be true and correct in all material respects as of such other date or dates as specified therein, and all obligations and covenants of Vendor in this Agreement that are to be performed or complied with prior to or at the Closing Time (other than in respect of the agreements, certificates and other instruments and documents to be delivered at the Closing Time by Vendor pursuant to Clause 4.1) shall have been performed or complied with in all material respects;

- (ii) at the Closing Time, Vendor shall have duly delivered the agreements, certificates and other instruments and documents required pursuant to Clause 4.1;

- (iii) subject to Section 8.4(e), all Identified ROFRs shall have been waived, exercised or shall have lapsed by the effluxion of time at or prior to the Closing Time;
 - (iv) at the Closing Time, the Competition Act Condition shall have been satisfied; and
 - (v) no Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the completion of the Transaction which has not been vacated or dismissed prior to the Closing Time.
- (b) If any of the conditions precedent in Clause 3.1(a) have not been satisfied, complied with or waived by Purchaser at or before the Closing Time, then Purchaser may terminate this Agreement by written notice to Vendor prior to the Closing Time.
 - (c) If Purchaser terminates this Agreement as provided in Clause 3.1(b) as a consequence of one or more of the conditions precedent set forth in Clause 3.1(a) not having been satisfied or complied with, then Purchaser and Vendor shall be released and discharged from all liabilities and obligations under this Agreement and from the further performance of any duties or obligations under this Agreement, except as provided in Clauses 2.5(b), 10.2 and 11.12.

3.2 Vendor's Conditions

- (a) The obligation of Vendor to complete the Transaction and sell and convey the Assets to Purchaser is subject to the following conditions precedent, which are inserted into and made part of this Agreement for the exclusive benefit of Vendor and may be waived only by Vendor:
 - (i) the representations and warranties of Purchaser set forth in Clause 5.3:
 - (A) shall be true and correct in all material respects as of the date of this Agreement and
 - (B) shall be true and correct in all material respects as of the Closing Date;

or, in each case, shall be true and correct in all material respects as of such other date or dates as specified therein, and all obligations and covenants of Purchaser in this Agreement that are to be performed or complied with prior to or at the Closing Time (other than in respect to the payments, agreements, certificates and other instruments and documents to be made and delivered at the Closing Time by Purchaser pursuant to Clause 4.2) shall have been performed or complied with in all material respects;
 - (ii) the Vendor shall be satisfied that the Alberta Energy Regulator will approve the transfer from the Vendor to the Purchaser of the licences for the wells and facilities for which the Vendor is the operator, and Purchaser shall have met all requirements to hold the interests in the Assets being acquired;
 - (iii) subject to Section 8.4(e), all consents that must be obtained prior to Closing and Identified ROFRs shall have been waived, exercised or shall have lapsed by the effluxion of time at or prior to the Closing Time;
 - (iv) at the Closing Time, Purchaser shall have duly made and delivered the payments, agreements, certificates and other instruments and documents required pursuant to Clause 4.2; and
 - (v) at the Closing Time, the Competition Act Condition shall have been satisfied.
- (b) If any of the conditions precedent in Clause 3.2(a) have not been satisfied, complied with or waived by Vendor at or before the Closing Time, Vendor may terminate this Agreement by written notice to Purchaser prior to the Closing Time.

- (c) If Vendor terminates this Agreement as provided in Clause 3.2(b) as a consequence of one or more of the conditions precedent set forth in Clause 3.2(a) not having been satisfied or complied with, then Purchaser and Vendor shall be released and discharged from all liabilities and obligations under this Agreement and from the further performance of any duties or obligations under this Agreement, except as provided in Clauses 2.5(b), 10.2 and 11.12.

3.3 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently, honestly and in good faith and use their commercially reasonable efforts to satisfy and comply with the conditions precedent in Clauses 3.1(a) and 3.2(a) and shall provide the other Party with any reasonable assistance in the satisfaction of and compliance with the conditions precedent in Clauses 3.1(a) and 3.2(a) that the other Party may reasonably request.

ARTICLE 4 CLOSING DELIVERIES

4.1 Deliveries by Vendor at Closing

At the Closing Time, Vendor shall deliver, or cause to be delivered, to Purchaser:

- (a) a General Conveyance duly executed by Vendor;
- (b) the Seismic License executed by SEI;
- (c) those of the Specific Conveyances which have been prepared as of the Closing Time duly executed by Vendor;
- (d) copies of all notices of disposition issued in respect of the Identified ROFRs, together with copies of any exercises or waivers of such ROFRs received by Vendor;
- (e) evidence of satisfaction of the Competition Act Condition;
- (f) releases and registerable discharges or no interest letters in respect of all registered Security Interests pertaining to the Assets which have been requested by Purchaser not less than five (5) Business Days prior to Closing; and
- (g) such other items as may be specifically required hereunder or as may be reasonably requested by Purchaser.

4.2 Deliveries by Purchaser at Closing

At the Closing Time, Purchaser shall pay or deliver, or cause to be paid or delivered, to Vendor:

- (a) the amounts specified in Clauses 2.5(b) and 2.5(c), in the manner contemplated in Clause 2.4;
- (b) a General Conveyance duly executed by Purchaser;
- (c) the Seismic License executed by Purchaser;
- (d) evidence of satisfaction of the Competition Act Condition; and
- (e) such other items as may be specifically required hereunder or as may be reasonably requested by Vendor.

4.3 Specific Conveyances

- (a) Vendor, at its own cost, shall use commercially reasonable efforts to prepare the Specific Conveyances prior to the Closing Time and to deliver the Specific Conveyances to Purchaser at the Closing Time, provided that, if and to the extent that any Specific Conveyances are not delivered by Vendor to Purchaser at the Closing Time, Vendor shall prepare and deliver to Purchaser the remaining Specific Conveyances as soon as is reasonably practicable after Closing.
- (b) It shall not be necessary for any Specific Conveyances that are delivered by Vendor at the Closing Time to have been executed prior to or at Closing by the parties thereto, other than by Vendor itself and, as applicable, by Vendor's Affiliates.
- (c) To the extent that Purchaser is required to execute any Specific Conveyances, it shall do so promptly after the delivery of such Specific Conveyances by Vendor to Purchaser whether at or after the Closing Time, as the case may be.
- (d) In respect of any Specific Conveyances that require execution by Third Parties, promptly after Closing or the delivery of such Specific Conveyances after Closing, as the case may be, and, if necessary, the execution of such Specific Conveyances by Purchaser, Vendor shall co-operate with Purchaser and provide all reasonable assistance that Purchaser may reasonably request in connection with Purchaser's procurement of the execution of such Specific Conveyances by the parties thereto other than Vendor itself, and, as applicable, by Vendor's Affiliates and Purchaser.
- (e) In respect of any Specific Conveyances that do not require execution by Third Parties, Purchaser shall deliver such Specific Conveyances to the appropriate recipients thereof promptly after Closing or the delivery of such Specific Conveyances after Closing, as the case may be, and, if necessary, execution by Purchaser, including the registration with the appropriate Governmental Authorities of any such Specific Conveyances that require registration.
- (f) Purchaser shall bear all costs, fees and deposits of every nature and kind in distributing and registering any Specific Conveyances and in providing any assurances or security required to convey, transfer and assign the Assets to Purchaser and to have Purchaser recognized as the holder thereof.
- (g) Notwithstanding the forgoing in this Clause 4.3, in the case of any Specific Conveyances that are Permits or Crown lease transfers which may be filed electronically with the applicable Governmental Authority, promptly following Closing, Vendor shall submit electronic transfers for such Permits and Crown leases and Purchaser shall accept such electronic transfers from Vendor without delay, provided that, if Purchaser in good faith determines or believes that any of the electronic transfers are not complete and accurate, or the applicable Governmental Authority refuses to process any such transfers because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate electronic transfers as soon as practicable and, thereafter, Vendor shall promptly re-submit such electronic transfers and Purchaser shall accept such electronic transfers from Vendor without delay.
- (h) If, for any reason, the Alberta Energy Regulator or any other Governmental Authority or any other Third Party requires any Party (hereinafter referred to as "**Such Party**" in this and the next Clause) to make a deposit, to provide any undertakings, information or other documentation or to take any action as a condition of or a prerequisite for the approval of the transfer of any Permits or the transfer or assignment of any of the Assets to Purchaser, immediately after receiving notice of such requirements and at its sole cost, Such Party shall make such deposits, provide such undertakings, information or other documentation and take such action, as the case may be.
- (i) If Such Party fails to make a deposit with the Alberta Energy Regulator or any other Governmental Authority or other Third Party as provided under Clause 4.3(h) within five (5) days of Such Party's receipt of notification that such deposit is required, any other Party (hereinafter referred to as the "**Other Party**" in this Clause) shall have the right, but not the obligation, to make such deposit on behalf of Such Party and

Such Party acknowledges and agrees that the Other Party shall be Such Party's agent with full power and authority to make such deposit for and on behalf of Such Party. Such Party shall reimburse the Other Party for the amount of any such deposit made by the Other Party and pay interest on the amount of such deposit at an annual rate equal to the Prime Rate plus one percentage point from the date on which the Other Party paid the deposit to the date on which the reimbursement for such deposit and payment of the corresponding interest is made in full. In addition to all other rights and remedies that may be available to the Other Party for the collection of such amounts from Such Party, the Other Party shall have the right to set-off the amount of any such deposit, including interest as provided in this Clause 4.3(i), against any monies payable by the Other Party to Such Party pursuant to this Agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Vendor

Vendor hereby makes the following representations and warranties to and in favour of Purchaser:

- (a) SEI is a corporation duly formed and existing under the laws of Canada and is registered to carry on business in the jurisdictions in which the Assets are situate, except where failure to so register would not adversely affect the ability of Vendor to complete the Transaction on the basis contemplated in this Agreement. SEEPP is a partnership duly formed and existing as a general partnership and is registered as a general partnership under the laws of Alberta and SEI, as managing partner of SEEPP, is authorized to hold legal title to certain of the Assets on behalf of SEEPP in the jurisdictions in which the such Assets are situate, except where failure to so register would not adversely affect the ability of Vendor to complete the Transaction on the basis contemplated in this Agreement;
- (b) Vendor has all requisite power and capacity to sell and convey the Assets in accordance with the provisions of this Agreement;
- (c) SEI has all requisite power and capacity to grant the Seismic License in accordance with the provisions of this Agreement;
- (d) the execution, delivery and performance of this Agreement by Vendor has been duly and validly authorized by all requisite corporate action on the part of SEI and required partnership action on the part of the partners of SEEPP, as the case may be, and will not result in any violation of, be in conflict with, or constitute a default under, the constating documents of Vendor or the partnership agreement of SEEPP;
- (e) the execution, delivery and performance of this Agreement by Vendor will not result in any violation of, be in conflict with or constitute a default under:
 - (i) any term or provision of any agreement or instrument to which Vendor is party or by which Vendor is bound; or
 - (ii) any Applicable Law that is specifically applicable to Vendor;

except, in either case, where such conflict or default would not adversely affect the ability of Vendor to complete the Transaction on the basis contemplated in this Agreement;
- (f) this Agreement and all other agreements delivered or to be delivered by Vendor in connection herewith constitute, or when delivered shall constitute, legal, valid and binding obligations of Vendor, enforceable against Vendor in accordance with their respective terms, subject to all Applicable Law pertaining to bankruptcy, insolvency and creditors' rights and the general principles of equity;
- (g) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by Vendor of this Agreement, other than

authorizations, approvals or exemptions previously obtained and currently in force or to be obtained as and when required during the Pre-Closing Period;

- (h) Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Purchaser shall have any obligation or liability;
- (i) Vendor is not a non-resident of Canada for the purposes of section 116 of the Income Tax Act (Canada);
- (j) Vendor is a registrant in respect of GST under the GST Legislation and the GST registration number for each Vendor is:

SEI: [INTENTIONALLY REDACTED]

SEEPP: [INTENTIONALLY REDACTED]

- (k) except as set forth in Schedule K, Vendor has not received notice of any Claim in respect of or in connection with the Assets or the operation thereof and there are no unsatisfied judgments or, to Vendor's Knowledge, any threatened Claims against Vendor in respect of or in connection with the Assets or the operation thereof;
- (l) except for or pursuant to any Permitted Encumbrances:
 - (i) neither Vendor nor Vendor's Affiliates have alienated or encumbered the Assets or any part or portion thereof;
 - (ii) at the Closing Time, the Assets shall be free and clear of all Encumbrances created by, through or under Vendor or Vendor's Affiliates and, to Vendor's Knowledge, there are no Encumbrances in or over Vendor's interest in and to the Assets;
- (m) Vendor has not received written notice of any default or purported default under any of the Title and Operating Documents included in the Miscellaneous Interests that remains outstanding in any material respect or that has not been remedied in all material respects and, except as set forth in Schedule K, to Vendor's Knowledge, there has been no act or omission by Vendor that reasonably could constitute a breach of or a default under a Title and Operating Document that has not been remedied in all material respects or which, if unremedied, could reasonably be expected to have a material adverse effect on the value of the Assets taken as a whole;
- (n) Vendor has not received written notice of any breach or purported breach of any Applicable Law pertaining to the Assets or the ownership or operation thereof (excluding any Applicable Law relating to the Environment) that remains outstanding in any material respect or that has not been remedied in all material respects and, to Vendor's Knowledge, there has been no act or omission by Vendor that reasonably could constitute a breach of any such Applicable Law that has not been remedied in all material respects or which, if unremedied, could reasonably be expected to have a material adverse effect on the value of the Assets taken as a whole;
- (o) to Vendor's Knowledge and subject to Clause 2.7(d) and 2.9, to the extent pertaining to the Assets:
 - (i) all Crown and lessor royalties and all lease rentals;
 - (ii) all ad valorem and property taxes; and
 - (iii) all production, severance and similar taxes, charges and assessments based upon or measured by the ownership or production of Petroleum Substances or any of them or the receipt of proceeds from the sale thereof;

that became due and payable to Third Parties on or prior to the date of this Agreement have been fully paid, except, in each case, for amounts that are being disputed in good faith;

- (p) except as disclosed in Schedule F, there are no Take or Pay Obligations pertaining to the Assets;
- (q) except in connection with the AFEs listed in Schedule H, and excluding operating expenses incurred in the normal conduct of operations of the Assets, there are no AFEs or other financial commitments pertaining to the Assets under which individual expenditures in excess of \$250,000 are or may be required to be made by Purchaser by virtue of Closing, taking into account, when applicable, the application of Clause 2.7;
- (r) except as disclosed in Schedule J, Vendor has not received written notice of any orders or directives from any Governmental Authority:
 - (i) that are specific to the Assets or any portion thereof, related to Environmental Liabilities which require any work, repairs, construction or capital expenditures with respect to the Assets which have not been complied with in all material respects; and
 - (ii) with respect to the breach of any Applicable Law relating to the Environment that are specifically applicable to the Assets or any portion thereof which remain outstanding in any material respect;
- (s) with respect to those Wells listed in Schedule D:
 - (i) to Vendor's Knowledge, those Wells for which Vendor is operator, have been operated and, if applicable, abandoned in all material respects in accordance with good oil and gas field practices and the material requirements of Applicable Law during the period or periods in which Vendor has been the operator thereof; and
 - (ii) to Vendor's Knowledge, those Wells for which Vendor is not operator, have been operated and, if applicable, abandoned in all material respects in accordance with good oil and gas field practices and the material requirements of Applicable Law during the period or periods in which Vendor was not the operator thereof;
- (t) with respect to the Tangibles:
 - (i) to Vendor's Knowledge, those Tangibles for which Vendor is operator, have been operated in all material respects in accordance with good oil and gas field practices and the material requirements of Applicable Law during the period or periods in which Vendor has been the operator thereof; and
 - (ii) to Vendor's Knowledge, those Tangibles for which Vendor is not operator, have been operated in all material respects in accordance with good oil and gas field practices and the material requirements of Applicable Law during the period or periods in which Vendor was not the operator thereof;
- (u) there are no production sales contracts, transportation agreements or processing agreements except as set forth in Schedules C or F;
- (v) subject to:
 - (i) Vendor's other representations and warranties relating to the Assets or the operation thereof made in this Clause 5.1 (including any limitations expressed therein or elsewhere in this Agreement);
 - (ii) the Permitted Encumbrances;

- (iii) the satisfaction of the obligations required to maintain the Title and Operating Documents in good standing; and
- (iv) all defects, deficiencies, discrepancies or adverse Claims in or affecting the title or interest of Vendor in and to any of the Assets of which Purchaser had knowledge or was aware as of the date of this Agreement;

Purchaser may, for the residue of the term of the Title and Operating Documents, take possession of and use the Assets for its own use and benefit without any interruption by Vendor or any Person claiming by, through or under Vendor or Vendor's Affiliates.

5.2 Limitation Regarding Vendor's Representations and Warranties

- (a) Each of Vendor's representations and warranties set forth in Clause 5.1 is made:
 - (i) as of the date of this Agreement; and
 - (ii) as of the Closing Date;
 or, in each case, as of such other date or dates as specified therein.
- (b) Except as expressly set forth in Clause 5.1, Vendor makes no representation or warranty regarding:
 - (i) itself;
 - (ii) the accuracy or completeness of any data or information supplied by or on behalf of Vendor under this Agreement or otherwise in connection with the Transaction; or
 - (iii) the Assets, including:
 - (A) the title or interest of Vendor in and to the Assets;
 - (B) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (C) the value of the Assets or the future cash flow therefrom, including any past, present or future Losses and Liabilities, including Environmental Liabilities, pertaining to the Assets;
 - (D) the quality, condition, fitness for any particular purpose or merchantability of any equipment or other tangible depreciable property included in the Assets or of any of the Lands or any lands pooled or unitized therewith;
 - (E) the effectiveness, standing or condition of any Miscellaneous Interests; or
 - (iv) the Seismic Data.

and Vendor hereby expressly negates, and Purchaser hereby waives, all other representations or warranties relating to any such Person, property, circumstance or matter, regardless of whether made directly or indirectly, in verbal, written or electronic form, by Vendor or any of its directors, officers, employees or other personnel, consultants, agents, auditors, counsel or representatives, or implied under or arising by operation of law.

- (c) Purchaser acknowledges and confirms that except for the representations and warranties set forth in Clause 5.1, it is acquiring the Assets on an "as is, where is" basis and that it has performed its own due

diligence and evaluations and that it has relied, and will continue to rely, upon its own due diligence and evaluations with respect to all matters pertaining to Vendor, the Assets and the Transaction.

5.3 Representations and Warranties of Purchaser

Purchaser hereby makes the following representations and warranties to and in favour of Vendor:

- (a) Purchaser is a corporation duly formed and existing under the laws of Alberta and registered to carry on business in the jurisdictions in which the Assets are situate, except where failure to so register would not adversely affect the ability of Purchaser to complete the Transaction on the basis contemplated by this Agreement, or take possession or assignment of the Assets or any of them;
- (b) Purchaser has all requisite power and capacity to purchase and accept the Assets in accordance with the provisions of this Agreement;
- (c) the execution, delivery and performance of this Agreement by Purchaser has been duly and validly authorized by all requisite corporate action and will not result in any material violation of, be in material conflict with, or constitute a default under, the constating documents of Purchaser;
- (d) the execution, delivery and performance of this Agreement by Purchaser will not result in any violation of, be in conflict with or constitute a default under:
 - (i) any term or provision of any agreement or instrument to which Purchaser is party or by which Purchaser is bound; or
 - (ii) any Applicable Law that is specifically applicable to Purchaser;

except, in either case, where such conflict or default would not adversely affect the ability of Purchaser to complete the Transaction on the basis contemplated in this Agreement;

- (e) this Agreement and all other agreements delivered or to be delivered by Purchaser in connection herewith constitute, or when delivered shall constitute, legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to all Applicable Law pertaining to bankruptcy, insolvency and creditors' rights and the general principles of equity;
- (f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions previously obtained and currently in force or to be obtained as and when required during the Pre-Closing Period;
- (g) Purchaser is not a non-resident of Canada for the purposes of section 116 of the Income Tax Act (Canada);
- (h) Purchaser is not a "non-Canadian" as that term is defined in the *Investment Canada Act*, R.S.C. 1985, C.28 (1st Supp.);
- (i) the LMR (as assessed by the Alberta Energy Regulator) of Purchaser is greater than or equal to 1.0 and will not fall below 1.0 as a result of the Transaction and transfers contemplated hereby;
- (j) Purchaser is not aware of any fact or circumstance that would prevent or delay the transfer of any Permits relating to or forming part of the Assets as contemplated in this Agreement;
- (k) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;

- (l) Purchaser is entering into this Agreement and will acquire the Assets for itself and not as agent or representative for any Third Party;
- (m) Purchaser has or will have on the Closing Date, the financial resources in place and available to it to enable it to pay the Purchase Price at the Closing on the Closing Date and all other amounts to be paid by it hereunder in accordance with and on the basis contemplated by this Agreement; and
- (n) Purchaser is a registrant in respect of GST under the GST Legislation and its GST registration number is 860390129 RT0001.

5.4 Limitation Regarding Purchaser's Representations and Warranties

Each of Purchaser's representations and warranties set forth in Clause 5.3 is made as of the date of this Agreement and as of the Closing Date or, in each case, as of such other date or dates as specified therein.

5.5 Survival of Representations and Warranties

Subject to the provisions of Article 7 and Clause 11.7, the respective representations and warranties set forth in Clauses 5.1 and 5.3 shall, absent fraud, survive Closing for the 12-month period immediately following Closing.

ARTICLE 6 INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

6.1 Vendor's Indemnities for Representations and Warranties

From and after Closing and subject to Clauses 6.5, 6.6 and 11.7, Vendor shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Purchaser and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Purchaser from and against all Losses and Liabilities suffered, sustained, paid or incurred by Purchaser and all Claims made against Purchaser, in either case, as a consequence of any representations or warranties contained in Clause 5.1 being untrue or incorrect or of a breach by Vendor of any of its covenants contained in this Agreement that are to be performed or complied with at or prior to the Closing Time, provided that, Vendor shall have no liability under the foregoing assumption of liability and indemnity provided for in this Clause 6.1:

- (a) unless the aggregate amount of all such Losses and Liabilities and Claims exceeds twenty percent (20%) of the Purchase Price, and then only to the extent that they so exceed that amount. For clarity the deductible provided in this Clause 6.1(a) shall not apply to breaches by Vendor in the performance of any covenant specifically relating to post-Closing obligations; or
- (b) for any act or omission undertaken or omitted to be undertaken by or on behalf of Vendor in connection with Vendor's obligations under Clauses 8.1 and 8.2 that was undertaken or omitted to be undertaken at the request of or with the written consent of Purchaser;
- (c) for any such Losses and Liabilities or Claims in respect of which Purchaser, absent fraud, has not provided written notice thereof in reasonable detail to Vendor within the 12-month period immediately following Closing; or
- (d) for any Losses and Liabilities or Claims in respect of any act, omission, circumstance or other matter actually known to Purchaser or Purchaser's Affiliates or their respective directors, officers, servants, agents or employees as at the Closing Date and, for this purpose, the Purchaser and Purchaser's Affiliates and their respective directors, officers, servant, agents and employees shall be deemed to have actual knowledge of all information available in the VDR.

6.2 Purchaser's Indemnities for Representations and Warranties

From and after Closing and subject to Clauses 6.5 and 6.6, Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of Vendor Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and keep harmless Vendor and Vendor Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or Vendor Related Persons and all Claims made against Vendor or Vendor Related Persons, in either case, as a consequence of any representations or warranties contained in Clause 5.3 being untrue or incorrect or of a breach by Purchaser of any of its covenants contained in this Agreement that are to be performed or complied with at or prior to the Closing Time.

6.3 Future Obligations

From and after Closing, Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any of Vendor Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and Vendor Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, which, in either case, arise out of any matter or thing occurring, accruing or arising on and after the Purchase Price Adjustment Date and which relates to the Assets (excluding any Losses and Liabilities or Claims that pertain to any Environmental Liabilities, which shall be dealt with under Clause 6.4). Notwithstanding the foregoing in this Clause 6.3, nothing in this Clause 6.3 shall be construed so as to require Purchaser to be liable for or to indemnify Vendor or Vendor Related Persons in connection with any such Losses and Liabilities or any such Claims to the extent arising from:

- (a) matters or things for which Purchaser is entitled to indemnification pursuant to Clause 6.1; or
- (b) the gross negligence or wilful misconduct of Vendor or Vendor Related Persons.

6.4 Purchaser's Environmental Indemnity

From and after Closing, Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any Vendor Related Persons, and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and Vendor Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, in respect of all past, present and future Environmental Liabilities. This assumption of liability and indemnity shall apply without limit and without regard to the negligence of Vendor or any Vendor Related Person. This assumption of liability and indemnity shall apply in respect of all of the Environmental Liabilities. Purchaser hereby waives, and acknowledges and agrees that it shall not exercise, any right or remedy against Vendor or any Vendor Related Person in respect to any such Environmental Liabilities that Purchaser may otherwise have under Applicable Law, including any right to name Vendor or any Vendor Related Person as a party to any Claim commenced by Purchaser or by any Third Party in which Purchaser is a party. Notwithstanding the foregoing in this Clause 6.4, nothing in this Clause 6.4 shall be construed so as to require Purchaser to be liable for or to indemnify Vendor or any Vendor Related Person in connection with any such Losses and Liabilities or any such Claims to the extent arising from matters or things for which Purchaser is entitled to indemnification pursuant to Clause 6.1.

6.5 Time Limitation

Absent fraud, neither Vendor nor Purchaser shall make any Claim under or in respect of Clause 6.1 or 6.2 after the expiry of the 12-month period immediately following Closing and neither Vendor nor Purchaser shall have any liability under Clause 6.1 or 6.2 unless written notice, with reasonable particulars, of the applicable Losses and Liabilities or Claim has been received by the other Party during the 12-month period immediately following Closing.

6.6 Limitation of Remedies

- (a) From and after Closing, the sole remedy available to:

- (i) Purchaser in respect to any of Vendor's representations and warranties set forth in Clause 5.1 being untrue or incorrect or a breach by Vendor of any of its covenants in this Agreement that are to be performed prior to or at the Closing Time shall be Vendor's assumption of liability and indemnity provided for in Clause 6.1 and Purchaser hereby releases and waives any and all other Claims or any other remedy or relief that it has or hereafter may have in this regard, whether arising at law, in equity or otherwise; and
 - (ii) Vendor in respect to any of Purchaser's representations and warranties set forth in Clause 5.3 being untrue or incorrect or a breach by Purchaser of any of its covenants in this Agreement that are to be performed prior to or at the Closing Time shall be Purchaser's assumption of liability and indemnity provided for in Clause 6.2 and Vendor hereby releases and waives any and all other Claims or any other remedy or relief that it has or hereafter may have in this regard, whether arising at law, in equity or otherwise.
- (b) In no case shall either Party be liable to the other Party for any Consequential Losses.

6.7 Procedures – General Indemnities

If a Party (the "**Claiming Party**") wishes to claim indemnification from the other Party or Parties, as the case may be, (the "**Indemnifying Party**") pursuant to Clause 6.1, 6.2, 6.3, 6.4 or 6.8 the following shall apply:

- (a) Promptly after acquiring knowledge of the subject matter of the Claim or the Losses and Liabilities in respect of which the claim for indemnification is to be made (an "**Indemnified Matter**"), the Claiming Party shall provide notice thereof to the Indemnifying Party, provided that, failure to give such notice will not limit or lessen the right of the Claiming Party to indemnity under this Agreement except to the extent that the Indemnifying Party is prejudiced in its contest or defence of the Indemnified Matter as a result of such failure. Such notice shall describe the nature of the Indemnified Matter in reasonable detail and indicate, if reasonably ascertainable, the Claiming Party's good faith estimate of the amount for which the Indemnifying Party may be liable under this Agreement in respect of such Indemnified Matter.
- (b) If the Indemnified Matter relates to a Claim made or brought by a Third Party:
 - (i) The Indemnifying Party shall have the right to participate in or to elect to assume control of the defence or dispute of any such Claim. Any such participation in or assumption of control of the defence or dispute of the Claim shall be at the Indemnifying Party's own expense using counsel chosen by the Indemnifying Party. The Claiming Party shall provide all reasonable assistance that the Indemnifying Party may reasonably request in connection with such defence or dispute.
 - (ii) The Claiming Party shall have the right to participate in the defence or dispute of any such Indemnified Matter using counsel of its own choice if representation of both the Claiming Party and the Indemnifying Party by the same counsel would be inappropriate due to conflicting interests of the two Parties, including Claims that would be partially excluded from indemnification by the Indemnifying Party by virtue of another provision of this Agreement. The Indemnifying Party shall be liable for the costs of such additional counsel retained by the Claiming Party, but only to the extent that such costs pertain to the defence or dispute of the Indemnified Matter.
 - (iii) The Claiming Party shall not settle or compromise, or propose to settle or compromise, any such Indemnified Matter without first obtaining the consent of the Indemnifying Party, provided that, such consent shall not be required if: (A) the Indemnifying Party denies or disputes that the particular Claim constitutes an Indemnified Matter and refuses to take responsibility for the defence or dispute thereof as provided above; (B) the Indemnifying Party fails to respond to any notice of the Indemnified Matter given by the Claiming Party in accordance with Clause 6.7(a) within 15 days of receipt thereof by the Indemnifying Party; or (C) the Indemnifying Party either refuses or fails to defend or dispute such Indemnified Matter after assuming responsibility for the

defence or dispute thereof as provided above. In each such a case, the Claiming Party, at the cost of the Indemnifying Party, shall be entitled to defend, dispute, settle or compromise such a Claim by a Third Party in any manner it determines to be appropriate, acting reasonably and in good faith, subject to any limitations set forth in this Agreement.

- (c) If the Indemnified Matter relates to Losses and Liabilities directly suffered, sustained, paid or incurred by the Claiming Party or any of the Claiming Party's Related Persons, the Indemnifying Party shall respond to the Claiming Party as to whether the Indemnifying Party accepts liability for such Indemnified Matter within 30 days of receipt of the Claiming Party's notice given in accordance with Clause 6.7(a) and:
- (i) if the Indemnifying Party does not respond within such 30-day period, the Indemnifying Party shall be deemed to have accepted its liability for such Indemnified Matter;
 - (ii) if the Indemnifying Party accepts, or is deemed to have accepted, its liability for such Indemnified Matter, the Indemnifying Party shall discharge its liability to indemnify the Claiming Party within 10 days after the end of the initial 30-day notice period; and
 - (iii) if the Indemnifying Party disputes whether the particular Losses and Liabilities constitute an Indemnified Matter or the amount of such Losses or Liabilities for which the Indemnifying Party is liable within such 30-day period, or if the Indemnifying Party accepts or is deemed to have accepted liability for such Indemnified Matter, but fails to discharge such liability within the specified period, the Claiming Party, at the cost of the Indemnifying Party, shall be free to seek to enforce its right to indemnification in respect of such Indemnified Matter under this Agreement in any manner that it deems appropriate.
- (d) If the Indemnifying Party has paid an amount in respect of an Indemnified Matter pursuant to this Agreement, then: (i) the Indemnifying Party will be subrogated to all and any Claims that the Claiming Party may have relating thereto without any further action; (ii) the Claiming Party, without limiting its rights to the indemnity under this Agreement, shall provide any reasonable assistance that the Indemnifying Party may reasonably request in order to permit the Indemnifying Party to pursue such Claims; and (iii) if the Claiming Party is subsequently reimbursed by any Person or from any source other than the Indemnifying Party in respect of the Indemnified Matter, the Claiming Party shall promptly pay to the Indemnifying Party any such amounts so received by the Claiming Party, up to the amount received from the Indemnifying Party in respect of such Indemnified Matter.

6.8 Wilson Creek Claim

Vendor shall use commercially reasonable efforts to conclude a final settlement of the Wilson Creek Claim prior to the Closing Date. Notwithstanding anything in this Agreement to the contrary, if such final settlement is not concluded prior to the Closing Date, Vendor shall be liable for and as an independent covenant, shall indemnify and keep Purchaser harmless from and against any Claims made against Purchaser for amounts owing by the operator of Wilson Creek Unit No. 1 in respect of the Wilson Creek Claim to the extent such amounts accrued prior to the Closing Date.

ARTICLE 7 EMPLOYEE AND CONTRACTOR MATTERS

7.1 Consolidated Employee Information

- (a) Within forty-eight (48) hours of the execution of this Agreement, Vendor shall provide Purchaser with the Employee Letter.
- (b) The Parties agree that information relating to Affected Employees shared between them shall be kept and maintained as confidential in accordance with Applicable Law, including privacy laws, and that no such

information will be used for any purpose other than in relation to the performance of this Agreement, the completion of the transaction contemplated herein and all statutory obligations related thereto.

- (c) The Parties shall fully cooperate with each other, the Affected Employees and any governmental authority charged with the enforcement of privacy laws, in responding to inquiries, complaints, or requests for access in respect of employee information shared.
- (d) Purchaser undertakes after Closing to only utilize the Accepting Employees' personal information for those purposes for which the information was initially collected from or in respect of the applicable Accepting Employee. All information relating to Affected Employees, other than that relating to Accepting Employees, shall be destroyed by Purchaser or returned to Vendor in accordance with the process set out in clause 7.1(e) hereof.
- (e) If Closing does not occur, Purchaser shall immediately cease all use of Affected Employee information and, at the request of Vendor, shall either return to Vendor, or destroy in a secure manner, all information (including all copies of it), whichever option Vendor may, at its sole discretion, elect. If requested by Vendor, Purchaser shall also provide Vendor with a certificate from a senior officer of Purchaser that all such information has been so returned or destroyed.

7.2 Termination and Offers of Employment

- (a) It is the intent of the Parties that prior to the Closing Time, Purchaser shall have the right (but not the obligation) to make offers of employment to the Affected Employees as Purchaser shall determine in its sole discretion.
- (b) Following the receipt of the Employee Letter and before Purchaser makes any offer of employment to any Affected Employee but no earlier than thirty-seven (37) days prior to the Closing Date, Purchaser is entitled to meet with and interview any Affected Employee at specific dates, times and locations agreed to by the Parties, acting reasonably.
- (c) No later than twenty-eight (28) days prior to the Closing Date, Purchaser shall inform Vendor of the names of the Affected Employees to whom Purchaser will make written offers of employment (the "**Transferring Employee**") and the material terms of such offers, including, for each such Transferring Employee, material compensation terms, benefits, hours of work, location and shift scheduling. Vendor shall assess such offers and shall determine, acting reasonably, whether such offers are in the aggregate substantially the same as the employment package described in the Employee Letter. In the event that Vendor disputes that the terms of such offers are in the aggregate substantially the same as provided in the Employee Letter, the Parties shall meet within four (4) Business Days of receipt of the offers to discuss the matter in good faith. In the event Vendor and Purchaser fail to reach an agreement on the terms of such offers, the matter shall be referred to an arbitrator within two (2) Business Days following the meeting. The Parties agree that the costs and expenses of an arbitrator appointed pursuant to this Clause 7.2(c) shall be borne by the unsuccessful party to any dispute referred to dispute resolution pursuant to this Clause 7.2(c).
- (d) Subject to Clause 7.2(c), not later than twenty-two (22) days before the Closing Date, Purchaser shall provide a written offer of employment to each Transferring Employee. Each written offer of employment shall provide that the Transferring Employee's employment with Purchaser shall be conditional upon Closing occurring and will commence at 12:01 am on the day following the Closing Date.
- (e) Each offer of employment made by Purchaser pursuant to Clause 7.2(c) to a Transferring Employee, shall be on terms and conditions not substantively less beneficial, in the aggregate, than the terms and conditions of employment currently enjoyed by the Transferring Employee, including those relating to vacation, regular salary and bonus as at the date of this Agreement and shall recognize the past service of such Transferring Employee with Vendor as set out in the Employee Letter in respect of such offer and for the purposes of pay in lieu of notice on termination of employment with Purchaser. If such offers require lump sum, one time payments be made to Transferring Employees, Purchaser shall pay such amounts to Vendor,

who in turn, will pay them to each such Transferring Employee in the event that the Transferring Employee becomes an Accepting Employee (as defined in 7.2(f) hereof).

- (f) Each offer of employment made by Purchaser pursuant to Clause 7.2(c) to a Transferring Employee, shall provide that such Transferring Employee has seven (7) days to communicate acceptance of such offer to Purchaser. Immediately upon Purchaser receiving acceptance of its offer of employment from a Transferring Employee (the "**Accepting Employee**"), Purchaser shall notify Vendor of the identity of the Accepting Employees. Employees who declined Purchaser's offer of employment ("**Non-Accepting Employees**") shall also be identified to the Vendor by the Purchaser.
- (g) Vendor, and Vendor's Affiliates, officers and directors, shall not, for a period of twelve (12) months after the Closing Time:
 - (i) directly solicit or directly attempt to solicit, induce, encourage or facilitate, for employment or contract work, any Accepting Employee; or
 - (ii) directly solicit or directly attempt to solicit, induce, encourage or facilitate any Accepting Employee to leave the employment of, or consulting relationship with, Purchaser.

7.3 Severance

- (a) Vendor shall be responsible for the payment of any and all severance amounts, as applicable, whether pursuant to statute, contract, common law or otherwise that may be owing to any Affected Employee, excluding Accepting Employees.
- (b) Purchaser shall be responsible for the payment of any and all severance amounts, whether pursuant to statute, contract, common law or otherwise, that any Accepting Employee may become entitled to as a result of the termination of such Accepting Employee by Purchaser after the Purchase Price Adjustment Date.

7.4 Liability on Account of Affected Employees

The Parties agree that:

- (a) Vendor shall remain liable for and shall indemnify and save Purchaser and Purchaser Related Persons harmless from and against all costs, liabilities and obligations (including wrongful dismissal or constructive dismissal claims) with respect to all obligations (including obligations to reimburse costs and expenses or obligations in respect of notice of termination, pay in lieu of notice, termination pay, severance pay, amounts for loss of benefits or other amounts) which are in respect of Affected Employees, excluding Accepting Employees, provided however that, if, within the twelve (12) month period commencing at the Closing Date, Purchaser employs, or hires as a contractor, any of the Affected Employees who, at the Closing Date were not offered employment with Purchaser or Non-Accepting Employees, Purchaser shall promptly so notify Vendor, and Purchaser shall reimburse Vendor for all severance, termination or similar amounts, whether pursuant to contract, statute, common law or otherwise, if any, paid to such Affected Employee or Non-Accepting Employee by Vendor; and
- (b) Upon Closing occurring and as of the Purchase Price Adjustment Date, Purchaser shall assume liability for and shall indemnify and save Vendor and Vendor Related Persons harmless from and against all costs, liabilities and obligations (including wrongful dismissal or constructive dismissal claims) with respect to all obligations (including obligations to reimburse costs and expenses or obligations in respect of notice of termination, pay in lieu of notice, termination pay, severance pay, amounts for loss of benefits or other amounts) which are in respect of an Accepting Employee.

7.5 Independent Contractors

The Parties acknowledge that it is the intention of Vendor to cancel, effective as of the Closing Date, Vendor's arrangements with certain independent contractors utilized by Vendor in the physical operation of the Assets. At Purchaser's request, and subject to acquiring the consent of such independent contractors, Vendor may use commercially reasonable efforts to arrange for Purchaser to meet with such independent contractors to discuss such independent contractors entering into arrangements with Purchaser to continue to provide services in relation to the Assets after the Closing Date.

ARTICLE 8 PRE-CLOSING PERIOD

8.1 Maintenance of Assets

- (a) During the Pre-Closing Period, to the extent that the nature of Vendor's interests permits, and subject to the Title and Operating Documents and any other agreements and documents to which the Assets are subject:
- (i) Vendor shall:
- (A) operate and maintain the Assets in a proper and prudent manner in all material respects, in accordance with generally accepted oil and gas industry practices and all Applicable Law pertaining to the Assets;
 - (B) operate and maintain the Assets in a proper and prudent manner in all material respects, in accordance with the terms and conditions of the Title and Operating Documents included in the Miscellaneous Interests and any other agreements and documents to which the Assets are subject;
 - (C) pay or cause to be paid all costs and expenses relating to the Assets which become due and payable during the Pre-Closing Period; and
 - (D) continue to maintain its insurance coverage in respect of the Assets that is in effect as of the date of this Agreement; and
- (ii) Vendor shall not, without Purchaser's prior consent:
- (A) make any commitment or propose, initiate or authorize any individual expenditure with respect to the Assets for which Vendor's share is in excess of \$250,000, except in the case of an emergency, to protect the Environment, protect life or safety or preserve the Assets or title to the Assets, or to the extent required by the order or direction of a Governmental Authority;
 - (B) surrender or abandon any of the Assets;
 - (C) terminate or amend, or agree to the amendment, in any material respect, of the terms or conditions of any Title and Operating Documents included in the Miscellaneous Interests;
 - (D) sell, transfer, assign, Encumber or otherwise dispose of, surrender, forfeit or abandon any of the Assets or any part thereof, create any adverse Claims against the Assets or agree to do any of the foregoing except for sales of surplus equipment, materials, supplies and inventory in the ordinary course of business and provided that such proceeds shall be adjusted for pursuant to Clause 2.7;

- (E) amend or terminate any of the Title and Operating Documents, or any other agreement or document to which the Assets are subject, or enter into any new agreement or commitment relating to the Assets except in the ordinary course of business of Vendor; or
- (F) resign or take any action which would result in Vendor's resignation or replacement as operator of any of the Lands or the Petroleum and Natural Gas Rights for which Vendor is the current operator.

or agree to do any of the foregoing.

- (b) For the purposes of this Clause 8.1, Purchaser's consent shall be deemed to have been provided if the matters referred to in this Clause 8.1 are identified or described in this Agreement or in respect of which Purchaser's consent in writing has been obtained.
- (c) Vendor shall promptly provide Purchaser with copies of any AFEs, requests for consents, operations notice and other similar notices received by Vendor during the Pre-Closing Period in connection with the Assets. If any operation or the exercise of any right or option respecting the Assets is proposed in circumstances which would require the written consent of Purchaser, Vendor will promptly give notice thereof to Purchaser, Purchaser will advise Vendor by notice not later than two (2) Business Days prior to the time Vendor is required to respond, and Vendor will make the election authorized by Purchaser. Any election by Purchaser not to participate in an operation or exercise of any right or option will not result in any reduction in the Purchase Price if Vendor's interest in the pertinent Assets is terminated, reduced or altered as a result of that election, nor will such election constitute a breach of Vendor's representations and warranties. If Vendor participates in any operations or exercises any right or option in respect to any Assets, then Vendor may require Purchaser to secure the costs to be incurred by Vendor on behalf of Purchaser in respect to such operations or pursuant to such election in such manner as may be reasonably appropriate in the circumstances.

8.2 Pre-Closing Period Notices

Prior to the Closing Date, without the written consent of Vendor, Purchaser shall not, and shall not be entitled to, propose to Vendor, or to cause Vendor to propose to any Third Party, the conduct of any operations on the Lands or the exercise of any right or option relative to the Assets.

8.3 Purchaser Indemnity

Purchaser shall indemnify and save harmless Vendor from and against all of Vendor's Losses and Liabilities arising as a consequence of the provisions of Clause 8.1, except to the extent caused by the gross negligence or wilful misconduct of Vendor or Vendor Related Persons and except for Vendor's overhead and general administrative costs. Acts or omissions taken by Vendor or any Vendor Related Person with the approval of Purchaser shall not constitute gross negligence or wilful misconduct for the purposes of this Clause.

8.4 Rights of First Refusal

- (a) Within five (5) Business Days following the execution of this Agreement by the Parties, Purchaser, acting reasonably, shall advise Vendor in writing of its bona fide allocations of value for the Assets to which the Identified ROFRs relate. If either Vendor or Purchaser identifies any ROFRs in addition to the Identified ROFRs, Purchaser shall promptly thereafter advise Vendor in writing of Purchaser's bona fide allocations of value for the Assets to which each such additional ROFRs relate.
- (b) Vendor shall issue notices to the Third Parties holding Identified ROFRs in accordance with the applicable provisions of such rights under the Title and Operating Documents no later than three (3) Business Days after Vendor receives from Purchaser the value allocations relating to the Assets affected by each such Identified ROFR as provided in Clause 8.4(a). Each such notice shall include full particulars of the Transaction, contain Purchaser's reasonable and bona fide allocations of value for the Assets to which the

Identified ROFRs relate and request a waiver of the applicable ROFR. Vendor shall also issue notices to Third Parties for any ROFRs, in addition to the Identified ROFRs, identified by Vendor or Purchaser in accordance with Clause 8.4(a).

- (c) Vendor shall notify Purchaser in writing forthwith upon receipt of notice from any Third Party exercising or waiving any ROFRs for which notices were issued pursuant to Clause 8.4(b).
- (d) Vendor shall comply with the terms of each of the ROFRs exercised by the holders thereof by selling and conveying to such holders the portion of the Assets which are subject to such exercised ROFR. If any ROFRs are exercised by the holders thereof Purchaser shall be obligated to accept, at the Closing Time, that portion of the Assets which are not subject to such ROFRs that have been exercised, and the Purchase Price shall be reduced by the total amounts allocated by Purchaser pursuant to Clause 8.4(a) to that portion of the Assets upon which such ROFRs are exercised; and this Agreement shall be deemed to have been amended, effective as of the date of this Agreement, to exclude the applicable Assets upon which such ROFRs are exercised, from the definitions of "Assets", "Lands", "Leases", "Major Facilities", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Tangibles" and "Wells", as may be applicable.
- (e) Subject to the provisions of Clause 8.4(g), Closing shall not be delayed even though certain of the ROFRs are outstanding and capable of exercise by the holders thereof as of the Closing Time (such ROFRs being referred to as "**Outstanding ROFRs**"). In such case, the following procedures shall apply:
 - (i) the Parties shall proceed to Closing without any reduction in the Purchase Price for the Outstanding ROFRs;
 - (ii) the Parties will deposit into escrow with the Vendor's Solicitors (as "**Escrow Agent**"), that portion of the Purchase Price allocated to the Assets subject to the Outstanding ROFRs (the "**Escrow Assets**") and all closing documentation and Specific Conveyances required for the sale of the Escrow Assets by Vendor to be held and dealt with by the Escrow Agent in accordance with the provisions of a deposit escrow agreement in the form attached hereto as Schedule O, acting reasonably;
 - (iii) if an Outstanding ROFR is exercised by a Third Party, the Parties will promptly notify the Escrow Agent thereof in writing and:
 - (A) the principle amount of the funds deposited with the Escrow Agent in respect of such Escrow Assets will be refunded by the Escrow Agent to Purchaser and all interest earned thereon shall be paid to Vendor; and
 - (B) the closing documentation and Specific Conveyances related to such Escrow Assets deposited with the Escrow Agent will be of no force or effect and, at the direction of the Vendor alone, the Escrow Agent shall either destroy or return such Specific Conveyances to the Vendor;
 - (iv) if after Closing an Outstanding ROFR is extinguished by lapse of time, waiver or otherwise (other than as a result of being exercised), the Parties will promptly notify the Escrow Agent thereof in writing and:
 - (A) the Escrow Agent will promptly pay the funds deposited with the Escrow Agent in respect of such Escrow Assets to Vendor together with the interest earned thereon while held by the Escrow Agent; and
 - (B) the Escrow Agent will promptly deliver copies of the closing documentation and Specific Conveyances deposited with the Escrow Agent in relation to such Escrow Assets to each

Party, such documentation shall be effective and the sale of such Escrow Assets to Purchaser pursuant hereto shall have closed.

- (f) From and after Closing, Purchaser shall comply with any ROFRs identified after Closing in accordance with the terms thereof. Purchaser shall be entitled to receive all proceeds payable by the holders of any such ROFRs exercised after Closing and there will be no adjustment to the Purchase Price as a consequence of the identification of any such ROFRs or the exercise thereof after Closing.
- (g) Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any Vendor Related Person, and, in addition and as an independent covenant, shall indemnify Vendor and Vendor Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by it and all Claims made against it, in either case, as a direct consequence of any allocation of value provided by Purchaser pursuant to Clause 8.4(a) and used by Vendor in the issuance of a notice in respect of a ROFR pursuant to Clause 8.4(a), any failure by Purchaser to comply with the terms of any ROFR identified after Closing and any allocation of value used by Purchaser in the issuance of a notice in respect of a ROFR identified after Closing.

8.5 Competition Act Filing

- (a) Purchaser shall file with the Competition Bureau (Canada) a request for an advance ruling certificate pursuant to the Competition Act (or, in the event that such certificate is not forthcoming, a No Action Letter and waiver under paragraph 113(c) of the Competition Act relieving the Parties from the obligation to file under Part IX of the Competition Act) and Vendor shall furnish Purchaser with such information and assistance as may be reasonably requested in order to prepare and file such request for an advance ruling certificate.
- (b) If Purchaser has not received an advance ruling certificate or a No Action Letter within 14 days after the date the request filed by Purchaser has been received by the Commissioner (unless Purchaser, acting reasonably, extends such time period) then the Parties will cooperate fully with each other and will each use commercially reasonable efforts to file, as soon as practicable, the requisite notifications required under section 114 of the Competition Act.
- (c) The Parties shall use commercially reasonable efforts to respond promptly to any request or notice from any Governmental Authority requiring the Parties, or any one of them, to supply additional information that is relevant to the Commissioner's assessment of the Transaction including, without limitation, pursuant to section 114(2) of the Competition Act.
- (d) Purchaser shall be solely responsible for all filing fees payable to Governmental Authorities in respect of the applications and filings made in connection with the satisfaction of the Competition Act Condition and GST payable in respect thereof. Except as provided in the preceding sentence, each Party will pay all costs incurred by it in connection with the satisfaction of the Competition Act Condition.
- (e) Subject to Applicable Law, each Party shall provide the other Parties (or its external counsel in respect of competitively-sensitive, privileged or confidential matters) with reasonable opportunity to review and comment on all filings, applications and submissions to be made by it with or to the Commissioner, the Competition Bureau (Canada) or any other Governmental Authority relevant to the Competition Act Condition, and each of such other Parties shall use its commercially reasonable efforts to cooperate with and assist such Party in the preparation and making of all such filings, applications and submissions and the obtaining of all consents, approvals, authorizations or waivers required to be obtained by such Party.

ARTICLE 9
POST-CLOSING MATTERS

9.1 Post-Closing Matters

- (a) Following Closing, if and to the extent that Purchaser must be novated into, recognized as a party to, or otherwise accepted as assignee or transferee of Vendor's interest in the Assets or certain of them, including any Title and Operating Documents or other agreements governing or otherwise pertaining to any Assets or the operation thereof, the following provisions shall apply with respect to the applicable Assets until such novation, recognition or acceptance has occurred:
- (i) at Purchaser's sole cost and expense, Vendor shall operate and maintain the applicable Assets on behalf of Purchaser as its agent;
 - (ii) Vendor shall not initiate or authorize any operations with respect to the applicable Assets, except upon the written direction of Purchaser or if Vendor reasonably determines that such operations are required for the protection of life or property, in which case Vendor may take any actions that it reasonably determines are required in the circumstances, provided that, in such latter case, Vendor shall promptly notify Purchaser of such actions and Vendor's estimate of the costs and expenses associated therewith;
 - (iii) Vendor shall promptly provide to Purchaser all AFEs, notices and other information, documents and correspondence relating to the applicable Assets that Vendor receives and shall respond promptly to such AFEs, notices and other information and documents pursuant to the written instructions of Purchaser, but only if such instructions are received on a timely basis, provided that, Vendor may, but shall not be obliged to, refuse to follow any such instructions that it reasonably believes to be contrary to Applicable Law or in conflict with any applicable Title and Operating Document or other agreement relating to the Assets; and
 - (iv) as soon as is reasonably practicable, Vendor shall deliver to Purchaser all revenues, proceeds and other benefits received by Vendor and derived from the Assets (excluding any such revenues, proceeds or benefits that relate to matters arising prior to the Purchase Price Adjustment Date), less the share of the applicable Crown or lessor royalties, operating costs, treating, processing and transportation expenses and any other costs and expenses directly associated with the Assets and the Petroleum Substances produced therefrom or allocated thereto that have been paid or are payable by Vendor, and less any out-of-pocket costs and expenses paid or incurred by Vendor in the discharge of its duties and obligations pursuant to this Clause 9.1.
- (b) If and to the extent that Vendor holds or maintains any Assets and takes actions with respect to any Assets on behalf of Purchaser pursuant to this Clause 9.1, then Vendor shall hold the same as bare trustee and be deemed to be the agent of Purchaser in such regard. Purchaser does hereby and shall ratify all actions taken by Vendor or refrained to be taken by Vendor pursuant to the terms of this Clause 9.1 in such capacity, with the intention that all such actions shall be for all purposes deemed to be those of Purchaser.
- (c) If Vendor participates in any operations or exercises rights or options in respect to any Assets as the agent of Purchaser pursuant to this Clause 9.1, then Vendor may require Purchaser to secure the costs to be incurred by Vendor on behalf of Purchaser in respect to such operations or pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (d) To the extent not acquired prior to Closing, Vendor shall, after Closing, cooperate with Purchaser in securing all further consents required to permit the conveyance of the Assets to Purchaser.

9.2 Delivery of Title and Operating Documents and Miscellaneous Interests

Within 10 Business Days after Closing or any other day as Vendor and Purchaser may agree, Vendor shall deliver or cause to be delivered to Purchaser the Title and Operating Documents and such other agreements and documents to which the Assets are subject, the original copies of those contracts, agreements, records, books, documents, licences, reports and data comprising Miscellaneous Interests which are in the possession and control of Vendor. Notwithstanding the foregoing in this Clause:

- (a) if and to the extent any such materials also pertain to assets or interests other than the Assets, photocopies or other copies of such materials may be provided to Purchaser, at Vendor's own cost, in lieu of original copies; and
- (b) to the extent that there are any pending or threatened Claims, Claims, audits or other matters involving or relating to the Assets that pertain to the period prior to the Purchase Price Adjustment Date at Closing, or should the same arise after Closing, Purchaser shall, upon request and after reasonable notice from Vendor, provide reasonable access to such materials as Vendor may reasonably require during Purchaser's normal business hours. Vendor, at its own cost, may make and retain copies of the relevant portions of such materials.

9.3 Removal of Signs

Within 30 days after Closing, Purchaser shall remove Vendor's name from all signs and remove any other items indicating ownership by Vendor located on, at or near any Wells or Tangibles. If Purchaser fails to remove Vendor's name from such signs or to remove such other items in respect to any such Wells or Tangibles within such period, then Vendor shall have the right, but not the obligation, to remove same and Purchaser shall reimburse Vendor for all reasonable costs incurred by Vendor in doing so.

9.4 Limitation of Liability for Post-Closing Operations

- (a) Vendor and Vendor Related Persons shall have no liability for any Losses and Liabilities paid, incurred or suffered by Purchaser or any Purchaser Related Person or any Claims made against any of them relating to any operation or maintenance of the Assets after Closing or the discharge by Vendor of its obligations pursuant to the other provisions of this Article 9, except to the extent that any such Losses and Liabilities or any such Claims arise as a direct consequence of the gross negligence or wilful misconduct of Vendor or any Vendor Related Person, provided that in no event shall Vendor be liable to Purchaser or Purchaser Related Persons for any Consequential Losses relating to such operation or maintenance of the Assets.
- (b) Purchaser shall be liable for all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any Vendor Related Person, and, in addition and as an independent covenant, shall defend, indemnify and save harmless Vendor and Vendor Related Persons from and against all Losses and Liabilities suffered, sustained, paid or incurred by Vendor or any Vendor Related Person and all Claims made against Vendor or any Vendor Related Person, in either case, as a result of any actions taken or operations conducted in accordance with the other provisions of this Article 9, except to the extent arising as a direct consequence of the gross negligence or wilful misconduct of Vendor or any Vendor Related Person.

ARTICLE 10 DUE DILIGENCE REVIEW

10.1 Access

Promptly after execution of this Agreement by the Parties, and up to seven (7) days prior to Closing, upon Purchaser's request, Vendor shall, subject to Applicable Laws and all existing contractual and other obligations and restrictions to which it is subject and to the provisions of Clause 11.12, provide Purchaser and its nominees:

- (a) with reasonable access, at Vendor's offices during normal business hours and upon reasonable prior notice to Vendor, to the Title and Operating Documents relating to the Assets, for the purpose of the review of the Assets and Vendor's title thereto, provided that Purchaser and its nominees shall not be entitled to copies of such documents; and
- (b) with a reasonable opportunity during normal business hours and upon reasonable prior notice to Vendor, to conduct, while accompanied by the Person designated for such purpose by Vendor, an environmental assessment of the Assets, all at the sole cost, risk and expense of Purchaser, insofar as such access can be reasonably provided and subject to the foregoing:
 - (i) the scope of the proposed assessment, including testing protocols, must be acceptable to Vendor prior to the commencement of the proposed assessment;
 - (ii) if Purchaser takes samples from the Lands or Tangibles, Vendor shall require splitting of each sample and Purchaser shall deliver such split sample to Vendor; and
 - (iii) Purchaser shall, at its sole cost, provide Vendor with a copy of all draft and final reports, results, data and analyses of the site visit, inspections and assessments within five (5) Business Days of Purchaser's receipt of them;

provided, however, that notwithstanding anything contained herein, the provisions of Clause 11.12 in respect of such information shall survive Closing for the benefit of Vendor.

10.2 Access Conditions

Purchaser agrees to comply fully with all rules, regulations, and instructions issued by Vendor or its agents regarding Purchaser's actions while upon, entering, or leaving Vendor's offices or property. Purchaser further agrees to be liable to and to indemnify, defend and hold harmless Vendor, Vendor Related Persons and the other Persons holding an interest in the inspected Assets, from and against any and all Losses and Liabilities occurring or arising as a result of or in connection with such entry into Vendor's offices or onto any property to so inspect the Assets pursuant to Clauses 10.1(a) and 10.1(b).

10.3 Notice of Title Defects

If Purchaser becomes aware of any Title Defects as a result of its review of Vendor's title to the Assets, then the following shall apply:

- (a) no later than twenty (20) Business Days prior to the Closing Date, Purchaser shall notify Vendor in writing of the Title Defects Purchaser becomes aware of during the course of its due diligence; and
- (b) such notice shall include a description of each Title Defect in reasonable detail, the Assets directly and adversely affected thereby (the "**Affected Asset**"), and, in the case of each Material Title Defect, the bona fide value allocated by Purchaser acting reasonably to the Affected Asset and the *bona fide* amount, in Purchaser's opinion acting reasonably, by which the value of each Affected Asset has been reduced by such Material Title Defect, taking into account the likelihood the Material Title Defect will manifest itself, and Purchaser's reasonable requirements for the remedying thereof.

Purchaser's failure to deliver to Vendor the written notice within the time period provided above, or Purchaser's failure to include all of the foregoing in such written notice, or Purchaser's failure to include a Title Defect that Purchaser becomes aware of during the course of its due diligence in a written notice to Vendor, shall be deemed to be a permanent waiver of each such Title Defect for all purposes.

10.4 Rectification of Material Title Defects

- (a) Vendor shall use reasonable commercial efforts with the internal resources available to it to cure or rectify the Title Defects of which Purchaser gives notice pursuant to Clause 10.3; however, priority shall be given to Material Title Defects. Vendor shall not be required to make any payment to cure a Title Defect.
- (b) If any Material Title Defects described in Purchaser's written notice under Clause 10.3 are not cured or removed, to Purchaser's reasonable satisfaction, at least five (5) Business Days prior to the Closing Date, the following shall apply:
 - (i) where the cumulative amount, calculated on an NPV Basis, by which the value of all of the Affected Assets has been reduced by Material Title Defects is, in Purchaser's opinion, acting reasonably and in good faith, less than the Material Title Defects Threshold Amount, Purchaser shall be deemed to waive permanently the uncured Material Title Defects and shall complete the Transaction without an adjustment to the Purchase Price on account of such Material Title Defects; or
 - (ii) where the cumulative amount, calculated on an NPV Basis, by which the value of all of the Affected Assets has been reduced by Material Title Defects is, in Purchaser's opinion, acting reasonably and in good faith, equal to or greater than the Material Title Defects Threshold Amount, a Party may elect, subject to Clause 10.5, by notice in writing delivered to the other Parties, at least two (2) Business Days prior to the Closing Date, to terminate this Agreement, in which case the Parties shall be released and discharged from all further obligations hereunder, except with respect to the rights and obligations arising pursuant to Clause 2.5(b) and 11.12 and the indemnity provided in Clause 10.2.

Failure by Purchaser to elect in writing to terminate this Agreement within the time period aforesaid, will be deemed to be an election by Purchaser to complete the Transaction without an adjustment to the Purchase Price on account of such Material Title Defects and, in such case, Purchaser shall be deemed to permanently waive the uncured Material Title Defects and Purchaser hereby acknowledges and agrees that, with respect to any Material Title Defect, the right to termination of this Agreement provided in this Article 10, shall constitute the sole rights and remedies of Purchaser in respect of Material Title Defects.

10.5 Value Disputes for Uncured Material Title Defects

In determining any reduction in value of the Affected Assets due to uncured Material Title Defects, it is the intent of the Parties to include, when reasonably possible, only those Assets directly and adversely affected by the uncured Material Title Defects. If Vendor disagrees with the value allocated by Purchaser to the Affected Assets, Purchaser's statement of the value by which an Affected Asset has been reduced by a Material Title Defect, or disagrees as to the validity of a Material Title Defect, and if the amount by which the value of the Affected Assets has been reduced, as allocated by Purchaser, is equal to or greater than the Material Title Defects Threshold Amount, and Vendor believes such amount, (if any) by which the value has been reduced is less than the Material Title Defects Threshold Amount, the Parties shall promptly meet in good faith to discuss the issue and the following shall apply:

- (a) if, after such a meeting, the issue has not been resolved or if a Party does not forthwith meet to discuss the issue, the issue shall be referred to the Title Evaluator for a final and binding determination, in which case Closing shall be delayed until after the decision of the Title Evaluator has been rendered, subject to the remainder of this Clause 10.5;
- (b) if, after taking into account the Title Evaluator's decision, the cumulative amount by which the value of all the Affected Assets has been reduced is less than the Material Title Defects Threshold Amount, the Parties shall proceed to Closing on the third (3rd) Business Day after the decision of the Title Evaluator has been rendered and given to the Parties, without an adjustment to the Purchase Price on account of such Material Title Defects; or

- (c) if, after taking into account the Title Evaluator's decision, the cumulative amount by which the value of all the Affected Assets has been reduced is equal to or greater than the Material Title Defects Threshold Amount, a Party may elect termination in accordance with Clause 10.4(b)(ii) upon written notice to the other Parties within two (2) Business Days after the decision of the Title Evaluator has been rendered and given to the Parties, in which case the Parties shall be released and discharged from all further obligations hereunder, except with respect to the rights and obligations arising pursuant to Clause 2.5(b), Clause 11.12 and the indemnity provided in Clause 10.2; provided, however, that failure by a Party to elect in writing to terminate this Agreement within the time period aforesaid will be deemed to be an election to complete the Transaction and the Parties shall proceed to Closing on the fifth (5th) Business Day after the decision of the Title Evaluator has been rendered and given to the Parties, without any adjustment to the Purchase Price on account of such Material Title Defects; and
- (d) the costs and expenses of the Title Evaluator shall be borne by the unsuccessful party to any dispute referred to dispute resolution pursuant to this Clause 10.5.

10.6 Notice of Environmental Defects

If Purchaser becomes aware of any Environmental Defects as a result of its review of the environmental condition of the Assets, then the following shall apply:

- (a) no later than twenty (20) Business Days prior to the Closing Date, Purchaser shall notify Vendor in writing of the Environmental Defects Purchaser becomes aware of during the course of its due diligence; and
- (b) such notice shall specify such Environmental Defects in reasonable detail, the Assets directly and adversely affected thereby, Purchaser's reasonable requirements for the remediation of such Environmental Defects, and in the case of each Material Environmental Defect, Purchaser's *bona fide* estimates of the aggregate cost of any required remediation, taking into account the net present value of projected future costs of remediating such Material Environmental Defect, and Purchaser's reasonable requirements for the remedying of such Material Environmental Defects.

Purchaser's failure to deliver the written notice within the time period provided above, or Purchaser's failure to include all of the foregoing in such written notice, or Purchaser's failure to include an Environmental Defect Purchaser becomes aware of during the course of its due diligence in a written notice to Vendor, shall be deemed to be a permanent waiver of each such Environmental Defect for all purposes.

10.7 Rectification of Material Environmental Defects

- (a) Vendor shall use reasonable commercial efforts with the internal resources available to it to meet or respond to Purchaser's reasonable requirements regarding the Environmental Defects, to which Purchaser gives notice pursuant to Clause 10.6; however, priority shall be given to Material Environmental Defects. Vendor shall not be required to make any payment to cure an Environmental Defect.
- (b) If any Material Environmental Defects described in Purchaser's notice are not cured or remedied, to Purchaser's reasonable satisfaction, at least three (3) Business Days prior to the Closing Date, the following shall apply with respect to the unresolved or unremedied Material Environmental Defects (called the "**Remaining Material Environmental Defects**"):
 - (i) where the cumulative estimated costs, calculated on an NPV Basis, of the remediation required to remedy all of the Remaining Material Environmental Defects is, in Purchaser's opinion, acting reasonably and in good faith, less than the Material Environmental Defects Threshold Amount, Purchaser shall be deemed to waive permanently the Remaining Material Environmental Defects and shall complete the Transaction without an adjustment to the Purchase Price on account of such Remaining Material Environmental Defects; or

- (ii) where the cumulative estimated costs, calculated on an NPV Basis, of the remediation required to remedy all of the Remaining Material Environmental Defects is, in Purchaser's opinion, acting reasonably and in good faith, equal to or greater than the Material Environmental Defects Threshold Amount, a Party may elect, subject to Clause 10.8, by notice in writing delivered to the other Parties, at least two (2) Business Days prior to the Closing Date, to terminate this Agreement, in which case the Parties shall be released and discharged from all further obligations hereunder, except with respect to the rights and obligations arising pursuant to Clause 2.5(b) and Clause 11.12 and the indemnity provided in Clause 10.2.

Failure by Purchaser to elect in writing to terminate this Agreement within the time period aforesaid, will be deemed to be an election by Purchaser to complete the Transaction without an adjustment to the Purchase Price on account of such Remaining Material Environmental Defects and, in such case, Purchaser shall be deemed to permanently waive the Remaining Material Environmental Defects and Purchaser hereby acknowledges and agrees that, with respect to any Remaining Material Environmental Defects, the right to termination of this Agreement provided in this Article 10, shall constitute the sole rights and remedies of Purchaser in respect of any Remaining Material Environmental Defects.

10.8 Value Disputes for Remaining Material Environmental Defects

In determining the estimated costs of the remediation required to remedy the Remaining Material Environmental Defects, it is the intent of the Parties to include, when reasonably possible, only those Assets directly and adversely affected by the Remaining Material Environmental Defects. If Vendor disagrees as to the validity of a Remaining Material Environmental Defect, with the Purchaser's estimate of the costs of the remediation, or Purchaser's requirements for the remediation of such Remaining Material Environmental Defect, and if Purchaser's estimate of the cumulative costs of the remediation required to remedy the Remaining Material Environmental Defects is equal to or greater than the Material Environmental Defects Threshold Amount, and Vendor believes the costs (if any) are less than the Material Environmental Defects Threshold Amount, the Parties shall promptly meet in good faith to discuss the issue and the following shall apply:

- (a) if, after such a meeting, the issue has not been resolved or if a Party does not promptly meet to discuss the issue, the issue shall be referred to the Environmental Evaluator for a final and binding determination, and Closing shall be delayed until the decision of the Environmental Evaluator has been rendered, subject to the remainder of this Clause 10.8;
- (b) if the Environmental Evaluator's valuation of the costs of remediation of the Remaining Material Environmental Defects is less than the Material Environmental Defects Threshold Amount, the Parties shall proceed to Closing on the third (3rd) Business Day after the decision of the Environmental Evaluator has been rendered and given to both Parties, with no adjustment to the Purchase Price on account of such Remaining Material Environmental Defects; or
- (c) if the Environmental Evaluator's valuation of the costs of remediation of the Remaining Material Environmental Defects is equal to or greater than the Material Environmental Defects Threshold Amount, a Party may terminate this Agreement in accordance with Clause 10.7(b)(ii) upon written notice to the other Parties within two (2) Business Days after the decision of the Environmental Evaluator has been rendered and given to the Parties, in which case the Parties shall be released and discharged from all further obligations hereunder, except with respect to the rights and obligations arising pursuant to Clause 2.5(b), Clause 11.12 and the indemnity provided in Clause 10.2, provided however, the failure by a Party to elect in writing to terminate this Agreement within the time period aforesaid will be deemed to be an election to complete the Transaction and, the Parties shall proceed to Closing on the fifth (5th) Business Day after the decision of the Environmental Evaluator has been rendered and given to both Parties, with no adjustment to the Purchase Price on account of such Remaining Material Environmental Defects; and
- (d) the costs and expenses of the Title Evaluator shall be borne by the unsuccessful party to any dispute referred to dispute resolution pursuant to this Clause 10.8.

**ARTICLE 11
GENERAL**

11.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

11.2 Entire Agreement

- (a) The provisions contained in all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail.
- (b) This Agreement supersedes all other agreements, documents, writings and verbal understandings between the Parties relating to the subject matter of this Agreement and expresses the entire agreement of the Parties with respect to the subject matter of this Agreement.

11.3 Governing Law

- (a) This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta.
- (b) Subject to Clause 2.9, Clause 7.2(c), Clause 10.5 and Clause 10.8, the Parties shall attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

11.4 Assignment; Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

11.5 Time of Essence

Time shall be of the essence in this Agreement.

11.6 Notices

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

Vendor:	Suncor Energy E&P Partnership 150 – 6 th Avenue S.W. Calgary, Alberta T2P 3E3
	Attention: [INTENTIONALLY REDACTED]
	With a copy to: [INTENTIONALLY REDACTED]
	Facsimile: [INTENTIONALLY REDACTED]

Purchaser: Tamarack Acquisition Corp.
 3100, 250 – 6th Avenue S.W.
 Calgary, Alberta
 T2P 3H7

Attention: [INTENTIONALLY REDACTED]
 With a copy to: [INTENTIONALLY REDACTED]
 Facsimile: [INTENTIONALLY REDACTED]

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

- (a) by personal delivery or courier service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received on the date of delivery if such delivery takes place prior to 4:00 p.m. on a Business Day. If the actual delivery of such notice occurs after 4:00 p.m. on a Business Day or on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the date on which such actual delivery was made; or
- (b) by facsimile transmission to a Party to the fax number of such Party set out above, in which case the item so transmitted shall be deemed to have been received when received in its entirety in a legible form if such transmission and receipt are completed prior to 4:00 p.m. on a Business Day. If such transmission and receipt are completed after 4:00 p.m. on a Business Day or on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the date on which such transmission and receipt were completed.

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

11.7 Limit of Liability

Notwithstanding any other provision in this Agreement, in no event shall the liability of Vendor under or in respect of this Agreement, including all Claims by Purchaser arising out of or in connection with this Agreement, exceed, in the aggregate, an amount equal to fifty percent (50%) of the Purchase Price, taking into account all increases or decreases to the Purchase Price that occur by virtue of the terms of this Agreement. This Clause 11.7 shall survive Closing and any termination of this Agreement.

11.8 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby.

11.9 Waiver

No failure on the part of any Party in exercising any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by other Applicable Law or otherwise conferred. No waiver of any provision of this Agreement, including this Clause 11.9, shall be effective otherwise than by an instrument in writing dated subsequent to the date of this Agreement, executed by a duly authorized representative of the Party making such waiver.

11.10 Survival; No Merger

The respective representations, warranties, covenants and indemnities of the Parties contained in this Agreement, including all qualifications thereof and limitations thereon, shall not be merged in any assignments, conveyances, transfers and other documents provided for under this Agreement and shall survive Closing to the extent provided pursuant to the terms thereof.

11.11 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date of this Agreement, executed by the Parties.

11.12 Confidentiality and Public Announcements

- (a) Until the Closing, neither Vendor nor Purchaser may disclose the contents of this Agreement or any information concerning negotiations leading to this Agreement and the Transaction or in the case of the Purchaser, the Assets, without the prior written consent of the other Parties. Nothing contained in this Agreement shall prevent a Party from disclosing such information: (i) to any Governmental Authority or to the public, but in either case, only if and to the extent that such disclosure is required under any Applicable Law or any stock exchange rule or policy to which such Party or its Affiliates are subject; (ii) to obtain consents required under, or to comply with any ROFRs or other preferential, pre-emptive or first purchase rights contained in, the Title and Operating Documents and any other agreements and documents to which the Assets are subject; or (iii) if required to obtain the consent to the Transaction by Vendor's lenders or other security holders and, if applicable, to obtain their release of Security Interests in, or their acknowledgement of "no interest" in, the Assets; provided that, in each such instance, the Party that proposes to make such a disclosure shall advise the other Parties of such proposed disclosure and such Party shall use its reasonable efforts to prevent the disclosure of any such information that is not required to be disclosed for the listed purposes. This Clause 11.12(a) shall survive any termination of this Agreement for a period of twelve (12) months following such termination.
- (b) Neither Vendor nor Purchaser will make any press release respecting the existence of this Agreement, the contents hereof or the Transaction, without the consent of the other Parties except to the extent any of the other Parties unreasonably withholds or delays consent; provided however, the foregoing shall not restrict disclosures by any Party to the extent that those disclosures are required by Applicable Law. A Party which proposes to make such a press release shall, to the extent reasonably possible, provide the other Parties with a draft of that release at least one Business Day prior to its release to enable each of the other Parties to review that draft and advise of any comments it may have with respect thereto. The Party proposing to make the press release will not unreasonably refuse to incorporate the requested changes in the public announcement except to the extent its counsel advises that doing so will result in non compliance with Applicable Law.

(Execution Page Follows)

11.13 Counterpart Execution

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of facsimile transmission or other electronic means shall be as binding upon the Parties as an originally signed counterpart.

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

SUNCOR ENERGY E&P PARTNERSHIP, by its
managing partner, **SUNCOR ENERGY INC.**

TAMARACK ACQUISITION CORP.

Per: (signed) *“Executed by a duly appointed officer
of Suncor Energy Inc., as general partner”*

Per: (signed) *“Executed by a duly appointed officer
of Tamarack Acquisition Corp.”*

**This is the Execution Page for the Agreement of Purchase and Sale dated September 3, 2014
between
Suncor Energy E&P Partnership, as Vendor, and Tamarack Acquisition Corp., as
Purchaser**