

PURCHASE AND SALE AGREEMENT

VIKING KINSELLA AREA, ALBERTA

GHOST PINE AREA, ALBERTA

AMONG

[Vendor Names Redacted]

As Vendors

AND

PINE CLIFF ENERGY LTD.

As Purchaser

Dated November 9, 2015

Effective July 1, 2015

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PURCHASE AND SALE AGREEMENT

**Viking Kinsella Area, Alberta
Ghost Pine Area, Alberta**

THIS AGREEMENT dated as of the 9th day of November, 2015 and made effective as of July 1, 2015.

AMONG:

[Vendor Name Redacted], a corporation having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

- and –

[Vendor Name Redacted], a general partnership having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

- and –

[Vendor Name Redacted], a general partnership having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

- and –

[Vendor Name Redacted], a corporation having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

- and –

[Vendor Name Redacted], a general partnership having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

- and –

[Vendor Name Redacted], a corporation having an office and carrying on business in the City of Calgary in the Province of Alberta (“**[Vendor Name Redacted]**”)

(**[Vendor Name Redacted]**, **[Vendor Name Redacted]**, **[Vendor Name Redacted]**, **[Vendor Name Redacted]**, **[Vendor Name Redacted]** and **[Vendor Name Redacted]** are hereinafter referred to collectively as the “**Vendors**” and individually as a “**Vendor**”)

- and –

PINE CLIFF ENERGY LTD., a corporation having an office and carrying on business in the City of Calgary in the Province of Alberta (the “**Purchaser**”)

WHEREAS the Vendors wish to sell the Assets and the [Third Party Name Redacted] Interests to the Purchaser and the Purchaser wishes to purchase the Assets and the [Third Party Name Redacted] Interests from the Vendors, all upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants, agreements and warranties in this Agreement, the Parties covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Clause 1.1 and the Schedules attached hereto, unless the context otherwise requires, the following words and phrases shall have the following meanings:

- (a) “**Abandonment and Reclamation Liabilities**” means all past, present and future obligations and liabilities to:
 - (i) abandon or re-abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, equipment, tanks and other facilities and all Tangibles that are or were located in, on or under the Lands or lands pooled or unitized therewith or related to the Wells, or the Additional Sites, or used or held for use or previously used or held for use in respect of Petroleum Substances produced from the Lands or lands pooled or unitized therewith or the Additional Sites; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the lands on which the Wells, structures, foundations, buildings, pipelines, equipment, tanks and other facilities and Tangibles described in Clause 1.1(a)(i) are or were located and all lands used to gain access to any of them, including such obligations relating to the Wells, pipelines and facilities which were abandoned or decommissioned prior to the Effective Time that were located in, on or under the Lands or lands pooled or unitized therewith or the Additional Sites, or that were located in, on or under other lands and are currently or were previously used, useful or intended for use in respect of Petroleum Substances produced from the Lands or lands pooled or unitized therewith or the Additional Sites;

all in accordance with good oil and gas industry practices in the province in which the Assets are located, and in compliance with Applicable Laws and the Title and Operating Documents.

- (b) “**Accounting Referee**” has the meaning provided in Clause 16.2(b)(i).
- (c) “**Additional Sites**” means the sites described in Schedule “M” attached hereto and all tangible property and assets, including equipment, machinery, fixtures, system, pipelines and facilities, located in, on or under the lands comprising such sites.
- (d) “**AER**” has the meaning provided in Clause 6.4(a).
- (e) “**Affiliate**” means, with respect to any Person, any other Person or group of Persons acting in concert, that directly or indirectly, controls, is controlled by or is under common control with such Person. The term “control” as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership of more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise.
- (f) “**Agreement**” means this Purchase and Sale Agreement including the recitals hereto, this Clause and all Schedules attached hereto, and any agreement amending this Agreement after the date hereof executed by the Parties.
- (g) “**Agreement Default**” means any breach, untruth or inaccuracy of any representation or warranty made by a Party in this Agreement or any failure of a Party to perform or observe any of the covenants or agreements that it is required to perform or observe any of the covenants or agreements that it is required to perform under this Agreement.
- (h) “**Applicable Laws**” means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees, and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licences, approvals and authorizations;which are applicable to such Person, asset, transaction, event or circumstance.
- (i) “**Assets**” means, collectively, the Petroleum and Natural Gas Rights, the Miscellaneous Interests and the Tangibles.
- (j) “**Base Price**” has the meaning given in Clause 3.1.
- (k) “**Business Day**” means any day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta.

- (l) “[**Third Party Name Redacted**]” means [**Third Party Name Redacted**] and its successors and assigns.
- (m) “**Claim**” means any claim, action, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing.
- (n) “**Closing**” means the transfer of possession, beneficial ownership and risks of the Assets from the Vendors to the Purchaser as provided in Clause 2.2, the exchange of Conveyance Documents and payment of the Purchase Price by the Purchaser to the Vendors and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
- (o) “**Closing Date**” has the meaning provided in Clause 5.1.
- (p) “**Closing Payment**” has the meaning provided in Clause 3.4.
- (q) “**Closing Time**” means 9:00 am on the Closing Date unless otherwise agreed to by the Parties.
- (r) “**Commissioner**” means the Commissioner of Competition appointed under the Competition Act or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition.
- (s) “**Competition Act**” means the *Competition Act*, R.S.C. 1985, c. C-34.
- (t) “**Competition Act Approval**” means one of the following has occurred:
 - (i) the Commissioner has issued an advance ruling certificate pursuant to section 102 of the Competition Act in respect of the Transaction; or
 - (ii) the Commissioner has issued to the Purchaser a standard “no action letter” indicating that he does not intend to apply to the Competition Tribunal (as defined in the Competition Act) for an order under section 92 of the Competition Act in respect of the Transaction and the waiting period under section 123 of the Competition Act in respect of the Transaction shall have expired, been terminated or, pursuant to section 113(c) of the Competition Act, been waived.
- (u) “**Confidentiality Agreement**” means the confidentiality agreement made as of May 21, 2015 between [**Vendor Name Redacted**] and the Purchaser.
- (v) [**Redacted**]
- (w) “**Conveyance Documents**” means all conveyances, assignments, transfers (including transfers of land), novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required in accordance with normal oil and gas industry practice, to convey, assign and transfer title to the Assets held in the name of the Vendors or their Affiliates to the Purchaser and to novate the

Purchaser into the contracts, licences, permits, approvals and authorizations comprised in the Miscellaneous Interests in the place and stead of the Vendors or their Affiliates insofar as such contracts, licences, permits, approvals and authorizations pertain to the Assets.

- (x) “**Data Room Information**” means all written data and information relating to the Assets stored in the virtual data room set up on behalf of the Vendors by [**Third Party Name Redacted**] and uploaded thereto until November 6, 2015 and saved onto a DVD or flash drive, an index of which is attached hereto as Schedule “S” along with the DVD or flash drive.
- (y) “**Defect Value**” has the meaning provided in Clause 8.2(a).
- (z) “**Deposit**” has the meaning provided in Clause 3.3(a).
- (aa) “**Effective Time**” means 8:00 a.m., Calgary time, on July 1, 2015.
- (bb) [**Redacted**]
- (cc) “**Encumbrance**” means all liens, charges, security interests, royalties, pledges, options, net profit interests, rights of pre-emption, mortgages, adverse claims and other encumbrances on ownership rights of any kind or character or agreements to create the same.
- (dd) “**Environment**” means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components, and any derivative thereof shall have a corresponding meaning.
- (ee) “**Environmental Law**” means all Applicable Laws respecting the protection of, or the control, remediation or reclamation of contamination or pollution of, soil, air or water (including ground water).
- (ff) “**Environmental Liabilities**” means all present and future obligations and liabilities of whatsoever nature or kind of the Vendors and their Affiliates, predecessors, successors and assigns arising directly or indirectly from past, present and future:
 - (i) Environmental Matters;
 - (ii) non-compliance with, violation of or liability under Environmental Laws applicable to or otherwise involving the Assets; and
 - (iii) Abandonment and Reclamation Liabilities.
- (gg) “**Environmental Matters**” means any activity, event or circumstance in respect of or relating to the past, present or future assets or activities of the Vendors and its Affiliates, predecessors, successors and assigns regarding:

- (i) the storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances;
- (ii) the protection of the Environment; and
- (iii) pollution, reclamation, remediation or restoration of the Environment;

in each case, relating to the Lands or lands pooled or unitized therewith or the Additional Sites or relating to the Assets, or that has or have arisen or hereafter arise from or in respect of past, present or future operations, activities or omissions in, on or under the Lands or lands pooled or unitized therewith or the Additional Sites or in respect of or otherwise involving the Assets, including obligations to compensate Third Parties for Losses and Liabilities, including those that arise from the ownership or the previous ownership thereof or operations or activities conducted or previously conducted in connection therewith.

(hh) “**Excise Tax Act**” means the *Excise Tax Act*, R.S.C. 1985, c. E-13.

(ii) “**Excluded Assets**” means:

- (i) [Redacted]
- (ii) Petroleum Substances at or beyond the first point of measurement at the Effective Time, including Petroleum Substances in the course of production or transportation or in tanks or storage;
- (iii) any Exercised Assets;
- (iv) [Redacted]
- (v) all other interpretations, evaluations, valuations, forecasts, analyses and similar items relating to the Assets, including any economic valuations or reserve forecasts prepared or acquired by the Vendors or their Affiliates or a Third Party with respect to the Assets or the Transaction;
- (vi) the Vendors’ ownership interests in the Proprietary Data;
- (vii) [Redacted]
- (viii) the Excluded Wells and Excluded Tangibles;
- (ix) all assets and properties described in Schedule “K”;
- (x) except to the extent otherwise adjusted for pursuant to Clause 4.1, advances and deposits to operators, Government Authorities or other Persons prior to the Effective Time to secure obligations or as prepayment of costs or expenses;
- (xi) [Redacted]

- (xii) documents prepared by or on behalf of the Vendors in contemplation of litigation and any other documents within the possession of the Vendors which are subject to solicitor-client privilege under the laws of the Province of Alberta or any other jurisdiction;
 - (xiii) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets;
 - (xiv) Excluded Fee Simple Lands;
 - (xv) all of the right, title, estate and interest in and to the gross royalties certificates held by the Vendors and their Affiliates and predecessors;
 - (xvi) tax and financial records; and
 - (xvii) contracts, agreements, books, records, files, maps and documents and information which are subject to restrictions on their deliverability or confidentiality restrictions, provided the Vendors shall use commercially reasonable efforts to obtain Third Party approval to the delivery or disclosure to Purchaser to the extent that they comprise or form part of the Miscellaneous Interests.
- (jj) **“Excluded Fee Simple Lands”** means the lands, other than the Fee Simple Lands, where the mineral rights (and surface rights if owned) thereto are owned in fee simple by the Vendors including all related lessor and sublessor royalties.
- (kk) **“Excluded Tangibles”** means, collectively:
- (i) all equipment, machinery, fixtures, systems, pipelines, plants, facilities and other tangible property and assets that are currently exclusively used in producing Petroleum Substances from the Excluded Wells, or producing, gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances; and
 - (ii) any tangibles listed in Schedule “K”.
- (ll) **“Excluded Wells”** means:
- (i) abandoned wells which have met all reclamation requirements and a reclamation certificate, certificate of recognition, surface release or other document has been issued by the applicable Government Authority; and
 - (ii) any wells listed in Schedule “K”.
- (mm) **“Exercised Assets”** has the meaning provided in Clause 9.1(b).
- (nn) **“Facilities”** means the facilities and pipelines specifically described in Schedule “B”.

- (oo) “**Fee Simple Lands**” means the Lands where the mineral rights (and surface rights if owned) thereto are owned in fee simple by the Vendors as set forth and described in the Land Schedule.
- (pp) [Redacted]
- (qq) “**Final Audit Report**” has the meaning provided in Clause 4.2(c).
- (rr) “**Final Statement of Accounting and Adjustment**” has the meaning provided in Clause 4.2(b).
- (ss) “**GAAP**” means generally accepted accounting standards in Canada in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.
- (tt) “**General Conveyance**” means the general conveyance in the form attached hereto as Schedule “F”.
- (uu) [Redacted]
- (vv) “**Government Authority**” means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency, sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction.
- (ww) “**Gross Negligence**” means:
 - (i) a marked and flagrant departure from the standard of conduct of a reasonable person acting in the circumstances at the time of the alleged misconduct; or
 - (ii) such wanton and reckless conduct or omissions as constitutes in effect an utter disregard for harmful, foreseeable and avoidable consequences.
- (xx) “**GST**” means the goods and services tax imposed under the Excise Tax Act.
- (yy) “**Hazardous Substances**” means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (zz) “**Indemnified Party**” has the meaning provided in Clause 13.3.
- (aaa) “**Indemnifying Party**” has the meaning provided in Clause 13.3.
- (bbb) “**Interim Period**” means the period from the date of this Agreement to the Closing Date.

- (ccc) “**Interim Statement of Accounting and Adjustment**” has the meaning provided in Clause 4.2(a).
- (ddd) “**Land Schedule**” means Schedule “A”.
- (eee) “**Lands**” means, collectively, the lands set forth and described in the Land Schedule and includes, where owned or leased by the Vendors, the surface of such Lands.
- (fff) “**Leasehold Interests**” has the meaning provided in Clause 12.2.
- (ggg) “**Leases**” means, collectively, the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, win, own or remove Petroleum Substances within, upon or under all or any part of the Lands or lands which have been pooled or unitized therewith, and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (hhh) “**Losses and Liabilities**” means, in respect of a Party and in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which such Party suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel and other professional advisors on a full indemnity basis and reasonable costs of investigating and defending Claims arising from such matter, regardless of whether such Claims are sustained, and includes taxes payable on any settlement payment or damage award in respect of such matter; and
 - (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Party suffers, sustains, pays or incurs, directly or indirectly, as a result of or in connection with such matter;but excluding indirect, incidental, consequential, exemplary, special and punitive losses or damages and loss of profits suffered, sustained, paid or incurred by such Party other than any such indirect, incidental, consequential, exemplary, special and punitive losses or damages and loss of profits suffered, sustained, paid or incurred by a Party to a Third Party.
- (iii) [Redacted]
- (jjj) “**Material Title Defect**” means any Title Defect relating to any of the Assets and identified by the Purchaser in accordance with Clause 8.2(a) which would not be acceptable to a knowledgeable, prudent purchaser, acting reasonably, of the Assets affected thereby, and in the Purchaser’s opinion, acting reasonably and in

good faith, the value by which the Assets affected by such Title Defect has been reduced by such Title Defect, taking into account the likelihood such Title Defect will manifest itself, and the Purchaser's reasonable requirements for remedying such Title Defect, exceeds [Redacted]Thousand Dollars [Redacted]).

- (kkk) “**Miscellaneous Interests**” means all of the right, title, interest and estate of the Vendors in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights, the Tangibles, and the Excluded Assets), to the extent relating to the Petroleum and Natural Gas Rights, the Lands or lands pooled or unitized therewith, the Additional Sites or the Tangibles, and to which the Vendors are entitled at the Effective Time, including the following property, rights and assets:
- (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or items listed in items (iv) or (v) of this definition or any rights in relation thereto, including the Title and Operating Documents and any rights of the Vendors in relation thereto, provided however that the Vendors shall only provide copies thereof in respect of any Petroleum and Natural Gas Rights to be held in trust by the Vendors for the benefit of the Purchaser in accordance with Clause 12.2;
 - (ii) the Surface Interests;
 - (iii) the Unit Interests;
 - (iv) all camps and camp sites, sumps and sump systems, garbage pits and dumps, storage yards, warehouses and sites (including all equipment and materials stored at such sites), flare pits, and all roads and bridges between any of them or between them and the Lands or lands unitized or pooled therewith or any Tangible or Well or the Additional Sites, in each case whether or not located on the Lands, and which are currently or were previously used, useful or intended for use in the production of Petroleum Substances from the Lands or lands pooled or unitized therewith, including those listed in Schedule “L” and “M”;
 - (v) all production, engineering and other information relating directly to the Petroleum and Natural Gas Rights, the Lands, and the Tangibles which the Vendors either have in their custody or to which the Vendors have access, [Redacted]excluding any such information which is subject to restrictions on deliverability or confidentiality restrictions;
 - (vi) all permits, licences, approvals and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Tangibles are located, including well and pipeline licences and other permits and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles; and

(vii) the Wells, including the entire wellbores and casings;
but specifically excluding the Excluded Assets.

(III) **[Redacted]**

(mmm)[Redacted]

(nnn) [Redacted]

(ooo) **“Operating Costs”** includes costs and expenses charged or chargeable:

- (i) by Third Parties in connection with the operation of the Assets;
- (ii) by a Vendor pursuant to rates provided for in the applicable operating or other agreement, provided that the amount charged or chargeable under this paragraph (ii) shall not exceed **[Amount Redacted]** per month; and
- (iii) where neither (i) nor (ii) applies, overhead allocated to the Assets and determined on the basis of reasonable industry operating costs in the area where the Assets are located, provided that the overhead under this paragraph (iii) shall not exceed **[Amount Redacted]** per month.

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

(qqq) [Redacted]

(rrr) [Redacted]

(sss) **“Party”** means either the Vendors or Purchaser, and **“Parties”** means both the Vendors and Purchaser.

(ttt) **“Pending Claim”** means the pending Claim set forth and described under the heading “Pending Claim” in Schedule “D”.

(uuu) **“Permitted Encumbrances”** means, as of a particular time, any of the following:

- (i) liens for taxes, assessments and governmental charges which are not due or delinquent at such time or, if due, the validity of which is being diligently contested in good faith by or on behalf of the Vendors;
- (ii) undetermined or inchoate liens incurred or created in the ordinary course of business or liens created as security in favour of the Person who is conducting the development or operation of the Assets or property to which such liens relate for the Vendors' proportionate share of the costs and expenses of such development or operation which are not due or delinquent or are being contested in good faith by or on behalf of the Vendors;
- (iii) mechanics', builders' and materialmen's liens in respect of services rendered or goods supplied for which payment is not at the time due or the validity of which are being contested in good faith by or on behalf of the Vendors;
- (iv) easements, rights of way, servitudes, permits, licenses 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 Government Authority by the terms of any lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (vi) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property;
- (vii) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (viii) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands or lands pooled or unitized therewith;
- (ix) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (x) trust obligations incurred in the ordinary course of business;
- (xi) all royalty burdens, liens, adverse claims, penalties, reductions in interests, conversions and other Encumbrances listed in the Land Schedule;

- (xii) all gross overriding royalties held by [**Third Party Name Redacted**] applicable to [Redacted], [Redacted]ROFRs;
- (xiii) the terms and conditions of the Title and Operating Documents; and
- (xiv) any other circumstance, matter or thing disclosed in any Schedule hereto;

provided that, except as otherwise expressly provided herein, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits interest or other encumbrance applicable to the Petroleum and Natural Gas Rights for which the Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Vendors' interest in the Assets because of a payout conversion or farmin, farmout, sale or other such agreement which is identified in the Schedule by reference to the agreement number; (C) any penalty or forfeiture that applies to the Assets at the Effective Time because of the Vendors' election not to participate in a particular operation; and (D) any security interest which would not be a Permitted Encumbrance under the proceeding paragraphs of this definition.

- (vvv) "**Person**" means any individual (or group of individuals), corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other legal entity.
- (www) "**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", held by the Vendors in or to any of the following, by whatever name the same are known:
 - (i) rights to explore for, drill for, extract, win, produce, take, save or market Petroleum Substances from the Lands or lands pooled or unitized therewith;
 - (ii) rights to a share of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith or from Unit Interests;
 - (iii) rights to a share of the proceeds of, or to receive payment calculated by reference to, the quantity or value of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith or from Unit Interests;
 - (iv) the interests set forth in the Land Schedule in and to and in respect of the Leases and the Lands; and
 - (v) rights to acquire any of the rights or interests described in paragraphs (i) to (iv) of this definition; and

including all interests and rights known as working interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profit interests, revenue interests, net

revenue interests or economic interests and including fractional or undivided interests in any of the foregoing, but expressly excluding the Excluded Assets.

- (xxx) “**Petroleum Substances**” means petroleum, natural gas, natural gas liquids and all related hydrocarbons and other substances, whether solid, liquid, or gaseous and whether hydrocarbons or not (except coal but including sulphur and hydrogen sulphide) produced in association with such petroleum, natural gas, natural gas liquids or related hydrocarbons, including all produced water and salt water.
- (yyy) “**Place of Closing**” means the offices of the Vendors at [**Vendors Address Redacted**], Calgary, Alberta, or such other location agreed to in writing by the Parties.
- (zzz) “**Prime Rate**” means the rate of interest (expressed as a rate per annum) used by the main branch Royal Bank of Canada in Calgary, Alberta from time to time as the reference rate used in determining the rates of interest payable on Canadian dollar commercial demand loans made by such bank in Canada which is announced by such bank, from time to time, as its “prime rate”.
- (aaaa) “**Product Sales, Marketing and Transportation Contracts**” means the contracts for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith, including those described in Schedule “C”.
- (bbbb) “**Proposal**” has the meaning provided in Clause 6.3(a).
- (cccc) “**Proprietary Data**” means all proprietary seismic data wholly owned by the Vendors, to the extent such information and data covers the Lands and is described in Schedule “I”.
- (dddd) [Redacted]
- (eeee) “**Purchase Price**” has the meaning provided in Clause 3.1.
- (ffff) “**Purchaser Entity**” has the meaning provided in Clause 13.1(a).
- (gggg) “**Release**” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (hhhh) “**Representatives**” means, with respect to any Party, its Affiliates, and the respective directors, officers, servants, agents, advisors, employees, consultants and representatives of that Party and its Affiliates.
- (iiii) “**ROFR**” means a right of first refusal, pre-emptive right of purchase or similar right whereby any Third Party has the right to acquire or purchase any of the Assets as a consequence of the Parties entering into this Agreement or the Transaction.

- (jjjj) “**ROFR Action**” has the meaning provided in Clause 9.3(b).
- (kkkk) “**ROFR Assets**” has the meaning provided in Clause 9.1(a).
- (llll) [Redacted]
- (mmmm) “**ROFR Holder**” has the meaning provided in Clause 9.1(b).
- (nnnn) “**ROFR Notices**” has the meaning provided in Clause 9.1(a).
- (oooo) “**ROFR Values**” has the meaning provided in Clause 9.1(a).
- (pppp) “**Road Use Agreement**” has the meaning provided in Clause 11.1(h).
- (qqqq) “**Security Interests**” means security interests in the Assets expressly granted by or through the Vendors under a mortgage, deed of trust, *Bank Act* (Canada) assignment, debenture, general security agreement or a land charge under personal property security legislation.
- (rrrr) “**Seismic Licence**” means a non-exclusive licence to be granted by the Vendors to the Purchaser to use the Proprietary Data, in the form attached as Schedule “J”.
- (ssss) “**Surface Interests**” means all right, title, interest and estate of the Vendors to enter upon, use, occupy and enjoy the surface of the Lands, any lands with which the same have been pooled or unitized, the Additional Sites and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or the Wells or Operations, whether the same are held by right of way or otherwise, but excluding any such rights that pertain only to a well or wells other than the Wells, including that pertain to the Excluded Wells.
- (tttt) [Redacted]
- (uuuu) “**Tangibles**” means, collectively, all right, title, interest and estate of the Vendors, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to:
- (i) the Facilities;
 - (ii) all equipment, machinery, fixtures, systems, pipelines, plants and facilities that are currently or were previously used, useful, or intended for use in producing Petroleum Substances from the Lands or lands pooled or unitized therewith or the Additional Sites or from the Wells, or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances; and
 - (iii) [Redacted]

- (iv) [Redacted]
- (v) all other tangible property and assets that are currently or were previously used, useful, or intended for use in producing, storing or injecting Petroleum Substances from the Lands or lands pooled or unitized therewith or the Additional Sites, or from the Wells;

but specifically excludes: (1) the Excluded Assets; and (2) [Redacted] “**Third Party**” means any Person other than the Parties or their Representatives.

(vvvv) “**Third Party Claim**” has the meaning provided in Clause 13.3.

(wwwv) “**Thirteenth Month Adjustment**” means a reconciliation adjustment made pursuant to a Title and Operating Document which provides that during a calendar year, revenues and expenses, including Operating Costs, processing fee revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances (or similar cost allowances) will be distributed to or paid by one or more parties to the agreement on the basis of estimates thereof and following the end of such calendar year, the actual amount of such revenues and costs will be determined and a reconciliation made among the owners of those Assets between the estimated amounts and the actual amounts.

(xxxx) “**Title and Operating Documents**” means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created, (ii) certificates of title for the Fee Simple Lands; (iii) permits, licenses, approvals and authorizations, (iv) operating agreements, unit agreements, pooling agreements, production allocation agreements, participation agreements, joint venture agreements, farmin agreements, farmout agreements and royalty agreements, (v) agreements that create or relate to Surface Interests, (vi) Product Sales, Marketing and Transportation Contracts, (vii) gas gathering and common stream agreements, (viii) agreements for the construction, ownership and/or operation of the Tangibles, (ix) disposal and injection agreements and (x) trust declarations and other documents and instruments that evidence the Vendors’ interests in the Assets.

(yyyy) “**Title Defect**” means a defect in or affecting the title of the Vendors in and to any of the Assets which is sufficiently material and adverse to the enforcement of title that it would not be acceptable to a knowledgeable, prudent purchaser acting reasonably, and, without limiting the generality of the foregoing, specifically includes:

- (i) a Vendor not being the beneficial owner of the interest attributed to it in the Land Schedule, or holding a lesser beneficial interest than such attributed interest;

- (ii) a Vendor's interests as described in the Land Schedule being subject to a royalty, net profits interest or other similar encumbrance not disclosed therein;
- (iii) a Vendor's interests as described in the Land Schedule being subject to a reduction or conversion not disclosed therein, other than as set forth in paragraph (v) of this definition; and
- (iv) Security Interests registered against the interests of a Vendor in and to the Lands not disclosed in the Land Schedule, other than those to be discharged prior to Closing or in respect of which a no interest letter will be delivered at Closing;

but specifically excludes:

- (v) a Vendor's interests as described in the Land Schedule having converted from a before-payout interest to an after-payout interest as a result of payout having occurred;
- (vi) all defects, deficiencies, discrepancies, matters and things which are described or disclosed in this Agreement, including the Land Schedule and the other Schedules to this Agreement, or which were otherwise brought to the attention of the Purchaser or which Purchaser has knowledge of prior to the date of this Agreement;
- (vii) all losses of lease acreage between the Effective Time and the Closing Date due to the expiry of any Leases;
- (viii) all matters pertaining to the interest of a Third Party that do not pertain to the interest of a Vendor in the Assets;
- (ix) failure to obtain consent of a Third Party prior to Closing in relation to any of the Assets requiring prior written consent to assign such Assets or an interest therein [Redacted]alteration, subsequent to the Effective Time, to a Vendor's interest in any of the Assets as set forth in the Land Schedule as a result of an earning or payout conversion under the Title and Operating Documents, provided such earning or payout conversion right is listed by reference to the agreement number in the Land Schedule;
- (x) cessation of production of any Well where such cessation will not result in the termination of any Lease;
- (xi) any limitation of, derogation from, or restriction on rights or interests granted under the Leases, certificates of title or other of such Title and Operating Documents imposed by Applicable Laws;
- (xii) the Permitted Encumbrances;
- (xiii) any missing or unsigned documents in the chain of a Vendor's title to the Assets where:

- (A) 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; or
 - (B) such documents represent a reduction of such Vendor's interest therein which is reflected in the Land Schedule;
 - (xiv) failure to confirm payment of initial consideration, lease rentals, delay payments, shut-in payments and other payments required to maintain freehold Leases, where the failure to make such payments will not result in a termination of any Lease;
 - (xv) a Vendor's or any predecessor's interest in any of the Assets being a beneficial interest rather than a legal interest;
 - (xvi) the exercise of any ROFR; or
 - (xvii) any matter relating to the Environmental condition of the Assets or any Environmental Liabilities or Environmental Matters.
- (zzzz) [Redacted]
- (aaaaa) "**Transaction**" means the transaction for the purchase and sale of the Assets and the [Third Party Name Redacted] Interests as contemplated by this Agreement.
- (bbbbb) "**Trust Agreement**" has the meaning provided in Clause 12.2(a).
- (ccccc) "**Uncured Title Defects**" has the meaning provided in Clause 8.2(b).
- (ddddd) "**Unexpired ROFR**" has the meaning provided in Clause 9.2.
- (eeeee) "**Unit**" means the scheme or schemes of unitization for the production of Petroleum Substances to which the Petroleum and Natural Gas Rights are subject as described in the Land Schedule.
- (fffff) "**Unit Interests**" means all of the Vendors interest in the Units which is or are attributable to the Petroleum and Natural Gas Rights as described in the Land Schedule, including the Unit Interests listed in Part 3 of the Land Schedule.
- (ggggg) "**Vendor Consents**" has the meaning provided in Clause 9.5(a).
- (hhhhh) "**Vendor Entity**" has the meaning provided in Clause 13.1(b).
- (iiii) "**Vendor Retained Claim**" means each Claim set forth and described under the heading "Vendor Retained Claims" in Schedule "D".
- (jjjj) "[Third Party Name Redacted] **General Partner Interests**" means the interests held by [Vendor Name Redacted] as general partner of each of the [Third Party Name Redacted] Partnerships.

- (kkkkk) “[**Third Party Name Redacted**] **Interests**” means, collectively:
- (i) the [**Third Party Name Redacted**] Limited Partnership Units; and
 - (ii) the [**Third Party Name Redacted**] General Partner Interests.
- (lllll) “[**Third Party Name Redacted**] **Interest Price**” means the portion of the Purchase Price allocated to the [**Third Party Name Redacted**] Interests in Schedule “Q”, which shall not be subject to adjustments.
- (mmmmm) “[**Third Party Name Redacted**] Limited Partnership Units” means all limited partnership units of the [**Third Party Name Redacted**] Partnerships held by [**Vendor Name Redacted**], [**Redacted**] “[**Third Party Name Redacted**] **Partnership**” means [**Third Party Name Redacted**] Partnership, a limited partnership organized under the laws of Alberta.
- (nnnnn) “[**Third Party Name Redacted**] **Partnership**” means [**Third Party Name Redacted**] Partnership, a limited partnership organized under the laws of Alberta.
- (ooooo) “[**Third Party Name Redacted**] **Partnership II**” means [**Third Party Name Redacted**] Partnership II, a limited partnership organized under the laws of Alberta.
- (ppppp) “[**Third Party Name Redacted**] **Partnerships**” means, collectively, [**Third Party Name Redacted**] Partnership, [**Third Party Name Redacted**] Partnership and [**Third Party Name Redacted**] Partnership II.
- (qqqqq) “[**Third Party Name Redacted**] **Transfer and Assumption Agreement**” has the meaning provided in Clause 12.3.
- (rrrrr) “**Wells**” means, collectively:
- (i) all producing, shut-in, water source, observation, disposal, injection, abandoned, suspended, capped or other wells located in, on or under the Lands or any lands pooled or unitized therewith or the Additional Sites or tied into facilities located on the Lands or lands pooled or unitized therewith or the Additional Sites or otherwise currently or previously used, useful or intended for use in connection with the Petroleum and Natural Gas Rights or Tangibles;
 - (ii) all wells listed in Part 2 of the Land Schedule;
- but excluding the Excluded Wells.

1.2 Interpretation

In this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force from time to time;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine, and vice versa, as the context requires;
- (e) the words “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Clause or Schedule means an Article, Clause or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict;
- (h) the word “including” shall not be exclusive, but shall mean “including, without limiting the generality of the foregoing”;
- (i) a reference to any agreement or instrument, including this Agreement, is a reference to the agreement or instrument as varied, amended, modified, or supplemented or replaced from time to time; and
- (j) a reference to “\$” or “Dollars” means Canadian dollars.

1.3 Schedules

The following schedules are attached to, form part of and are incorporated in this Agreement:

- Schedule “A” - Land Schedule
 - Part 1 – Lands and Leases
 - Part 2 – Wells
 - Part 3 – Unit Interests
- Schedule “B” - Facilities
- Schedule “C” - Product Sales, Marketing and Transportation Contracts
- Schedule “D” - Lawsuits, Claims and Default Notices
- Schedule “E” - Outstanding Mail Ballots, AFEs and Cash Calls
- Schedule “F” - General Conveyance
- Schedule “G” - Vendor’s Officer’s Certificate
- Schedule “H” - Purchaser’s Officer’s Certificate

- Schedule "I" - Proprietary Data
- Schedule "J" - Seismic Licence
- Schedule "K" - Excluded Assets
- Schedule "L" - Miscellaneous Interests
- Schedule "M" - Additional Sites
- Schedule "N" - Trust Declarations and Agreements
- Schedule "O" - Trust Agreement
 - O-1 Crown Lease
 - O-2 Freehold
- Schedule "P" - [Third Party Name Redacted] Transfer and Assumption Agreement
- Schedule "Q" - Allocation of Purchase Price
- Schedule "R" - Road Use Agreement
- Schedule "S" - Data Room Information
[Redacted]

1.4 Interpretation if Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Assets and the [Third Party Name Redacted] Interests shall be construed as having been contingent upon Closing having occurred.

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in this Agreement, including Clauses 10.1 and 10.3, mean:

- (a) [Redacted] and
- (b) [Redacted];

and does not include knowledge and awareness of any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

- (a) Subject to the terms and conditions of this Agreement, the Vendors hereby agree to sell, assign, transfer, convey and set over to the Purchaser, and the Purchaser agrees to purchase and accept the Assets, from the Vendors at and for the Purchase Price allocated to the Assets as set forth in the Schedule "Q" attached hereto.

- (b) Subject to the terms and conditions of this Agreement and the **[Third Party Name Redacted]** Transfer and Assumption Agreement, **[Vendor Name Redacted]** and **[Vendor Name Redacted]** hereby agree to sell, assign, transfer, convey and set over to the Purchaser, and the Purchaser agrees to purchase and accept the **[Third Party Name Redacted]** Interests pursuant to this Agreement and the **[Third Party Name Redacted]** Transfer and Assumption Agreement, from **[Vendor Name Redacted]** and **[Vendor Name Redacted]** at and for the **[Third Party Name Redacted]** Interest Price.

2.2 Transfer of Assets and **[Third Party Name Redacted]** Interests

Provided that Closing occurs:

- (a) risk with respect to the Assets shall transfer from the Vendors to the Purchaser at the Effective Time;
- (b) risk with respect to the **[Third Party Name Redacted]** Interests shall transfer from the Vendors to the Purchaser at the Closing Time on the Closing Date;
- (c) possession of and beneficial title to the Assets and the **[Third Party Name Redacted]** Interests shall pass from the Vendors to the Purchaser on the Closing Date; and
- (d) on and after the Closing Date, the Purchaser shall be bound by, observe and perform as they become due all obligations and liabilities in respect of the Assets and the **[Third Party Name Redacted]** Interests, including the payment of royalties and the performance of obligations under the Title and Operating Documents.

2.3 Vendor Representation and Authorization

- (a) Each Vendor by its execution and delivery of this Agreement hereby appoints **[Vendor Name Redacted]** as its agent and representative to conclude the Transaction and, for such purpose:
 - (i) to receive payment of that Vendor's share of the Purchase Price and any other payments to be made by Purchaser hereunder;
 - (ii) to receive and provide notices under this Agreement on its behalf;
 - (iii) to provide any statements of adjustment provided for in this Agreement and resolve any issues concerning adjustments pursuant to Article 4; and
 - (iv) to resolve any disputes under Article 16 and issues concerning Title Defects pursuant to this Agreement.
- (b) All payments in respect of the Purchase Price shall be made by Purchaser to **[Vendor Name Redacted]** on behalf of all Vendors. Such payments shall thereafter be distributed and allocated by **[Vendor Name Redacted]** among the

Vendors in accordance with any agreements that may be made among the Vendors.

- (c) Any claim against Vendors may, as between Purchaser and Vendors, be brought by Purchaser against **[Vendor Name Redacted]** as their agent and representative hereunder and Purchaser shall not be required to look to any of the Vendors other than **[Vendor Name Redacted]** for monetary contribution to such claim. For certainty, as between the Purchaser and **[Vendor Name Redacted]**, **[Vendor Name Redacted]** shall be liable to the Purchaser for all claims of the Purchaser against the Vendors hereunder. [Redacted]
- (d) This Clause 2.3 is provided for the purpose and with the intent that it may be relied upon by the Purchaser and that the Purchaser shall not be required to make inquiry or be affected by any disagreement or arrangement between the Vendors concerning the completion of this Agreement.
- (e) Subject to Clause 2.3(d), nothing herein shall, as among the Vendors, prejudice or prevent any Vendor from bringing or pursuing any claim against **[Vendor Name Redacted]** or any one or more other Vendors concerning the allocation among the Vendors of benefits or obligations arising from this Agreement.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

3.1 Purchase Price

The total of the price to be paid by the Purchaser to the Vendors for the Assets, the **[Third Party Name Redacted]** Interests and the Seismic Licence shall be One Hundred and Eighty Five Million Dollars (\$185,000,000.00) (the “**Base Price**”), subject to adjustment as set forth in Clause 4.1 (as so adjusted, the “**Purchase Price**”).

3.2 Allocation of the Purchase Price

- (a) The Purchase Price shall be allocated among the Assets, the **[Third Party Name Redacted]** Interests and the Seismic Licence as set forth in the table in Schedule “Q” attached hereto.
- (b) Notwithstanding the allocations under Clause 3.2(a), the Parties acknowledge and agree that the Transaction is intended to be one transaction between the Vendors and Purchaser for the purchase and sale of the Assets and the **[Third Party Name Redacted]** Interests as a whole.

3.3 Deposit

- (a) Upon execution and delivery of this Agreement, the Purchaser shall pay the Vendors a deposit in an amount equal to [Redacted] of the Base Price by electronic transfer of funds (the “**Deposit**”).
- (b) In the event that Closing occurs in accordance with the terms and conditions of this Agreement, the Vendors will retain and credit the Deposit against the

Purchase Price in partial satisfaction of Purchaser's obligation to pay the Purchase Price at Closing.

- (c) In the event that Closing does not occur:
 - (i) due to an Agreement Default of the Purchaser, the Vendors shall [Redacted]; or
 - (ii) for any reason other than an Agreement Default of the Purchaser, [Redacted].

3.4 Closing Payment

The Purchaser shall pay the Vendors at Closing by electronic wire transfer the Purchase Price as set forth in the Interim Statement of Accounting and Adjustment, and the amount of any taxes (including GST) and other amounts payable under Clause 3.5 and interest payable under Clause 3.6, less the Deposit (the "**Closing Payment**").

3.5 Taxes and Fees

- (a) The Purchase Price does not include GST. At Closing, the Purchaser shall pay to the Vendors an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles, Miscellaneous Interests and Seismic Licence pursuant to Clause 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply, but excluding GST payable with respect to the Fee Simple Lands for which the Purchaser agrees to self-assess as provided in Clause 3.5(b).
- (b) The Purchaser and the Vendors acknowledge and agree that the Fee Simple Lands constitute "real property" as defined in subsection 123(1) of the Excise Tax Act and that the Purchaser shall self-assess for any GST payable with respect to the purchase and sale of the Fee Simple Lands pursuant to subsection 221(2) and subsection 228(4) of the Excise Tax Act.
- (c) The Purchaser shall be liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, and the GST payable for which the Purchaser agrees to self-assess as provided in Clause 3.5(b), and including any interest, penalties, or any other costs payable in respect of such additional GST, and self-assessed GST, and shall indemnify and save harmless each Vendor in respect thereof. Each Party represents that it holds a valid GST registration account number at the Closing Date and that its registration number for GST purposes is:

	GST Number
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
[Vendor Name Redacted]	[GST Number Redacted]
Pine Cliff Energy Ltd.	86310 8833RT0001

- (d) The Purchaser shall also be liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendors to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith, and any fees that may be payable in respect to the Competition Act Approval.
- (e) If the Vendors retain the Deposit in accordance with Clause 3.3(c)(i), such amount shall be inclusive of GST in accordance with section 182 of the Excise Tax Act.

3.6 Interest

Interest [Redacted] shall be payable by the Purchaser to the Vendors on the Purchase Price from the Effective Time up to and including the day prior to the Closing Date, subject to the following:

- (a) no interest shall be payable by the Purchaser on the amount of the Deposit after the date on which it is received by the Vendors; and
- (b) no interest shall be payable by the Purchaser on any amount by which the Purchase Price is reduced pursuant to Clause 9.1, notwithstanding that such reduction occurs after the Effective Time.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustments

- (a) All costs and revenues of any kind and nature accruing, payable, paid, received or receivable in respect of the Assets, including rentals, freehold mineral taxes, maintenance, development and capital costs, Operating Costs, advances,

payments with respect to Permitted Encumbrances and proceeds from the sale of production, shall, subject to the provisions of this Agreement, be apportioned on an accrual basis between the applicable Vendors and Purchaser as of the Effective Time, on and subject to the following:

- (i) except as otherwise provided in this Clause 4.1, costs and revenues shall accrue in accordance with GAAP;
 - (ii) all such costs and revenues accruing up to the Effective Time shall be for the Vendors' accounts and all those accruing after the Effective Time shall be for the Purchaser's account;
 - (iii) all costs of whatever nature pertaining to work performed or goods or services provided with respect to the Assets prior to the Effective Time shall be borne by the Vendors, notwithstanding that such costs may be payable in whole or in part after the Effective Time and all costs of whatever nature pertaining to work performed or goods or services provided with respect to the Assets after the Effective Time shall be borne by the Purchaser;
 - (iv) all rentals, property taxes, freehold mineral taxes, cash advances, Thirteenth Month Adjustments and other periodic payments (other than income taxes) shall be apportioned between the Vendors and the Purchaser on a per diem basis as of the Effective Time;
 - (v) an adjustment shall be made for income taxes in an amount equal to xx% of the aggregate of the amounts determined for the Purchaser's account or apportioned to or borne by the Purchaser after the Effective Time in paragraphs (ii), (iii) and (iv), excluding capital costs; and
 - (vi) [Redacted]
- (b) Notwithstanding the foregoing but subject to Clause 4.2(e), the Vendors shall not be required to provide a credit at Closing for any revenue, proceeds and other benefits accruing to the Purchaser after the Effective Time but not actually received by the Vendors at least three (3) Business Days prior to the Closing.
 - (c) Petroleum Substances at or beyond the first point of measurement at the Effective Time do not comprise part of the Assets and remain the property of the Vendors and the proceeds from the sale thereof shall accrue to and belong to the Vendors.
 - (d) Surplus items [Redacted] such as tubing and casing stored on the Lands and which are not charged to the joint account with respect to that portion of the Land affected, or are owned entirely by the Vendors and are not related to current production do not comprise part of the Assets and shall be removed by the Vendors as soon as practicable, but in any event, prior to Closing.
 - (e) All adjustments to be made pursuant to this Clause 4.1 shall be allocated to the Petroleum and Natural Gas Rights.

- (f) There shall be no adjustments to the [Third Party Name Redacted] Interest Price.

4.2 Statement of Adjustments

- (a) The Vendors shall carry out an interim accounting and adjustment and prepare and deliver to the Purchaser at least [Redacted]Business Days prior to the Closing Date a statement setting forth the Vendors' good faith estimate of all adjustments to be made in determining the Purchase Price (the "**Interim Statement of Accounting and Adjustment**").
- (b) The Vendors shall carry out a final accounting and adjustment and prepare and deliver to the Purchaser a statement setting forth all adjustments to be made in determining the Purchase Price no later than [Redacted]following the Closing Date (the "**Final Statement of Accounting and Adjustment**").
- (c) The Vendors shall not be obligated to make any further adjustments after the Final Statement of Accounting and Adjustment is finalized unless arising from:
 - (i) a specific request in writing is made by a Party within [Redacted]months following the Closing Date identifying in reasonable detail an adjustment required by this Agreement; or
 - (ii) a statement relating to a Thirteenth Month Adjustment, written notice of which is delivered to the Vendors within [Redacted] months following the Closing Date; or
 - (iii) an audit initiated by a Third Party having the right to conduct such an audit (other than the Crown), written notice of which is delivered to the Vendors within [Redacted] months following the Closing Date; or
 - (iv) a statement from the Crown relating to a Crown gas royalty invoice, written notice of which is delivered to the Vendors within [Redacted] months from the end of the calendar year in which the Closing occurs;
 - (v) an audit initiated by the Crown, written notice of which is delivered to the Vendors within [Redacted] months from the end of the calendar year in which the Closing occurs; or
 - (vi) [Redacted];

provided that no adjustments shall be made under paragraphs (ii), (iii), (iv) and (v) above, unless such adjustments exceed [Redacted]Dollars and are specifically requested in writing within thirty (30) days of the requesting Party's receipt of the Final Audit Report, for which purpose "**Final Audit Report**" shall mean completion of fieldwork for said audit. The other Party shall reply to such Final Audit Report within [Redacted] days.

- (d) All adjustments shall be settled by the prompt payment by any Party obliged to make payment pursuant to this Agreement. Interest at the Prime Rate plus

[Redacted] per annum shall be paid on any adjustment which remains unpaid by one Party to the other Party thirty (30) days after receipt of the notice that adjustment is to be paid from such thirtieth day to the date of payment.

- (e) Following the Closing, the Vendors shall deliver to the Purchaser, [Redacted] all revenues, proceeds and other benefits received by the Vendors with respect to the Assets and relating to the period from and after the Effective Time the Vendors shall be permitted to deduct, or the Purchaser shall pay if not deducted from such benefits, the share of the applicable lessor royalties, Operating Costs, treating, processing and transportation expenses and those other costs and expenses directly associated with the Assets and the production of Petroleum Substances in each case related to the period on or after the Effective Time.
- (f) The Purchaser shall have the right at any time during the [Redacted] month period following the Closing Date, upon thirty (30) days prior written notice to the Vendors, during the Vendors' normal business hours and at the Purchaser's sole cost, to examine, copy and audit the accounting and financial books, records and accounts of the Vendors relating to the Assets for the purpose of effecting adjustments pursuant to and within the time provided for in this Agreement. The Purchaser shall cooperate with the Vendors so as to facilitate the scheduling of such audit. [Redacted].
- (g) Nothing in this Agreement shall restrict or otherwise interfere with the audit rights which the Vendors may have under any of the Title and Operating Documents for the period prior to the Effective Time, it being the intention of the Parties that any adjustments occurring as a result of the exercise of such audit rights by the Vendors shall be for the account of the Vendors. For the purposes hereof, the expression "audit rights" shall include the right to initiate an audit or to participate in or receive the benefits from such an audit.

ARTICLE 5 CLOSING

5.1 Closing

The Closing of the Transaction shall take place at the Place of Closing or such other place as the Parties may agree on the later of:

- (a) December 11, 2015; or
- (b) five (5) Business Days after the day on which the Competition Act Approval shall have been received;

or on such other Business Day as the Parties may agree in writing (the "**Closing Date**"); provided, however, that failure to close by such date shall not abrogate any rights or Claim that any Party may have under this Agreement for breach of contract or otherwise.

ARTICLE 6 INTERIM PROVISIONS

6.1 Assets to be Maintained

During the Interim Period, the Vendors shall, to the extent that the nature of its interest permits, and subject to the Title and Operating Documents:

- (a) cause the Assets to be operated and maintained in a proper and prudent manner in accordance with generally accepted oil and gas industry practices and Applicable Laws;
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due prior to the Closing Date; and
- (c) perform and comply with all material covenants and conditions contained in the Title and Operating Documents to be performed or complied with by the Vendors prior to Closing.

6.2 Restrictions on Conduct of Business

The Vendors shall not, during the Interim Period, without the written consent of the Purchaser, which consent will not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure [Redacted] which the Vendors' share is in excess of [Redacted], except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets or in respect of amounts which the Vendors may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) surrender or abandon any of the Assets;
- (c) other than in the ordinary course of business, materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets;
- (d) sell, transfer, charge, alienate or otherwise dispose of any of the Assets or any interest therein, except sales of the production of Petroleum Substances in the ordinary course of business and the sale of materials and supplies no longer required in connection with the Assets;
- (e) exercise any right (including any bidding rights at Crown sales or ROFR) or option of the Vendors relative to or arising as a result of the ownership of the Assets; or
- (f) [Redacted].

6.3 Obligations of the Purchaser

- (a) If the Vendors receive any notice of operations (including casing point and abandonment elections and the exercise of options to drill wells or conduct exploration or development operations under farmout and similar agreements) on the Lands or the exercise of any right (including rights of first refusal and rights under area of mutual interest provisions) or any option relating to the Assets which is in excess of [Redacted] for any single item or related series of items (each such operation or exercise of a right or option being referred to as a “**Proposal**”) from a Third Party, then, in a timely manner, the Vendors shall give notice, including full particulars of the Proposal, to the Purchaser and, as soon as is practicable, [Redacted].
- (b) If the Purchaser and the Vendors disagree on the response to the Proposal, a meeting shall be convened immediately to discuss the differences. If consensus is not reached at that meeting, the [Redacted].

6.4 Alberta Energy Regulator Hearings

- (a) If during the Interim Period the Vendors receive any notice from the Alberta Energy Regulator (the “**AER**”) in respect of any hearing relating to the Assets, then, in a timely manner, the Vendors shall give notice thereof to the Purchaser, including particulars of the hearing and the Assets to which such hearing relates, and the Vendors shall use commercially reasonable efforts to postpone the commencement of the hearing until after the Closing Date. If a hearing is nonetheless scheduled to commence prior to the Closing Date, the Vendors shall proceed with the hearing, and shall consult with the Purchaser in respect of all aspects of the conduct of the hearing and shall provide copies of all documentation filed with or received from the AER in connection with such hearing. Any costs and expenses incurred by the Vendors relating to such hearing shall be solely for Purchaser’s account if Closing occurs.
- (b) If the Vendors and Purchaser disagree in respect of any matter relating to the hearing, a meeting shall be convened immediately to discuss the differences. If consensus is not reached at that meeting, [Redacted].

6.5 Marketing of Petroleum Substances

Following Closing, the Vendors shall be entitled to market the Petroleum Substances produced from the Lands until the [Redacted] following the Closing Date.

6.6 Insurance by Purchaser

The Purchaser may, at any time after the Effective Time and prior to the Closing Date, obtain insurance in respect of such risks and perils and in such amounts as the Purchaser, in its sole discretion, deems appropriate, relating to the Assets. The Vendors hereby consent to the Purchaser placing such insurance.

6.7 [Redacted]

6.8 [Redacted][Redacted]

6.9 [Redacted]Competition Act Filings

- (a) The Purchaser shall promptly (and, in any event, within five (5) Business Days following the execution of this Agreement), file with the Competition Bureau a request for an advance ruling certificate under section 102 of the Competition Act in respect of the Transaction. The applicable filing fee and all taxes thereon shall be paid by the Purchaser. In addition to such request, the Purchaser and the Vendors shall, upon request from the Purchaser, promptly notify the Commissioner of the Transaction under section 114 of the Competition Act.
- (b) The Parties shall cooperate with each other in connection with the preparation and submission of all filings, submissions, correspondence and communications of any material nature (including responses to requests for information and inquiries from the Commissioner or any representatives of the Competition Bureau) as may be or become necessary or desirable in connection with the Competition Act Approval, with the Vendors providing to the Purchaser such information as the Purchaser may reasonably request. Subject to Clause 6.9(c), the Purchaser shall provide to the Vendors in advance copies of all filings, submissions and correspondence for review. Each Party shall provide the other Parties with copies of all notices, queries, and other communications from the Competition Bureau in connection with obtaining Competition Act Approval immediately upon receipt of same.
- (c) Notwithstanding any provision of this Agreement, where a Party (in this Clause 6.9 only, a “**Disclosing Party**”) is required under this Clause 6.9 to provide information to the other Parties (in this Clause 6.9 only, a “**Receiving Party**”) that the Disclosing Party deems to be competitively sensitive information, the Disclosing Party may restrict the provision of such competitively sensitive information only to external legal counsel of the Receiving Party on the basis that such information will not be shared by the Receiving Party’s external legal counsel with any other Person except for the Commissioner or any representatives of the Competition Bureau, if required, provided that the Disclosing Party also provides the Receiving Party a redacted version of any such filings, submissions, correspondence or communications (including responses to requests for information and inquiries from the Commissioner or any representatives of the Competition Bureau) which does not contain any such competitively sensitive information.

**ARTICLE 7
INFORMATION, PROPRIETARY DATA AND ACCESS TO RECORDS**

7.1 Technical and Operating Information

The Vendors shall, upon request and subject to contractual restrictions relating to disclosure, make available all technical data relating to the Assets (including drilling reports, well files and

production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure and excluding geological, geophysical, seismic and similar data and interpretations, evaluations, forecasts, analyses and similar items) as are in the possession of the Vendors for such inspection as the Purchaser reasonably requires in connection herewith. At Closing, the Vendors shall, subject to contractual restrictions relating to disclosure, deliver to the Purchaser such technical data.

7.2 Proprietary Data [Redacted]

- (a) The Vendors shall execute and deliver to the Purchaser the Seismic License at the Closing Date whereby the Vendors grant to the Purchaser a non-exclusive license to use the Proprietary Data. Within a commercially reasonable period of time following the execution and delivery of the Seismic License, the Vendors shall deliver the Proprietary Data to the Purchaser, provided however, that if the Vendors receive notice from a Third Party prior to the Closing Date claiming that any Vendor is contractually or legally prohibited from disclosing or licensing any of the Proprietary Data described, the Vendors shall have no obligation to license or deliver such Proprietary Data to the Purchaser.
- (b) [Redacted]
- (c) [Redacted]

7.3 Access to Records

The Vendors may, at their sole expense, obtain from the Purchaser copies or photocopies of:

- (a) subject to Clause 7.3(b), for a period of [Redacted]) years after Closing, any Title and Operating Documents and correspondence, documentation and reports relating to the Assets; and

[Redacted] which were delivered to the Purchaser at or following Closing and which the Vendors require.

ARTICLE 8 PURCHASER'S INSPECTION OF ASSETS

8.1 Vendors to Provide Access

- (a) The Vendors shall provide reasonable access during the Vendors' normal business hours for the Purchaser and its consultants and advisors provided for in Clause 8.1(d) to the Vendors' files, records and documents relating directly to the Assets for the purpose of the Purchaser's review of the Assets and the Vendors' title thereto. The Purchaser shall restrict its review to information directly related to the Assets.
- (b) [Redacted]
- (c) The access rights granted to the Purchaser under this Clause 8.1 shall be subject to this Agreement, the Confidentiality Agreement and the terms and conditions

prohibiting disclosure of information in existing agreements to which the Vendors are a party or are bound.

- (d) The Purchaser may employ consultants and advisors to assist in its review hereunder, provided that the Purchaser shall be responsible to the Vendors for ensuring that such consultants and advisors comply with the restrictions on use and disclosure of information set forth in this Agreement and the Confidentiality Agreement.

8.2 Title Defects

- (a) Not later than [Redacted] days prior to the Closing Date, Purchaser shall give the Vendors written notice of any Material Title Defects that Purchaser does not waive; provided if such notice is not received at any time at or before 4:00 p.m., Calgary time, fourteen (14) days prior to the Closing Date, the title of the Vendors in and to the Assets shall be deemed to be acceptable to the Purchaser for purposes of this Agreement. Purchaser further agrees that notice of all Material Title Defects shall be provided in writing to the Vendors at the earliest time at which they are discovered. Such notice shall specify such Material Title Defects in reasonable detail, the Assets directly affected thereby, the *bona fide* value allocated by the Purchaser, acting reasonably, to the affected Assets and the *bona fide* amount, in the Purchaser's opinion, acting reasonably, by which the value of each affected Asset has been reduced by such Material Title Defect, using the value attributable to the affected Assets in the [Redacted] and taking into account the likelihood that such Material Title Defect will manifest itself (the "**Defect Value**"), reasonable detail as to how such Defect Value was calculated and Purchaser's requirements for the rectification or curing thereof. The Vendors shall use commercially reasonable efforts to cure such Material Title Defects not later than two (2) Business Days prior to the Closing Date, provided that the Vendors shall not be required to make any payment or expend any monies to cure such Material Title Defects.
- (b) Subject to Clause 8.2(a), insofar as any Material Title Defects described in Purchaser's notice has not been cured to Purchaser's reasonable satisfaction (an "**Uncured Title Defect**"), the following shall apply:
 - (i) subject to Clause 8.2(b)(iii), Purchaser may elect, at or before the Closing Date, with the agreement of the Vendors, to delay the Closing Date to such later date as is agreed by the Parties (not to exceed thirty (30) days), so as to provide the Vendors with additional time to cure the remaining Material Title Defects;
 - (ii) subject to Clause 8.2(b)(iii), Purchaser may elect, at or before the Closing Date, by notice to the Vendors, to waive such Uncured Title Defects and proceed with Closing;
 - (iii) where the aggregate amount of the Defect Value of the Uncured Title Defects is [Redacted]%) of the Base Price or less, the Purchaser shall be deemed to have waived the Uncured Title Defects and the Parties shall

proceed with Closing without any deduction from or adjustment to the Purchase Price on account of such Uncured Title Defects; or

(A) [Redacted]; and

- (iv) where the aggregate amount of the Defect Value of the Uncured Title Defects is greater than [Redacted]%) of the Base Price, then either Party may elect, at or before the Closing Date, by notice to the other Party, to terminate this Agreement in its entirety.

Failure by either Party to make such election at or before the Closing Date shall be deemed to be an election by Purchaser to waive all Uncured Title Defects for purposes of this Agreement.

- (c) If the Parties do not agree, for purposes of Clause 8.2(b), on the existence of a Material Title Defect or the Defect Value of an Uncured Title Defect, such dispute may be resolved in accordance with Clause 16.2(b)(ii).

8.3 Security Interests

The Vendors shall provide to the Purchaser at or before Closing [Redacted].

ARTICLE 9 THIRD PARTY RIGHTS AND CONSENTS

9.1 Rights of First Refusal

- (a) The Purchaser acknowledges that certain of the Assets may be subject to a ROFR (the “**ROFR Assets**”) which is exercisable by virtue of the Vendors and the Purchaser having entered into this Agreement. In such a case, the Purchaser shall promptly propose to the Vendors, following execution of this Agreement, its *bona fide* allocations of the portion of the Base Price attributable to the ROFR Assets (the “**ROFR Values**”) together with reasonable detail of the calculation of such ROFR Values including an allocation of such portion of the Base Price between Tangibles and Petroleum and Natural Gas Rights. Such ROFR Values are subject to the approval and consent of the Vendors which shall not be unreasonably withheld, and the Purchaser shall indemnify and hold each Vendor and Vendor Entity harmless from and against all Losses and Liabilities incurred or suffered by such Vendor or any Vendor Entity arising out of or relating to using the ROFR Values provided by Purchaser. The Vendors thereafter shall serve all notices required in respect of the ROFRs utilizing such allocations (the “**ROFR Notices**”) [Redacted]. Each such ROFR Notice shall include a request for a waiver of the ROFR and the granting of any consent that may be required.
- (b) Notwithstanding any other provision of this Agreement, if any of the Third Parties receiving a ROFR Notice (a “**ROFR Holder**”) elects to exercise its rights to acquire the ROFR Assets (hereinafter in this clause called the “**Exercised Assets**”), the Vendors shall as soon as reasonably possible notify the Purchaser of same and thereupon:

- (i) the Exercised Assets shall not be sold pursuant hereto and the terms “Assets”, “Lands”, “Leases”, “Facilities”, “Miscellaneous Interests”, “Petroleum and Natural Gas Rights” and “Tangibles” shall be construed so as not to include such Exercised Assets; and
 - (ii) the Base Price shall be reduced by the aggregate value attributed to the Exercised Assets, the term “Base Price” shall be construed to be such reduced amount and the allocation of the Purchase Price pursuant to Clause 3.2 of this Agreement shall be adjusted accordingly. For clarity, the reduction to Base Price under this Clause 9.1(b)(ii) shall not affect the Deposit nor reduce the Defect Value thresholds in Clause 8.2(b).
- (c) If the Parties cannot agree on the allocation under this Clause 9.1, such dispute may be resolved in accordance with Clause 16.2(b)(ii).

9.2 [Redacted]

9.3 ROFR Challenges

If prior to Closing a ROFR Holder challenges the ROFR Value used in a ROFR Notice and the challenge has not been resolved prior to Closing:

- (a) if such ROFR Holder has not commenced an action with respect to the ROFR Value prior to the Closing Time, then the Parties shall proceed with Closing at the Closing Time with the applicable ROFR Assets included in the Assets sold at Closing; or
- (b) if the ROFR Holder has commenced an action with respect to the ROFR Value (a “**ROFR Action**”) prior to the Closing Time, then:
 - (i) the Parties shall proceed with Closing at the Closing Time with respect to those Assets not subject to the ROFR Action and the Base Price shall be reduced by the ROFR Value and the allocation of the Purchase Price pursuant to Clause 3.2 shall be adjusted accordingly;
 - (ii) the sale of the Assets subject to the Unexpired ROFRs and payment therefor shall be governed [Redacted];
 - (iii) the Vendors shall diligently proceed with the defence, compromise or settlement of the ROFR Action and shall advise the Purchaser with respect to the ROFR Action;
 - (iv) the Parties shall cooperate with each other in the defence of the ROFR Action, including the Purchaser making available to the Vendors those of its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the ROFR Action; and
 - (v) the Vendors shall not enter into any settlement, consent order or other compromise with respect to the ROFR Action without the prior written

consent of the Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned.

9.4 Resolution of ROFR Action

Upon final judicial resolution (including the expiry of all appeal periods) or settlement of the ROFR Action:

- (a) if the applicable ROFR Holder exercises its ROFR on the ROFR Assets, then:
 - (i) the Vendors shall be entitled to receive the ROFR Value amount and all interest accrued thereon less the amount finally attributed to the ROFR Assets through the resolution of the ROFR Action; and
 - (ii) the Purchaser shall be entitled to receive the amount finally attributed to the ROFR Assets through the resolution of the ROFR Action, which amount shall be payable promptly following such ROFR Holder's exercise of its ROFR; or
- (b) if the applicable ROFR Holder does not exercise its ROFR on the ROFR Assets, then:
 - (i) the Parties shall be required to close on the sale of such ROFR Assets under, to the fullest extent possible, the same terms and conditions contained in this Agreement; and
 - (ii) at the closing of such sale, the Vendors shall be paid the entire ROFR Value amount attributable to such ROFR Assets plus all interests earned thereon, provided that the Parties shall be required to close the sale of such ROFR Assets within thirty (30) days of such ROFR Holder's election not to exercise its ROFR.

9.5 Consents

The Vendors shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to:

- (a) identify and request in writing all necessary consents, permissions and approvals by Third Parties and Government Authorities in connection with the Transaction customarily requested by a vendor prior to Closing (the "**Vendor Consents**"); and
- (b) give written notice to all Third Parties and Government Authorities in sufficient time to allow any Vendor Consents having an expiry period to expire (if not refused) prior to the Closing Date.

Prior to and after Closing, the Vendors shall use commercially reasonable efforts to obtain and deliver to the Purchaser all Vendor Consents. The Parties acknowledge that the consent to assignment from buyers under production sales agreements included in the Assets may not be obtainable until after Closing. The Parties shall cooperate in seeking any required consent from the buyer or, if the Vendors are not a party to such agreement, from the party distributing funds

to the Vendors. The Purchaser shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to identify and request in writing all necessary consents, permissions and approvals by Third Parties and Government Authorities in connection with the Transaction customarily requested by a purchaser prior to Closing.

9.6 Post-Closing Approvals and Consents

- (a) The Parties agree that certain approvals or consents required from Third Parties and Government Authorities to complete the conveyance of the Assets, including assignment of the licences, permits or Leases, may not be obtainable until after Closing. The Parties shall co-operate in seeking any such approvals or consents.
- (b) If Closing occurs, then until such time as the Purchaser becomes recognized by Third Parties as the owner of the Assets in the place of the Vendor, the provisions of Clauses 6.1, 6.2 and 6.3 will apply, *mutatis mutandis*, in respect of such Assets and the Vendor will:
 - (i) hold and stand possessed of the Assets as bare trustee for the benefit of the Purchaser, and receive and hold all proceeds, benefits and advantages accruing in respect of the Assets fully for the benefit, use and ownership of the Purchaser;
 - (ii) in a timely manner from the receipt thereof, deliver to the Purchaser all revenues, proceeds and other benefits of any nature received by it in respect of the Assets;
 - (iii) in a timely manner deliver to the Purchaser all Third Party notices and communications received by it in respect of the Assets;
 - (iv) in a timely manner deliver to Third Parties all such notices and communications as the Purchaser may reasonably request, and all such money and other items as the Purchaser may reasonably provide in respect of the Assets;
 - (v) as agent of the Purchaser, do and perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments, as the Purchaser may reasonably request for purposes of facilitating the exercise of rights incidental to the ownership of the Assets; and
 - (vi) the Purchaser will be liable to the Vendor for all Losses and Liabilities, and indemnify and save harmless the Vendor from and against all Losses and Liabilities that the Vendor suffers, sustains or incurs in connection with the Vendor's obligations contained in Clause 9.3(b).

9.7 Operatorship

Nothing in this Agreement shall transfer or be deemed to transfer operatorship, or shall be interpreted as any assurance by the Vendors that the Purchaser will be able to serve as operator

with respect to any of the Assets in which interests are held by Third Parties, whether or not such Assets are presently operated by the Vendors. The Vendors shall have no liability to the Purchaser or any Purchaser Entity for any Purchaser's Losses and Liabilities as a result of the Purchaser not being designated as the operator of the Lands, Facilities or Tangibles operated by the Vendors prior to Closing.

ARTICLE 10 REPRESENTATIONS AND WARRANTIES

10.1 Vendors' Representations and Warranties

Except to the extent (i) otherwise disclosed to the Purchaser in writing between the effective date of the Confidentiality Agreement and the signing of this Agreement, or [Redacted] or (iii) disclosed in any Schedule to this Agreement, and subject to Clause 13.5, each Vendor hereby represents and warrants to the Purchaser that, with respect to itself and its interest in the Assets:

- (a) **Standing:** it is and at the Closing Date shall continue to be a valid and subsisting corporation or partnership, as applicable, under the laws of its jurisdiction of incorporation or registration and is authorized to carry out business in the jurisdiction(s) where its Assets are located;
- (b) **Requisite Authority:** it has taken all action and has full power and authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder, and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) **Execution and Enforceability:** this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant hereto shall be, duly executed and delivered by it, and upon execution by the Vendors and Purchaser, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute, legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (d) **[Redacted];**
- (e) **Finder's Fee:** it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Purchaser shall have any obligation or liability;
- (f) **Canadian Resident:** it is not a non-resident of Canada, or is a Canadian partnership, for the purposes of the *Income Tax Act* (Canada);
- (g) **[Redacted];**

- (h) **Title:** it does not warrant title to the Assets, nor does it agree to give any greater interest or title in the Assets to the Purchaser than that which it has, but it does represent and warrant that, to its knowledge:
 - (i) it has done no act or thing whereby its title to any Assets may be cancelled or terminated; and
 - (ii) except for Permitted Encumbrances and Title Defects that are waived or deemed to be waived under Clause 8.2, the Assets will at the Closing Date be free and clear of all Encumbrances created by, through or under it;
- (i) **xx**
- (j) **Taxes:** all ad valorem, property, production, severance and similar taxes and assessments, based on or measured by the ownership of the Assets or the production of Petroleum Substances from the Lands or the receipt of proceeds therefrom, payable by it to the date hereof and for all prior years have been paid and discharged;
- (k) **[Redacted];**
- (l) **Reduction of Interest:** except for the Permitted Encumbrances or as disclosed in the Land Schedule, the Petroleum and Natural Gas Rights are not subject to reduction by virtue of or reference to the conversion or other alteration of the interest created by, through or under it or of which it has knowledge;
- (m) **[Redacted];**
- (n) **xx**
- (o) **xx**
- (p) **xx**
- (q) **No Lawsuits or Claims:** to its knowledge, it has not received notice of any Claims in existence, contemplated, pending or threatened against it with respect to the Assets that would have a material adverse effect on the aggregate value of the Assets, except as disclosed in this Agreement, including Schedule "D" [Redacted];
- (r) **Outstanding AFE's:** other than as disclosed on Schedule "E" hereto:
 - (i) it has no knowledge of any authorizations for expenditures issued or approved by it with respect to the Assets under which amounts may become payable after the Effective Time under which its share will be greater than [Redacted];
 - (ii) there are no outstanding cash calls with respect to the Assets, under which its share will be greater than [Redacted]; and

- (iii) xx
- (s) **[Redacted];**
 - (i) **[Redacted];**
- (t) **[Redacted];**
- (u) **Licensee Liability Requirements:** it meets all qualification requirements of and under Applicable Laws to transfer the Assets, including the requirement of any applicable Government Authority to have the licences for the Wells and Tangibles comprised therein for which it is the licensee, transferred to the Purchaser (whether or not all such licences are to be transferred to the Purchaser) and, in particular, its security adjusted licensee liability rating in the Province of Alberta:
 - (i) is greater than or equal to one (1);
 - (ii) shall, as a result of the fulfillment of the Transaction, be greater than or equal to one (1); and
 - (iii) shall be greater than or equal to one (1) at the time any Government Authority considers approval of any Conveyance Document pursuant to this Agreement; and
- (v) **xx**

10.2 No Additional Representations and Warranties by Vendors

- (a) The Vendors make no representations or warranties except as expressly set forth in Clause 10.1 and in particular, and without limiting the generality of the foregoing, the Vendors disclaim and shall not be liable for any representation or warranty which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchaser in any manner including any opinion, information, or advice which may have been provided to the Purchaser by the Vendors or their respective Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, the Vendors do not make any representation or warranty, express or implied, with respect to:
 - (i) any data or information supplied by the Vendors in connection with the Assets;
 - (ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
 - (iii) the value of the Assets or the future cash therefrom;
 - (iv) the quality, condition, fitness, suitability, serviceability or merchantability of the Tangibles;

- (v) the accuracy or completeness of any authorizations for expenditures which estimate any reclamation, remediation, or abandonment costs;
- (vi) the accuracy or completeness of any land abstract sheets provided by the Vendor; and
- (vii) the title of the Vendors to the Assets.

The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Assets and it has not relied on advice from the Vendors with respect to the matters specifically enumerated in the immediately preceding paragraph in connection with the purchase of the Assets pursuant hereto. The Purchaser further acknowledges and agrees that it is acquiring the Assets on an "as is" basis, as of the Effective Time. The Purchaser acknowledges and agrees that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendors have provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendors could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendors as to the condition, environmental or otherwise, of the Assets, except as expressly contained in this Agreement.

- (b) Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual and statutory rights and remedies) against each Vendor or any Vendor Entity in respect of the Assets or the Transaction or any representations or statements made or information or data furnished to the Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

10.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendors that:

- (a) **Standing:** it is and at the Closing Date shall continue to be a valid and subsisting corporation, under the laws of its jurisdiction of incorporation and is authorized to carry out business in the jurisdiction(s) where the Assets are located;
- (b) **Requisite Authority:** it has taken all action and has full power and authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreement executed and delivered hereunder;
- (c) **Execution and Enforceability:** this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendors and Purchaser, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute,

legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;

- (d) **No Conflicts:** to its knowledge, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which it is bound or any judgment, law, decree, order or ruling applicable to it;
- (e) **Finder's Fee:** it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendors shall have any obligation or liability;
- (f) **No Lawsuits or Claims:** to its knowledge, it has not received notice of any Claims in existence, contemplated, pending or threatened against it which relates to it seeking to prevent the consummation of the Transaction;
- (g) **Licensee Liability Requirements:** it meets all qualification requirements of and under Applicable Laws to transfer the Assets, including the requirements of any applicable Government Authority to have the licences for the Wells and Tangibles comprised therein for which the Vendors are the licensees transferred to it (whether or not all such licences are to be transferred to it) and, in particular, its security adjusted licensee liability rating in the Province of Alberta:
 - (i) is greater than or equal to one (1);
 - (ii) shall, as a result of the fulfillment of the Transaction, be greater than or equal to one (1); and
 - (iii) shall be greater than or equal to one (1) at the time any Government Authority considers approval of any Conveyance Document pursuant to this Agreement;
- (h) **Purchaser as Principal:** it is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party;
- (i) **Availability of Funds:** it will have arranged to have available by the Closing Date sufficient immediately available funds in Dollars to enable it to pay in full the Purchase Price (and any additional amounts payable) to the Vendors as herein provided and otherwise to fully perform its [Redacted] obligations under this Agreement;
- (j) **No Knowledge of Breach:** as of the date of this Agreement, it has no knowledge of any breach by a Vendor of its representations, warranties, covenants or agreements herein; and

- (k) **Investment Canada Act:** it is a “Canadian” within the meaning of the *Investment Canada Act* (Canada).

10.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and, notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the covenants, representations and warranties set forth in Clauses 10.1 and 10.3 hereof shall survive Closing for the benefit of the Purchaser and the Vendors respectively, provided that no Claim in respect of such covenants, representations and warranties shall be made or be enforceable unless written notice of such Claim is given by the claimant to the other Party within twelve (12) months of the Closing Date. Effective on the expiry of such twelve (12) month period, each Party hereby releases and forever discharges the other Party from any breach of any representations and warranties set forth in Clauses 10.1 and 10.3 hereof except in respect of those Claims in which notice has been given in accordance with this Clause 10.4. No Claim shall be made by a Party in respect of the representations and warranties in this Agreement made by the other Party except pursuant to and in accordance with this Clause 10.4.
- (b) There shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.
- (c) The representations and warranties of the Vendors and the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Purchaser and the Vendors, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 11 CONDITIONS PRECEDENT TO CLOSING

11.1 Vendors’ Closing Conditions

The obligation of the Vendors to complete the sale of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (a) **Representations and Warranties True:** all representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects on the Closing Date [Redacted] and the Purchaser shall have performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Purchaser on or prior to the Closing Date;
- (b) **Certificate:** the Vendors shall have received a certificate from an officer of the Purchaser, substantially in the form attached as Schedule “H”, dated as of the Closing Date;

- (c) **Payment:** the Purchaser shall have tendered the Closing Payment to the Vendors in the manner provided in Clause 3.4;
- (d) **Conveyance Documents:** the Purchaser shall have executed and delivered to the Vendors all Conveyance Documents required under Clause 12.1(a) and the General Conveyance;
- (e) **Deposits to Government Authorities:** all deposits to be paid by the Purchaser to any Government Authority pursuant to Clause 12.7(d) at or prior to Closing shall have been paid in a timely manner;
- (f) **Restrictions:** all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions including the Competition Act Approval;
- (g) **Trust Agreements:** at Closing, the Purchaser shall have executed and delivered to the Vendors a Trust Agreement in respect of any interests in Leases to be held in trust by the Vendors for the Purchaser in accordance with Clause 12.2(a) and a Trust Agreement in respect of the Surface Interests to be held in trust by the Vendors for the Purchaser in accordance with Clause 12.2(b);
- (h) **Road Use Agreement:** at Closing, the Purchaser shall have executed and delivered to the Vendors a master road use agreement in the form attached hereto as Schedule "R" (the "**Road Use Agreement**") granting the Vendors and their Affiliates a licence to use certain roads included in the Miscellaneous Interests after Closing on a no fees basis;
- (i) **[Redacted]**
- (j) **[Redacted];** and
- (k) **[Third Party Name Redacted] Transfer and Assumption Agreement:** at Closing, the Purchaser shall have executed and delivered to the Vendors the **[Third Party Name Redacted] Transfer and Assumption Agreement.**

11.2 Purchaser's Closing Conditions

The obligation of the Purchaser to complete the purchase of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (a) **Representations and Warranties True:** all representations and warranties of the Vendors contained in this Agreement shall be true in all material respects on the Closing Date [Redacted] and the Vendors shall have performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Vendors on or prior to the Closing Date;
- (b) **Certificate:** the Purchaser shall have received a certificate from an officer of each Vendor, substantially in the form attached as Schedule "G", dated as of the Closing Date;

- (c) **Conveyance Documents:** the Vendors shall have executed and delivered to the Purchaser all Conveyance Documents required under Clause 12.1(a) and the General Conveyance;
- (d) **Deposits to Government Authorities:** all deposits to be paid by the Vendors to any Government Authority pursuant to Clause 12.7(d) at or prior to Closing shall have been paid in a timely manner;
- (e) **Restrictions:** the Competition Act Approval shall have been obtained;
- (f) **[Redacted];**
- (g) **[Redacted]**
- (h) **[Redacted];**
- (i) **[Redacted];** and
- (j) **Seismic Licence:** at Closing, the Vendors shall have executed and delivered to the Purchaser the Seismic Licence.

11.3 Parties to Exercise Diligence With Respect to Conditions

The Parties shall proceed diligently and in good faith and shall use [Redacted]reasonable efforts to fulfill and assist in the fulfillment of the conditions contained in Clauses 11.1 and 11.2.

11.4 Waiver of Conditions

The conditions in Clause 11.1 shall be for the sole benefit of the Vendors and [Redacted] The conditions in Clause 11.2 shall be for the sole benefit of the Purchaser[Redacted].

11.5 Failure to Satisfy Conditions

If any of the conditions in Clause 11.1 has not been satisfied or waived by the Vendors on or before the Outside Date, the Vendors [Redacted]. If any of the conditions in Clause 11.2 has not been satisfied or waived by the Purchaser on or before the Outside Date, the Purchaser [Redacted].

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

- (a) The Vendors shall prepare and provide to the Purchaser, at their sole cost and expense, on or after the Closing Date those Conveyance Documents required to acquire the Vendors' interest in any Assets purchased herein, but no such documents shall require any Party to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement. The Vendors shall not be required to have such documents signed by Third Parties at or before the Closing Date but shall cooperate with the Purchaser as reasonably

required to secure execution of such documents by such Third Parties thereafter. The Purchaser shall execute and promptly return to the Vendors at least one copy of each such document and the Vendors shall use commercially reasonable efforts to obtain timely execution and return of such documents by Third Parties wherever required. The Parties agree that certain assignments may be in the form of electronic transfers including AER well license transfers.

- (b) The Vendors shall promptly register in the applicable registry all registerable transfers and conveyances of the Assets (including pressure vessel registrations) and shall make application to all applicable Government Authorities to change the recorded name of all Wells, Tangibles and Facilities forming part of the Assets. All costs incurred in registering any transfers and conveyances inclusive of pipeline and well license transfers, and all costs of registering any further assurances required to convey the Assets, shall be borne by the Purchaser.

12.2 Trust Agreements

- (a) Where the interests or Lands governed by a Lease included in the Land Schedule (the “**Leasehold Interests**”) only comprise a portion of all of the interests or lands which are governed by such Lease or the assignment or transfer of such interest or Lands is not otherwise possible, effective from and after the Effective Time, the Vendors shall hold in trust for and on behalf of the Purchaser the Purchaser’s interest in such Lease in respect of the Leasehold Interests and shall enter into a trust agreement substantially in the form attached as Schedule “O” with the Purchaser in respect of same (a “**Trust Agreement**”).
- (b) Effective from and after the Effective Time, the Vendors shall hold in trust for and on behalf of the Purchaser [Redacted].

12.3 Delivery of Files and Records After Closing

As soon as reasonably practicable after Closing but in no event later than [Redacted]days after Closing, the Vendors shall deliver to the Purchaser originals of the Vendors’ records, files, reports, data and documents relating directly to the Assets comprising the Miscellaneous Interest and to the [Third Party Name Redacted] Interests and [Third Party Name Redacted] Partnerships. The Parties shall cooperate in arranging the orderly transfer of such records, files, reports, data and documents to the Purchaser, and the Purchaser shall be responsible for any third party costs related to the transfer of such records, files, reports, data and documents.

12.4 [Third Party Name Redacted] Transfer and Assumption Agreement

Effective as of the Closing Time on the Closing Date, the Purchaser shall acquire the [Third Party Name Redacted] Interests and assume all obligations related thereto and shall enter into a transfer and assumption agreement substantially in the form attached as Schedule “P” with [Vendor Name Redacted] and [Vendor Name Redacted] at Closing (the “[Third Party Name Redacted] Transfer and Assumption Agreement”).

12.5 [Third Party Name Redacted] Agreement

At Closing or as soon thereafter as reasonably practicable, the Purchaser shall enter into an [Redacted] agreement with [Third Party Name Redacted] whereby the Purchaser assumes as of the Effective Time all of the obligations of the Vendors owed to [Third Party Name Redacted] applicable to [Redacted], and [Redacted].

12.6 Trustee Obligations

The Purchaser shall assume the trust obligations of the Vendors under the trust declarations and agreements described in Schedule “N”, and the Parties shall enter into such Conveyance Documents as are necessary to effect the transfer of such obligations to the Purchaser effective as the Effective Time.

12.7 Licence and Authorization Transfers

- (a) If requested by a Party, at least five (5) Business Days prior to the Closing Time, such Party shall communicate with the relevant Government Authority to determine all conditions and deposits which the relevant Government Authority will require in order for the relevant Government Authority to approve the transfer by the Vendors to the Purchaser of licences and authorizations for the Wells, Facilities and any other Tangibles licensed to the Vendors, and such Party shall advise the other Party in writing of such conditions and required deposits. In such case, at the Closing Date, such Party shall satisfy the deposit requirements of the relevant Government Authority in order to approve any of those licence and authorization transfers from the Vendors to the Purchaser. The Parties further covenants to comply with all conditions imposed by the relevant Government Authority in respect of such transfers.
- (b) following Closing, and subject to the approval of the Vendors’ working interest owners in the particular Asset (to the extent such working interest owners have the contractual right to grant or deny consent) the Vendors shall electronically submit applications to the relevant Government Authorities for the transfer of any Wells, Facilities and any other Tangibles held in the name of the Vendors, and the Purchaser shall electronically ratify and sign such applications, and the Vendors shall prepare and execute applications for the transfer of any Wells, Facilities and any other Tangibles held in the name of the Vendors, and the Purchaser shall promptly execute and return such applications to the Vendors for registration in accordance with Clause 12.1(b). If the Vendors’ working interest partners for an Asset deny their consent to such transfer, the Parties shall cooperate in re-transferring the pertinent licences or authorizations back to the Vendors for the Vendors’ assignment to an approved operator.
- (c) Should the relevant Government Authority deny any licence transfer because of mis-description or other deficiencies in the application, the Vendors shall, within two (2) Business Days of receipt of such denial, correct the application and amend and re-submit an application for the licence transfers and the Purchaser shall electronically ratify and sign such re-submitted application.

- (d) After Closing, whether or not the Purchaser requested prior determination of the relevant Government Authority transfer conditions under Clause 12.7, if for any reason the relevant Government Authority requires a Party to make a deposit in order to approve the licence or authorization transfer, such Party shall to immediately make such deposit.
- (e) If the required Party fails to make a deposit it is required to make under Clause 12.7(d) within ten (10) days of such Party's receipt of notification from the relevant Government Authority that such deposit is required, the other Party shall have the right, but not the obligation, to make such deposit. In such event, the required Party shall reimburse the other Party for the amount of such deposit plus interest thereon at the Prime Rate plus two percent (2%) from the date the other Party paid the deposit until such reimbursement is made. In addition to all other rights to enforce such reimbursement otherwise available to the Party making payment as set out above, it shall have the right to set-off the amount of such reimbursement (including interest) against other monies due to the required Party.
- (f) Each Party hereby appoints the other Party as its agent with regard to the payment referred to in Clause 12.7(e), it being agreed however that the appointed Party shall not have any obligation to make such security deposits on behalf of the appointing Party.

12.8 Transfer to Purchaser's Power Retailer

- (a) The Purchaser shall within forty-five (45) days of the Closing Date enroll SITE ID for the Assets, as applicable, with Purchaser's electrical power retailer.
- (b) The Purchaser shall provide to the Vendors within fifteen (15) days of the Closing Date, the Purchaser's electrical power retailer information for all of the Assets.

12.9 Post-Closing Access

The Purchaser shall cooperate with the Vendors and, upon the Vendors' request, provide reasonable access to the Vendors and Vendors' designee for the development and operations of the Excluded Assets or other rights and assets of the Vendors or their Affiliates in the vicinity of the Assets, to the extent that such development and operations do not unreasonably interfere with the Purchaser's development and operations, and upon request by the Vendors from time to time, Parties shall promptly execute all road use agreements, surface licence agreements and right-of-way access agreements granting the Vendors with surface access rights. This Clause 12.9 shall survive Closing indefinitely.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 General Indemnification

- (a) Subject to the terms and conditions of this Agreement, if Closing occurs, each Vendor shall, severally in the manner specified in Clause 13.5, and not jointly nor jointly and severally, be liable for and as a separate covenant, indemnify, defend and hold the Purchaser, its Affiliates, and each of their respective officers,

directors, partners, managing directors, employees, agents, consultants, representatives, successors and assigns (each, a “**Purchaser Entity**”) harmless from and against all Losses and Liabilities incurred or suffered by a Purchaser Entity arising out of, relating to, or resulting from: (i) any breach of any of such Vendor’s representations or warranties made in this Agreement or in any certificate, instrument or other document delivered by such Vendor pursuant to this Agreement, including the [**Third Party Name Redacted**] Transfer and Assumption Agreement; or (ii) any breach of any covenant or agreement made in this Agreement by such Vendor or in any certificate, instrument or other document delivered by such Vendor pursuant to this Agreement, including the [**Third Party Name Redacted**] Transfer and Assumption Agreement, even if in each such case such Losses and Liabilities are caused in whole or in part by the negligence (whether sole, joint or concurrent), strict liability or other legal fault of any Purchaser Entity, except to the extent caused by or attributable to the Gross Negligence or wilful misconduct of any Purchaser Entity, provided that nothing in this Clause 13.1(a) shall be construed so as to cause such Vendor to be liable to the Purchaser or to indemnify the Purchaser in connection with any representation or warranty if and to the extent that the Purchaser had knowledge prior to the Closing Time of the event or matter constituting or comprising the subject matter of the misrepresentation or breach. Each Vendor’s indemnity obligations set forth in Clauses 13.1(a)(i) and (ii) above shall survive the Closing Date in accordance with the provisions of Clause 10.4.

- (b) Subject to the terms and conditions of this Agreement, if Closing occurs, the Purchaser shall be liable for, and as a separate covenant, indemnify, defend and hold each Vendor, its Affiliates, and each of their respective officers, directors, partners, managing directors, employees, agents, consultants, representatives, successors and assigns (each, a “**Vendor Entity**”) harmless from and against all Losses and Liabilities incurred or suffered by a Vendor Entity arising out of, relating to, or resulting from: (i) any breach of any of the Purchaser’s representations or warranties made in this Agreement or in any certificate, instrument or other document delivered by the Purchaser pursuant to this Agreement, including the [**Third Party Name Redacted**] Transfer and Assumption Agreement; or (ii) any breach of any covenant or agreement made in this Agreement or in any certificate, instrument or other document delivered by the Purchaser pursuant to this Agreement, including the [**Third Party Name Redacted**] Transfer and Assumption Agreement; or (iii) the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Effective Time, including all Losses and Liabilities for all insurable and uninsurable losses or events, even if in each such case such Losses and Liabilities are caused in whole or in part by the negligence (whether sole, joint or concurrent), strict liability or other legal fault of any Vendor Entity, except to the extent caused by or attributable to the Gross Negligence or wilful misconduct of any Vendor Entity. The Purchaser’s indemnity obligations set forth in Clause 13.1(b)(i) and (ii) above shall survive the Closing Date in accordance with the provisions of Clause 10.4. The Purchaser’s indemnity obligation set forth in Clause 13.1(b)(iii) above shall survive the Closing Date indefinitely.

- (c) The Purchaser hereby forever releases and discharges each Vendor and Vendor Entity from any Claims and all liability to the Purchaser or Purchaser's successors and permitted assigns as a result of:
 - (i) the use or reliance upon information and materials pertaining to the Assets or the [Third Party Name Redacted] Interests delivered or made available by the Vendors or their respective Representatives to Purchaser pursuant to this Agreement including any evaluations, projections, reports and interpretive or non-factual materials prepared by or for or received by the Vendors; and
 - (ii) breach of any representation, warranty, covenant or agreement by a Vendor that the Purchaser had actual knowledge of as at the Closing Time.

13.2 Environmental Indemnity

The Purchaser acknowledges that it:

- (a) is familiar with the condition of the Assets, including the past and present use of the Assets;
- (b) has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
- (c) is not relying upon any representation or warranty of the Vendors as to the condition, environmental or otherwise, of the Assets, except for the environmental representation and warranty expressly made by the Vendors pursuant to Clause 10.1(s)(i).

Notwithstanding the provisions of Clause 13.1(a), the Purchaser agrees that once Closing has occurred, no Vendor shall have any liability whatsoever for any Environmental Liabilities except, subject to the limitations set out in Clause 13.4, to the extent related to a breach of the environmental representation and warranty specifically made by the Vendors in Clause 10.1(s)(i). In this regard, once Closing has occurred, the Purchaser:

- (d) shall be solely liable and responsible for all of the Vendors' Losses and Liabilities; and
- (e) as a separate covenant shall indemnify and save each Vendor and Vendor Entity harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a direct result of any act, omission, matter or thing related to any Environmental Liabilities, however and whenever arising or accruing, and the Purchaser shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of either the Vendors or Purchaser or any other Person or otherwise. The Purchaser acknowledges and agrees that it

shall not be entitled to any rights or remedies as against any Vendor or Vendor Entity under the common law or statute pertaining to any Environmental Liabilities, including the right to name any Vendor or Vendor Entity as a 'third party' to any action commenced by any Person against the Purchaser. The Purchaser's indemnity obligation set forth in this Clause 13.2 shall survive the Closing Date indefinitely.

13.3 Indemnification Procedure – Third Party Claims

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

- (a) upon the Third Party Claim being made or commenced against the Indemnified Party, the Indemnified Party shall promptly provide written notice thereof to the Indemnifying Party. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnified Losses and Liabilities that have been or may be sustained by the Indemnified Party in respect thereof. If the Indemnified Party does not give prompt notice to the Indemnifying Party as aforesaid, then such failure shall only lessen or limit the Indemnified Party’s rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of prompt notice;
- (b) if the Indemnifying Party acknowledges to the Indemnified Party in writing that the Indemnifying Party is responsible to indemnify the Indemnified Party in respect of the Third Party Claim pursuant hereto, the Indemnifying Party shall have the right to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and
 - (ii) settle the Third Party Claim provided the Indemnifying Party pays the full monetary amount of the settlement and the settlement does not impose any unreasonable restrictions or obligations on the Indemnified Party;
- (c) notwithstanding the assumption by the Indemnifying Party of the defence of the Claim, if the defendants in any such Claim shall include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party shall have reasonably concluded that counsel selected by the Indemnifying Party has a conflict of interest because of the availability of, or decision by either the Indemnifying Party or the Indemnified Party to put forward, different or additional defences to the Indemnifying Party and the Indemnified Party, the Indemnified Party shall have the right to select separate counsel to participate in the defence of the Claim on its behalf, at the expense of the Indemnifying Party;
- (d) each Party shall cooperate with the other Party in the defence of the Third Party Claim, including making available to the other Party or its directors, officers,

employees and consultants whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;

- (e) the Indemnified Party shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned) unless the Indemnified Party waives its rights to indemnification in respect of the Third Party Claim;
- (f) upon payment of the Third Party Claim, the Indemnifying Party shall be subrogated to all Claims the Indemnified Party may have relating thereto. The Indemnified Party shall give such further assurances and cooperate with the Indemnifying Party to permit the Indemnifying Party to pursue such subrogated Claims as reasonably requested by it; and
- (g) if the Indemnifying Party has paid an amount pursuant to the indemnification obligations herein and the Indemnified Party shall subsequently be reimbursed from any other source in respect of the Third Party Claim, the Indemnified Party shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnifying Party, net of taxes required to be paid by the Indemnified Party as a result of such payment and plus any taxes saved or recovered by the Indemnified Party as a result of such payment.

13.4 Limitations on Liability

- (a) No indemnified Person shall be entitled to seek indemnification from a Party hereunder with respect to any Claim or Losses and Liabilities under Clause 13.1(a) or 13.1(b)(i) or (ii), as applicable, unless such indemnified Person notifies such Party of such Claim or Losses and Liabilities within the twelve (12) month period specified in Clause 10.4 or clause 12 of the **[Third Party Name Redacted]** Transfer and Assumption Agreement, as applicable.
- (b) The Parties acknowledge and agree that an obligation under this Agreement or the **[Third Party Name Redacted]** Transfer and Assumption Agreement, as applicable, to provide written notice of a Claim within twelve (12) months from the Closing Date and in a manner specified under this Agreement or the **[Third Party Name Redacted]** Transfer and Assumption Agreement, as applicable, is intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).
- (c) [Redacted].
- (d) Notwithstanding anything herein to the contrary, the indemnification obligations of the Vendors under this Agreement are subject to the following restrictions:
 - (i) no individual Claim of an indemnified Person may be made against one or more Vendors for any Claim or Losses and Liabilities hereunder unless

such Claim or Losses and Liabilities exceed an amount equal to [Redacted] Dollars. Furthermore, no Vendor shall have any liability for any indemnification pursuant to this Agreement unless and until the aggregate amount of the liability for all Claims or Losses and Liabilities to indemnified Persons hereunder exceeds [Redacted] Dollars, at which point only those Losses and Liabilities in excess of such amount shall be recoverable from a Vendor. For the avoidance of doubt, adjustments of the Purchase Price pursuant to Clause 4.1 and any payments in respect thereof shall not be limited by this Clause 13.4; and

- (ii) the Vendors' indemnification obligations under this Agreement shall be limited to an aggregate maximum amount equal to xx percent (xx%) of the Purchase Price.

13.5 Vendor Liabilities

Subject to Clause 2.3, as between the Purchaser and the Vendors, to the extent that any liability or obligation of one of the Vendors to Purchaser under this Agreement is attributable to the act, failure to act or breach of a representation or warranty of a particular Vendor, the liability or obligation shall be allocated to such Vendor. In all other cases, any right, obligation or liability under this Agreement which pertains to particular assets that form part of the Assets shall be allocated between the Vendors based on each Vendor's interest in the particular Assets.

13.6 No Merger

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

- (a) [Redacted].

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

This Agreement may be terminated at any time prior to the Closing Date:

- (a) by the mutual written agreement of the Parties; or
- (b) by either Party pursuant to Clause 8.2(b)(iv);
- (c) by either Party pursuant to Clause 11.5; or
- (d) by the Purchaser if a Vendor shall have filed for bankruptcy, voluntary or otherwise, entered reorganization proceedings, become unable to pay its respective debts as they come due or otherwise become insolvent; or

- (e) by the Vendors if the Purchaser shall have filed for bankruptcy, voluntary or otherwise, entered reorganization proceedings, become unable to pay its respective debts as they come due or otherwise become insolvent.

14.2 Effect of Termination

If this Agreement is terminated by the Vendors or the Purchaser as permitted under Clause 14.1:

- (a) [Redacted].

ARTICLE 15 PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Public Announcements

- (a) The Parties will cooperate with each other in releasing to Third Parties information concerning this Agreement and the Transaction. A Party will provide the other Party with a draft of all press releases and other releases of information for dissemination to the public with sufficient time prior to its release to enable the other Party to review that draft and provide any comments it may have. The proposed release is subject to the prior written approval of the other Party, which approval may not be unreasonably withheld, conditioned or delayed. Neither Party shall use the name of the other Party or its Affiliates or predecessors without the prior written approval of the other Party.
- (b) However, a Party may provide information about the Transaction to any Government Authority or to the public or use the name of the other Party or its Affiliates or predecessors, insofar only as is required by the regulations or securities laws or stock exchange requirements applicable to the Party, and a Party may provide information about the Transaction to a bank or other financial institution to obtain financing or any required consent of its bank or other financial lender. The Vendors may also disclose information pertaining to the Agreement and the identity of the Purchaser, insofar as is required to enable the Vendors to fulfill their obligations pertaining to ROFRs and other third party rights under Clauses 9.1 and 9.2.

15.2 Signs

Within [Redacted]days following the Closing Date, the Purchaser shall remove the names of the Vendors and their Affiliates and predecessors from all signs located at or near the Wells, Tangibles and the Facilities. If the Purchaser fails to comply with the foregoing, the Vendors shall have the right, at their discretion, to remove their and their Affiliates' and predecessors' names as aforesaid and the Purchaser shall be responsible for and shall reimburse the Vendors for all reasonable costs incurred by the Vendors in so doing.

ARTICLE 16
GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law

- (a) This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and the laws of Canada applicable therein.
- (b) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the court of competent jurisdiction in the Province of Alberta, Canada and any appellate court thereof, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined in any courts in the Province of Alberta, Canada.
- (c) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a party in any court of competent jurisdiction in the Province of Alberta, Canada. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

16.2 Resolution of Disputes

- (a) Subject to Clause 16.2(b), all Claims and disputes among the Parties arising in relation to this Agreement (including disputes over the interpretation or enforceability of any provision of this Agreement) shall be resolved through negotiation of the Parties, in good faith. If after thirty (30) days of attempting to resolve the dispute through negotiation the Parties are unable to resolve the dispute, either Party may refer the matter to the Court of Queen's Bench in the Province of Alberta, Canada, for resolution.
- (b) (i) If a Party elects to resolve an amount in dispute described in Article 4 pursuant to the dispute resolution procedures set forth in this Clause 16.2(b), the Vendors and the Purchaser shall as soon as possible after such disagreement is identified, submit the matter to an accounting firm acceptable to both Parties, for review and resolution (the "**Accounting Referee**"). If no Accounting Referee is acceptable to both Parties, such dispute may be submitted for resolution pursuant to the provisions of Clause 16.2(a). The Accounting Referee shall restrict its review and determination to the amount in dispute and shall not conduct nor be authorized to conduct, any legal interpretation of any provision of this Agreement.

- (ii) If a Party elects to resolve a dispute described in Clause 8.2(c) or 9.1(c) pursuant to the dispute resolution procedures set forth in this Clause 16.2(b)(ii) the Vendors and the Purchaser shall submit the dispute to a recognized evaluation firm acceptable to both Parties, for review and resolution. If no recognized evaluation firm is acceptable to both Parties, such dispute may be submitted for resolution pursuant to the provisions of Clause 16.2(a). The evaluation firm selected pursuant to this Clause 16.2(b)(ii) shall restrict its review and determination to the Defect Value of an Uncured Title Defect in Clause 8.2(c), or the allocation in dispute under Clause 9.1(c) and to the extent necessary, may engage legal counsel to advise it as to the legal aspects of the amounts or allocations in dispute, but shall not otherwise conduct nor be authorized to conduct, any legal interpretation of any provision of this Agreement.
- (iii) If a Party elects to resolve a dispute over the existence of a Material Title Defect or the Defect Value of an Uncured Title Defect in Clause 8.2 pursuant to the dispute resolution procedures set forth in this Clause 16.2(b)(iii), the Vendor and the Purchaser shall submit the dispute to a recognized independent oil and gas lawyer acceptable to both Parties, for review and resolution. If no recognized oil and gas lawyer is acceptable to both Parties, such dispute may be submitted for resolution pursuant to the provisions of Clause 16.2(a).
- (c) The Accounting Referee, evaluation firm or oil and gas lawyer, as applicable, shall act as an expert for the limited purpose of determining the dispute submitted by the Parties, as the context requires (and not as an arbitrator) and may not award damages or penalties to any Party with respect to any matter. The Accounting Referee, evaluation firm or oil and gas lawyer, as applicable, shall be required to render a decision resolving the matters submitted to it within thirty (30) days following submission thereto. Closing shall not be delayed in respect of disputes under Clause 4, but in all other cases the Closing Date shall be extended automatically to the date that is two (2) Business Days after the determination of the evaluation firm or oil and gas lawyer. The cost of any such determination (including the fees of the Accounting Referee or evaluation firm or oil and gas lawyer, as applicable) pursuant to Clause 16.2(b) shall be borne equally between the Purchaser and the Vendor, provided that each Party shall bear its own legal fees and other costs of presenting its case. The finding of such Accounting Referee or evaluation firm or oil and gas lawyer, as applicable, shall be final and binding on the Parties.

ARTICLE 17

PERSONNEL ARRANGEMENTS

17.1 Personnel Arrangements

- (a) [Redacted].

17.2 Covenant Regarding Privacy

The Purchaser covenants and agrees to use and disclose the personnel information provided to it pursuant to Clause 17.1 only for those purposes for which such information was initially collected from or in respect of the individual to which such information relates, unless:

- (a) the Vendors have or the Purchaser has first notified such individual of such additional purpose, and where required by Applicable Laws, obtained the consent of such individual to such additional purpose; or
- (b) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual.

ARTICLE 18 NOTICES

18.1 Service of Notices

The address for written notices of the Parties (“**Address for Notice**”) shall be as follows:

[Vendor Name Redacted] and Vendors: c/o **[Vendor Name Redacted]**
[Address Redacted]
[Address Redacted]

Facsimile: **[Contact Information Redacted]**

Attention: **[Title Redacted]**

Purchaser: Pine Cliff Energy Ltd.
Suite 850, 1015 – 4th Street S.W.
Calgary, Alberta T2R 1J4

Email: info@pinecliffenergy.com

Attention: President and Chief Executive Officer

Either of the Parties may from time to time change its Address for Notice herein by giving written notice to the other Party. For the purposes of this Clause 18.1, “normal business hours” shall mean 8:00 a.m. to 4:00 p.m. on a Business Day.

Notices shall be deemed to have been received:

- (a) if delivered by hand to the receiving Party’s Address for Notice, at the time of actual receipt;
- (b) if sent by facsimile transmission to the Vendors’ Address for Notice, on the date of actual receipt if received during the Vendors’ normal business hours, or at the commencement of the Vendors’ next Business Day after receipt if not received during the Purchaser’s normal business hours;

- (c) if given by electronic mail to the Purchaser's Address for Notice, when the notice or notification enters the Purchaser's information system and becomes capable of being retrieved and processed by it if that occurs during the Purchaser's normal business hours, or at the commencement of the Purchaser's next Business Day if that occurs after the Purchaser's normal business hours; or
- (d) if sent by regular or registered mail to the receiving Party's Address for Notice, the earlier of: (i) the date of actual receipt, or (ii), on the fourth (4th) Business Day after the mailing thereof.

ARTICLE 19 CONFIDENTIALITY AND PERSONAL INFORMATION

19.1 Confidentiality

- (a) Prior to the Closing Date and thereafter if Closing does not occur, information respecting the Assets, the Vendors and their respective Representatives shall be retained in confidence by the Purchaser and its Representatives pursuant to the terms of the Confidentiality Agreement and used only for the purposes of the Transaction. Upon Closing, the Purchaser's rights to use or disclose information respecting the Assets shall be subject only to any Title and Operating Documents that may apply thereto. Any information respecting the Vendors or their respective Representatives or additional information obtained as a result of such access which does not relate to the Assets shall continue to be governed by the Confidentiality Agreement.
- (b) The Confidentiality Agreement shall not merge with the terms hereof. Notwithstanding any provision herein or any Applicable Law to the contrary, the Confidentiality Agreement shall survive the execution of this Agreement and Closing of the Transaction.

19.2 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to the Purchaser or otherwise obtained by the Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. The Purchaser's obligations set forth in this Clause 19.2 shall survive the Closing Date indefinitely.

ARTICLE 20 ASSIGNMENT

20.1 Assignment

- (a) Prior to the Closing, neither Party may assign its interest in or under this Agreement or to the Assets without the prior written consent of the other Party, except as may be required by the Vendors to comply with any ROFR as provided in Clause 9.1.

- (b) [Redacted].
- (c) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve the Purchaser from its obligations to the Vendors herein. The Vendors shall have the option to claim performance or payment of the obligations from the Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendors to receive duplicate performance or payment of the same obligation.

ARTICLE 21 MISCELLANEOUS

21.1 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

21.2 Costs

Except as otherwise specified in this Agreement, each of the Parties shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

21.3 Limitations Extension

Subject to any specific provisions or releases contained herein, the period for seeking a remedial order under subsection 3(1)(a) of the *Limitations Act* (Alberta) is extended from two (2) years to four (4) years for all Claims that may arise under this Agreement.

21.4 No Waiver

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

21.5 Entire Agreement

Subject to Clause 19.1, this Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, including any letter agreements between the Purchaser and the Vendors. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all Parties.

21.6 Further Assurances

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

21.7 Audited Operating Statements

If the Purchaser requires an audited operating statement with respect to the Assets pursuant to the Applicable Laws, including any disclosure requirement under applicable securities legislation or stock exchange rules for a period during which the Assets were owned by the Vendors and the Purchaser provides written notice thereof to the Vendors within [Redacted] following the Closing Date:

- (a) [Redacted].

Notwithstanding the generality of the foregoing, the Purchaser hereby acknowledges that:

- (b) the provision of such information is on the express condition that the Vendors and their employees, consultants or other representatives makes no representations and warranties and assume no liability whatsoever to the Purchaser or any other Person in respect of such information or the accuracy or sufficiency thereof or in connection with any claims made by any Third Parties arising as a result of or in respect of any disclosure by the Purchaser of the information provided in this Clause, and shall be subject to the release in Clause 13.1(c); and
- (c) the Vendors will not be required to provide direct access to the Vendors' records to the Purchaser or to any employees, consultants or other representatives of the Purchaser.

21.8 Time of the Essence

Time shall be of the essence in this Agreement.

21.9 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective heirs, executors, successors and permitted assigns.

21.10 Severability

In the 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 herein shall not in any way be affected or impaired thereby.

21.11 Counterpart Execution

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

[Signature page follows]

IN WITNESS WHEREOF the Parties have executed this Agreement effective as of the date first above written.

[Vendor Name Redacted]

[Vendor Name Redacted]

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

[Vendor Name Redacted]

[Vendor Name Redacted]

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

[This is the first of two execution pages to the Purchase and Sale Agreement dated November 9, 2015]

[Vendor Name Redacted]

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

[Vendor Name Redacted]

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

By: (signed) "[Redacted]"
Name: **[Signatory Redacted]**
Title: **[Title Redacted]**
Date: November 9, 2015

PINE CLIFF ENERGY LTD.

By: (signed) "*Philip Hodge*"
Name: Philip Hodge
Title: President & Chief
Executive Officer
Date: November 9, 2015

By: (signed) "*George Fink*"
Name: George Fink
Title: Chairman
Date: November 9, 2015

[This is the second of two execution pages to the Purchase and Sale Agreement dated November 9, 2015]

[Schedules Redacted]