AGREEMENT OF PURCHASE AND SALE

BY AND AMONGST

HERMES ENERGY CORP.

- and -

1135054 ALBERTA LTD.

- and -

1384388 ALBERTA LTD.

- and -

HERMES FINANCIAL INC.

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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made as of the 21st day of September, 2009.

BETWEEN:

HERMES ENERGY CORP., a body corporate, having an office in the Town of Canmore, in the Province of Alberta

- and -

1135054 ALBERTA LTD., a body corporate, having an office in the City of Consort, in the Province of Alberta

- and -

1384388 ALBERTA LTD. ., a body corporate, having an office in the City of Calgary, in the Province of Alberta

(Hermes Energy Corp., 1135054 Alberta Ltd. and 1384388 Alberta Ltd. are hereinafter collectively referred to as "Vendors")

- and -

HERMES FINANCIAL INC., a body corporate, having an office in the Town of Canmore, in the Province of Alberta

(hereinafter referred to as "Purchaser")

WHEREAS Vendors desire to sell and convey the Assets to Purchaser and Purchaser desires to purchase and receive the Assets from Vendors, in each case upon the terms and conditions herein set forth;

NOW THEREFORE in consideration of the premises hereto and of the covenants, warranties, representations, agreements and payments herein set forth and contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals hereto, this Article and each Schedule), the words and phrases set forth below shall have the meanings ascribed thereto below, namely:

"**A.F.E.**" means an authority for expenditure, mail ballot or cash call or any other approval given by the holders of working interests in the Lands or Tangibles to conduct an operation, create or incur a financial obligation or accept a risk;

"**Affiliate**" means any company, person, partnership or other legal entity which controls or is controlled by a Party to this Agreement, or which controls or is controlled by a company, person, partnership or other legal entity which controls such Party, and

"**Applicable Laws**" means applicable Canadian corporate, securities and other laws, regulations and rules and all policies and rules of applicable stock exchanges;

"**Assets**" means the Petroleum and Natural Gas Rights, Tangibles, Proprietary Technical Information and Miscellaneous Interests;

"**BOE**" means a barrel of oil equivalent of natural gas and crude oil on the basis of one BOE for 6,000 cubic feet of natural gas;

"**BOE/d**" means barrel of oil per day;

"**Business Day**" means a week day (other than a Saturday or Sunday) excluding all statutory holidays in Calgary, Alberta;

"**Closing**" means the transfer of the Assets by Vendors to Purchaser and the payment by Purchaser to Vendors of the Purchase Price and the completion of all matters incidental thereto as herein provided for;

"**Closing Time**" means the time and day determined pursuant to Clause 6.2;

"**control**" means the power to direct or cause the direction of the management and policies of the Party or the other company, person, partnership or legal entity, as the case may be, whether directly or indirectly, through one or more intermediaries or otherwise, and whether by virtue of the ownership of shares or other equity interests, the holding of voting rights or contractual rights, or partnership interests or otherwise. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates;

"**Conveyance**" means an agreement in the form or substantially in the form of Schedule "B";

"**Deposit**" has the meaning specified in Clause 3.5;

"**Dollar**" or "**$**" means a dollar of the lawful money of Canada;

"**Effective Time**" means 8:00 a.m., local time at Calgary, Alberta, on date of the Purchaser Meeting;

"**Facilities**" means the facility or facilities set out in Schedule "G";

"**HFI Shares**" the common shares of Hermes Financial Inc.;

"**Information Circular**" means the information circular of Purchaser relating to the Purchaser Meeting;

"**Lands**" means, in respect of the lands described in the Land Schedule, the Petroleum Substances within, upon or under those lands and lands pooled or unitized therewith, together with the right to explore for and recover Petroleum Substances insofar only as they are granted by the Leases;

"**Land Schedule**" means Schedule "A";

"**Leases**" means, collectively, the leases, reservations, permits, licences, or other documents of title set forth and described in the Land Schedule (or any replacement thereof, renewal thereof or leases derived therefrom) by virtue of which the holder thereof is entitled to drill for, win, take, own and remove the Petroleum Substances within, upon or under all or any part of the Lands;

"**Miscellaneous Interests**" means the entire right, title, estate and interest of the Vendors (whether legal, beneficial or otherwise) in and to all property, assets and rights relating to the Petroleum and Natural Gas Rights or the Tangibles (other than Petroleum and Natural Gas Rights or the Tangibles) and to which Vendors are entitled at the Effective Time including, but not in limitation of the generality of the foregoing, such interests of Vendors in:

(i) all contracts, agreements, documents, Production Sales Contracts, books and records and well files relating to the interest of Vendors in the Petroleum and Natural Gas Rights, or the Tangibles, and any and all rights in relation thereto;

(ii) all engineering and production data and information related to the Petroleum and Natural Gas Rights and the Tangibles in the custody of Vendors or to which it is entitled, excluding interpretive data and economic forecasts;

(iii) all subsisting rights to enter upon, use and occupy the surface above the Lands or any lands with which same have been pooled or unitized or the sites of any Tangibles or any lands which are used to gain access to any of the foregoing, including any fee simple surface titles where owned by Vendors; and

(iv) the Wells, including well bores and downhole casing;

"**Parties**" means the parties to this Agreement and "**Party**" means any one of them;

"**Permitted Encumbrances**" means:

(i) all royalty burdens, liens, adverse claims, penalties, net profits interests and other encumbrances set out in the Land Schedule;

(ii) easements, rights of way, servitudes or other similar rights in land including, without limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables;

(iii) the right reserved to or vested in any government or other public authority by the term of any Lease or by any statutory provision to terminate any Lease, to require annual or other periodic payments as a condition of the continuance thereof, to levy taxes on Petroleum Substances or the income or revenue therefrom or to control or regulate the Assets or operations thereon, including production rates on any property, and all applicable laws, rules and orders of any governmental authority;

(iv) the terms and conditions of the Leases or any agreements and documents which relate to any of the Assets including, without limitation, any Production Sales Contracts; except to the extent that they create security interests, burdens or encumbrances that would not be Permitted Encumbrances under the provisions of this definition;

(v) undetermined or inchoate liens incurred or created as security in favour of the person conducting the operation on any of the Assets for Vendors' proportion of the costs and expenses of such operations which costs and expenses are not delinquent as of the Closing Time;

(vi) the 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;

(vii) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations;

(viii) liens granted in the ordinary course of business to a public utility, municipality or governmental authority in connection with operations conducted with respect to the Assets;

(ix) mechanic's, builder's and materialmen's liens in respect of services rendered or goods supplied for which payment is not at the time due; and

(x) liens for taxes, assessments and governmental charges which are not due at such time;

"**Person**" means any individual, partnership, limited partnership, joint venture, trust, body corporate, unincorporated organization, committee, trade creditors' committee, government, or agency, or instrumentality thereof, or any other entity howsoever designated or constituted;

"**Petroleum and Natural Gas Rights**" means all of the Vendors' right, title estate and interest (whether legal, contingent, beneficial or otherwise) in and to the Leases and the Lands;

"**Petroleum Substances**" means petroleum, natural gas, related hydrocarbons and any other substances, whether liquid, solid or gaseous, the rights to which accrue to the holder of the rights to petroleum, natural gas or related hydrocarbons;

"**Place of Closing**" means the offices of Heenan Blaikie LLP;

"**Price Adjustment**" means the adjustments set forth in Schedule "J";

"**Prime Rate**" means a rate of interest per annum equal to the annual rate of interest which is announced from time to time by the main branch in Calgary, Alberta of the Royal Bank of Canada, as a reference rate used for determining interest rates on Canadian dollar loans to its most credit worthy customers

"**Production Sales Contracts**" means the production sales contracts set forth in Schedule "H";

"**Proprietary Technical Information**" means all records, books, documents, licences, reports and data and all sale, trading and reproduction rights associated with the Lands or on or within one (1) mile of the Lands, including:

(i) all permanent records of basic field data including any and all microfilm or paper copies of seismic driller's reports, monitor records, observer's reports and survey notes and any and all copies of magnetic field tapes or conversions thereof;

(ii) all permanent records of the processed field data including any and all microfilm or paper copies of shot point maps, pre- and post-stacked record sections including amplitude, phase and structural displays, post-stack data manipulations including filters, migrations and wavelet enhancements, and any and all copies of final stacked tapes and any manipulations and conversions thereof;

(iii) in the case of 3D seismic, in addition to the foregoing, all permanent records or bin locations, bin fold, static corrections, surface elevations and any other relevant information;

(iv) including access to view any trade seismic data in possession of Vendors on or within one (1) mile of the Lands; and

(v) any and all interpretations of the foregoing;

"**Purchase Price**" shall have the meaning subscribed thereto in Clause 3.1;

"**Purchaser Default**" means a breach of a representation or warranty made by Purchaser in Clause 14.1 or a breach by Purchaser of a covenant or agreement in this Agreement;

"**Purchaser Information**" means all information required by Applicable Laws to be included in the Purchaser Information Circular relating to Purchaser, including, without limitation, information in respect of Purchaser's business and affairs and its financial position as required by Applicable Laws;

"**Purchaser Information Circular**" means the information circular of Purchaser relating to the Purchaser Meeting;

"**Purchaser Meeting**" means the annual and special meeting of the holders of HFI Shares, including any adjournment thereof, that is to be convened to consider, and if deemed advisable, pass special resolutions or ordinary resolutions, as the case may be, approving the Consolidation, the creation and issuance of the HFI Preferred Shares, the Name Change, the Directors' Appointment, the Continuance and the Purchaser Stock Option Plan;

"**Regulations**" means all statutes, laws, rules, orders and regulations in effect from time to time and made by governments or governmental boards or agencies having jurisdiction over the Assets;

"**Right of First Refusal"** means a preferential right of purchase or right of first refusal made effective by virtue of this Agreement;

"**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents and instruments that are reasonably required or desirable to convey, assign and transfer the Assets to the Purchaser and to novate the Purchaser in the place and stead of the Vendors with respect to the Assets and includes the Conveyance;

"**Tangibles**" means all of the right, title, estate and interest of Vendors (whether legal, contingent, beneficial or otherwise) in and to all tangible depreciable property and assets situate in, on or about the Lands or appurtenant thereto and used solely in connection with production, gathering, processing, transmission, compression or treatment operations on the Lands and all of Vendors' right, title and interest in the Facilities and all inventories of tangible equipment, material and spare parts associated with the Facilities;

"**Title Defect**" shall have the meaning ascribed thereto in Clause 11.1 hereof;

"**TSXV**" means the TSXV Venture Exchange Inc.;

"**Unit**" means one HFI Share and one warrant (a "**Warrant**") to purchase one (1) HFI Share for $0.15 exercisable, in whole or in part, at any time up to twenty-four (24) months after the Closing Time; and

"**Wells**" means all producing, shut-in, water source, observation, disposal, injection, suspended and similar wells located on the Lands or directly relating to the operation of the Lands as described and listed in Schedule "D".

1.2 Incorporation of Schedules

The following Schedules are attached to and incorporated as part of this Agreement:

(a) Schedule "A" - Land Schedule;

(b) Schedule "B" - Conveyance;

(c) Schedule "C" - Authorizations for Expenditures ("A.F.E.'s");

(d) Schedule "D" - Wells;

(e) Schedule "E" - Claims and Lawsuits;

(f) Schedule "F" - Rights of First Refusal;

(g) Schedule "G" – Facilities;

(h) Schedule "H" – Production Sales Contracts;

(i) Schedule "I" – Processing Agreements; and

(j) Schedule "J" – Price Adjustment

1.3 Schedule References

Wherever any provision of any Schedule to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail.

1.4 Headings

The headings of Articles and clauses herein and in the Schedules are inserted for convenience of reference only and shall not affect or be considered in the construction or interpretation of the provisions hereof.

1.5 Gender

In this Agreement, words importing persons include companies and vice versa and words importing the masculine gender include the feminine and neuter gender and vice versa.

1.6 References

Except as otherwise provided for herein, “this Agreement”, “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to this agreement and not to any particular section, subsection, paragraph, subparagraph, clause, subclause, schedule or other portion thereof.

1.7 Knowledge

Where in this Agreement a representation or warranty is made on the basis of the knowledge or awareness of a party, such knowledge or awareness consists only of the actual knowledge or awareness, as the case maybe, of the current senior officers of such party and does not include the knowledge or awareness of any other person.

1.8 If Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement that presumes that Purchaser has acquired the Assets or any part thereof hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Statutory References

Any reference herein to a statute shall include and be deemed to be a reference to such statute and to the regulations made pursuant thereto and all amendments passed which have the effect of supplementing or superseding this statute so referred to or the regulations made pursuant thereto.

ARTICLE 2
SALE

2.1 Sale

Vendors agree to sell and convey the Assets to Purchaser and Purchaser agrees to purchase and receive the Assets from Vendor, all in accordance with and subject to the terms and conditions set forth in this Agreement.

ARTICLE 3
CONSIDERATION

3.1 Price

The aggregate price to be paid by Purchaser to the Vendors for the Assets shall be Ten Million (10,000,000) Units registered in the name of Vendors or as otherwise directed by Vendors, Seven Hundred Thousand Dollars ($700,000) cash and the Price Adjustment (hereinafter called the "Purchase Price"), subject to adjustments as herein provided, and allocated among the Vendors as follows:

Vendor	Units	Cash
Hermes Energy Corp.	[redacted]	[redacted]
1135054 Alberta Ltd.	[redacted]	[redacted]
1384388 Alberta Ltd.	[redacted]	[redacted]

{sensitive business information}

3.2 Interest on Purchase Price

Purchaser shall pay to the Vendors interest on the Purchase Price, pro-rata to each Vendor's allocation of cash consideration forming part of the Purchase Price, from and including the Effective Time to and including the day prior to the Closing Time calculated daily and not compounded at the Prime Rate.

3.3 Allocation of Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

(a)	to Petroleum and Natural Gas Rights	$1,360,000
(b)	to Tangible	$339,999
(c)	to Miscellaneous Interests	$1
	TOTAL	$1,700,000

The amount allocated to Petroleum and Natural Gas Rights shall be increased or decreased, as applicable, by any adjustments provided for in Article 4 hereof.

3.4 Goods and Services Tax

The Parties hereby agree that Vendors and Purchaser shall comply with federal legislation pertaining to the Goods and Services Tax ("GST"). The GST Registration Nos. of Vendors are [redacted] for Hermes Energy Corp., [redacted] for 1135054 Alberta Ltd. and [redacted] for 1384388 Alberta Ltd. and the GST Registration No. of Purchaser is 827036328. Purchaser shall pay Vendors applicable GST with respect to that portion of the Purchase Price allocated to the Tangibles and Miscellaneous Interests pursuant to Clause 3.3.

{confidential business identification information}

3.5 Deposit

(a) Purchaser paid an amount equal to Twenty-Five Thousand Dollars ($25,000) (the “Deposit”) as a deposit against the payment of the Purchase Price, the receipt of which is hereby acknowledged by Vendor.

(b) If Closing occurs, the Deposit shall be applied to payment of the Purchase Price.

(c) If the Closing does not occur due to a Purchaser Default, the Deposit shall be forfeited to and retained by Vendor for its own account absolutely as the genuine pre-estimate by Vendor and Purchaser of Vendor’s liquidated damages as a result of Closing not occurring and Purchaser shall be released from all obligations and liabilities hereunder.

(d) If Closing does not occur for any reason or circumstance other than a Purchaser Default, the Deposit shall be returned to Purchaser forthwith.

ARTICLE 4
ADJUSTMENTS

4.1 Adjustments

(a) All benefits and obligations of every kind and nature incurred or accruing in respect of the Assets prior to the Effective Time, including without limitation operating costs, property taxes, capital costs, lease rentals, royalty obligations, the proceeds from the sale of production from the Lands, proceeds from third party fees, including processing fees, and recoveries of overhead and administration costs and expenses, are for Vendors' account.

(b) All benefits and obligations of every kind and nature incurred or accruing in respect of the Assets, on or after the Effective Time but prior to the Closing, including without limitation operating costs, property taxes, lease rentals, royalty obligations, the proceeds from the sale of production from the Lands, proceeds from third party fees, including processing fees, and recoveries of overhead and administration costs and expenses, are for the account of the Purchaser and shall be adjusted for in the statement of adjustments.

(c) Three (3) Business Days before Closing, Vendors shall prepare and submit to Purchaser for its review, an interim statement of adjustments effective as of the Effective Time. At Closing the parties shall, to the extent practicable, adjust and settle accounts pertaining to the Assets. The Purchase Price shall be adjusted to reflect the adjustments and settlements shown on the interim statement of adjustments as agreed to by the parties hereto.

(d) A final accounting and adjustment (“Final Statement of Adjustments”) shall be prepared by Vendors within 180 days following the Closing Time and Purchaser shall have thirty (30) days from receipt of the Final Statement of Adjustments to review same. Subject to Subclauses (e) and (f), the Final Statement of Adjustments and settlement of accounts will be considered concluded at the time Vendors and Purchaser sign a statement of adjustments that expressly states it is a final statement of all adjustments. Payment for adjustments on the Final Statement of Adjustments shall be made within thirty (30) days of the date of that Vendors and Purchaser agree on the Final Statement of Adjustments.

(e) During the one (1) year period following Purchaser's receipt of the Final Statement of Adjustment ("Audit Period"), Purchaser may audit the books, records and accounts of the Vendors respecting the Assets, for the purpose of effecting adjustments pursuant to this Article. Such audit shall be conducted upon reasonable notice to Vendors at Vendors' offices during Vendors' normal business hours, and shall be conducted at the sole expense of Purchaser. Any claims of discrepancies disclosed by such audit shall be made in writing to Vendors within thirty (30) days following the completion of such audit and Vendors shall respond in writing to any claims of discrepancies within thirty (30) days from receipt of such claims. Payment for any agreed amount owing by Vendors or Purchaser, as the case may be, shall be made within thirty (30) days of the date that the Parties resolve the discrepancies disclosed by such audit.

(f) Any adjustments established by an audit conducted pursuant to the Regulations, the provisions of the Leases or governing agreements with respect to Crown Royalty audits, joint venture audits or thirteen (13^{th}) month adjustments which are outstanding at the Closing Time, or that occur after the Closing Time shall be made as they occur in accordance with the provisions of existing legislation or governing agreements and shall be received or paid by the party entitled thereto or obliged thereby.

(g) The following provisions will apply to the apportionment of the revenues, costs, expenses and other relevant charges for the purpose of preparing the interim and final statements of adjustments:

(i) Petroleum Substances produced from the Lands and at the Effective Time beyond the wellhead shall not form part of the Assets;

(ii) all prepaid rentals and property taxes whether paid before or after the Effective Time, for the Assets shall be apportioned between Vendors and Purchaser as of the Effective Time;

(iii) capital cost and operating cost advances and similar prepayments made by Vendors for the Assets for which it is not operator prior to Closing and relating to benefits accruing after the Effective Time are the responsibility of Purchaser and an amount equal to those capital cost and operating cost advances and similar prepayments shall be credited to Vendors at Closing;

(iv) there will be no adjustments for Alberta Royalty Tax Credits;

(v) there will be an adjustment for the period from the Effective Time up to but not including the Closing by an amount equal to:

(A) the proceeds from the sale of production from the Lands, minus

(B) all royalties and operating expenses,

(vi) revenues received by Vendors from the sale of Petroleum Substances, revenues from royalties attributable to the Assets and revenues from third party processing from and after the Effective Time shall be apportioned on the basis of the date of production or of third party processing; and

(vii) Taxes levied under the *Freehold Mineral Rights Tax Act* (Alberta) for which the lessee is responsible under any applicable lease, shall be apportioned between Vendors and Purchaser as of the Effective Time. Purchaser shall provide Vendors with copies of all statements and assessments received under the Freehold Mineral Rights Tax Act (Alberta), together with material from which Vendors may assure themselves that payments pursuant to such Act are made on the lowest reasonable basis.

(h) GST shall be payable and applied to adjustments where required by law and shall be paid by the applicable Party.

(i) To the extent that the Parties cannot agree to the accounting provided for in this Article 4, the matter may be referred to arbitration by either Party for determination in accordance with the *Arbitration Act* (Alberta).

ARTICLE 5
TRANSFER OF ASSETS

5.1 Transfer of Assets

The transfer and assignment of the Assets from the Vendors to Purchaser shall be effective as of the Effective Time. Possession and risk of the Assets shall transfer from Vendors to the Purchaser at the Closing Time.

ARTICLE 6
CLOSING TIME AND PLACE

6.1 Place

Closing shall take place at the Place of Closing.

6.2 Time

Closing shall take place at 2:00 p.m. (Calgary time) on the date of Purchaser Meeting or at such other time or upon such other day as may be agreed by Purchaser and Vendors.

ARTICLE 7
INTERIM PERIOD OPERATIONS AND POST-CLOSING TRANSITION

7.1 Maintenance of Assets

Until Closing Time, each Vendor shall, to the extent that the nature of its interest permits, and subject to all agreements applicable to the Assets:

(a) maintain the Assets in a proper and prudent manner in accordance with generally accepted oil and gas industry practices;

(b) pay or cause to be paid all costs and expenses relating to the Assets;

(c) perform and comply with all covenants and conditions contained in the Leases and all other agreements relating to the Assets; and

(d) maintain any presently existing policies of insurance covering the Assets.

7.2 Conduct of Business

(a) Notwithstanding Clause 7.1, no Vendor shall, without the written consent of Purchaser, which consent shall not be unreasonably withheld by Purchaser and which, if provided, shall be provided in a timely manner:

(i) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which such Vendor's share is in excess of $25,000.00, except in case of an emergency or in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;

(ii) surrender or abandon any of the Assets;

(iii) amend or terminate any Leases, agreements or contracts to which the Assets are subject, or enter into any new agreement, contracts or commitment relating to the Assets;

(iv) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting sales of the Petroleum Substances or any of them in the normal course of business; or

(v) propose or initiate the exercise of any right (including bidding rights at Crown sales, rights under area of mutual interest provisions, Right of First Refusal and preferential rights of purchase or option relative to, or arising as a result of the ownership of, the Assets), or propose or initiate any operations on the Lands which have not been commenced or committed to by such Vendor as of the date hereof, if such exercise or option would result in either an obligation of Purchaser hereunder after the date hereof or a material adverse effect on the value of any of the Assets.

However, a Vendor may assume such obligations or commitments and propose or initiate such operations or the exercise of any such right or option without the prior consent of Purchaser, if such Vendor reasonably determines that such expenditures or actions are necessary for the protection of life or property, in which case such Vendor shall promptly notify Purchaser of such intention or actions and Vendor's estimate of the costs and expenses associated therewith.

(b) If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in an obligation of Purchaser pursuant to Subclause 7.2(a)(v), the following paragraphs shall apply to such operation or the exercise of such right or option (hereinafter referred to as the “Proposal”):

(i) Vendors shall promptly give notice of the Proposal to Purchaser, including with such notice the particulars of such Proposal in reasonable detail;

(ii) Purchaser shall, not later than one (1) Business Day prior to the time Vendors is required to make its election with respect to the Proposal, advise Vendors, by written notice, whether it wishes Vendors to exercise their rights with respect to the Proposal on behalf of Purchaser, provided that failure of Purchaser to make such election within such period shall be deemed to be an election by Purchaser to participate in the Proposal;

(iii) Subject to the preceding Subclause 7.2(b)(ii), Vendors shall make the election authorized by Purchaser with respect to the Proposal within the period during which Vendors may respond to the Proposal; and

(iv) the election by Purchaser not to participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price in the event that Vendors' interest therein is terminated as a result of such election, and such termination shall not constitute a failure of Vendors' representations and warranties pertaining to such Assets.

7.3 Interim Agency, Liability and Indemnity

Upon Closing, Vendors shall be deemed, for the period from the Effective Time to Closing, to have been the agents of Purchaser with respect to all operations and other activities with respect to the Assets and Purchaser ratifies, adopts and confirms all actions relative to the Assets which Vendors take or refrain from taking as agents for Purchaser in accordance with this Agreement with the intent and purpose that all actions relative to the Assets taken or refrained from being taken by Vendors during this period shall be deemed for all purposes as having been taken or refrained from having been taken by Purchaser.

7.4 Post-Closing Obligations

(a) In the event the purchase and sale contemplated hereby is completed and if, for any reason, the parties hereto are unable on the Closing Time to cause Purchaser to become the recognized holder of any of the Assets in the place and stead of Vendors, then, in conjunction with Article 16, Vendors shall:

(i) hold and stand possessed of such Assets fully on behalf of Purchaser, as bare trustee, and receive and hold all proceeds, benefits and advantages accruing in respect of the Assets fully for the benefit, use and ownership of Purchaser and Purchaser shall:

A. be liable to Vendors for all or any liabilities, losses, costs, penalties, fines, court costs, reasonable legal (on a solicitor and client basis), accounting and other professional expenses, claims or damages; and, in addition

B. indemnify and hold Vendors harmless against any and all liabilities, costs, penalties, fines, court costs, reasonable legal (on a solicitor and client basis), accounting and other professional expenses, claims or damages;

incurred by Vendors as a result of Vendors acting as the agents of Purchaser pursuant to this Article, except to the extent that the loss or damage was caused by any Vendor's gross negligence or wilful misconduct;

(ii) forthwith in a timely manner, deliver to Purchaser:

A. all third party notices and communications, including without limitation, A.F.E.'s, notices and communications received by it in respect of the Assets;

B. all notices of any events or occurrences affecting the Assets, which do not occur in the ordinary course of business, including without limitation;

1. any spill or other incident involving environmental damage, environmental contamination or other environmental problems relating to or caused by the Assets;

2. any order, directive or notification pursuant to the Regulations; and

3. any event or incident relating to a workplace safety hazard;

and Vendors shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendors may refuse to follow instructions which they reasonably believe to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendors from taking such actions as Vendors deem appropriate in circumstances where an event endangers life or property or action is required by the Regulations;

(iii) in a timely manner, deliver to third parties all such notices and communications as Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of such Assets provided that Vendors may refuse to follow instructions which they reasonably believe to be unlawful, unethical or in conflict with any applicable agreement or contract;

(iv) pay, on behalf of Purchaser, all rentals for the Leases and surface rights with anniversary dates falling on or before the Effective Time; and

(v) as agent of Purchaser, do and perform all such acts and things and execute and deliver all such agreements, notices and other documents and instruments, as Purchaser may reasonably request in writing for purposes of facilitating the exercise of rights incidental to the ownership of such Assets or required by any Regulation.

ARTICLE 8
TITLE RECORDS

8.1 Records

The Vendors shall:

(a) make all books, accounts and other financial data of the Vendors relating to the Assets and which are in the possession of the Vendors, available to the Purchaser and its authorized representatives for such inspection as the Purchaser requires in connection herewith; and

(b) make such Lease documents, correspondence and other documents affecting the title of the Vendors to the Assets as are in the possession of the Vendors, available to the Purchaser and its authorized representatives for such inspection as the Purchaser reasonably requires in connection herewith and the Vendors will deliver such records to the Purchaser promptly after Closing.

ARTICLE 9
CONFIDENTIAL INFORMATION

9.1 Generally

Purchaser shall consider as confidential, shall not communicate to others (except as is required to be disclosed to directors, officers, representatives, consultants, financial advisors and other parties who need to know and who are participating in the due diligence, financing or otherwise assisting either Party in respect of the transaction contemplated by this Agreement and who have agreed to keep same confidential) prior to the Closing Time and, in the event only that the transaction contemplated by this Agreement does not close for any reason whatsoever, subsequent to the Closing Time, all information which Purchaser receives from Vendors pursuant to this Agreement other than information which:

(a) was in the possession of Purchaser prior to its receipt or acquisition from any Vendor;

(b) at the time of disclosure, is in the public domain; or

(c) is required to be disclosed pursuant to the applicable legislation, regulations or rules or by the direction of any court, tribunal or administrative body having jurisdiction.

ARTICLE 10
CONSENTS AND APPROVALS

10.1 Generally

Prior to Closing, each of the Parties shall use all reasonable efforts to obtain and deliver to the other Party all necessary consents, permissions and approvals by shareholders, partners, third parties and governmental and regulatory authorities applicable to it in connection with the transaction herein provided for.

10.2 Preferential Rights of Purchase

If any of the Assets are subject to a Right of First Refusal or similar restriction made effective by virtue of this Agreement, then Vendors shall promptly serve all notices as are required under the preferential right provisions. Each such notice shall include a request for a waiver of the right to purchase any of the Assets and shall specify that portion of the Purchase Price which Purchaser attributes to the particular Asset or portion thereof to which the preferential right applies.

10.3 Allocation of Purchase Price

Purchaser shall, forthwith upon execution of this Agreement and from time to time thereafter as requested by Vendors, provide to Vendors a reasonable and bona fide allocation of the Purchase Price to any particular portion of the Assets; including, without limitation, any of the Leases, Lands or the Tangibles to which a preferential right applies. Purchaser shall indemnify Vendors for any liability loss, costs or damages suffered by Vendors as a result of Purchaser's allocation of the Purchase Price to any portion of the Assets to which a preferential right applies.

10.4 Exercise of Rights of First Refusal

The Purchaser acknowledges and agrees that if any preferential right is exercised, the part of the Assets affected shall be excluded from the purchase and sale herein and the definitions of Assets, Leases, Lands, Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests shall be deemed to be amended accordingly and the Purchaser shall be obliged to accept, on the Closing Time, that portion of the Assets which are not subject to any such rights, and the Purchase Price shall be reduced by the total amounts allocated pursuant to Clause 10.3 to the portion of the Assets upon which such rights are exercised. Notwithstanding the forgoing, if, as a result of the exercise of the preferential rights, the transaction set forth herein no longer qualifies as Purchaser’s “Qualifying Transaction” as set forth in Clause 20.1(j), Purchaser shall be entitled to terminate this Agreement.

ARTICLE 11
TITLE OBJECTIONS

11.1 Generally

From time to time and in any event no later than three (3) days prior to the Closing Time, Purchaser shall give Vendors written notice of all defects of which Purchaser is aware (other than any matters specified in the Land Schedule) which adversely affect the title of Vendors to the Assets and which Purchaser does not waive (all of which are herein referred to as “Title Defects”) provided however, Title Defects shall not include Permitted Encumbrances, preferential rights of purchase or similar rights. Prior to the Closing Time, Vendors shall diligently make all reasonable efforts to cure or remove all Title Defects. If all Title Defects are not cured or removed at or before the Closing Time, Purchaser may elect at or before Closing Time to:

(a) with the agreement of Vendors, delay Closing and grant a further period of time within which Vendors may cure or remove the uncured Title Defects;

(b) waive the uncured Title Defects and proceed with Closing;

(c) where the value of all Title Defects is less than five percent (5%) of the Purchase Price, the Purchaser shall complete the purchase of the Assets without adjustments to the Purchase Price; and

(d) where the value of all Title Defects is equal to or greater than five percent (5%) of the Purchase Price, the Purchaser may terminate this Agreement without any further obligation to the Vendors.

Failure by Purchaser to make such election at or before Closing Time shall be irrefutably and conclusively deemed to be an election to waive all uncured Title Defects. Upon Closing, Purchaser shall be irrefutably and conclusively deemed to have waived all Title Defects for the purposes of this clause.

11.2 Value Allocation

If it is necessary to allocate a value for the purposes of Clause 11.1 to any particular portion of the Assets, the Parties shall allocate values as may be agreed upon, acting reasonably.

In the event the Parties fail to reach such agreement, within three (3) Business Days of notice given by either Party to the other:

(a) each Party shall provide to the other a written statement separately setting forth its proposed value with respect to each of the Assets affected by the Title Defects (hereinafter called the "Affected Assets"); and

(b) each Party shall submit their determination of value with respect to each of the Affected Assets to a mutually agreeable independent engineering consultant firm (hereinafter called the "Evaluator"), together with written instructions that:

  (i) the Evaluator shall not propose a compromise settlement but must, using good engineering and evaluation practice, select as the value of each of the Affected Assets, either the value proposed by Vendors or the value proposed by Purchaser, and

  (ii) such evaluation must be completed within five (5) Business Days from the date of submission.

The fees and other costs to be paid to the Evaluator shall be borne equally by Vendors and Purchaser.

ARTICLE 12
CLOSING DELIVERIES

12.1 Generally

Vendors shall prepare the Specific Conveyances at their cost, none of which shall confer or impose upon a Party any greater rights or obligations than contemplated in this Agreement.

12.2 Deliveries at Closing

(a) At Closing, Vendors shall table the following:

  (i) the Conveyance, executed by the Vendors;

  (ii) those releases, registrable discharges or "no interest" letters as requested by Purchaser;

  (iii) the Specific Conveyances, executed by Vendors; and

  (iv) such other documents as may be specifically required or reasonably requested by Purchaser, including without limitation, executed escrow agreements required by the TSXV.

(b) At Closing, Purchaser shall table the following:

(i) The share certificates and warrant certificates comprising the Units and amounts payable at Closing on account of the Purchase Price and GST in accordance with Article 3;

(ii) the Conveyance, executed by the Purchaser;

(iii) the Specific Conveyances, executed by Purchaser; and

(iv) such other documents as may be specifically required or reasonably requested by Vendors.

12.3 Subordinate Documents

All documents executed and delivered pursuant to the provisions of this Article or otherwise pursuant to this Agreement are subordinate to the provisions of this Agreement and the provisions of this Agreement shall govern and prevail in the event of a conflict between the provisions of any such document and the provisions of this Agreement.

12.4 Registration

Purchaser shall bear all costs incurred in registering with the applicable public authorities, boards or regulatory authorities, any conveyances of title and other documents denoting the change in ownership hereunder. Purchaser shall register all such conveyances and other documents within sixty (60) days after Closing. Purchaser shall also within sixty (60) days of the Closing, circulate for execution any assignments, novations and other documents requiring execution by third parties. Vendors shall co-operate with Purchaser's efforts to secure execution of such documents by the parties thereto other than Vendors and Purchaser

12.5 Documents and Files

No later than five (5) Business Days after Closing, the Vendors shall deliver to Purchaser all files, documents, records and similar materials relating to the Assets and to which Purchaser is entitled pursuant to this Agreement.

ARTICLE 13
VENDORS' REPRESENTATIONS

13.1 Generally

Each Vendor hereby jointly and severally represents, warrants and covenants to and with Purchaser that:

(a) Corporate Standing

Vendor is, and at the Closing Time shall continue to be, a corporation duly organized, validly subsisting under the laws of the jurisdiction of incorporation of Vendor and the laws of those jurisdictions in which Vendor is required to be registered.

(b) Requisite Authority

Vendor has taken all necessary corporate action and has all requisite corporate power and authority to enter into this Agreement and to perform the obligations of Vendor under this Agreement.

(c) No Conflicts

To the Vendor's knowledge the consummation by Vendor of the transaction contemplated herein will not violate, nor be in conflict with, any provision of any agreement or instrument to which Vendor is a party or by which Vendor is bound, or any judgment, decree, order, law, statute, rule or regulation applicable to Vendor.

(d) Execution and Enforceability of Documents

This Agreement has been duly executed and delivered by Vendor and all other documents (including the Conveyance) executed and delivered by Vendor pursuant hereto shall have been duly executed and delivered by Vendor. This Agreement does, and such documents (including the Conveyance) will, constitute legal, valid and binding obligations of Vendor enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor rights generally and the discretion of courts with respect to equitable or discretionary remedies and defenses.

(e) Finders' Fees or Consulting Fees

Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers', consulting, legal or finders' fees in respect of this transaction for which Purchaser shall have any obligation or liability.

(f) Title

The Vendor does not warrant title to the Assets but does represent and warrant that it has done no act or thing whereby Vendor's title to the Assets may be cancelled or terminated and the Assets are now, and will be at the Closing Time and the Effective Time, free and clear of all liens, charges, encumbrances, security interests and adverse claims created by, through or under Vendor, except such thereof as are set forth in the Land Schedule, the Permitted Encumbrances and those Title Defects waived or deemed to be waived by Purchaser.

(g) Quiet Enjoyment

Subject to the Permitted Encumbrances and to the rents, covenants, conditions and stipulations in the said Leases and any agreements pertaining to the Assets and on the lessees' or holders' part thereunder to be paid, performed and observed, Purchaser may enter into and upon, hold and enjoy the Assets for the residue of their respective terms and all renewals or extensions thereof for Purchaser's own use and benefit without any interruption of or by Vendor or any other person whomsoever claiming or to claim by, through or under Vendor, and Vendor binds itself to warrant and defend all and singular the Assets against all persons whomsoever claiming or to claim the same or any part thereof or any interest therein by, through or under Vendor.

(h) No Lawsuits or Claims

There are no claims, proceedings, actions or lawsuits in existence and to the best of Vendor’s knowledge, there are no claims, proceedings, actions or lawsuits threatened or asserted against or with respect to the Assets or the interests of Vendor therein which would have material adverse effect on the Assets or the value thereof other than as set out in Schedule “E” attached hereto.

(i) Good Standing Under Agreements

To the best of Vendor's knowledge, Vendor has performed, observed and satisfied all of its material duties, liabilities, obligations and covenants required to be performed, observed and satisfied by it under any Lease or any agreements and instruments having application to the Assets to which Vendor is a party or is bound and Vendor is not in material default nor has it been informed of any material default under any Lease or any agreements and instruments having application to the Assets to which Vendor is a party or is bound.

(j) Tax Resident

Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).

(k) 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 Closing Time and for all prior years have been properly paid and discharged or will be paid by Vendor.

(l) Outstanding A.F.E.’s

Other than as set forth in Schedule “C”, there are no A.F.E.’s with respect to the Assets for which Purchaser shall be responsible after Closing.

(m) Good Oil and Gas Field Practice

Where the Vendor was operator at the relevant time, and the best of the Vendor’s knowledge where it was not operator at the relevant time, the Wells have been drilled and, if completed, completed and operated, and the Facilities have been operated, in accordance with good oil and gas industry practices and in compliance with all applicable rules and regulations.

(n) Independent Operations Penalties

Except as disclosed in Schedule “A” hereto, the interests of Vendor in the Wells at the Effective Date and the Closing Time are not subject to independent operations penalties due to the failure of Vendor to participate in an independent operation.

(o) Reduction of Interest

Except as disclosed in Schedule "A" hereto, the Assets are not subject to reduction by virtue of the conversion or other alteration of the interest of any third party under existing agreements created by, through or under Vendor.

(p) Production Sales Contracts

There are no production sales agreements or other arrangements under which Vendor, or any party acting on its behalf, is obligated to sell or deliver to any party, any Petroleum Substances allocable to the Petroleum and Natural Gas Rights except for the agreements disclosed in Schedule "H".

(q) Processing Agreements

Except as disclosed in Schedule "I", there are no processing agreements with third parties in respect of the processing of Petroleum Substances at the Facilities.

(r) Offset Wells

To Vendor's knowledge, there are no obligations to surrender rights, pay compensatory royalties or offset obligations arising under any of the Leases or otherwise with respect to the said Lands.

(s) Abandonment of Wells

To Vendor's knowledge each well located on the Lands which has been abandoned has been plugged and abandoned and the wellsite properly restored in accordance with good oil and gas field practices and the material requirements of all applicable laws or regulations.

(t) Condition of Tangibles

To Vendor's knowledge, the Tangibles have been constructed, maintained and operated in accordance with good oil and gas field practices and the material requirements of all applicable laws or regulations and none of the Tangibles are leased or rented.

(u) Area of Mutual Interest

To Vendor's knowledge, none of the Lands is subject to an agreement which provides for an area of mutual interest or areas of exclusion to which Purchaser will be subject or bound after the Closing Time.

(v) Rights of First Refusal

Except as set forth in Schedule "F", none of the Lands is subject to any Right of First Refusal.

(w) Compliance with Laws

All laws, regulations and orders of any governmental authority having application to the Assets, have been complied with in all material respects and Vendor possesses valid well, pipeline and other permits, licences, authorizations, approvals and certificates required to own and operate the Assets.

(x) Tangibles Interest

The Vendor's interest in the Tangibles is not less than the Vendor's interest in the Lands to which the Tangibles relate and all Tangibles are beneficially owned by Vendor free and clear of all mortgages, liens, charges and encumbrances, except for Permitted Encumbrances.

(y) Material Loss or Damage

There has been no physical change in the Assets subsequent to the Effective Time (other than in consequence of operation and production in the ordinary course) which has or would have a material adverse effect on the value, use or operation thereof.

(z) Transportation Agreements

There are no agreements respecting transportation of Petroleum Substances which relates to any of the Assets.

(aa) Marketing Agreements

The Vendor is not a party to or bound by any marketing agreements in respect of any Petroleum Substances related to the Assets.

(bb) Worker's Compensation

Vendor is not in default of any amounts required to be paid to any worker's compensation board under any applicable laws or regulations.

(cc) Environmental Matters

(i) The Vendor is not aware of and has not received notice of any orders or directives under applicable laws or regulations which relate to environmental matters and which require any work, repairs, construction or capital expenditures with respect to the Assets, where such orders or directives have not been complied with in all material respects;

(ii) The Vendor is not aware of and has not received notice of any demand or notice issued under applicable laws or regulations with respect to the breach of any environmental, health or safety law applicable to the Assets, including, without limitation, any applicable laws or regulations respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding on the Closing Time; and

(iii) Vendor has not entered into any agreements or made any commitments or obligations to any third party in respect of any environmental or reclamation liabilities associated with the Assets or the third party's interest in the Lands.

(dd) Take or Pay Obligations

As of the Closing Time, the Assets and Petroleum Substances produced therefrom are not subject to any take or pay or similar provisions in any Production Sales contract whereby Vendor is obligated to sell or deliver Petroleum Substances without being entitled to receive full payment therefore or to pay any person for Petroleum Substances not delivered under such Production Sales Contract.

(ee) Penalties

Except as disclosed on the Land Schedule, none of the Wells are subject to any production penalty or restriction arising from the overproduction of Petroleum Substances from the Lands (other than those imposed in the ordinary course of the oil and gas industry by a governmental authority) and Vendor has not received notice of any change or proposed change in the government established production allowables for any of the Wells that are not applicable generally in the Province of Alberta.

(ff) No Excluded Assets

There are no Miscellaneous Interests or Tangibles excluded from the Assets.

(gg) No Trust Interests

None of the Assets are held in trust for any third party except as previously disclosed to the Purchaser in writing. Vendor's compliance with Clause 19.1(g) shall be deemed to have satisfied the representation of this subclause.

(hh) Regulatory Transfer Requirements

Vendor meets all qualification requirements of and under the Regulations to transfer the Assets.

13.2 Limitation

Vendors makes no representation or warranty whatsoever except as and to the extent expressly set forth in Clause 13.1. Vendors disclaim any liability and responsibility for any representation or warranty which may have been made or alleged to have been made and which is contained in any instrument or document relative hereto or to the transactions herein provided for, or contained in any statement or information made or communicated (orally or in writing) to Purchaser including, without limitation, any opinion, information or advice which may have been provided to Purchaser by any officer, shareholder, director, employee, agent, consultant or representative of Vendor. Without limiting the generality of the foregoing, Vendor makes no representations or warranties or covenants as to:

(a) its title in or to the Assets except as, and only to the extent, set forth in Clause 13.1;

(b) the amounts, quality, content, chemical composition, recoverability or deliverability of reserves of Petroleum Substances attributable to the Lands;

(c) the quality, fitness, condition or merchantability of all or any of the Tangibles except as set forth in Clause 13.1;

(d) any geological or other interpretations or economic evaluations of the Assets; and

(e) estimates of prices or future cash flows arising from the sale of Petroleum Substances attributable to the Lands or estimates of other revenues attributable to the Assets or the availability or continued availability of transportation to sell such Petroleum Substances.

In addition, Vendors do not make any representation, warranty or covenant, either expressly or by implication herein or collateral hereto, with respect to any other information provided to Purchaser relative to any of the Assets. Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and verification of Vendors' interests in the Assets, including Purchaser's own estimate and appraisal of the extent, suitability, chemical composition, content and value of the reserves of Petroleum Substances attributable to the Lands and of the condition, content, suitability, composition and capacity of the Tangibles.

13.3 Subrogation

The representations, warranties and covenants of Vendors contained in this Agreement or made or given pursuant or collateral hereto are made for the exclusive benefit of Purchaser and are not transferable by Purchaser (except to an Affiliate) and may not be made the subject of any right of subrogation by Purchaser in favour of any other entity (other than to an Affiliate).

ARTICLE 14
PURCHASER’S REPRESENTATIONS

14.1 Generally

Purchaser hereby represents, warrants and covenants to and with Vendors that:

(a) Corporate Standing

Purchaser is, and at the Closing Time shall continue to be, a company duly organized, validly subsisting under the laws of the jurisdiction of its formation and the laws of those jurisdictions in which Purchaser is required to be registered.

(b) Subsidiaries

Purchaser does not have any subsidiaries and does not hold any shares or other interest in any Person.

(c) Requisite Authority

Purchaser has taken all necessary corporate action and has all requisite corporate power and authority to enter into this Agreement and to purchase and pay for the Assets on the terms described herein and to perform the other obligations of Purchaser under this Agreement.

(d) No Conflicts

Subject to Clause 20.1(j), the consummation by Purchaser of the transactions contemplated by this Agreement will not violate, nor be in conflict with, the provisions of any agreement or instrument to which Purchaser is a party or by which Purchaser is bound, or any judgment, decree, order, law, statute, rule or regulation applicable to Purchaser.

(e) Execution and Enforceability of Documents

This Agreement has been duly executed and delivered by Purchaser and all documents required hereunder to be executed and delivered by Purchaser shall have been duly executed and delivered. Subject to Clause 20.1(j), this Agreement does, and such documents will, constitute legal, valid and binding obligations of Purchaser enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditors' rights generally and the discretion of courts with respect to equitable or discretionary remedies and defenses.

(f) Compliance with Applicable Laws

No securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Purchaser and Purchaser is not in default of any material requirement of Applicable Laws.

(g) Outstanding Securities

as of the date of this Agreement, Purchaser has issued and outstanding no more than 12,400,000 HFI Shares and options and share incentives entitling the holders thereof to acquire no more than 1,240,000 HFI Shares and, except as aforesaid, there are no other outstanding shares of Purchaser or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any shares of Purchaser.

(h) Material Adverse Change

since December 31, 2008, there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to Purchaser) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Purchaser(other than a material adverse change: (i) resulting from general or economic, financial, currency exchange, securities or commodities market conditions; (ii) arising as a result of any matter permitted by this Agreement, or (iii) that has generally been disclosed prior to the date of this Agreement by the issuance of a press release and filing of a material change report in accordance with Applicable Laws).

(i) Claims

there are no outstanding, or to the knowledge of Purchaser, threatened, claims, suits, actions or proceedings against Purchaser which, if determined adversely to Purchaser, would have a material adverse effect on the assets, liabilities, business or operations of Purchaser.

(j) Financial Statements

the financial statements of Purchaser for the period ended December 31, 2008 and for the three month period ended March 31, 2009, fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Purchaser at the dates thereof and the results of the operations of Purchaser for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Purchaser as at the dates thereof which are required to be disclosed therein in accordance with generally accepted accounting principles.

(k) Reporting Issuer

Purchaser is a "reporting issuer" in material compliance with the applicable securities laws of Alberta and British Columbia.

(l) Listing

The HFI Shares are listed on the TSXV and to its knowledge, other than as disclosed in writing to Vendors, Purchaser is not in material default of any of the rules, policies and bylaws of such exchange.

(m) Public Record

information and statements set forth in Purchaser Public Record were true, correct and complete and did not contain any misrepresentations, as of the date of such information or statement, and Purchaser has not filed any confidential material change reports which are still maintained on a confidential basis, and for the purpose hereof, the "Purchaser Public Record" means all information filed by or to be filed by or on behalf of Purchaser with the securities commission in each of the Provinces in which Purchaser is a "reporting issuer" from December 20, 2006 to the earlier of the Effective Date or the termination of this Agreement, including but without limitation, any prospectus and any other information filed with any securities commission in compliance, or intended compliance, with any applicable securities laws.

(n) Minute Books

Purchaser's minute books are true and correct in all material respects and contain the minutes (draft or otherwise) of all meetings and all resolutions of the directors and shareholders thereof.

(o) Taxes

Purchaser has duly and timely filed, in all material respects, in proper form, Tax Returns for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes now owing have been paid or accrued on its books and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other tax return for any period, and all payments to any non resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax, is not aware of any contingent tax liabilities or any grounds for reassessment, there are no material assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority and it has withheld from each payment made to any of its directors, officers and employees and former directors, officers and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation and has remitted to the proper tax authority when required by law to do so, all amounts collected by it on account of GST and is a "taxable Canadian corporation" for the purposes of the Tax Act.

(p) Debt

Purchaser does not have any long term indebtedness or bank indebtedness.

(q) Information Circular

Purchaser Information will be true, complete and accurate in all material respects and shall not contain any misrepresentation (as defined in the *Securities Act* (Alberta)) and shall contain all information in respect of Purchaser required by Applicable Laws to be included in Purchaser Information Circular and the Filing Statement.

(r) Finders' Fees or Consulting Fees

Purchaser has not incurred any liability, contingent or otherwise, for broker's, consulting, legal or finders' fees in respect of this transaction for which Vendors shall have any obligation or liability.

(s) Investment Canada

Purchaser is not a non-Canadian within the meaning and for the purposes of the *Investment Canada Act*.

(t) Qualification to Take Transfers

Purchaser meets all qualification requirements of all governmental agencies to purchase, to take a transfer of and to hold the Assets including without limitation, requirements of the Alberta Energy and Utilities Board to have the licences to the Wells transferred to it.

ARTICLE 15
ENFORCEMENT OF REPRESENTATIONS AND WARRANTIES

15.1 Generally

The representations and warranties set forth in Clauses 13.1 and 14.1 are true on the date hereof and will be true on the Closing Time and, notwithstanding the Closing or deliveries of representations and warranties in any other agreements at Closing prior or subsequent thereto, the representations and warranties set forth in Clauses 13.1 and 14.1 hereof shall survive Closing for the benefit of the Purchaser and Vendors respectively, subject to Subclauses 15.3 and 15.4 of this clause.

15.2 No Merger

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.

15.3 Time Limitation

No claim or action commenced in respect of a breach of any representation or warranty set forth in Clauses 13.1 or 14.1 shall be made unless the party making the claim or prosecuting the action has given written notice of such claim (including without reasonable particulars of the misrepresentation or breach) to the other party hereto within the period of twelve (12) months from the Closing Time.

15.4 Value Limitation

In no event shall the total of all liabilities and indemnities of the Vendors to the Purchaser under this agreement, including without limitation, any claims relating to its representations or warranties under Clause 13.1 and its indemnity under Clause 16.1(a) exceed an amount equal to the Purchase Price.

ARTICLE 16
INDEMNITIES

16.1 Indemnity

(a) Subject to the limitations provided for in Clauses 15.3 and 15.4, and except with respect to environmental liabilities as provided for in Clause 16.2 and 16.3 the Vendors shall jointly and severally:

(i) be solely liable and responsible for any and all losses, costs, damages and expenses which the Purchaser, its directors, officers, servants, agents, partners and employees may suffer, sustain, pay or incur; and

(ii) indemnify and save the Purchaser and its directors, officers, servants, agents, partners and employees harmless from any and all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Purchaser, its directors, officers, servants, agents, partners or employees or which they may sustain, pay or incur;

as a direct result of any matter or thing arising out of, resulting from, attributable to or connected with a breach of the representations or warranties of Vendors in Clause 13.1. The indemnity granted by the Vendors herein, however, is not a title warranty and does not provide an extension of any representation or warranty contained in Clause 13.1.

(b) The Purchaser shall:

(i) be solely liable and responsible for any and all losses, costs, damages and expenses which the Vendors, their directors, officers, servants, agents, partners and employees may suffer, sustain, pay or incur; and

(ii) indemnify and save the Vendors and their directors, officers, servants, agents, partners and employees harmless from any and all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Vendors, their directors, officers, servants, agents, partners or employees or which they may sustain, pay or incur;

as a result of any matter or thing arising out of, resulting from, attributable to or in connection with the Assets and occurring or arising subsequent to the Effective Time; excepting, in each case, to the extent that such liabilities are reimbursed by insurance or are caused by the party claiming indemnity.

(c) The indemnities provided in Subclauses (a) and (b) of this Clause 16.1 shall be deemed to apply to all assignments, transfer, conveyances, novations and other documents conveying the Assets to the Purchaser notwithstanding the actual terms thereof. Such indemnities shall extend to reasonable legal costs on a solicitor and client basis.

(d) The Purchaser shall not be entitled to any indemnification in respect of any matter or thing which is the subject of the indemnity in Subclause 16.1(a) unless it shall have given written notice of its claim for indemnification (including reasonable particulars of the claim), within twelve (12) months of the Closing Time.

(e) Nothing contained in this Article 16 shall:

(i) impose any liability on either Party for damages for consequential business loss or loss of value suffered by the other Party or its successors and assigns; or

(ii) impose any liability on any Party for the income tax liabilities of any other Party.

16.2 Abandonment and Reclamation

Purchaser shall be liable for all Well abandonment and reclamation costs attributable to the Assets and Purchaser shall be liable to Vendors and, in addition, shall indemnify Vendors from and against any liabilities, losses, costs, penalties, fines, court costs, reasonable legal (on a solicitor and client basis), accountant and other professional expenses, claims or damages, including consequential damages arising out of or relating to such abandonment and reclamation or the failure by Purchaser to carry out such abandonment and reclamation, except for any claims which the Purchaser may have for the breach of a representation or warranty made by the Vendors contained in Clause 13.1 of this Agreement.

16.3 Liability for Environmental Liability

Except as provided in the representations and warranties of the Vendors contained in Clause 13.1 of this Agreement, the Purchaser acknowledges that it is acquiring the Assets on an “as is” basis, as of the Effective Time. The Purchaser acknowledges 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 Vendor as to the condition, environmental or otherwise, of the Assets, except as contained in this Agreement. Provided that Closing has occurred, the Purchaser further agrees that it shall:

(a) be solely liable and responsible for any and all losses (both direct and indirect), costs (including reasonable legal costs payable on a solicitor/client basis), damages and expenses which the Vendor may suffer, sustain, pay or incur; and

(b) indemnify and save the Vendors and their directors, officers, servants, agents and employees harmless from any and all claims, liabilities, actions, proceedings, demands, losses (both direct and indirect), costs (including reasonable legal costs payable on a solicitor/client basis), damages and expenses whatsoever which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which they may sustain, pay or incur;

as a result of any matter or thing arising (whether prior to or subsequent to the Effective Time) out of, resulting from, attributable to or connected with any environmental liabilities pertaining to the acquired Assets, or any of them, including, without limitation, damage from or removal of hazardous or toxic substances, cleanup, well abandonment and reclamation. Once Closing has occurred, the Purchaser shall be solely responsible for all environmental liabilities respecting the Lands, the abandonment of all Wells and the reclamation of the Lands as between the Vendors and the Purchaser, and hereby releases the Vendors from any claims the Purchaser may have against the Vendors with respect to all such liabilities and responsibilities, except for any claims which the Purchaser may have for the breach of a representation or warranty made by the Vendorss contained in Clause 13.1 of this Agreement.

16.4 Subrogation Regarding Third Parties

Each Party shall have the full right of substitution and subrogation in and to all covenants and warranties by others heretofore given in respect of the Assets or any part thereof.

ARTICLE 17
REMEDIES CUMULATIVE

17.1 Generally

No reference to or exercise of any specific right or remedy by a Party hereunder shall prejudice or preclude such party from exercising or invoking any other right or remedy in respect thereof whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent on any other such remedy but each party may exercise any one or more of such remedies independently or in combination.

ARTICLE 18
COVENANTS

18.1 Mutual Covenants

Each of the parties to this Agreement covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it:

(a) will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations hereunder set forth in Articles 19 and 20 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the purchase and sale contemplated hereby, including using its reasonable commercial efforts:

(i) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any Applicable Laws;

(iii) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the purchase and sale contemplated hereby;

For purposes of the foregoing, the obligation to use "reasonable commercial efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a material adverse modification to the terms of such documents or to prepay or incur additional material obligations to other parties;

(b) will use its reasonable commercial efforts to cooperate with the other parties to this Agreement in connection with the performance by it of its obligations hereunder;

(c) will make available and cause to be made available to the other parties to this Agreement, and its agents and advisors, as soon as possible, all documents and agreements in any way relating to or affecting its business, financial condition, operations, prospects, properties, assets and affairs, and such other documents or agreements as may be necessary to enable such other parties to effect a thorough investigation of its business, properties and financial status, except where it is contractually precluded from making such document or agreement available, in which case it shall cooperate with the other parties in securing access to any such documentation not in its possession or under its control; and

(d) will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which might, directly or indirectly, interfere with or adversely affect the consummation of the purchase and sale contemplated hereby.

18.2 Covenants of Purchaser

Purchaser covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) it will:

(i) subject to and in accordance with the provisions of this Agreement, convene the Purchaser Meeting by no later than December 18, 2009;

(ii) provide notice to Vendors of the Purchaser Meeting and allow Vendors' representatives to attend the Purchaser Meeting; and

(iii) conduct the Purchaser Meeting in accordance the by laws of Purchaser and any instrument governing such meeting, as applicable, and as otherwise required by Applicable Law;

(b) it will promptly following the date hereof apply to the TSXV for approval of the purchase and sale contemplated hereby and the listing of the HFI Shares issuable under the Agreement on the facilities of that exchange on the Effective Date and will use its reasonable commercial efforts to obtain conditional approval prior to the mailing of the Purchaser Information Circular;

(c) it will prepare and file with all applicable securities commissions or similar securities regulatory authorities of Canada all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of Canada for the issue by Purchaser of the HFI Share pursuant to the Agreement so that such securities may trade following the consummation of the Agreement without a hold period of longer than four (4) months;

(d) it will cause to be taken all necessary corporate action to allot and reserve for issuance the HFI Shares to be issued in connection with the Agreement;

(e) it will make all other necessary filings and applications under Applicable Laws required in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations;

(f) it will furnish promptly to Vendors, (i) a copy of each notice, report, schedule or other document delivered, filed and received by Purchaser in connection with the Amalgamation and the Purchaser Meeting, (ii) any filing under Applicable Laws, and (iii) any documents related to dealings with regulatory agencies in connection with the transactions contemplated hereby;

(g) it will use its reasonable commercial efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made at such time;

(h) it shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or negatively affect the consummation of the purchase and sale contemplated hereby;

(i) it will not directly or indirectly do or permit to occur any of the following except as provided for in this Agreement:

   (i) amend its constating documents;

   (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person;

   (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any HFI Shares or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, HFI Shares;

   (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities except as permitted herein;

   (v) split, combine or reclassify any of its shares;

   (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Purchaser; or

(vii) enter into or modify any contract, agreement or commitment with respect to any of the foregoing, except with the consent of Vendors or as otherwise permitted herein;

(j) it will not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time;

(k) it will promptly notify Vendors in writing of any material change, (actual, anticipated, contemplated or, to its knowledge threatened), financial or otherwise in its affairs, assets, capitalization, financial condition or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by it which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and shall in good faith discuss with Vendors any change in circumstances (actual, anticipated, contemplated, or to its knowledge threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Vendors pursuant to this provision;

(l) it will use its best efforts to continue to be a "reporting issuer" (or similarly designated entity) not in default in Alberta and British Columbia; and

(m) it will continue to be in material compliance with all Applicable Laws and the HFI Shares shall continue to be listed on the TSXV.

18.3 Covenants of Vendors

Each Vendor covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) it will make all other necessary filings and applications under Applicable Laws required on the part of Vendor in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations;

(b) it will use its reasonable commercial efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Closing Time as if made at such date;

(c) except as otherwise permitted in this Agreement, it will conduct its business only in the usual and ordinary course of business and consistent with past practices and Vendor shall consult with Purchaser in respect of the ongoing business and affairs of Vendor and keep Purchaser apprised of all material developments relating thereto;

(d) it shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or negatively affect the consummation of the purchase and sale contemplated hereby;

(e) it will not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time;

(f) it shall promptly notify Purchaser in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Vendor, threatened), financial or otherwise, in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Vendor or of any change in any representation or warranty provided by Vendor in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Vendor shall in good faith discuss with Purchaser any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Vendor threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Purchaser pursuant to this provision; and

(g) it shall provide the Purchaser, on a timely basis, with all relevant information concerning the Assets and the required financial statements for inclusion in the Information Circular, and will, if required, execute a certificate to be attached to the Information Circular certifying that all information concerning the Assets contained in the Information Circular constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the securityholders of the Purchaser and that the information contained in the Information Circular.

ARTICLE 19
VENDORS' CLOSING CONDITIONS

19.1 Generally

The obligation of Vendors to complete the sale of the Assets to Purchaser pursuant to this Agreement is subject to the satisfaction at or prior to the time hereinafter specified or, if not specified, at or prior to the Closing Time of the following conditions precedent:

(a) Representations True

All representations and warranties of Purchaser contained in this Agreement shall be true in all material respects at and as of the Effective Time and the Closing Time and Purchaser shall have performed and satisfied all agreements required by this Agreement to be performed and satisfied by Purchaser at or prior to the Closing Time and at Closing Purchaser shall have delivered an officer's certificate to that effect;

(b) Payment

Purchaser shall have tendered to Vendors the total consideration issuable and payable by Purchaser to Vendors pursuant hereto at the Closing Time;

(c) Closing Deliveries

Purchaser shall have complied with Subclause 12.2(b); and

(d) Satisfaction or Waiver of Conditions

All of the conditions set forth in Clause 20.1 shall have been satisfied or waived by Purchaser at or prior to the time of the Closing.

The foregoing conditions shall be for the benefit of Vendors and may, without prejudice to any of the rights of Vendors hereunder (including reliance upon or enforcement of the representations, warranties or covenants which are preserved dealing with or similar to the condition waived), be waived by Vendors in writing, in whole or in part, at any time. In case any of the conditions precedent shall not be complied with, or waived by Vendors, at or before the Closing Time, subject to Clause 3.5 Vendors may rescind or terminate this Agreement by written notice to Purchaser.

ARTICLE 20
PURCHASER'S CLOSING CONDITIONS

20.1 Generally

The obligation of Purchaser to complete the purchase of the Assets from Vendors pursuant to this Agreement is subject to the satisfaction at or prior to the time hereinafter specified, or, if not specified, at or prior to the Closing Time of the following conditions precedent:

(a) Representations True

All representations and warranties of Vendors contained in this Agreement shall be true in all material respects at and as of the Effective Time and the Closing Time and Vendors shall have performed and satisfied all agreements required by this Agreement to be performed and satisfied by Vendors at or prior to the Closing Time and at Closing each Vendor shall have delivered an officer's certificate to that effect;

(b) Closing Deliveries

Vendors shall have complied with Subclause 12.2(a);

(c) Waiver of Preferential Rights

All necessary consents and Rights of First Refusal shall have been complied with in accordance with Clause 10.2 and Vendors shall have delivered to Purchaser the waivers and consents which it obtains in respect of such Rights of First Refusal;

(d) Material Adverse Change

Purchaser shall be satisfied that there has not been a material adverse change in the physical condition of the Assets from the Effective Time to the Closing Time which Purchaser agrees shall exclude:

(i) any material adverse changes in the Assets due to changes in the prices at which Petroleum Substances may be sold; or

(ii) changes in the value of the Assets;

(e) Environmental Review

Purchaser and/or its agent shall have been given the opportunity to complete an inspection of all associated wellsites and equipment and to make environmental and other assessments of the Assets and Purchaser shall be satisfied with such inspections, acting reasonably;

(f) Interim Operations

From the date hereof to and including the Closing Date, Vendors shall have conducted all operations in relation to the Assets in the ordinary course and in accordance with good oil and gas industry practices;

(g) Approvals and Consents

All requisite approvals of working interest partners and regulatory bodies relative to the transactions herein provided for and such other consents or approvals relating to the transaction as may be required pursuant to the terms of any agreement affecting the Assets shall have been obtained including without limitation approvals of the transfers of those permits, licences and approvals set forth in Schedule "F";

(h) Discharge of Security

Vendors shall have tendered to Purchaser fully executed releases, registrable discharges or "no interest" letters of any security interests or encumbrances held by any third party encumbering the interest of Vendors in and to the Assets or any part or portion thereof;

(i) Satisfaction or Waiver of Conditions

All of the conditions set forth in Clause 19.1 shall have been satisfied or waived by Vendors at or prior to the time of the Closing; and

(j) Qualifying Transaction

The Parties acknowledge that the Purchaser is a capital pool company subject to Policy 2.4 (the "Policy") of the TSX Venture Exchange (the "TSXV"), and that the transaction contemplated by this Agreement constitutes a Qualifying Transaction, as that term is defined in the Policy. On or prior to the Closing Time, all shareholder, government and regulatory approvals, orders, rulings, exemptions and consents (including, those of any stock exchanges or securities or other regulatory authorities) that are necessary or desirable shall have been obtained by the Purchaser and shall be in full force and effect, including the conditional approval of the Qualifying Transaction by the TSXV, and final approval which shall be conditional only upon Closing and filing of final documentation.

The foregoing conditions shall be for the benefit of Purchaser and may, without prejudice to any of the rights of Purchaser hereunder (including reliance upon or enforcement of warranties or covenants which are preserved dealing with or similar to the condition or conditions waived), be waived by Purchaser in writing, in whole or in part, at any time, provided Purchaser may not waive the existence and operation of any preferential right to purchase any of the Assets. In case any of the conditions precedent shall not be complied with, or waived by Purchaser, at or before the Closing Time, subject to Clause 3.5 Purchaser may rescind and terminate this Agreement by written notice to Vendors.

ARTICLE 21
OTHER COVENANTS, AGREEMENTS AND ACKNOWLEDGMENTS

21.1 Generally

Each of the Parties covenants and agrees with the other Party to proceed diligently and in good faith and use all reasonable efforts until Closing, to take or refrain from taking all actions with the intent that the Closing conditions herein shall be satisfied, the representations and warranties herein made by it shall be true and correct, and all covenants and agreements herein made by it shall have been performed.

The Vendors acknowledge and agree that the Common Shares and the Warrants comprising the Units to be issued as part of the Purchase Price may be subject to escrow, hold periods or other resale restrictions pursuant to the requirements of the TSXV. The parties agree to use their reasonable commercial efforts to obtain the most advantageous escrow terms for the Vendors and the parties hereto agree to accept such terms as imposed by the Exchange.

ARTICLE 22
MISCELLANEOUS

22.1 Operatorship

Vendors shall assist and cooperate with Purchaser to transfer to Purchaser Operatorship of any of the Assets which any Vendor operates at the Closing Time provided that nothing herein shall be interpreted as any assurance by such Vendor that Purchaser will be entitled to serve as Operator of any such Assets.

22.2 Signs and Notifications

As soon as reasonably practical after Closing, the Vendors may remove any signs which indicate the Vendors' ownership or operation of the Assets. It shall be the responsibility of the Purchaser, where necessary, to erect or install any signs that may be required by governmental agencies indicating the Purchaser to be the operator of the Assets and to notify other working interest owners, gas purchasers, suppliers, contractors, governmental agencies and any other person of the Purchaser's interest in the Assets.

22.3 Further Assurances

At Closing and thereafter as may be necessary or desirable, and without further consideration, the Parties shall execute, acknowledge and deliver such other documents and shall take or refrain from taking such action as may be necessary to carry out their respective obligations under this Agreement.

22.4 Assignment

Prior to Closing, Purchaser shall not assign all or any part of this Agreement or any of the rights or obligations of Purchaser under this Agreement, without the prior written consent of Vendors, which consent shall not be unreasonably withheld.

22.5 Construction and Attornment

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. Each Party accepts the exclusive jurisdiction of the Courts of the Province of Alberta and all courts of appeal therefrom.

22.6 Time

Time shall be of the essence of this Agreement.

22.7 Public Announcement

Each of the Parties shall cooperate with the other in relaying information concerning this Agreement and the transactions herein provided for, and shall furnish to, discuss with, and obtain approval from the other Party of drafts of all press and other releases prior to publication, which approval shall not be unreasonably withheld; provided that nothing contained herein shall prevent either Party, at any time, from furnishing any information to any governmental agency or regulatory authority or to the public if required by applicable law.

22.8 Prior Agreements and Amendments

This Agreement states and comprises the entire agreement between the Parties and shall supersede and replace any and all prior agreements between the Parties relating to the sale and purchase of the Assets, and may be amended only by written instrument signed by all Parties.

22.9 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective successors, receivers, receiver-managers, trustees and permitted assigns, as set out herein.

22.10 Addresses

The address for notices of each of the Parties shall be as follows:

(a) Vendors:

Hermes Energy Corp.
2 – 136 Stonecreek Road
Canmore, Alberta T1W 3A5

Attention: President

Telephone No.: (403) 617-8786
Facsimile No.: (877) 679-7754

1135054 Alberta Ltd.

Box 91

Consort, AB T0C 1B0

Attention: President

1384388 Alberta Ltd.

3813-44A Ave

Drayton Valley, AB

Fax: 1-780-542-9178

Email: [redacted]

{private contact information}

(b) Purchaser:

Hermes Financial Inc.
2 – 136 Stonecreek Road
Canmore, Alberta T1W 3A5

Attention: President

Telephone No.: (403) 617-8786
Facsimile No.: (877) 679-7754

Either of the Parties may from time to time change its address for service herein by giving written notice to the other Party. Any notice may be served by mail, personal service upon a Party or by facsimile transmission to the number for notice hereunder. Any notice given by service upon a Party and any notice given by facsimile transmission shall be deemed to be given to and received by the addressee on the day (except Saturdays, Sundays, and statutory holidays) of service or after the sending thereof with appropriate answer-back acknowledgment. Any notice sent by mail will be sent by first class (air mail if to or from a location outside Canada) registered post, postage prepaid, directed to the party on which it is to be served at that party's address for service. Notices so served shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays in Alberta) following the mailing thereof. However, if postal service is (or is reasonably anticipated to be) interrupted or operating with unusual delay, notice shall not be served by such means during such interruption or period of delay.

22.11 Limitation Period

Subject to any specific limitations contained herein, the Parties agree that the period for seeking a remedial order under section 3(1)(a) of the *Limitations Act* (Alberta) is extended from 2 years to 4 years for all claims that may arise under this Agreement.

22.12 Counterparts

This Agreement may be executed in counterpart and when each Party has executed a counterpart as contemplated herein, all counterparts taken together shall constitute one agreement. A facsimile copy of an executed counterpart signature page will be as valid as an originally executed counterpart for purposes of signing this Agreement.

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

HERMES ENERGY CORP.

Per: *"Christopher Yee"*

Per: *"David Wehrhahn"*

HERMES FINANCIAL INC.

Per: *"Don Pestell"*

Per: *"Daniel Koyich"*

This is an execution page attached to and forming part of an Agreement of Purchase and Sale dated September 21, 2009, between Hermes Energy Corp., 1135054 Alberta Ltd. and 1384388 Alberta Ltd. (as Vendors) and Hermes Financial Inc. (as Purchaser).

1135054 Alberta Ltd.

Per: *"Todd Tanish"*

Per: *"Troy Hagan"*

1384388 Alberta Ltd.

Per: *"Todd Guy"*

Per: *"Brian Markowski"*

{sensitive business information}