SHARE PURCHASE AGREEMENT

between

CANELSON DRILLING INC.

– and –

THE HOLDERS OF THE
ISSUED AND OUTSTANDING SHARES OF
HIGHKELLY DRILLING LTD.

December 5, 2013

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SCHEDULES

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 5th day of December, 2013.

BETWEEN:

CANELSON DRILLING INC., a corporation existing under the laws of the Province of Alberta
(the "**Purchaser**")

– and –

THE HOLDERS OF THE ISSUED AND OUTSTANDING SHARES OF HIGHKELLY DRILLING LTD. AS MORE PARTICULARLY DESCRIBED IN SCHEDULE "A" ATTACHED HERETO

(collectively, the "**Vendors**" and each, individually, a "**Vendor**")

WHEREAS the Vendors are the owners, beneficially and of record, of all of the issued and outstanding shares of the Corporation;

AND WHEREAS the Purchaser wishes to purchase all of the issued and outstanding shares of the Corporation upon and subject to the terms and conditions of this Agreement;

AND WHEREAS each of the Vendors wishes to sell all of the shares of the Corporation held by such Vendor upon and subject to the terms and conditions of this Agreement;

NOW THEREFORE in consideration of the foregoing and the representations, warranties, conditions, promises, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties do hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended from time to time.

"**Accounts Receivable**" means all accounts, notes, bills and other receivables, trade accounts and trade receivables, insurance claims and other amounts owing to the Corporation, together with any unpaid interest or fees accrued thereon which are outstanding on the date of this Agreement and the full benefit of all security or collateral for such amounts, including recoverable advances and deposits.

"**Affiliate**" of, or a person "**affiliated**" with, a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or under common control with, the person specified. For purposes of this Agreement, the term "control" (including the terms "controlling", “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**”, “this Agreement”, “the Agreement”, “hereof”, “herein”, “hereto”, “hereby”, “hereunder” and similar expressions mean this share purchase agreement among the Parties, including all schedules, and all instruments supplementing, amending, modifying, restating or otherwise confirming this Agreement. Unless otherwise specified, all references herein to “Articles”, “Sections”, and “Schedules” mean and refer to the specified article, section and schedule of this Agreement.

“**Ancillary Agreements**” means the Confidentiality Agreement and the Non-Competition Agreements.

“**arm's length**” shall the meaning given to it in the Tax Act.

“**Assets**” means all of the equipment (including all attachments, accessories and all other items required for the operation thereof) used by the Corporation in the operation of its business and all furniture, fixtures, vehicles, office equipment and other tangible property owned by the Corporation, including, but not limited to, those principal assets listed in Schedule “B” hereto and all other assets including Working Capital which have been set forth and described in writing by the Corporation to the Purchaser.

“**Audited Financial Statements**” means the consolidated balance sheets and the consolidated statements of operations and deficit and cash flows of the Corporation as at and for the years ended December 31, 2012 together with the notes thereto and the auditors' report thereon.

“**Authorization**” means any licence, consent, quota, permit, certificate, clearance, registration, qualification, permission, franchise, grant, confirmation, approval or authorization, and includes the expiry of any waiting or similar period that follows the giving of any required notice, necessary or desirable for the conduct of the Business by the Corporation, including any required by the acquisition of control of the Corporation by the Purchaser.

“**Benefit Plans**” means all health, welfare, supplemental unemployment benefit, bonus, profit sharing, deferred compensation, disability, employee assistance, life insurance, severance, change-of-control benefit, profit sharing, incentive, pension or retirement plans and other employee compensation or benefit plans, programs, policies or arrangements which are maintained by, contributed to or binding upon the Corporation (whether funded or unfunded, insured or self-insured, written or oral, registered or non-registered) for the benefit of current or former employees, officers or directors of the Corporation (or the dependents or beneficiaries thereof) or with respect to which the Corporation has any liability, but excluding any pension, workers' compensation, unemployment insurance or other comparable plan or program established or administered by any Governmental Authority.

“**Books and Records**” means all books and records of the Corporation relating to the Corporation or the Business, including financial, operational and sales books, customer lists, supplier lists, vendor lists, computer files and programs, credit information, collection information, research materials, studies, reports, surveys, Authorizations, business plans and projections, budgets, deeds and title documents, quality control records, manuals, blueprints, drawings, designs, specifications, Tax Returns, employee documents, inventory data, accounts receivable and payable data, financial statements, marketing materials, advertising and promotional literature, internal memoranda, files, correspondence, insurance policies, Contracts, Corporate Records and other data and information, financial or otherwise including all information stored on electronic media.

"**Business**" means the contract drilling and oilfield services business now carried on by the Corporation in the provinces of Alberta and British Columbia as it is carried on as of the date of this Agreement.

"**Business Day**" means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday in Calgary, Alberta and on which commercial banks in Calgary, Alberta are generally open for the transaction of commercial business.

"**Claim**" means any claim, demand, complaint, grievance, indictment, allegation of wrongdoing, assessment for Taxes or other amounts owed, action or cause or right of action, and includes any Proceeding relating to any of the foregoing by or before any Governmental Authority.

"**Class "B" Shares**" means the Class "B" shares in the capital of the Corporation.

"**Class "C" Shares**" means the Class "C" shares in the capital of the Corporation.

"**Closing**" means the closing of the transactions contemplated by this Agreement.

"**Common Shares**" means Class "A" shares in the capital of the Corporation.

"**Confidentiality Agreement**" means the confidentiality and non-disclosure agreement between the Purchaser and the Corporation dated October 30, 2013.

"**Consideration Shares**" shall have the meaning ascribed to such term in Section 2.2(a)(i).

"**Corporation Financial Statements**" means, collectively, the Audited Financial Statements and the Interim Financial Statements.

"**Corporate Records**" means the corporate records of the Corporation, including all constating documents and by-laws of the Corporation, all minutes of meetings and resolutions of shareholders and directors (and any committees), all notices filed with Governmental Authorities under applicable corporate laws, and all securities registers.

"**Corporate Shareholder**" means a Vendor that is identified as a body corporate in the attached Schedule "A" to this Agreement.

"**Corporation**" means Highkelly Drilling Ltd., a corporation existing under the laws of the Province of Alberta.

"**Employment Information**" has the meaning ascribed thereto in Section 5.31(b).

"**Encumbrance**" means any lien, mortgage, charge, hypothecation, security interest, option, right of first refusal, pre-emptive right, easement, servitude, indenture, deed of trust, statutory or deemed trust, right of way, encroachment, licence to third parties, lease to third parties, security agreement, or other encumbrance or restriction or limitation on use of real or personal property, whether fixed or floating, or irregularity or imperfection in title thereto.

"**Environmental Laws**" means all Laws in effect at or prior to the date of this Agreement relating to health, safety or pollution or the protection of the environment, including Laws relating to Releases or the manufacture, processing, distribution, treatment, storage, disposal, transportation, sale, offer for sale, distribution, labelling, handling or use of Hazardous Substances.

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

“**Exchange Approval**” means the conditional approval of the Exchange, conditionally approving the issuance and listing of the Consideration Shares to the Vendors pursuant to the terms hereof.

“**GAAP**” shall have the meaning ascribed to such term in Section 1.7.

“**Governmental Authority**” means any governmental, regulatory or administrative authority, department, agency, commission, board, bureau, branch, official, panel or tribunal of any nature (both domestic and foreign), any Crown corporation, any court or private arbitrator or arbitral tribunal and any other person exercising or entitled to exercise any legislative, judicial, quasi-judicial, administrative, executive, investigative (including police), regulatory, licensing or taxing authority or power.

“**Gross Debt**” **[DEFINITION OF GROSS DEBT REDACTED]**

“**Hazardous Substances**” means any substance or material that is defined or otherwise designated under Law (in effect at or prior to Closing) as being hazardous, dangerous or toxic or a pollutant or contaminant, the manufacture, processing, distribution, treatment, storage, disposal, transportation, sale, offer for sale, distribution, labelling, handling or use of which is prohibited, controlled or regulated under Law.

“**Highkelly Disclosure Letter**” means the disclosure letter provided to the Purchaser by the Corporation and the Principal Shareholders dated the date hereof.

“**Indebtedness**” means and includes, at any time, without duplication, with respect to any Person, whether recourse is to all or a portion of the assets of such Person, and whether or not contingent: (i) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money; (ii) amounts owing as deferred purchase price for property or services; (iii) indebtedness evidenced by any note, bond, debenture or other debt instrument or debt security; (iv) commitments or obligations by which such Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person); (v) indebtedness secured by an Encumbrance on the Person's assets or properties of such Person; (vi) commitments or obligations to repay deposits or other amounts advanced by and owing to other Persons; (vii) commitments or obligations under capitalized leases (capital portion); (viii) accrued but unpaid dividends or similar distributions payable on or in respect of any class of shares or other securities of the Person; (ix) accrued interest in respect of any indebtedness, commitment or obligation described in the foregoing clauses of this definition; or (x) any indebtedness, commitment or obligation of another Person of the type described in the foregoing clauses of this definition for which the Person is responsible, whether as obligor, guarantor, indemnitor, endorser or otherwise.

“**Indemnified Party**” has the meaning ascribed thereto in Section 9.3(a).

“**Indemnifying Party**” has the meaning ascribed thereto in Section 9.3(a).

“**Indemnity Claim**” has the meaning ascribed thereto in Section 9.3(a).

“**Intellectual Property**” has the meaning ascribed thereto in Section 5.35.

“**Interim Financial Statements**” means the unaudited balance sheet and statements of operations and deficit and cash flows of the Corporation as at and for the nine-month period ended September 30, 2013, together with the notes thereto.

“**Laws**” means all national, federal, provincial, state, territorial, regional, municipal or local laws, common law, statutes, regulations, rules, ordinances, codes and by-laws and all legally binding Orders in each case in effect at or prior to the date of this Agreement.

“**Leased Real Property**” has the meaning ascribed thereto in Section 5.37.

“**Letter of Intent**” means the letter of intent dated October 28, 2013 between the Purchaser and the Corporation.

“**Material Adverse Change**” means any change (or any condition, event or development involving a prospective change) in the affairs, business, operations, prospects, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities or privileges, whether contractual or otherwise, of either the Purchaser or the Corporation, as applicable, each on a consolidated basis, that is, or could reasonably be expected to have, a Material Adverse Effect.

“**Material Adverse Effect**” in relation to any event or change, means an effect that: (a) is, or would reasonably be expected to be, materially adverse to the affairs, business, operations, prospects, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities or privileges, whether contractual or otherwise, of the Purchaser or the Corporation, as applicable, each on a consolidated basis, provided that a Material Adverse Effect shall not include an adverse effect (or any condition, event or development involving a prospective effect) relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere; (ii) conditions affecting the oilfield services industry as a whole, and not specifically relating to the Purchaser or the Corporation, as applicable, including changes in Laws (including Tax Laws) and royalties; (iii) any decline in crude oil, natural gas or related hydrocarbon prices on a current or forward basis; (iv) any generally applicable change in Laws (other than orders, judgments or decrees against the Corporation or the Purchaser) or in GAAP; (v) any matter which has been communicated in writing to the Purchaser or the Corporation, as applicable, or publicly disclosed as of the date hereof; or (vi) any changes or effects arising from matters permitted or contemplated by this Agreement or consented to or approved in writing by the Parties *provided*, however, that with respect to clauses (i), (ii), (iii) and (iv), such matter does not have a materially disproportionate effect on the Purchaser or the Corporation and its Subsidiaries (if applicable), taken as a whole, relative to comparable entities operating in the oilfield services industry; or (b) either individually or in the aggregate prevents, or individually or in the aggregate would reasonably be expected to prevent, the Corporation or the Purchaser, from performing its material obligations under this Agreement in any material respect.

“**Material Contracts**” means all contracts and other written agreements to which the Corporation is a party or by which the Corporation is bound or the Assets or properties of any of the Corporation are subject, the performance of which: (i) provides for consideration in excess of $100,000 over the term of the contract or other written agreement; (ii) provides for payments or obligations of the Corporation to be incurred upon a change of control; (iii) provides for barriers on competition; or (iv) cannot be terminated on notice of 60 days or less without penalty, all of such contracts and other written agreements being described in the Highkelly Disclosure Letter.

“**Non-Competition Agreements**” means the non-competition agreements between the Purchaser, the Corporation and each of Pat Powell, Brett Walter and Kerry Wilson dated effective as of the date of this Agreement.

“**Notice**” shall have the meaning ascribed to such term in Section 10.1.

“**Orders**” means orders, judgments, decrees, rulings, directives, notices, directions, injunctions, writs, complaints, penalties or sanctions, issued, made or imposed by any Governmental Authority.

“**Owned Real Property**” has the meaning ascribed thereto in Section 5.37.

“**Parties**” means, collectively, the Vendors and the Purchaser, and “**Party**” means any of them.

“**Permitted Encumbrances**” means: (i) Encumbrances specifically described in the Corporation Financial Statements and the Highkelly Disclosure Letter; (ii) Encumbrances for current Taxes not yet due and payable or, if due and payable, are not material and are being contested in good faith by or on behalf of the Corporation; (iii) registered agreements with municipalities or public utilities if they have been complied with or adequate security has been furnished to secure compliance; (iv) Encumbrances incurred or created in the ordinary course of Business as security in favour of the person who is conducting the development or operation on real property of the Corporation (and which are not material in any event); (v) builders' liens, warehousemens' liens, materialmens' liens and similar Encumbrances in respect of costs related to the Assets incurred in the ordinary course of Business (and which are not material in any event); (vi) Encumbrances granted in the ordinary course of Business to a public utility, municipality or Governmental Authority with respect to the use or operation of the Assets (and which are not material in any event); and (vii) servitudes, easements, zoning restrictions, rights-of-way, restrictions that run with the land, encroachments and other similar rights in real property or any interest therein, provided the same are registered on title and not of such nature as to materially adversely affect the use of the property subject thereto.

“**Person**” means any individual, sole proprietorship, body corporate, partnership or limited partnership, trust, joint venture, unincorporated organization, Governmental Authority, including in any such person's capacity as trustee, beneficiary, receiver, receiver-manager, executor, administrator or other legal representative.

“**Principal Shareholders**” means those Vendors who are listed as such in “Group A” in the attached Schedule “A” to this Agreement.

“**Public Record**” means all information filed by the Purchaser after January 1, 2012, with any Securities Commission in compliance, or intended compliance, with any Securities Laws.

“**Purchase Price**” has the meaning set out in Section 2.2.

“**Purchased Securities**” means all of the issued and outstanding shares of the Corporation.

“**Purchaser**” shall have the meaning set out in the preamble to this Agreement, and includes its material Subsidiaries as the context permits.

“**Purchaser Financial Statements**” means the means, collectively, the audited financial statements of the Purchaser for the years ended December 31, 2012 and 2011, together with the notes thereto and the report of the auditors thereon and the interim unaudited condensed financial statements of the Purchaser for the three and nine months ended September 30, 2013 and 2012 together with the notes thereto.

“**Purchaser's Counsel**” means Borden Ladner Gervais LLP.

“**Release**” means any release, spill, leak, pumping, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or migrating to, into or through the environment as described under any Environmental Laws.

“**Rig Completion Costs**” **[DEFINITION OF RIG COMPLETION COSTS REDACTED]**

“**Rig Purchase Contract**” **[DEFINITION OF RIG PURCHASE CONTRACT REDACTED]**

“**Securities Commissions**” means the securities commissions or similar regulatory authorities in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

“**Securities Laws**” means the securities legislation (including rules and regulations made or promulgated under the applicable provincial enactments) of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

“**Subsidiaries**” has the same meaning as set forth in the *Securities Act* (Alberta).

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**Tax Returns**” means all returns, reports, declarations, designations, elections, notices, remittances, forms, slips, filings, statements and other documents required to be filed, or in fact filed, in respect of Taxes, including any schedules, exhibits or similar supplementary material attached thereto.

“**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied or based on or measured by, or in respect of, income, gross receipts, earnings, profits, capital, net worth, corporate, transfer, land transfer, sales, goods and services, use, value-added, excise, stamp, withholding, business, licence, franchise, property, payroll, employment, employment insurance, Canada pension plan, wage, employer health, welfare, education, social security, severance, pension, workers' compensation, public utility, windfalls, import, export or customs.

“**Third Party**” means any Person that is not a Party.

“**Third Party Liability**” shall have the meaning ascribed to such term in Section 9.3(b).

“**Vendors**” shall have the meaning set out in the preamble to this Agreement.

“**Vendors' Counsel**” means Dentons Canada LLP.

“**Working Capital**” means cash accounts plus Accounts Receivable plus prepaid expenses less accounts payable, determined in accordance with the Corporation’s customary method of accounting.

1.2 Rules of Interpretation

In this Agreement:

(a) Time – Time is of the essence of this Agreement.

(b) Calculation of Time – Unless otherwise specified, time periods within or following which any action is to be taken or payment is to be made pursuant to this Agreement shall be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of any such time period is not a Business Day, the time period shall be extended to the first Business Day following the day on which the time period would otherwise end.

(c) Business Days – Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.

(d) Currency – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.

(e) Headings – The descriptive headings attributed to any Articles, Sections, paragraphs or clauses of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles, Sections, paragraphs or clauses. The division of this Agreement into Articles, Sections, paragraphs and clauses shall not affect the interpretation of this Agreement.

(f) Including – Wherever the word “including”, “include” or “includes” is used in this Agreement, it means “including without limitation”, “include without limitation” or “includes without limitation”.

(g) Plurals and Gender – The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.

(h) Statutory References – Any reference in this Agreement to a statute shall mean the statute in force as at the date of this Agreement together with all rules, regulations and other subsidiary legislation made or promulgated thereunder, as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute, rule, regulation or other subsidiary legislation thereto, and any reference to a particular legislative provision shall be read as referring to any amended or substituted provision therefor, unless otherwise expressly provided.

(i) Ordinary Course – Any reference to an action taken by a Person in the “ordinary course” means that such action is consistent with past practices of such Person and is taken in the ordinary course of the usual and normal business, operations and affairs of such Person.

1.3 Knowledge

In this Agreement, whenever a representation or warranty is made on the basis of the knowledge or awareness of the Vendors, the Principal Shareholders or the Purchaser, such knowledge or awareness consists only of the actual knowledge or awareness after due inquiry, as of the date of this Agreement, of the Vendors, the Principal Shareholders or the Chief Executive Officer and Chief Financial Officer of the Purchaser, as applicable, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.4 Entire Agreement

This Agreement and the Ancillary Agreements constitute the entire agreement between the Purchaser, the Vendors and the Corporation with respect to the transactions contemplated in this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties including the Letter of Intent. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth herein and therein and no Party has relied or is relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements. Unless specifically stated otherwise in any Ancillary Agreement, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement will govern.

1.5 Governing Law; Attornment

This Agreement shall be construed in accordance with, and the respective rights and obligations of the Parties hereunder shall be governed by, the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to any conflict of laws principles thereunder that would otherwise require the application of the laws of another jurisdiction, and this Agreement shall be treated in all respects as an Alberta contract. Each Party hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

1.6 Waivers

(a) No waiver of any of the provisions of this Agreement or any Ancillary Agreement will be deemed to constitute a waiver of any other provision (whether or not similar), nor will such waiver be binding unless executed in writing by the Party to be bound by the waiver.

(b) No failure on the part of any Party to exercise, and no delay in exercising any right under this Agreement will operate as a waiver of such right, nor will any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

1.7 Accounting Terms and Computations

In this Agreement, accounting terms and computations that are not defined herein shall be construed and computed in accordance with Canadian generally accepted accounting principles in effect from time to time in Canada, as published in the Handbook of the Canadian Institute of Chartered Accountants or any successor thereof ("**GAAP**").

1.8 Interpretation not Affected by Party Drafting

The Parties have participated, directly and through their respective legal counsel, jointly in the negotiation, preparation and drafting of this Agreement. If in connection with the construction of this Agreement any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provision of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable.

1.9 Schedules

The Schedules attached to this Agreement are incorporated into this Agreement by reference and are deemed to be part hereof.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale of Shares

Upon and subject to the terms and conditions hereof, each of the Vendors hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase from each Vendor, the number of Purchased Securities set forth opposite the Vendor's name in Schedule "A" (which collectively represent all of the issued and outstanding shares of the Corporation), free and clear of all Encumbrances (other than Encumbrances resulting from this Agreement) and with all rights and benefits attaching thereto.

2.2 Purchase Price

(a) The aggregate purchase price (the "**Purchase Price**") for the Purchased Securities shall be $60,000,000 less the Gross Debt and the Rig Completion Costs and shall be payable by the Purchaser to the Vendors as follows:

(i) the issuance by the Purchaser of an aggregate of 2,618,819 common shares of the Purchaser (the "**Consideration Shares**") at a deemed price of $6.37 per share; and

(ii) the sum of $17,846,850 in cash (the "**Cash Consideration**"),

to be paid to the Vendors in accordance with the allocation set forth in Schedule "A" attached hereto.

(b) Subject to the provisions of this Agreement:

(i) The Purchaser shall deliver the Cash Consideration and Consideration Shares to the Vendors. The Cash Consideration payable to each Vendor shall be made by the Purchaser by wire transfer of immediately available funds to the Vendors' Counsel. The Share Consideration payable to each Vendor shall be made by the Purchaser by delivery of certificates representing the Consideration Shares issued in the name of each Vendor to the Vendor's Counsel.

(ii) The Vendors shall transfer and deliver to the Purchaser the Purchased Securities held by each Vendor by either delivering duly endorsed share certificates or a written instrument of transfer in respect of their Purchased Securities. The Vendors and the Corporation shall take such steps as are necessary to enter the Purchaser or its nominee(s) upon the books of the Corporation as the holder of all of the Purchased Securities.

(iii) The Vendors and the Purchaser shall deliver such other documents as may be necessary to complete the transactions provided for in this Agreement.

2.3 Tax Elections

The Purchaser shall, at the request of a Vendor who is a resident of Canada for the purposes of the Tax Act, execute and deliver within the prescribed time period joint elections in the prescribed forms to have section 85 of the Tax Act, and any applicable similar provincial provision, apply to the sale and transfer of the Vendor's Purchased Securities to the Purchaser, provided that the Vendor shall be responsible for the preparation of such election and delivery of the same to the Purchaser no later than 45 days following the date of this Agreement, and for the purposes of each such election, the Parties shall elect that the amount determined by such Vendor shall be the Vendor's proceeds of disposition and the Purchaser's cost of acquisition of the Purchased Securities, provided that such elected amount shall comply with the limitations set out in the Tax Act in respect thereto. The Purchaser shall have no liability for any election which is improperly completed, or not completed in a timely manner, by a Vendor.

2.4 Tax Withholdings

Purchaser shall be entitled to deduct and withhold from any consideration otherwise payable to any Vendor such amounts as Purchaser is required or reasonably believed to be required to deduct and withhold from such consideration in accordance with applicable Laws. Any such amounts will be deducted and withheld from the consideration payable pursuant hereto and shall be treated for all purposes as having been paid to the Vendor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority.

ARTICLE 3
COVENANTS

3.1 Satisfaction of Conditional Listing Requirements

The Purchaser shall take all required actions to satisfy the conditional listing requirements of the Exchange with respect to the listing of the Consideration Shares promptly after the date hereof and in any event within the time period prescribed by the Exchange to satisfy such requirements.

3.2 Reporting Issuer

For a period of 12 months following the date hereof, the Purchaser shall use commercially reasonable efforts to: (a) maintain its status as a "reporting issuer" and not be in material default of any requirement of Securities Laws; and (b) maintain the listing and posting for trading of the common shares of the Purchaser on the Exchange, provided the foregoing shall not restrict the ability of the Purchaser to complete a merger, sale, acquisition or other similar transaction, one of the results of which is that the Purchaser ceases to be a "reporting issuer".

3.3 Restrictive Covenants

(a) The Parties agree that the restrictive covenants contained in the Non-Competition Agreements (the "**Restrictive Covenants**") are an integral part of this Agreement and the transactions contemplated herein and are required in order for the Purchaser to maintain and preserve the value of the Corporation and the value of the Purchased Securities.

(b) The Parties agree that no portion of the consideration payable by the Purchaser for the Purchased Securities shall be allocated to the Restrictive Covenants.

(c) The Parties intend (i) that subsections 56.4(5) and (7) of the Tax Act and the equivalent provisions of any applicable provincial tax legislation apply to the Restrictive Covenants and (ii) that the Restrictive Covenants meet the requirements specified in clause 56.4(7)(b)(ii)(B) of the Tax Act. The Purchaser will, acting reasonably and to the extent necessary to give effect to the Parties' intentions in the preceding sentence or if the

Restrictive Covenants do not meet the requirements in clause 56.4(7)(b)(ii)(B) of the Tax Act, jointly elect with the applicable Vendors in the form and manner provided in the Tax Act and any equivalent provincial legislation with respect to the Restrictive Covenant so that subsections 56.4(3) or (5) of the Tax Act and any equivalent provincial legislation apply.

3.4 Insurance and Indemnification

(a) The Purchaser and the Corporation hereby agree to use commercially reasonable efforts to secure directors' and officers' liability insurance for the current and former directors and officers of the Corporation on a six year "trailing" (or "**run-off**") basis provided that such trailing policy is available at prevailing commercially available rates. If a trailing policy is not available at a reasonable cost, Purchaser will use commercially reasonable efforts to, or cause the Corporation to, maintain in effect without any reduction in scope or coverage for six years from the date hereof customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by the Corporation which are in effect immediately before the date hereof and providing protection in respect of claims arising from facts or events which occurred on or before the date hereof, provided that they are available at prevailing commercially available rates.

(b) Purchaser agrees that it will cause the Corporation to honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of the Corporation, and acknowledges that such rights will survive the completion of the Closing and will continue in full force and effect for a period of not less than six years from the date hereof.

3.5 Consultation for News Release

If upon Closing the Purchaser makes or is required by applicable law or regulatory instrument, rule or policy to make a public announcement with respect to the Agreement, it shall provide as much notice to the Corporation as reasonably possible, including the proposed text of the announcement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE VENDORS

Each Vendor hereby severally makes the representations and warranties set forth in this Article 4 to and in favour of the Purchaser, in each case with respect to itself only, and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

4.1 Organization and Qualification

In the case of each Corporate Shareholder, the Vendor is a corporation duly incorporated or amalgamated, as applicable, and validly existing under the Laws of its jurisdiction of incorporation.

4.2 Authority Relative to this Agreement

The Vendor has the requisite capacity, right, power and authority to execute this Agreement, and has the requisite power and authority to carry out its obligations hereunder and to consummate the transactions contemplated hereby. In the case of a Vendor that is not a natural person, the execution and delivery of this Agreement and the consummation by the Vendor of the transactions contemplated hereby have been duly authorized by the board of directors of the Vendor or such other Person or group of Persons who have the right to manage the affairs of the Vendor, and no other proceedings on the part of the Vendor are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

4.3 Title to Purchased Securities

The Vendor is the sole registered and/or beneficial owner of, and has good, valid and marketable title to, the number and kind of Purchased Securities set forth opposite such Vendor's name in Schedule "A" hereto, which constitute all of the Purchased Securities held by or in which the Vendor has any interest, free and clear of all Encumbrances other than Encumbrances resulting from this Agreement. The Vendor is not aware of any defects, failures or impairments of title in respect of its Purchased Securities. The Vendor does not hold or otherwise have any interest in any securities of the Corporation other than the Purchased Securities set forth opposite such Vendor's name in Schedule "A" hereto, and has no option, warrant or other right or entitlement (whether present or future, contingent or absolute, pursuant to Contract or otherwise) to subscribe for, purchase or otherwise acquire any shares or other securities of the Corporation, or any privilege capable of becoming such an option, warrant or other right or entitlement.

4.4 No Violations

Neither the execution and delivery by the Vendor of this Agreement or any other agreement or document to which the Vendor is or will become a party as contemplated hereby, nor consummation of the transactions contemplated herein or therein, nor compliance by the Vendor with any provisions hereof or thereof will, with or without notice or lapse of time, or both, violate, conflict with or result in a breach of or default under:

(a) in the case of a Vendor that is not a natural person, any of the terms, conditions or provisions of the constating documents of the Vendor or any resolutions of the directors, shareholders, members or partners of the Vendor;

(b) any of the terms, conditions or provisions of any Contract to which the Vendor is a party or by which the Vendor or any of the Purchased Securities that it has agreed to sell to the Purchaser hereunder is bound or affected; or

(c) any Laws applicable to the Vendor or affecting any of the Purchased Securities that it has agreed to sell to the Purchaser hereunder; or

(d) result in any Encumbrance upon any of its Purchased Securities.

4.5 Authorizations

Other than in connection with or in compliance with the provisions of applicable Securities Laws, the ABCA, or other similar applicable Laws (including any Laws that regulate competition, antitrust or foreign investment): (A) there is no legal impediment to the Vendor's consummation of the transactions contemplated hereby; and (B) no filing or registration with, or Authorization, consent or approval of, any domestic or foreign public body or authority is required of the Vendor in connection with the consummation of the transactions contemplated hereby, except for such filings or registrations which, if not made, or for such Authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on the Vendor, or significantly impede the ability of the Vendor to consummate the transactions contemplated hereby.

4.6 No Other Rights to Acquire

Other than pursuant to this Agreement, the Vendor has not entered into any agreement to sell, transfer, assign or pledge any of the Purchased Securities and there does not exist, and no Person has or enjoys any privilege capable of becoming, and the Vendor has not authorized or agreed in the future to grant or issue, any option, warrant or other right or entitlement (whether present or future, contingent or absolute, pursuant to Contract or otherwise) to purchase or otherwise acquire (whether by way of sale, gift, charge, pledge or otherwise) any of the Purchased Securities that the Vendor has agreed to sell to the Purchaser hereunder or any interest therein or right thereto of any kind or nature whatsoever.

4.7 Residence

The Vendor is a Canadian resident or Canadian incorporated entity, as applicable, for the purposes of the Tax Act.

ARTICLE 5
ADDITIONAL REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS OF THE PRINCIPAL SHAREHOLDERS REGARDING THE CORPORATION

Except as otherwise disclosed in writing to the Purchaser, including in the Highkelly Disclosure Letter, the Principal Shareholders hereby jointly and severally represent and warrant (and as applicable, covenant) to the Purchaser as follows and acknowledge that the Purchaser is relying upon such representations and warranties (and as applicable, covenants) in connection with the execution and delivery of this Agreement.

5.1 Organization and Qualification

The Corporation is a corporation duly incorporated and validly existing under the Laws of the Province of Alberta and has the requisite corporate power and authority to own its Assets as now owned and to carry on its business as now conducted. The Corporation is duly registered and is in good standing to conduct its affairs or do business, as applicable, in each jurisdiction in which the character of its Assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on the Corporation. Copies of the constating documents of the Corporation made available to the Purchaser, which included all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.

5.2 Subsidiaries

(a) The Corporation does not have any direct or indirect Subsidiaries, investments in persons, firms, corporations, partnerships, joint ventures or other entities.

(b) The Corporation does not have any agreements of any nature to acquire, directly or indirectly any shares in the capital of or other equity or proprietary interests in any Person, firm, corporation or other entity and the Corporation does not have any agreements to acquire any other business operations.

5.3 No Violations

Except as contemplated by this Agreement:

(a) The consummation of the transactions contemplated hereby will not:

(i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any encumbrance upon any of the properties or Assets of the Corporation or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of (A) the Material Contracts or the articles, by-laws, shareholder agreements or other constating document of the Corporation, or (B) any material note, bond, mortgage, indenture, loan agreement, plan, policy, deed of trust, agreement, lien, contract or other instrument or obligation to which the Corporation is a party or to which it, or any of its respective properties or Assets, may be subject or by which the Corporation is bound; or

(ii) subject to compliance with applicable laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Corporation or any of its properties or Assets,

(except, in the case of each of paragraphs (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of encumbrances which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect on the Corporation, or significantly impede the ability of the Corporation to consummate the transactions contemplated hereby); or

(iii) violate any of the terms, conditions or provisions of any Authorization, consent, approval or license currently in effect, which violation would have a Material Adverse Effect on the Corporation;

(b) Other than in connection with or in compliance with the provisions of applicable Securities Laws, the ABCA, or other similar applicable Laws (including any Laws that regulate competition, antitrust or foreign investment): (A) there is no legal impediment to the Vendors' consummation of the transactions contemplated hereby; and (B) no filing or registration with, or Authorization, consent or approval of, any domestic or foreign public body or authority is required by the Vendors in connection with the consummation of the transactions contemplated hereby, except for such filings or registrations which, if not made, or for such Authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on the Corporation, or significantly impede the ability of the Corporation to consummate the transactions contemplated hereby;

(c) There is no non-competition, right of first refusal, right of first offer, change of control, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which the Corporation, or, to the knowledge of the Principal Shareholders, any director, officer, employee or consultant or any Affiliate of such Person is a party or is otherwise bound that would now or hereafter, in any way limit the Business or operations of the Corporation: (i) in a particular manner or to a particular locality or geographic region; or (ii) for a limited period of time; and

(d) The performance of this Agreement does not and will not result in the restriction of the Corporation from engaging in its business or from competing with any Person or in any geographical area and does not and will not result in a Material Adverse Effect on its Business or trigger or cause to arise any rights of any Person under any contract or arrangement to restrict the Corporation from engaging in the business currently carried on by the Corporation.

5.4 Litigation

Other than as set forth in the Highkelly Disclosure Letter, there are no claims, actions, suits, proceedings, inquiries or investigations in existence or pending or, to the knowledge of the Principal Shareholders, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect the Corporation, or affecting or that would reasonably be expected to affect any of its property or assets at law or equity or before or by any Governmental Authority, which claim, action, suit, proceeding, inquiry or investigation involves a possibility of any judgment against or liability of the Corporation which, if successful, would have a Material Adverse Effect on the Corporation, or would significantly impede the ability of the Corporation to consummate the transactions contemplated hereby.

5.5 Taxes

(a) All Tax Returns required to be filed by or on behalf of the Corporation have been duly filed on a timely basis and such Tax Returns are correct in all material respects. All Taxes shown to be payable on such filed Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by the Corporation with respect to items or periods covered by such filed Tax Returns.

(b) The Corporation has paid, or provided adequate accruals in its financial statements for the period from inception to September 30, 2013, for Taxes, including income taxes and related future taxes, if applicable, for such periods, in conformity with GAAP, and has duly and timely paid all Taxes, including all material installments on account of Taxes for the current year, that are due and payable whether or not assessed by any appropriate Governmental Authority.

(c) The Corporation has made available to the Purchaser true and complete copies of: (A) material portions of income tax audit reports, statement of deficiencies, closing or other agreements or correspondence concerning assessments or audits pursuant to which a taxing authority has proposed amendments to previously filed Tax Returns received by, or on behalf of, the Corporation relating to Taxes; and (B) any material federal, provincial, state, local or foreign income or franchise Tax Returns for the Corporation.

(d) No material deficiencies exist or have been asserted with respect to Taxes of the Corporation.

(e) The Corporation is not a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of the Principal Shareholders, has such an event been asserted or threatened against the Corporation or any of its Assets that would have a Material Adverse Effect on the Corporation. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of the Corporation, nor is any request for any such consent to waiver or extension pending. No audit by tax authorities of the Corporation is in process or pending, to the knowledge of the Corporation.

(f) The Corporation has withheld from each payment made to any of its present or former employees, managers, independent contractors, creditors or other third parties, all amounts required by Law and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Corporation has charged, collected and remitted on a timely basis all Taxes as required by applicable Laws on any sale, supply or delivery whatsoever, made by the Corporation.

(g) The Corporation has made all material accruals in its financial statements in accordance with GAAP for the period ended December 31, 2012, and the interim period ended September 30, 2013 (or such amounts are fully funded) for all pension or other employee benefit obligations of the Corporation arising under or relating to each of Benefit Plans maintained by or binding on the Corporation.

5.6 Reporting Issuer Status

The Corporation is not a reporting issuer or equivalent in any province or territory of Canada. The Common Shares are not listed or posted for trading on any stock exchange.

5.7 No Shareholder Agreements

Other than the governing documents of the Corporation, neither the Corporation nor, to the knowledge of the Principal Shareholders, any of its shareholders is a party to any shareholder agreement, pooling agreement, voting trust or other similar type of arrangements in respect of the Common Shares.

5.8 Exercise or Termination of Convertible Securities

The Corporation has entered into agreements with each of the holders of securities of the Corporation convertible into Common Shares, including without limitation, incentive stock options and performance warrants, that all such convertible securities shall have been exercised or terminated prior to or concurrently with the execution of this agreement.

5.9 Capitalization

[REPRESENTATION WITH RESPECT TO CAPITALIZATION OF THE CORPORATION REDACTED.]

5.10 No Orders

No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of the Common Shares or any other securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Principal Shareholders, are contemplated or threatened under any applicable Laws or by any other regulatory authority.

5.11 Material Contracts

Except for the Material Contracts or as disclosed in the Highkelly Disclosure Letter, there are no material contracts or agreements which have or which might have created any material obligation to the Corporation or from which they derive or could derive any material benefit or which are required by the Corporation to carry on the business as now conducted by the Corporation or as is now proposed to be carried on by the Corporation.

5.12 Filings

The Corporation has filed all material documents required to be filed by it with all applicable Governmental Authorities and all such documents were, as of their respective dates, in compliance in all material respects with all applicable Laws, and at the time filed such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.13 No Material Adverse Change

There has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation from the position set forth in the Interim Financial Statements and there has not been any Material Adverse Change in respect of the Corporation since September 30, 2013; and since that date there have been no material facts, transactions, events or occurrences known to the Corporation which could reasonably be expected to have a Material Adverse Effect on the Corporation which have not been disclosed in writing to the Purchaser and that could significantly impede the Corporation's ability to consummate the transactions contemplated by this Agreement.

5.14 Books and Records

The records and minute books of the Corporation have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects and contain the constating documents of the Corporation and the minutes of the meetings and the resolutions of the directors (and committees of the directors) and shareholders of the Corporation to the date hereof.

5.15 Financial Statements

The Corporation Financial Statements were prepared in accordance with GAAP (except as otherwise indicated in such financial statements and the notes thereto or: (i) in the case of Audited Financial Statements, in the related report of the Corporation's independent auditors; or (ii) in the case of Interim Financial Statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and fairly present the financial position, results of operations and changes in financial position of the Corporation in accordance with GAAP as of the dates thereof and for the periods indicated therein and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of the Corporation. There has been no change in the Corporation's accounting policies, except as described in the notes to the Audited Financial Statements, since December 31, 2012.

5.16 Absence of Undisclosed Liabilities

Except: (a) as disclosed or reflected in the Corporation Financial Statements; and (b) for liabilities and obligations: (i) incurred in the ordinary course of business; (ii) agreements pertaining to office, equipment and other leases; or (iii) pursuant to the terms of this Agreement, the Corporation has not incurred any liabilities of any nature, whether accrued, contingent or otherwise that have constituted or would be reasonably likely to constitute a Material Adverse Change, including pursuant to the disposition by the Corporation of its shares in Highkelly Industries MFG. Limited .

5.17 Environmental

Except as disclosed in the Highkelly Disclosure Letter or as would not reasonably be expected to have a Material Adverse Effect:

(a) the Corporation is not in violation of any Environmental Laws;

(b) the Corporation has operated its Business at all times and has generated, received, handled, used, stored, treated, shipped, recycled and disposed of all contaminants without violation of Environmental Laws;

(c) there have been no material spills, releases, deposits or discharges, in violation of Environmental Laws, of any Hazardous Substances, contaminants or wastes, within the ownership, possession or control of the Corporation into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation that have not been remedied;

(d) no material orders, directions or notices have been threatened or have been issued and remain outstanding pursuant to any Environmental Laws relating to the Business or Assets of the Corporation;

(e) to the knowledge of the Principal Shareholders, no event, matter, occurrence or circumstance with respect to environmental matters exists which could reasonably be expected to interfere with the Corporation obtaining any required Authorization in respect of its projects; and

(f) the Corporation holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its Business and the ownership and use of its Assets, all such licenses, permits and approvals are in full force and effect, and the Corporation has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

5.18 Restrictions on Business

The Corporation is not a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, or transfer or move any of its assets or operations, where such covenant would have a Material Adverse Effect.

5.19 Title to Assets

The Corporation has good and marketable title to the Assets of the Corporation free and clear of any Encumbrances, except for Permitted Encumbrances. The Assets currently owned by the Corporation include materially all of the property, rights and assets that the Corporation has utilized to carry on its Business and the Principal Shareholders are not aware of any defects, failures or impairments in the title of the Corporation to its Assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any Third Party, which in aggregate, could reasonably be expected to have a Material Adverse Effect on the Corporation.

5.20 Condition of Assets

The Assets of the Corporation which are material to the Business of the Corporation are in operable working condition and have been maintained in accordance with industry standards (normal wear and tear excepted) except where the failure to do so would not have a Material Adverse Effect. To the knowledge of the Principal Shareholders, no buildings, plants, structures, fixtures, equipment or other property owned or leased by the Corporation in relation to the Business of the Corporation, are in need of material repairs except for ordinary routine maintenance and repairs consistent with past practice and that are not material in nature or cost.

5.21 Licences

The Corporation has obtained and is in material compliance with all licences, permits, certificates, consents, orders, grants and other Authorizations of or from any Governmental Authority necessary to conduct its Business as it is now being or are proposed to be conducted, other than such licences, permits, certificates, consents, orders, grants and other Authorizations the absence of which, or the non-compliance with which, would not have a Material Adverse Effect on the Corporation.

5.22 Compliance with Laws

The Corporation has conducted and is conducting the Business in compliance in all material respects with all applicable Laws, and, in particular, all applicable licensing and Environmental Law, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to the Corporation in each jurisdiction in which the Corporation carries on Business and hold all licenses, registrations and qualifications material to the Business and Assets of the Corporation in all jurisdictions in which the Corporation carries on its Business and where the failure to so conduct business or be in such compliance would have a Material Adverse Effect and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has, or is likely to have, any Material Adverse Effect.

5.23 Insurance

Policies of insurance are in force as of the date hereof naming the Corporation as an insured and a complete insurance claims history for the Corporation has been disclosed to the Purchaser. All such policies of insurance adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the Business of the Corporation as would be customarily covered by companies operating the businesses that the Corporation operates. All such policies shall remain in full force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

5.24 Indebtedness to and by Officers, Directors and Others

The Corporation is not indebted to any of its directors, officers, employees or consultants or any of its associates or affiliates or other parties not at arm's length to the Corporation, except for amounts due as normal compensation or reimbursement of ordinary business expenses, nor is there any indebtedness owing by any such parties to the Corporation.

5.25 No Defaults under Applicable Laws, Leases and Agreements

(a) The Corporation has not received notice of any default under any of the leases and other title documents, or under any other agreement or instrument pertaining to its Assets, to which it is a party or by or to which it or any such Assets are bound or subject, or under any applicable Laws pertaining to the Corporation's Assets, which could reasonably be expected to have a Material Adverse Effect on the Corporation.

(b) To the knowledge of the Principal Shareholders:

(i) the Corporation is in good standing under all, and is not in default under any; and

(ii) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

applicable Laws pertaining to the Corporation’s Assets, except to the extent that such defaults would not in the aggregate have a Material Adverse Effect on the Corporation.

(c) To the knowledge of the Principal Shareholders:

(i) the Corporation is in good standing under all, and are not in default under any; and

(ii) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

leases and other title documents or any other agreements and instruments pertaining to the Corporation’s Assets to which it is a party or by or to which it or such Assets are bound or subject and all such leases, title documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title documents and other agreements and instruments is in default thereunder, except to the extent that such defaults would not in the aggregate have a Material Adverse Effect on the Corporation.

5.26 Disclosure

(a) The data and information in respect of the Corporation and its Assets, liabilities, business and operations provided by the Corporation or the Corporation’s advisors to the Purchaser or the Purchaser's advisors was accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof.

(b) To the knowledge of Principal Shareholders, the Corporation has not withheld from the Purchaser any material information or documents concerning the Corporation or its Assets or liabilities during the course of the Purchaser's review of the Corporation and its Assets. The Corporation has disclosed all information in its possession of which it is aware regarding any event, circumstance or action taken which could reasonably be expected to have a Material Adverse Effect. No representation or warranty contained herein and no statement contained in any exhibit or other disclosure document provided to the Purchaser by the Corporation pursuant hereto (including the Highkelly Disclosure Letter) contains any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

5.27 Outstanding Acquisitions and Dispositions

Other than the Rig Purchase Contract, the Corporation has no rights to purchase or obligations to sell or otherwise dispose of Assets, properties or undertakings to third parties under any agreements.

5.28 Employee Benefit Plans

The Corporation has made available to the Purchaser prior to the date hereof true, complete and correct copies of all Benefit Plans covering active, former or retired employees of the Corporation. The Benefit Plans have been maintained and administered in material compliance with their terms and is, to the extent required by applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefore. The Corporation has no material obligations for retiree health and life benefits under any of the Benefit Plans.

5.29 No Insider Rights

No director, officer, insider or other party not at arm's length to the Corporation has any right, title or interest in (or the right to acquire any right, title or interest in) any Assets of the Corporation.

5.30 Brokers and Finders

The Corporation has not retained nor will it retain any financial advisor, broker, agent or finder or paid, or agreed to pay, any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. The Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder’s fees, agents’ commission or other forms of compensation with respect to the transactions contemplated by this Agreement. No financial advisor, broker, agent or finder is entitled to receive any compensation or other payment from the Corporation in connection with the transactions contemplated by this Agreement.

5.31 Employee, Consultant and Officer Obligations

(a) There are no payments, including accrued bonuses, owing or that will become owing in connection with the transactions contemplated by this Agreement to directors, officers, employees or consultants of the Corporation under any contract settlements, bonus plans, retention arrangements, change of control agreements or severance obligations (whether resulting from termination or alteration of duties).

(b) The Corporation has previously disclosed in writing a correct and complete list (the “**Employment Information**”) of each employee, director, independent contractor, consultant and agent of the Corporation who currently provides services to the administration, operation, maintenance and management of the Corporation whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment and length of service.

(c) The Corporation does not have in place any consulting agreements or employment agreements or other agreements that would give rise to a payment on a change of control (including completion of the transaction contemplated hereby).

(d) Except as may be required pursuant to statutory and common law rights upon payment of the amounts provided for in this Section, the Corporation will not have any further obligations to any person in respect of termination, change of control, bonus payments or payments pursuant to the Corporation's compensation policy as a result of the transactions contemplated in this Agreement.

5.32 Employment Matters

The Corporation is in material compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and are not engaged in any unfair labour practices. No employee is on short-term or long-term disability benefits or, to knowledge of the Principal Shareholders, is in the process of applying for short-term or long term disability benefits. With respect to any employee whose employment or consultancy has been terminated, all amounts owing in respect of such termination (whether as salary, benefits, severance or termination pay) have been paid and no such Person has made or, to knowledge of the Principal Shareholders, has any legal basis to make, any claim for further payment, whether in respect of salary, human rights breach, benefits, severance or termination payment or otherwise. The Corporation has not agreed to recognize any union or other collective bargaining representative, nor has any other union or other collective bargaining representative been certified as the exclusive bargaining representative of any employees, and the Corporation is not a party to, or bound by, any collective bargaining agreement or any other labour contract applicable to any employees. To knowledge of the Principal Shareholders, no union organizational campaign or representation petitions are currently pending with respect to any employees. There is no labour strike or labour dispute, slowdown, lockout or stoppage actually pending or to the knowledge of the Corporation, threatened against or affecting the Corporation, and the Corporation has not experienced any labour strikes or labour disputes, slowdowns, lockouts or stoppages since inception.

5.33 No Guarantees and Indemnification

The Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with governing documents of the Corporation and applicable Laws and other than standard indemnities in favour of purchasers of assets in purchase and sale agreements and underwriters and agents in connection with offerings of securities, indemnities and guarantees in favour of the Corporation's bankers and indemnities to support the Corporation's obligations pursuant to agreements entered into in the ordinary course of business), or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person.

5.34 Off-Balance Sheet Arrangements

The Corporation does not have any "off-balance sheet arrangements" as such term is described under GAAP except for those disclosed in the Corporation Financial Statements.

5.35 Intellectual Property

To the knowledge of the Principal Shareholders, the Corporation owns, licenses or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (the

“**Intellectual Property**”) necessary to carry on the Business now operated by it. To the knowledge of the Principal Shareholders, the Corporation has not received any written notice or claim challenging the Corporation with respect to the validity of, use of or ownership of the processes and technology used by it, and to the knowledge of the Principal Shareholders, there are no facts upon which such a challenge could reasonably be made. To the knowledge of the Principal Shareholders, no Person is infringing upon or otherwise violating any Intellectual Property owned, licensed or used by the Corporation. No Employees, other individuals or entities have an interest, beneficial or otherwise, right, or financial benefit relating to any Intellectual Property of the Corporation.

5.36 Board Approval

The Corporation's board of directors has unanimously approved the transactions contemplated hereby and approved this transactions contemplated by this Agreement.

5.37 Location of Owned Real Property and Leased Real Property

Schedule “E” sets forth the legal description of all the real property owned (the “**Owned Real Property**”) or leased (the “**Leased Real Property**”) by the Corporation and, in the case of the Owned Real Property, all indebtedness secured against it. There are no Encumbrances in respect of the Owned Real Property or the Leased Real Property that would have a Material Adverse Effect in respect of such property or in any way affect the Purchaser’s ability to own the Owned Real Property or affect its sole use of the Owned Real Property or the Leased Real Property. Except as set forth in Schedule “E” the Corporation (a) does not own or lease and has not agreed to acquire or lease any real property or interest in real property other than the Owned Real Property and the Leased Real Property, and (b) has not held title to any other real property.

5.38 Operations

The Corporation has conducted and is conducting its Business substantially in accordance with good oilfield services and environmental practices and in compliance in all material respects with all applicable Laws, rules and regulations and, in particular, all applicable licensing, regulatory approvals and Environmental Laws, regulations or by-laws or other requirements of any Governmental Authorities applicable to the Corporation in each jurisdiction in which it carries on business and holds all licences, regulatory approvals, registrations and qualifications material to its Business and Assets in all jurisdictions in which it carries on business which are necessary or desirable to carry on the Business of the Corporation as now conducted and none of such licences, registrations or qualifications or other regulatory approval contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect.

5.39 Working Capital

[REPRESENTATION WITH RESPECT TO WORKING CAPITAL OF THE CORPORATION REDACTED.]

5.40 Customers and Suppliers

The Corporation has not received notice of, and there is not, to the knowledge of the Principal Shareholders, any intention on the part of any principal customer to cease doing business with the Corporation or to modify or change in any material manner any existing arrangement with the Corporation for the purchase or supply of any products or services. The relationships of the Corporation with its principal suppliers and customers are satisfactory, and there are no unresolved disputes with any such supplier or customer. No Contract with any supplier or customer contains terms under which the execution or performance of this Agreement would give the supplier or customer the right to terminate or adversely change the terms of that Contract. There has been no termination or cancellation of, and no modification or change in, the business relationship of the Corporation with any major customer or group of major customers. The Corporation has no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Corporation will not continue after the consummation of the transactions hereunder in substantially the same manner as prior to the date of this Agreement.

5.41 Service Agreement Liability

To the knowledge of the Principal Shareholders, the Corporation does not have any liabilities, matured or unmatured, fixed or contingent (and to the knowledge of the Principal Shareholders there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any liability), arising out of any injury to individuals or property as a result of any service performed by the Corporation pursuant to any agreement between the Corporation and a Third Party customer of the Corporation relating to the provision of services by the Corporation, or arising pursuant to any indemnity provided by the Corporation pursuant to any such agreement, except to the extent that such liabilities would not in the aggregate have a Material Adverse Effect on the Corporation.

5.42 Related Party Transactions

Except as disclosed in this Agreement or in the Highkelly Disclosure Letter, there are no contracts or arrangements (other than obligations to employees that arise by operation of law, and option agreements, other incentive compensation agreements, consulting agreements and indemnity agreements, the details of which are disclosed in the Highkelly Disclosure Letter) to which the Corporation is a party with any present or former director, officer, employee or consultant of the Corporation or any other person not dealing at arm’s length with the Corporation, or any associate or affiliate of any such director, officer, employee or consultant.

5.43 No Default under Lending Agreements

No event of default or material breach of any covenant has occurred under any of the Corporation's existing banking and lending agreements which has not been cured.

5.44 Impairment

Neither the entering into of this Agreement nor the successful completion of the transactions contemplated by this Agreement will result in a Material Adverse Change pursuant to or as a result of the provisions of any agreement or arrangement to which the Corporation is a party (assuming receipt of any required lender and other Third Party approvals and consents).

5.45 Number of Shareholders

The Vendors, as set forth in Schedule “A” hereto are the only holders of shares of the Corporation.

5.46 Accounts Receivable

The Accounts Receivable of the Corporation in all material respects are good and collectible at the aggregate recorded amounts reflected in the Highkelly Disclosure Letter, except to the extent of any reserves provided for such accounts therein, and are not subject to any defence, counterclaim or set off, and to the knowledge of the Principal Shareholders, will be collected at the amounts reflected in the Accounts Receivables list within 90 days of the date of this Agreement.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby makes the representations and warranties set forth in this Article 6 to and in favour of the Vendors and acknowledges that the Vendors are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

6.1 Organization and Qualification

The Purchaser is a corporation duly incorporated or amalgamated, as applicable, and validly existing under the Laws of the Province of Alberta and has the requisite corporate power and authority to own its assets as now owned and to carry on its business as now conducted. The Purchaser is duly registered and is in good standing to conduct its affairs or do business, as applicable, in each jurisdiction in which the character of its assets, owned or leased, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Effect on the Purchaser. Copies of the constating documents of the Purchaser made available to the Corporation, which included all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.

6.2 Authority Relative to this Agreement

The Purchaser has the requisite corporate power and capacity to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by the Purchaser of the transactions contemplated have been duly authorized by the board of directors of the Purchaser, and no other corporate proceedings on its part is or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Purchaser and this Agreement constitutes the legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to the general principles of equity.

6.3 No Violations

Except as contemplated by this Agreement:

(a) Neither the consummation of the transactions contemplated hereby nor compliance by the Purchaser with any of the provisions hereof will:

(i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any encumbrance upon any of the properties or assets of the Purchaser or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of (A) any contracts material to its business or operations, or the articles, by-laws, shareholder agreements or other constating document of the Purchaser, or (B) any material note, bond, mortgage, indenture, loan agreement, plan, policy, deed of trust, agreement, lien, contract or other instrument or obligation to which the Purchaser is a party or to which it, or any of its respective properties or assets, may be subject or by which the Purchaser is bound; or

(ii) subject to compliance with applicable laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Purchaser or any of its properties or assets

(except, in the case of each of paragraphs (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of encumbrances which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect on the Purchaser, or significantly impede the ability of the Purchaser to consummate the transactions contemplated hereby); or

(iii) violate any of the terms, conditions or provisions of any Authorization, consent, approval or license currently in effect, which violation would have a Material Adverse Effect on the Purchaser;

(b) Other than in connection with or in compliance with the provisions of applicable Securities Laws, the ABCA, or other similar applicable Laws (including any Laws that regulate competition, antitrust or foreign investment): (A) there is no legal impediment to the Purchaser's consummation of the transactions contemplated hereby; and (B) no filing or registration with, or Authorization, consent or approval of, any domestic or foreign public body or authority is required of the Purchaser in connection with the consummation of the transactions contemplated hereby, except for such filings or registrations which, if not made, or for such Authorizations, consents or approvals which, if not received, would not have a Material Adverse Effect on the Purchaser, or significantly impede the ability of the Purchaser to consummate the transactions contemplated hereby;

(c) There is no non-competition, right of first refusal, right of first offer, change of control, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which the Purchaser, or, to the knowledge of Purchaser, any director, officer, employee or consultant or any Affiliate of such Person is a party or is otherwise bound that would now or hereafter, in any way limit the business or operations of the Purchaser: (i) in a particular manner or to a particular locality or geographic region; or (ii) for a limited period of time; and

(d) The performance of this Agreement does not and will not result in the restriction of the Purchaser from engaging in its business or from competing with any Person or in any geographical area and do not and will not result in a Material Adverse Effect on its business or trigger or cause to arise any rights of any Person under any contract or arrangement to restrict any of the foregoing from engaging in the business currently carried on by the Purchaser.

6.4 Litigation

Except as disclosed in the Public Record there are no claims, actions, suits, proceedings, inquiries or investigations in existence or pending or, to the knowledge of the Purchaser, threatened or for which there is a reasonable basis, affecting or that would reasonably be expected to affect the Purchaser, or affecting or that would reasonably be expected to affect any of their respective property or assets at law or equity or before or by any Governmental Authority, which claim, action, suit, proceeding, inquiry or investigation involves a possibility of any judgment against or liability of the Purchaser which, if successful, would have a Material Adverse Effect on the Purchaser, or would significantly impede the ability of the Purchaser to consummate the transactions contemplated hereby.

6.5 Taxes, etc.

(a) All Tax Returns required to be filed by or on behalf of the Purchaser have been duly filed on a timely basis and such Tax Returns are correct in all material respects. All Taxes shown to be payable on such filed Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by the Purchaser with respect to items or periods covered by such filed Tax Returns.

(b) The Purchaser has paid, or provided adequate accruals in its consolidated financial statements for the period from inception to September 30, 2013, for Taxes, including income taxes and related future taxes, if applicable, for such periods, in conformity with GAAP, and has duly and timely paid all Taxes, including all material installments on account of Taxes for the current year, that are due and payable whether or not assessed by any appropriate Governmental Authority.

(c) The Purchaser has made available to the Corporation true and complete copies of: (A) material portions of income tax audit reports, statement of deficiencies, closing or other agreements or correspondence concerning assessments or audits pursuant to which a taxing authority has proposed amendments to previously filed Tax Returns received by, or on behalf of, the Purchaser relating to Taxes; and (B) any material federal, provincial, state, local or foreign income or franchise Tax Returns for the Purchaser.

(d) No material deficiencies exist or have been asserted with respect to Taxes of the Purchaser.

(e) The Purchaser is not a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of the Purchaser, has such an event been asserted or threatened against the Purchaser or any of its assets that would have a Material Adverse Effect on the Purchaser. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of the Purchaser, nor is any request for any such consent to extension pending. No audit by tax authorities of the Purchaser is in process or pending, to the knowledge of the Purchaser.

(f) The Purchaser has withheld from each payment made to any of its present or former employees, managers, independent contractors, creditors or other third parties, all amounts required by Law and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Corporation has charged, collected and remitted on a timely basis all Taxes as required by applicable Laws on any sale, supply or delivery whatsoever, made by the Corporation.

(g) The Purchaser has made all material accruals in its consolidated financial statements in accordance with GAAP for the period ended December 31, 2010 (or such amounts are fully funded) for all pension or other employee benefit obligations of the Purchaser arising under or relating to each of the Benefit Plans maintained by or binding on the Purchaser.

(h) The Purchaser is a "public corporation" for the purposes of the Tax Act.

6.6 Reporting Issuer Status

The Purchaser is a reporting issuer in all of the provinces of Canada excluding Quebec and is in material compliance with all Securities Laws. The common shares of the Purchaser are listed and posted for trading on the Exchange and the Purchaser is in material compliance with the rules of the Exchange.

6.7 Exchange Approval

The Purchaser has received Exchange Approval for the Issuance and listing of the Consideration Shares pursuant to the terms hereof.

6.8 Capitalization

[REPRESENTATION WITH RESPECT TO CAPITALIZATION OF THE PURCHASER REDACTED.]

6.9 No Orders

No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of the Purchaser Common Shares or any other securities of the Purchaser has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Purchaser, are contemplated or threatened under any applicable Laws or by any other regulatory authority.

6.10 Filings

The Purchaser has filed all material documents required to be filed by it with all applicable Governmental Authorities and all such documents were, as of their respective dates, in compliance in all material respects with all applicable Laws, and at the time filed such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6.11 No Material Adverse Change

Except as disclosed in the Public Record, there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Purchaser from the position set forth in the Purchaser's interim financial statements for the period ended September 30, 2013 and there has not been any Material Adverse Change in respect of the Purchaser since September 30, 2013; and since that date there have been no material facts, transactions, events or occurrences known to the Purchaser which could reasonably be expected to have a Material Adverse Effect on the Purchaser which have not been disclosed in writing to the Corporation and that could significantly impede the Purchaser's ability to consummate the transactions contemplated by this Agreement.

6.12 Books and Records

The records and minute books of the Purchaser has been maintained in accordance with all applicable Laws and are complete and accurate in all material respects and contain the constating documents of the Purchaser and the minutes of the meetings and the resolutions of the directors (and committees of the directors) and shareholders of the Purchaser to the date hereof.

6.13 Financial Statements

The Purchaser Financial Statements were prepared in accordance with GAAP and fairly present the consolidated financial position, results of operations and changes in financial position of the Purchaser as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year end audit adjustments) and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of the Purchaser on a consolidated basis. There has been no change in the Purchaser’s accounting policies, except as described in the notes to the Purchaser Financial Statements.

6.14 Environmental

Except as disclosed to the Corporation in writing by the Purchaser:

(a) the Purchaser is not in material violation of any Environmental Laws;

(b) the Purchaser has operated its business at all times and has generated, received, handled, used, stored, treated, shipped, recycled and disposed of all contaminants in material compliance with Environmental Laws;

(c) there have been no material spills, releases, deposits or discharges, in violation of Environmental Laws, of any Hazardous Substances, contaminants or wastes, within the ownership, possession or control of the Purchaser, into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Purchaser that have not been remedied;

(d) no material orders, directions or notices have been threatened or have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Purchaser;

(e) no event, matter, occurrence or circumstance with respect to environmental matters exists which could reasonably be expected to interfere with the Purchaser obtaining any required Authorization in respect of its projects or that could have a Material Adverse Effect; and

(f) the Purchaser holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and the Purchaser has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

6.15 Licences

The Purchaser has obtained and is in material compliance with all licences, permits, certificates, consents, orders, grants and other Authorizations of or from any Governmental Authority necessary to conduct their businesses as they are now being or are proposed to be conducted, other than such licences, permits, certificates, consents, orders, grants and other Authorizations the absence of which, or the non-compliance with which, would not have a Material Adverse Effect on the Purchaser.

6.16 Compliance with Laws

The Purchaser has conducted and is conducting its business in compliance in all material respects with all applicable Laws, and, in particular, all applicable licensing and Environmental Laws, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to the Purchaser in each jurisdiction in which the Purchaser carries on business and holds all licenses, registrations and qualifications material to the business and assets of the Purchaser in all jurisdictions in which the Purchaser carries on business and where the failure to so conduct business or be in such compliance would have a Material Adverse Effect and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has, or is likely to have, any Material Adverse Effect.

6.17 Disclosure

(a) The data and information in respect of the Purchaser and its assets, liabilities, business and operations provided by the Purchaser or the Purchaser's advisors to the Vendors or the Vendors' advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof.

(b) To the knowledge of the Purchaser, the Purchaser has not withheld from the Vendors or the Vendors' advisors any material information or documents concerning the Purchaser or its assets or liabilities during the course of the Vendors' review of the Purchaser and its assets. The Purchaser has disclosed all information in its possession of which it is aware regarding any event, circumstance or action taken which could reasonably be expected to have a Material Adverse Effect. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided to the Vendors by the Purchaser pursuant hereto contains or will contain any untrue statement of a material fact or omits to state a material fact which is necessary in order to make the statements herein or therein not misleading.

6.18 Off-Balance Sheet Arrangements

The Purchaser does not have any "off-balance sheet arrangements" as such term is described under GAAP other than those disclosed in the Purchaser Financial Statements.

6.19 Operations

The Purchaser has conducted and is conducting its business substantially in accordance with good oilfield services and environmental practices and in compliance in all material respects with all applicable Laws, rules and regulations and, in particular, all applicable licensing, regulatory approvals and Environmental Laws, regulations or by-laws or other requirements of any Governmental Authorities applicable to the

Purchaser in each jurisdiction in which it carries on business and holds all licences, regulatory approvals, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business which are necessary or desirable to carry on the business of the Purchaser as now conducted and none of such licences, registrations or qualifications or other regulatory approval contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect.

6.20 No Default under Lending Agreements

No event of default or material breach of any covenant has occurred under any of the Purchaser's existing banking and lending agreements.

6.21 Restrictions on Business

The Purchaser is not a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, transfer or move any of its assets or operations, where such covenant would have a Material Adverse Effect.

6.22 Public Record

The information and statements set forth in the information filed by or on behalf of the Purchaser, with any Securities Commission or similar Governmental Authority or stock exchange in compliance, or intended compliance, with the applicable Laws as at the date hereof, as relates to the Purchaser and its subsidiaries, taken as a whole, are true, correct and complete and did not contain any material misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to the Purchaser which is not disclosed in the Public Record, and the Purchaser has not filed any confidential material change reports which continue to be confidential.

6.23 Impairment

Neither the entering into of this Agreement nor the successful completion of the transactions contemplated by this Agreement will result in a Material Adverse Change pursuant to or as a result of the provisions of any agreement or arrangement to which the Purchaser is a party.

6.24 Board Approval

The Purchaser's board of directors has approved the transactions contemplated by this Agreement.

6.25 Title to Assets

The Purchaser has good and marketable title to the its assets free and clear of any Encumbrances, other than encumbrances on its assets pursuant to bank credit facilities and those in the ordinary course of business. The assets currently owned by the Purchaser include materially all of the property, rights and assets that the Purchaser has utilized to carry on its business, it is not aware of any defects, failures or impairments in the title of the Purchaser to its assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any Third Party, which in aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser.

6.26 No Guarantees and Indemnification

The Purchaser is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with governing documents of the Purchaser, indemnity agreements and applicable Laws and other than standard indemnities in favour of purchasers of assets in purchase and sale agreements and underwriters and agents in connection with offerings of securities, indemnities and guarantees in favour of the Purchaser's bankers and indemnities to support the Purchaser's obligations pursuant to agreements entered into in the ordinary course of business), or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other Person.

ARTICLE 7
DELIVERIES

7.1 Deliveries

(a) The Vendors shall deliver to the Purchaser on the date of execution of this Agreement:

(i) a certificate of status, for the Corporation and each Vendor that is a corporation, as issued by the Registrar of Corporations under such Corporation's jurisdiction of incorporation;

(ii) a certified copy of the organizational or constating documents of the Corporation;

(iii) all definitive certificates representing the Purchased Securities duly endorsed for transfer to the Purchaser or accompanied by a written instrument of transfer;

(iv) a certified copy of the resolutions of the directors of the Corporation, approving the transactions contemplated hereby and the transfer of the Purchased Securities to the Purchaser;

(v) a certified copy of the resolutions of the directors of each Corporate Shareholder, approving the transactions contemplated hereby and the transfer of the Purchased Securities to the Purchaser or confirmation from such Corporate Shareholder that the transactions are not material to the business of such Corporate Shareholder;

(vi) executed resignations and releases of each of the directors and officers of the Corporation in form satisfactory to the Purchaser;

(vii) all original minute books (duplicates only with respect to foreign subsidiaries), corporate records, corporate seals and all other books and records of, or documents relating to the Corporation including, without limitation, the Books and Records;

(viii) the Non-Competition Agreements; and

(ix) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transaction provided for in this Agreement.

(b) The Purchaser shall deliver to the Vendors on the date of execution of this Agreement:

(i) a certificate of status for the Purchaser as issued by the Registrar of Corporations under the ACBA;

(ii) a wire transfer to the Vendor's Counsel, in trust, in the amount contemplated by Section 2.2(a)(ii);

(iii) a letter from the Exchange conditionally approving the listing of the Consideration Shares subject only to conditions which may reasonably be expected to be satisfied;

(iv) the Consideration Shares registered in the name of the Vendors, or such other name as the Vendors may direct;

(v) a certified copy of the resolutions of the directors of the Purchaser approving the transactions contemplated hereby; and

(vi) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Vendor to complete the transaction provided for in this Agreement.

ARTICLE 8
SURVIVAL PERIODS

8.1 Non-Waiver

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation or warranty made by the Vendors in or pursuant to this Agreement. No waiver of any provision, in whole or in part, shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

8.2 Nature and Survival

(a) Subject to subsection 8.2(b), all representations, warranties and covenants contained in this Agreement on the part of each of the parties shall survive the completion of the purchase and sale contemplated by this Agreement.

(b) Representations, warranties or covenants contained in this Agreement that pertain to any payment to be made, or delivery of the Consideration Shares, by the Purchaser to the Vendors shall survive indefinitely until all such payments and deliveries have been made in full. The representations and warranties set forth in Sections 5.5 and 6.5 shall survive such that a claim for indemnification relating to a breach of such representations or warranties under the provisions of Article 9 may be brought under this Agreement if written notice of such claim shall have been given on or prior to the date which is the later of (x) three (3) years after the date hereof, or (y) 30 days following the expiration of the statute of limitations (or extensions or waivers thereof) applicable to the underlying matters addressed in such Sections. All other representations and warranties by the Vendors in Article 4 shall survive for a period of eighteen (18) months from the date hereof. All other representations and warranties by the Principal Shareholders in Article 5 and by the Purchaser in Article 6 shall survive for a period of two (2) years from the date hereof. If no claim shall have been made under this Agreement against a party for any incorrectness in or breach of any representation or warranty made in this Agreement prior to the expiry of these survival periods, such Party shall have no further liability under this Agreement with respect to such representation or warranty.

(c) Notwithstanding the limitations set out in subsection 8.2(b), any claim which is based on title to the Purchased Securities or the Consideration Shares, or intentional misrepresentation or fraud may be brought at any time.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnity by the Vendors

Each of the respective Vendors on a several but not joint basis, hereby agrees to indemnify and save harmless the Purchaser from and against any claims, demands, actions, causes of action, damages, losses, deficiencies, costs, liabilities and expenses which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:

(a) any non-performance or non-fulfillment of any covenant or agreement on the part of the applicable Vendor contained in this Agreement or in any document given in order to carry out the transactions contemplated by this Agreement;

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the applicable Vendor in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated by this Agreement; and

(c) all costs and expenses including, without limitation, legal fees on a solicitor and client basis, incidental to or in respect of the foregoing.

9.2 Indemnity by the Purchaser

The Purchaser hereby agrees to indemnify and save harmless the Vendors from and against any claims, demands, actions, causes of action, damages, losses, deficiencies, costs, liabilities and expenses which may be made or brought against the Vendors or which the Vendors may suffer or incur as a result of, in respect of or arising out of:

(a) any non-performance or non-fulfillment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any document given in order to carry out the transactions contemplated by this Agreement;

(b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated by this Agreement; and

(c) all costs and expenses including, without limitation, legal fees on a solicitor and client basis, incidental to or in respect of the foregoing.

9.3 Provisions Relating to Indemnity Claims

The following provisions will apply to any claim by the Purchaser for indemnification by a Vendor pursuant to this Agreement or to any claim by the Vendors for indemnification by the Purchaser pursuant to this Agreement (hereinafter, in this Section, the Party making a claim for indemnification shall be referred to as the "**Indemnified Party**", the Party against whom the claim for indemnification is made shall be referred to as the "**Indemnifying Party**" and the claim for indemnity shall be referred to as the "**Indemnity Claim**"):

(a) promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Indemnified Party will provide to the Indemnifying Party written notice of the Indemnity Claim specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances;

(b) if an Indemnity Claim relates to an alleged liability to a Third Party (hereinafter, in this Section, called a "**Third Party Liability**"), including without limitation any Governmental Authority or regulatory body or any taxing authority, which is of a nature such that the Indemnified Party is required by applicable Law to make a payment to a Third Party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Indemnified Party may, notwithstanding the provisions of paragraphs (d) and (e) of this Section, make such payment and forthwith demand reimbursement for such payment from the Indemnifying Party in accordance with this Agreement; provided that, if the alleged liability to the Third Party as finally determined upon completion of settlement negotiations or related legal proceedings is less than the amount that is paid by the Indemnifying Party in respect of the related Indemnity Claim, then the Indemnified Party will forthwith following the final determination pay to the Indemnifying Party the amount by which the amount of the liability as finally determined is less than the amount which is so paid by the Indemnifying Party;

(c) the Indemnified Party will not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which it proposes to assert an Indemnity Claim, except with the prior consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), unless there is a reasonable possibility that such Third Party Liability may materially and adversely affect the Indemnified Party, in which case the Indemnified Party will have the right, after notifying the Indemnifying Party, to negotiate, settle, compromise or pay such Third Party Liability without prejudice to its rights of indemnification hereunder;

(d) with respect to any Third Party Liability, provided the Indemnifying Party first admits the Indemnified Party's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:

    (i) except as contemplated by subparagraph (iii) below, the Indemnifying Party will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Indemnified Party will at its own cost and expense have the right and will be given the opportunity to participate in the defence of the Third Party Liability, to consult with the Indemnifying Party in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel) and to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party will be retained by the Indemnifying Party;

(ii) the Indemnifying Party will cooperate with the Indemnified Party in relation to the Third Party Liability, will keep the Indemnified Party fully advised with respect thereto, will provide the Indemnified Party with copies of all relevant documentation as it becomes available, will provide the Indemnified Party with access to all records and files relating to the defence of the Third Party Liability and will meet with representatives of the Indemnified Party at all reasonable times to discuss the Third Party Liability provided that the Indemnifying Party shall not be required to disclose any records or files that are subject to the attorney client privilege; and

(iii) notwithstanding subparagraphs (i) and (ii), the Indemnifying Party will not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner that could, in the reasonable opinion of the Indemnified Party, have a Material Adverse Effect on the Indemnified Party, except with the prior written consent of the Indemnified Party.

(e) If, with respect to any Third Party Liability, the Indemnifying Party does not admit the Indemnified Party's right to indemnification or declines to assume carriage of the settlement or the conduct of any legal, administrative or other proceedings related to the Third Party Liability, then the following provisions will apply:

(i) the Indemnified Party, at its discretion, may assume carriage of the settlement or the conduct of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Indemnified Party, acting in good faith, considers advisable; and

(ii) any cost, loss, damage or expense incurred or suffered by the Indemnified Party in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings will be added to the amount of the Indemnity Claim.

9.4 Limitations on Indemnification by Vendors

(a) No indemnification payment shall be made by a Vendor to the Purchaser pursuant to Section 9.1 until the applicable indemnified losses aggregate at least $100,000, in which event the Purchaser shall be entitled to receive indemnification payments for all losses in excess of such amount.

(b) Except as set forth below, no claim for indemnification relating to a breach of a representation or warranty under the provisions of Section 9.1 may be brought under this Agreement by any person unless written notice of such claim shall have been given on or prior to the applicable period as set forth in Section 8.2 of this Agreement. In the event a claim for indemnification is made for a breach of a representation or warranty on or prior to the last day of the applicable period, such representation or warranty shall survive the applicable period until such claim is finally resolved and all obligations with respect thereto are fully satisfied.

(c) The rights of the Purchaser with respect to any claims arising under Section 9.1shall be limited in the aggregate to an amount not exceeding:

(i) in the case of claims arising out of the non-performance, non-fulfillment, misrepresentation or breach of any of the provisions set forth in Article 4 of this Agreement, $34,528,731, provided that the liability of each Vendor under Article 4 shall be limited to the portion of the Purchase Price paid to such Vendor; and

(ii) in the case of claims arising out of the non-performance, non-fulfillment, misrepresentation or breach of any of the provisions set forth in Article 5 of this Agreement, $8,632,182.

9.5 Limitations on Indemnification by the Purchaser

(a) No indemnification payment shall be made by the Purchaser to the Vendors pursuant to Section 9.2 until the applicable indemnified losses aggregate at least $100,000, in which event the Vendors shall be entitled to receive indemnification payments for all losses in excess of such amount.

(b) Except as set forth below, no claim for indemnification relating to a breach of a representation or warranty under the provisions of Section 9.2 may be brought under this Agreement by any person unless written notice of such claim shall have been given on or prior to the applicable period as set forth in Section 8.2 of this Agreement. In the event a claim for indemnification is made for a breach of a representation or warranty on or prior to the last day of the applicable period, such representation or warranty shall survive the applicable period until such claim is finally resolved and all obligations with respect thereto are fully satisfied.

(c) The rights of the Vendors with respect to any claims arising under Section 9.2 shall be limited in the aggregate to an amount not exceeding $8,632,182.

9.6 Amount of Damages

The amount of any damages or loss claimed by an Indemnified Party under the indemnity provided in Sections 9.1 or 9.2 shall be a net amount after adjustment for any benefit to the Indemnified Party from insurance receipts from third parties.

ARTICLE 10
GENERAL

10.1 Notices

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement (each, a "**Notice**") shall be given in writing and delivered by personal delivery or delivery by recognized national courier, sent by facsimile transmission or delivered by registered mail, postage prepaid, addressed as follows:

If to the Purchaser:

CanElson Drilling Inc.
700, 808 – 4th Avenue S.W.
Calgary, Alberta T2P 3E8
Attention: Rob Skilnick
Email: rob.skilnick@canelsondrilling.com
Facsimile No.: (403) 266-3968

with a copy to Purchaser's Counsel:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3
Attention: Daniel G. Kolibar
Email: dkolibar@blg.com
Facsimile No.: (403) 266-1395

If to any Vendor, to the address for such Vendor set forth in Exhibit "A" with copy to the Vendors' Counsel (at the address set forth above)

with a copy to Vendors' Counsel:

Dentons Canada LLP
1500, 850 – 2nd Street, S.W.
Calgary, Alberta T2P 0R8
Attention: Tim Haney
Emal: tim.haney@dentons.com
Facsimile No.: (403) 268-3014

or to such other address or facsimile number of which the addressee may from time to time notify the addressor. Any Notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address; provided, however, that if such day is not a Business Day, or if the Notice is received after 4:00 p.m. in the local time of the addressee, then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the 5th Business Day following the date of its mailing. Any Notice transmitted by facsimile shall be deemed to have been given and received on the day in which transmission is confirmed; provided, however, that if such day is not a Business Day or if the facsimile transmission is received after 4:00 p.m. in the local time of the addressee, then the Notice shall be deemed to have been given and received on the next Business Day. Attempted delivery of any Notice hereunder by electronic communication other than facsimile transmission shall not constitute delivery of such Notice for the purposes of this Agreement unless receipt and acceptance thereof is expressly acknowledged by the addressee.

10.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto.

10.3 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto.

10.4 Expenses

Except as contemplated herein each Party hereto covenants and agrees that all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such cost or expense.

10.5 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.6 Non-Merger

Except as otherwise expressly provided in this Agreement, the representations, warranties, covenants and other obligations hereunder shall not merge on and shall survive completion of the transactions contemplated by this agreement and, notwithstanding any investigation made by or on behalf of any party, shall continue in full force and effect.

10.7 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including in a portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

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

[SIGNATURES REDACTED]

SCHEDULE “A”

SHAREHOLDERS, SHAREHOLDINGS AND ALLOCATION OF CONSIDERATION

[SCHEDULE CONTAINING PERSONAL INFORMATION OF VENDORS REDACTED]

SCHEDULE “B”

ASSETS (EXCLUDING WORKING CAPITAL)

(attached)

[DESCRIPTION OF ASSETS REDACTED]

SCHEDULE "C"

LIABILITIES (EXCLUDING WORKING CAPITAL)

[DESCRIPTION OF LIABILITIES (EXCLUDING WORKING CAPITAL) REDACTED]

SCHEDULE "D"

INTELLECTUAL PROPERTY

[DESCRIPTION OF INTELLECTUAL PROPERTY REDACTED]

SCHEDULE "E"

REAL PROPERTY

[DESCRIPTION OF REAL PROPERTY REDACTED]