OIL AND GAS ASSET PURCHASE AGREEMENT

BETWEEN

PETROFRONTIER CORP.

AND

PETREX ENERGY LTD.

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THIS AGREEMENT dated September 8, 2011

BETWEEN

PETROFRONTIER CORP., being organized in the Province of Alberta as to having an office in the city of Calgary (hereinafter referred to as "**Vendor**")

- and -

PETREX ENERGY LTD., being organized in the Province of Alberta as to having an office in the city of Calgary (hereinafter referred to as "**Purchaser**")

WHEREAS the Vendor desires to sell and the Purchaser desires to purchase all of the Vendor's right, title, estate and interest in and to the Assets, upon and subject to the terms and conditions set out in this Agreement;

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

ARTICLE 1
INTERPRETATION

1.01 Definitions

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

"**Abandonment and Reclamation Obligations**" means all obligations respecting the abandonment of any of the Assets and includes any associated closing, decommissioning, dismantling and removal of any foundations, structures or equipment in connection with such abandonment and the restoration, remediation and reclamation of the surface or subsurface of the Lands, all in compliance with accepted oil and gas industry practices and Applicable Law.

"**Accounting Firm**" means a joint venture audit firm as may be agreed upon by the parties.

"**Adjustment Amount**" has the meaning set out in Section 3.01.

"**AFE**" means authorizations for expenditures, operations notices, mail ballots, cash calls or other similar approval or financial commitments pursuant to the Title and Operating Documents.

"**Affiliate**" has the meaning ascribed thereto in the *Business Corporations Act* (Alberta).

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

"**Applicable Law**" means

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

(b) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority or stock exchange whether or not having the force of law.

“**Assets**” means, collectively, the Hydrocarbon Interests, the Tangibles Interests and the Miscellaneous Interests excluding the excluded assets as described in Schedule 1.01(C).

“**Base Price**” means the sum of $6,760,000.00.

“**Business Day**” means a day other than Saturday, Sunday or any statutory holiday in the City of Calgary, Alberta.

“**Charges**” means the Vendor’s proportionate share of any costs and expenses incurred that are payable or accrued and that relate to the Assets including:

(a) capital and operating costs;

(b) costs payable under the Title and Operating Documents in the ordinary course of business;

(c) insurance premiums and deductibles;

(d) directly chargeable salaries, wages and employee benefits; and

(e) property Taxes and other Taxes (other than income Taxes, and GST, if any, on the transactions contemplated by this Agreement), which are in each case attributable to the Assets.

“**Closing**” means the closing and consummation of the transactions contemplated by this Agreement.

“**Closing Date**” means the hour of 2 p.m. Calgary, Alberta time on September 8, 2011 or such other date or time as may be agreed upon in writing by the parties or results from the operation of Section 6.03.

“**Effective Time**” means 12:01 a.m. on September 8, 2011.

“**Environment**” means the components of the earth and includes:

(a) air, land and water (including groundwater);

(b) all layers of the atmosphere;

(c) all organic and inorganic matter and living organisms; and

(d) the interacting natural systems that include components referred to in subclauses (a) to (c).

"**Environmental Liabilities**" means all obligations, responsibilities, liabilities, costs and expenses of whatever kind and nature of the Vendor pertaining to the Assets in respect of the Environment arising directly or indirectly from:

(a) any activity, omission, event or circumstance in respect of any of the Assets including drilling, production, storage, use, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hydrocarbon Substances or Hazardous Substances;

(b) the non compliance with, the breach of or any liability under, any applicable HSE Laws with respect to the Assets;

(c) any order, notice, directive (including requirements embodied in HSE Laws), injunction, judgment or similar act (including settlements) by any Governmental Authority arising out of or under HSE Laws with respect to the Assets; and

(d) any impairment or damage to the Environment, including any Abandonment and Reclamation Obligations, and any other matters relating to surface, subsurface, air or groundwater contamination with respect to the Assets.

"**ERCB**" means the Energy Resources Conservation Board of Alberta and any predecessor thereof.

"**Execution Date**" means the date upon which this Agreement is fully executed by the parties.

"**Facilities**" means all of the facilities located on the Lands having been or currently used or useful in the production, processing, transmission or treatment of Hydrocarbon Substances (including any abandoned or reclaimed Facility) such as pipelines, flow lines, gathering systems, batteries, and plants, including, without limitation, as described in Schedule 1.01(A).

"**Final Adjustment Statement**" has the meaning set out in Section 3.03(1).

"**Financial Information**" means financial information relating to the Assets, including (i) source records, books, general ledger, invoices, operating statements in the Vendor's or its Affiliates' possession or to which any of them has reasonable access, (ii) other financial or operating statements and summaries previously prepared by the Vendor or its Affiliates in association with the Assets (to the extent they are in the possession and control of the Vendor), and (iii) the property description, production volumes, (iv) estimated reserves and related future net revenue attributable to such reserves.

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

"**General Conveyance**" means the General Conveyance substantially in the form set out in Schedule 1.01(B).

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

"**GST**" means the goods and services tax provided for in the *Excise Tax Act* (Canada).

"**Hazardous Substance**" means any pollutants, contaminants, dangerous goods or substances, toxic, radioactive or hazardous substances or materials, asbestos, polychlorinated biphenyls, and includes any substance, material, chemical or waste that is prohibited, controlled or regulated by any Governmental Authority pursuant to HSE Laws.

"**HSE Laws**" means all Applicable Laws pertaining to or regulating pollution, protection of the Environment, health and safety of individuals, pipeline safety, natural resource damages, conservation of resources, wildlife, waste management, the use, storage, generation, production, treatment, emission, discharge, release, remediation, removal, disposal or transport or any other activity related to a Hazardous Substance, toxic waste or material, or any other environmental matter.

"**Hydrocarbon Interests**" means all of the Vendor's rights and interests in and in respect of the Leases and the Lands, including the rights and interests set out in Schedule 1.01(C).

"**Hydrocarbon Substances**" means petroleum, natural gas, crude bitumen and related hydrocarbons, and any other substances, whether gaseous, liquid or solid, and whether hydrocarbons or not, (including sulphur) that might be produced in association therewith, or any of them, or any constituent of any of them and includes all oil and gas rights in Alberta except the excluded assets as described in Schedule 1.01(C).

"**Indemnification Notice**" has the meaning set out in Section 11.06.

"**Indemnified Party**" has the meaning set out in Section 11.06.

"**Indemnifying Party**" has the meaning set out in Section 11.06.

"**Initial Adjustment Amount**" has the meaning set out in Section 3.02.

"**Interim Operations Period**" means the period between 12:01 a.m. on the Execution Date and the completion of Closing.

"**Lands**" means the lands described in Schedule 1.01(C) and includes any land pooled or unitized therewith and all Hydrocarbon Substances located within or forming part of such lands, together with the right to explore for, win, take, remove, recover and own the same insofar as such rights are granted by the Leases.

"**Leases**" means, collectively, the various leases, licences and other documents of title by virtue of which the holder thereof is entitled to explore for, drill for, recover, remove or dispose of Hydrocarbon Substances within, upon or under the Lands (or any lands with which the same have been pooled or unitized), on the terms set forth therein, and includes all extensions and renewals thereof, replacements or substitutions therefor or further documents of title issued pursuant thereto, but only to the extent that they pertain to the Lands and includes those as set forth and described in Schedule 1.01(C).

"**Licence Transfers**" means the transfer documentation in the form and content prescribed by the SMER, ERCB or other Governmental Authority, with respect to any Wells, Tangibles or other Assets.

"**Losses**" means all damages, expenses, losses, liabilities (whether accrued, actual, contingent, or otherwise) claims and demands of whatever nature or kind including all legal fees and costs on a solicitor and client basis.

"**Miscellaneous Interests**" means all of the rights and interests of the Vendor in all Assets including property, assets and rights pertaining to (but not including) either the Hydrocarbon Interests or Tangibles Interests, including all of the rights and interests of the Vendor in:

(a) the Title and Operating Documents;

(b) all subsisting rights to enter upon, use and occupy the surface of any of the Lands (or any lands with which the Lands have been pooled or unitized) or any lands upon which any of the Tangibles are situate, or any lands to be traversed in order to gain access to any Lands or any Tangibles;

(c) the Permits;

(d) the well bores and downhole casing for all Wells; and

(e) the Vendor's Records.

"**Operating Revenues**" means all benefits and income of every kind and nature relating to the Vendor's interest in the Assets, including sales proceeds attributable to Hydrocarbon Substances produced from the Assets, net of royalties, excise, severance and other productions Taxes, and marketing costs (which include for purposes of this definition, costs of gathering, treating, processing, compression and transportation), to the extent such items are not treated as "Charges" under Section 3.01.

"**Operations Penalties**" means non participation production penalties or interest forfeitures that have resulted or may or will result from the Vendor having elected not to participate or for failing to elect on a timely basis, in drilling, completion or other operations, pursuant to provisions of operating agreements applicable to the Assets.

"**Permits**" means all the permits, licences and approvals or other instruments required by any Governmental Authority or otherwise by the Applicable Laws in conjunction with the ownership, maintenance, operation or use of the Assets.

"**Permitted Encumbrances**" means:

(a) the Royalty Burdens as set out on Schedule 1.01(C);

(b) the production penalties and all other encumbrances identified in Schedule 1.01(C) as encumbering the Hydrocarbon Interests;

(c) easements, rights of way, servitudes and similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables;

(d) the rights reserved to or vested in any Governmental Authority by the terms of any lease, licence, grant or Permit forming part of the Assets, or by any statutory provision to terminate any such lease, licence, grant or Permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(e) the terms and conditions of the Title and Operating Documents including the requirement to pay any rentals or royalties to the grantor thereof to maintain the same in good standing;

(f) the reservations, limitations, provisos and conditions in any original grant and transfers from the Crown of any of the Lands or interests therein and statutory exceptions to title;

(g) liens securing the payment of Taxes or other Governmental Authority charges that are not due or delinquent at the relevant time;

(h) undetermined or inchoate liens (including processors', operators', mechanics', builders', materialmen's and similar liens) against the Assets arising in the ordinary course of business for the Vendor's proportionate share of the costs and expenses of operation of the Assets, which costs and expenses are not due or delinquent at the relevant time or the validity of which is being contested by the Vendor;

(i) the Operations Penalties as set out on Schedule 1.01(C);

(j) liens incurred, created or granted in the ordinary course of business to a public utility or Governmental Authority in connection with operations conducted with respect to the Assets, but only insofar as such liens relate to costs and expenses for which payment is not due;

(k) the Production Sales Contracts that can be terminated on 31 or less days' notice without an early termination penalty or additional cost and those that are identified in Schedule 1.01(D);

(l) requirements imposed by statutes of Governmental Authority concerning rates of production from operations on any of the Lands or otherwise affecting recoverability of Hydrocarbon Substances from the Lands and which are generally applicable to the oil and gas industry in Saskatchewan and Alberta.

"**Person**" includes an individual, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities.

"**Preferential Right Waiver**" has the meaning set out in Section 6.03.

"**Prime Rate**" means a variable annual rate of interest equal on any day to the rate announced from time to time by the National Bank of Canada, Calgary Alberta, main branch, as being its reference rate then in effect for determining interest rates applicable to Canadian dollar commercial loans made by it in Canada. Unless otherwise specified in this Agreement such rate shall be calculated daily and not compounded monthly.

"**Production Sales Contracts**" means the contracts for the sale of any of the Vendor's interest in Hydrocarbon Substances produced from or allocated to the Lands, as set out in Schedule 1.01(D).

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

“**Purchaser Indemnified Parties**” has the meaning set out in Section 11.02.

“**Purchaser’s Objection**” has the meaning set out in Section 3.03(2).

“**Recoverable Overhead**” means the amount payable to an operator in relation to any of the Assets pursuant to a joint operating agreement or other similar agreement to compensate such operator for the general overhead and administrative expenses that it incurs in performing its responsibilities as operator.

“**Release**” means any unauthorized release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into or through the Environment or into or out of any of the Assets that is not authorized under HSE Laws.

“**Restricted Assets**” means Assets that are subject to a right of first refusal or similar preferential right of purchase pursuant to which a third party is entitled to purchase or otherwise acquire such Assets, as a result of the Vendor having offered or agreed to sell such Assets to the Purchaser.

“**Restricted Asset Value**” has the meaning set out in Section 6.01.

“**Royalty Burdens**” means the lessor (Crown or freehold) royalties and gross or net overriding royalties affecting the Vendor’s interest in the Assets or any of them as are set forth in Schedule 1.01(C).

“**Sales Taxes**” has the meaning set out in Section 2.05.

“**Security Interests**” means security interests in the Assets or any portion thereof granted by the Vendor whether by way of mortgage, deed of trust, hypothecation, assignment under the *Bank Act* (Canada), debenture, general security agreement or land charge under personal property security legislation or otherwise, including any amendments thereto.

“**SMER**” means the Saskatchewan Ministry of Energy and Resources and any predecessor thereof.

“**Subject Instrument**” has the meaning set out in Section 6.05(1).

“**Tangibles**” means all tangible depreciable assets used or useful in connection with production, gathering, oil treatment, gas measurement, storage, oil transportation, water injection, removal or other operations relating to the Hydrocarbon Interests, the Leases or the Lands (or lands with which the same have been pooled or unitized), whether they are located within or upon the Lands (or lands with which the same have been pooled or unitized) or elsewhere, including the Facilities and all equipment located in or on the Wells, and all tangible depreciable assets that form part thereof, are appurtenant thereto or are used in connection therewith.

“**Tangibles Interests**” means all rights and interests of the Vendor in and in respect of the Tangibles.

"**Taxes**" means all taxes, charges, fees, imposts, duties, levies, withholdings or other assessments imposed by any Governmental Authority, and any interest, fines, penalties or additions to tax attributable to or imposed on or with respect to any such assessment.

"**Third Party Claim**" has the meaning set out in Section 11.07(1).

"**Thirteen Month Adjustment**" means the accounting procedure performed annually by an operator of particular Tangibles for the purpose of redistributing certain revenues and expenses, including operating expenses, processing fee revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances (or similar cost allowances).

"**Title and Operating Documents**" means, in respect of any Hydrocarbon Interests, Tangibles, Lands or surface interests, all documents of title (including the Leases, Permits, operating agreements, unit agreements, pooling agreements, royalty agreements, overriding royalty agreements, gross overriding royalty agreements, participation agreements, farmin and farmout agreements, purchase and sale agreements, trust declarations, net profits agreements, common stream agreements, gas and liquid sales agreements, agreements for the construction, ownership and operation of the Tangibles and gathering, transportation and processing agreements) or other agreements that relate to such Hydrocarbon Interests, Tangibles, Lands and surface interests or the ownership, operation or exploitation thereof.

"**Vendor Information**" means all information concerning the Vendor or its Affiliates or both, other than information that relates exclusively to the Assets and other than any such information that is available to the public on the Closing Date, or thereafter becomes available to the public, other than as a result of a breach of Section 12.01.

"**Vendor Indemnified Parties**" has the meaning set out in Section 11.01.

"**Vendor's Records**" means all the Vendor's books, records, files, reports, studies, maps, production and engineering information, and logs pertaining to the Hydrocarbon Interests, the Leases, the Lands (or any lands with which the Lands have been pooled or unitized) or the Tangibles, including any proprietary seismic of the Vendor but excluding any non proprietary seismic and excludes tax files.

"**Vendor's Review Period**" has the meaning set out in Section 3.03(3).

"**Wells**" means the Wells described in Schedules 1.01(A) or 1.01(C) and all producing, shut in, suspended, water source, injection, disposal and abandoned wells located on the Lands (or on lands with which the Lands have been pooled or unitized) whether or not any such wells are listed or described in Schedules 1.01(A) or 1.01(C).

1.02 <u>Headings</u>

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

1.03 Extended Meanings

In this Agreement words importing the singular number only include the plural and vice versa and words importing any gender include all genders. The term "including" means "including without limiting the generality of the foregoing".

1.04 Statutory References

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

1.05 Accounting Principles

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

1.06 Currency

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

1.07 Industry Terms

Words and phrases that are not defined herein but that have a generally accepted meaning in the custom and usage of the oil and gas industry in Western Canada as at the Execution Date will be given such generally accepted meaning.

1.08 Schedules

The following are the Schedules to this Agreement:

Schedule 1.01(A)	-	Facilities and Wells
Schedule 1.01(B)	-	General Conveyance
Schedule 1.01(C)	-	Lands, Leases, Hydrocarbon Interests and Royalty Burdens
Schedule 1.01(D)	-	Production Sales Contracts
Schedule 4.01(M)	-	AFEs

Whenever any term or condition, whether express or implied, of any Schedule conflicts with or is at variance with any term or condition of the body of this Agreement, the latter will prevail.

ARTICLE 2
PURCHASE AND SALE

2.01 Purchase and Sale of the Assets

Upon and subject to the terms and conditions hereof, the Vendor will sell to the Purchaser and the Purchaser will purchase from the Vendor, as of and with effect from Closing, all of the right, title, benefit and interest of the Vendor in and to the Assets.

2.02 Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Assets (the "**Purchase Price**") will be the sum of the following amounts subject to adjustment pursuant to Sections 3.03 and 6.04:

(a) the Base Price, plus or minus as applicable;

(b) the Initial Adjustment Amount; minus

(c) an amount equal to the aggregate Restricted Asset Value of those Restricted Assets in which a third party has exercised its preferential rights, at the time of Closing, if any.

2.03 Payment

On the Closing Date, the Purchaser will pay to the Vendor in immediately available funds by bank draft, certified cheque or wire transfer to an account designated by the Vendor an amount equal to the Purchase Price.

2.04 Allocation of Base Price

The Base Price will be allocated among the Assets as follows:

(a)	to the Tangibles Interests	$1,359,999.00
(b)	to the Miscellaneous Interests	$1.00
(c)	to the Hydrocarbon Interests	$5,400,000.00

The Vendor and the Purchaser must each complete all tax returns, designations and elections in a manner consistent with the final allocation and otherwise follow the final allocation for all tax purposes on and subsequent to the Closing Date and not take any position inconsistent with the final allocation. If such allocation is disputed by any taxation or other Governmental Authority, the party receiving notice of such dispute will promptly notify the other party and the parties will use their reasonable best efforts to sustain the final allocation. The parties will share information and cooperate to the extent reasonably necessary to permit the transactions contemplated by this Agreement to be properly, timely and consistently reported.

2.05 Goods and Services Tax

The Base Price is exclusive of any GST or provincial sales tax ("**Sales Taxes**") exigible in respect of the sale and purchase of the Assets herein and the Purchaser will pay to the Vendor, at Closing, any such Sales Taxes that the Vendor requests and is obligated to collect from the Purchaser pursuant to the provisions of the *Excise Tax Act* (Canada) or the applicable provincial legislation. Vendor shall remit such amount to the appropriate taxation authorities in accordance with Applicable Law.

ARTICLE 3
ADJUSTMENT PROCEDURE

3.01 Benefits and Obligations to be Adjusted

Provided Closing occurs, all benefits and obligations of every kind and nature accruing or payable in respect of the Assets, including Operating Revenues and Charges, will be adjusted between the Vendor and the Purchaser on an accrual basis as of the Effective Time (such aggregate adjustment amount being the "**Adjustment Amount**"). Without limiting the generality of the foregoing, the Vendor and the Purchaser acknowledge that, if Closing occurs:

(a) Except as expressly provided in this Agreement: (i) the Vendor is entitled to all Operating Revenues attributable to the Assets during the period prior to the Effective Time and is responsible for (and entitled to any refunds with respect to) all Charges attributable to the Assets during the period prior to the Effective Time, and (ii) the Purchaser is entitled to all Operating Revenues attributable to the Assets during the period from and after the Effective Time and is responsible for (and entitled to any refunds with respect to) all Charges attributable to the Assets during the period from and after the Effective Time. The determination of whether Charges and Operating Revenues with respect to the Assets are attributable to periods before, or after, the Effective Time will be determined in accordance with GAAP.

(b) From the Effective Time until the Closing Date, the Vendor will be entitled to all operating, producing, drilling and construction overhead costs received from third parties attributable to the Assets and any Recoverable Overhead including operating the Vendor's proportionate share applicable to the Vendor operated Assets (collectively the "**Overhead Costs**").

(c) Subject to Section 3.01(d), the Vendor will bear all Taxes, including sales Taxes, excise Taxes, severance or other production Taxes, ad valorem Taxes and any other federal, provincial, local or tribal Taxes attributable to the Vendor's interest in the ownership or operation of the Assets prior to the Effective Time. All deductions, credits or refunds pertaining to the aforementioned Taxes, no matter when received, belong to the Vendor. The Purchaser will bear all Taxes, including sales Taxes, excise Taxes, severance or other production Taxes, ad valorem Taxes and any other federal, provincial, local or tribal Taxes attributable to ownership or operation of the Assets at and after the Effective Time, and all deductions, credits and refunds pertaining to the aforementioned Taxes, no matter when received, belong to the Purchaser. Each party is responsible for filing any Tax returns and handling payment of any Taxes due under Applicable Law.

(d) Notwithstanding the adjustments contemplated pursuant to this Article 3, including in Section 3.01(c), the Vendor will remain the owner of the Assets until the Closing, and as a result thereof, will be responsible for reporting income (or loss) for income Tax purposes to such (date), including reporting of production volumes.

(e) To the extent that the same relate to the Assets, drilling penalties, lease rental payments payable under the Leases, prepaid premiums under the insurance policies and other similar payments, whether paid during or relating to a period before or after the Effective Time, will be apportioned between the Vendor and the Purchaser as of the Effective Time. The Vendor undertakes and agrees to make payment of all such rentals, drilling penalties and insurance policy premiums that are required to be paid at or prior to the Closing Date.

(f) The Vendor (or operator of the Assets) will gauge all Hydrocarbon Substances associated with the Assets and stored in tanks and vessels to the bottom of the flange, as of the Effective Time. The Purchaser will be entitled to Hydrocarbon Substances attributable to the Assets that were placed in tanks or in storage on or after the Effective Time and the proceeds of sale in respect of such Hydrocarbon Substances sold by the Vendor after the Effective Time will be for the Purchaser's account. Sales of such Hydrocarbon Substances will be deemed to occur on a "first in, first out" basis.

(g) Hydrocarbon Substances produced and beyond the well head at the Effective Time will not form part of the Assets, and adjustments between the parties will account for the same on the basis of proceeds realized thereon on a "first in, first out" basis.

(h) Amounts payable by the Vendor to an operator of any portion of the Assets on account of Recoverable Overhead (including, where the Vendor is operator, the amount of the Recoverable Overhead attributable to the Vendor's interest) will be Charges that accrue in the period to which the Recoverable Overhead is attributable under the applicable joint operating agreement. Except as provided in Section 3.01, general administrative and overhead costs of the Vendor will not be considered Charges and no adjustment will be made therefor.

3.02 <u>Initial Adjustment Amount</u>

The Vendor will, not later than two Business Days prior to the Closing Date, provide to the Purchaser a statement setting forth the Vendor's good faith estimate of the Adjustment Amount (the "**Initial Adjustment Amount**"). The Vendor shall take into account the comments, questions and inquiries of the Purchaser in finalizing the interim statement of adjustments for Closing provided however that, in the event there is a disagreement or a dispute as to the Initial Adjustment Amount, the Vendor's good faith estimate shall be used for the purposes of Closing and Closing shall not be delayed.

3.03 <u>Post Closing Adjustment of Adjustment Amount</u>

(1) The Vendor will prepare and deliver to the Purchaser, within 180 days after the Closing Date, a statement (the "**Final Adjustment Statement**") setting forth the Vendor's good faith determination of the Adjustment Amount based upon the actual information available from the accounting systems of the Vendor. The Vendor shall, where practical, deliver to the Purchaser all back-up documents requested by the

Purchaser or otherwise, make such documents available for review by the Purchaser.

(2) The Purchaser will, within 30 days after the Vendor's delivery of the Final Adjustment Statement, complete its review of the Final Adjustment Statement. In the event that the Purchaser disputes the Vendor's determination of the Adjustment Amount as set forth in the Final Adjustment Statement, the Purchaser will so notify the Vendor, on or before the last Business Day of such 30 day period, in writing (the "**Purchaser's Objection**"), and such notice will set forth a specific description of the basis of the Purchaser's Objection and the adjustments to the Final Adjustment Statement that the Purchaser believes should be made. If the Purchaser does not deliver a Purchaser's Objection within such period, the Final Adjustment Statement will be conclusive and binding on the parties. Subject to Section 3.04, the Purchaser will not be entitled to make any claim for any further adjustments.

(3) The Vendor will have 30 days (the "**Vendor's Review Period**") from its receipt of the Purchaser's Objection to review and respond to it, and the parties will thereafter attempt in good faith to reach an agreement with respect to any matters in dispute. If the Vendor and the Purchaser are unable to resolve their disagreement within 60 days following the Vendor's Review Period, either party may commence mediation proceedings with respect to such disagreement to the Accounting Firm, who will, acting as experts and not as arbitrators, determine whether and to what extent, if any, the Final Adjustment Statement requires adjustment.

(4) The Vendor and the Purchaser will direct the Accounting Firm to use its best efforts to render its determination within 10 Business Days. The Accounting Firm's determination will be conclusive and binding upon the Purchaser and the Vendor. In resolving any disputed item, the Accounting Firm may not assign a value to any item greater than the greatest value for such item claimed by either the Vendor or the Purchaser or less than the smallest value for such item claimed by either the Vendor or the Purchaser. The Purchaser and the Vendor will each pay one half of the fees and disbursements incurred by the Accounting Firm. The Purchaser and the Vendor will make readily available to the Accounting Firm all relevant books and records and all other items and information reasonably requested by the Accounting Firm.

(5) The Adjustment Amount, as set forth in the Final Adjustment Statement, will be revised to reflect any revisions agreed to by the parties or determined by the Accounting Firm. If the Adjustment Amount set forth in the Final Adjustment Statement, as may be revised in accordance with the immediately preceding sentence, is

(a) greater than the Initial Adjustment Amount, the Purchaser will pay the Vendor an amount equal to the difference together with interest thereon at the Interest Rate from the Effective Time to but excluding the date of payment, or

(b) less than the Initial Adjustment Amount, the Vendor will pay the Purchaser an amount equal to the difference together with interest thereon at the Interest Rate from the Effective Time to but excluding the date of payment, which payment is to be made within 10 Business Days following the final determination of the Adjustment Amount. Subject to Section 3.04, no further adjustments will be made to the Purchase Price with respect to the Adjustment Amount.

3.04 Thirteen Month Adjustments, Joint Venture Audits and Crown Royalty Audit

Adjustments resulting from the completion of Thirteen Month Adjustments and joint venture audits, commenced and carried out by third parties or Saskatchewan or Alberta Crown royalty audits commenced and carried out by the Crown, relating to the period prior to the Closing Date

(1) for which audit queries or Thirteen Month Adjustments are outstanding on the Closing Date, or

(2) that occur after the Closing Date but not later than one year after the Closing Date (in the case of joint venture audits and Thirteen Month Adjustments) or three years after the Closing Date (in the case of Saskatchewan or Alberta crown royalty audits),

will be made as they occur and payment for them will be made within 30 days of each adjustment and will be made by the Purchaser to the Vendor, or vice versa, as the case may be. Adjustments resulting from the audit will be settled between the Vendor and the Purchaser on an item by item basis as they occur.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.01 Vendor's Representations and Warranties

The Vendor represents and warrants to the Purchaser as of the Execution Date and as of the Closing Date (except with respect to those representations and warranties that speak as to a particular date or time, which need only be true and correct as of such date or time), as follows:

(a) The Vendor is a corporation duly incorporated, organized and subsisting under the laws of the Province of Alberta.

(b) The Vendor now has and shall have at all times material to the transactions contemplated hereby, taken all necessary actions and has all requisite capacity, power and authority to enter into this Agreement and the other agreements and documents required to be delivered by it pursuant hereto, and to perform its obligations as the Vendor under this Agreement and the other agreements and documents required to be delivered by it pursuant hereto.

(c) This Agreement has been validly executed and delivered by the Vendor and constitutes a valid and legally binding obligation of the Vendor enforceable against the Vendor in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditor's rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

(d) Other than as provided elsewhere in this Agreement and with respect to: (i) authorizations and approvals required for, or as a consequence of, the sale of the Assets from all applicable Governmental Authorities including TSX-V, and (ii) consents required in connection with the transfer of well licences, lease and surface rights and the assignment of the Assets under the Title and Operating Documents, no authorization, consent, approval of or by, or filing with or notice to any Person or Governmental Authority is required with respect to the Vendor in connection with the execution, delivery or enforceability of this Agreement or the consummation of the transactions provided for hereby.

(e) Subject to Sections 4.01(c) and 4.01(d), the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and the compliance by the Vendor with any of the provisions hereof does not and will not (i) violate or conflict with, or result in a breach of, any provisions of, or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or result in termination of, or accelerate the performance required by, or result in the creation of any lien or other encumbrance upon the Assets under, any of the terms, conditions or provisions of the articles, by laws or other organizational or governing documents of the Vendor or under any material agreement, instrument or obligation to which the Vendor is a party, or by which the Assets are otherwise bound, or (ii) violate any Applicable Laws.

(f) There are no actions, suits or proceedings, unsatisfied judgements or government investigations (whether or not purportedly on behalf of the Vendor)

(i) pending or threatened against or materially adversely affecting, or that could materially adversely affect, the Assets, or

(ii) before or by any Governmental Authority relating to the Assets,

and the Vendor is not aware of any particular circumstance that the Vendor believes will give rise to any such actions, suits or proceedings, claims, investigations or law suits.

(g) Although the Vendor does not warrant its title to the Assets, it does represent and warrant that:

(i) from and after May 31, 2011, it has not disposed of, alienated, encumbered or transferred or farmed out the Assets or any part thereof, with the exception of the Alameda Assets, other than by way of Permitted Encumbrances and other than with respect to Security Interests with its lenders, which Security Interests will be released at Closing;

(ii) from and after May 31, 2011, except as disclosed in this Agreement or a Schedule to this Agreement, it has not received an order, directive, demand or notice of default under any HSE Laws or Applicable Laws relating to its interests in the Assets which order, directive, demand, notice or default has not been complied with or remedied in all material respects and, to the Vendor's knowledge, there is no particular existing circumstance it believes to be reportable or a breach under HSE Laws; and

(iii) from and after May 31, 2011, it has paid within applicable time limits all of its proportionate share of relevant rentals and royalties, and has performed and observed all obligations and covenants, required to keep the Leases in full force and effect.

(h) The Vendor has no outstanding prepaid production obligations and, except for the Production Sales Contracts or agreements for transportation, processing, marketing or disposition, is not otherwise obligated to deliver Hydrocarbon Substances allocable to the Hydrocarbon Interests to any Person without in due course thereafter receiving and being entitled to retain full payment therefor. Except for those Production Sales Contracts described in Schedule 1.01(D), the Vendor is not a party to and the Vendor's interest in and to the Assets is not otherwise bound or affected by any (i) production sales contracts pertaining to any Hydrocarbon Substance that cannot be terminated on notice of 31 days or less (without an early termination penalty or other cost) or (ii) gas balancing or similar agreements pertaining to any Hydrocarbon Substance.

(i) To the Vendor's knowledge, the Vendor possesses all Permits necessary for the operation of those Assets that are currently operated by the Vendor.

(j) To the Vendor's knowledge, from and after May 31, 2011, each well located on the Lands has been drilled and if completed, completed and operated in accordance with generally accepted oil and gas field practices and the requirements of the regulations as they existed at the relevant time.

(k) To the Vendor's knowledge, from and after May 31, 2011, the Tangibles have been constructed, installed, maintained and operated in accordance with generally acceptable oil and gas field practices and the requirements of the regulations as they existed at the relevant time.

(l) From and after May 31, 2011, all operations conducted by the Vendor as operator relating to the Assets have been conducted, in accordance with good oilfield practice and the requirements of then existing Applicable Law.

(m) Except as set forth in Schedule 4.01(M) and except for AFE's relating to operations involving a gross estimated expenditure of less than $25,000, there are, at the Execution Date, no approved or existing AFE's that are outstanding or due, or that may hereafter become due, in respect of the Assets or operations relating thereto.

(n) The Purchaser will not have any responsibility for any obligation or liability, contingent or otherwise, for broker's, agent's or finder's fees, incurred by the Vendor with respect to this transaction.

(o) With respect to Assets for which the Vendor is the operator, from and after May 31, 2011, all ad valorem, property, production, severance and similar Taxes based on or measured by the Vendor's proportionate share of the ownership of the Assets or the production of Hydrocarbon Substances, or the receipt of proceeds therefrom, payable in respect of the Assets prior to the Effective Time, have been or will be properly and fully paid and discharged.

(p) With respect to Assets for which the Vendor is not the operator to the Vendor's knowledge, from and after May 31, 2011, all ad valorem, property, production, severance and similar Taxes based on or measured by the Vendor's proportionate share of the ownership of the Assets or the production of Hydrocarbon Substances, or the receipt of proceeds therefrom, payable in respect of the Assets prior to the Effective Time, have been properly and fully paid and discharged.

(q) The Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 104167663RT0001.

(r) The Vendor is not a non resident person within the meaning of section 116 of the *Income Tax Act* (Canada).

(s) The Vendor meets all qualification requirements of and under Applicable Law to transfer the licences for the Wells and Tangibles (for which the Vendor is the licensee) to the Purchaser.

(t) The Vendor is not disposing of all or substantially all of its assets pursuant to this Agreement.

(u) From and after May 31, 2011, the Vendor has not received notice of the occurrence of a violation of any Title and Operating Document or Applicable Law and, to the Vendor's knowledge, the Vendor has performed, observed and satisfied all of its duties, liabilities, obligations and covenants required as at the date hereof to be satisfied, performed and observed by it under, and is not in default under or in breach of any provision of any Title and Operating Document or any Applicable Laws in respect of the Assets.

(v) From and after May 31, 2011, the Vendor has not received any notice from, or on behalf of, the applicable lessor that a Lease is subject to an offset obligation, including an unsatisfied obligation to drill a well or surrender rights or an obligation to pay compensatory royalties.

(w) From and after May 31, 2011, the Vendor has not received any notice under Applicable Law or governmental regulations that a Well has been produced in excess of regulatory production allowables.

(x) The Vendor has made available to the Purchaser all material documents and information in respect of the Assets (including the Title and Operating Documents) in its possession or control for the purposes of the Purchaser's review of the Vendor's title to and interest in the Assets.

4.02 <u>Purchaser's Acknowledgements</u>

Except as otherwise expressly set forth in this Agreement (including Section 4.01):

(a) the Purchaser expressly acknowledges that it has completed its due diligence and is relying on its own examination of the Assets, and is taking the Assets, on an "as is, where is" basis; and

(b) the Purchaser acknowledges that: (i) there are uncertainties inherent in any estimates, projections and other forecasts and plans provided by the Vendor to the Purchaser or its Affiliates, (ii) the Purchaser is aware of and familiar with such uncertainties and (iii) the Purchaser takes full responsibility for making its own evaluation of the adequacy and accuracy of any such estimates, projections and other forecasts and plans in connection with the transactions contemplated by this Agreement.

4.03 Purchaser's Representations and Warranties

The Purchaser represents and warrants to the Vendor as of the Execution Date and as of the Closing Date (except with respect to those representations and warranties that speak as to a particular date or time, which need only be true and correct as of such date or time), as follows:

(a) The Purchaser is a corporation duly incorporated, organized and subsisting under the laws of the Province of Alberta.

(b) The Purchaser now has and shall have at all times material to the transactions contemplated hereby, taken all necessary actions and has all requisite capacity, power and authority to enter into this Agreement and the other agreements and documents required to be delivered by it pursuant hereto, and to perform its obligations as the Purchaser under this Agreement and the other agreements and documents required to be delivered by it pursuant hereto.

(c) This Agreement has been validly executed and delivered by the Purchaser and constitutes a valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditor's rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court.

(d) Other than as provided elsewhere in this agreement and with respect to authorizations or other consents and approvals required for, or as a consequence of, the purchase and sale of the Assets from all applicable Governmental Authorities for the transfer of a well licence, leases and surface rights, no consent, approval of or by, or filing with or notice to any other Persons or Governmental Authority is required with respect to the Purchaser in connection with the execution, delivery or enforceability of this Agreement or the consummation of the transactions provided for hereby.

(e) Subject to Sections 4.03(c) and 4.03(d), the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and the compliance by the Purchaser with any of the provisions hereof does not and will not: (i) violate or conflict with, or result in a breach of, any provisions of, or constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or result in termination of, or accelerate the performance required by any of the terms, conditions or provisions of the articles, by laws or other organizational or governing documents of the Purchaser or under any material agreement, instrument or obligation to which the Purchaser is a party or (ii) violate any Applicable Laws.

(f) The Purchaser is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 104167663 RT 0001.

(g) The Vendor will not have any responsibility for any obligation or liability, contingent or otherwise, for broker's, agent's or finder's fees, incurred by the Purchaser with respect to this transaction.

4.04 <u>Survival of Representations and Warranties</u>

(1) The representations and warranties of the Vendor in Section 4.01 will continue in full force and effect for the benefit of the Purchaser for a period of twelve months from the Closing Date.

(2) The representations and warranties of the Purchaser in Section 4.03 will continue in full force and effect for the benefit of the Vendor for a period of twelve months from the Closing Date.

4.05 <u>Survival of Covenants</u>

(1) The covenants of the Vendor set forth in this Agreement that do not relate to performance at or prior to Closing will survive the completion of the transactions contemplated by this Agreement, and notwithstanding such completion, will continue in full force and effect for the benefit of the Purchaser in accordance with the terms thereof.

(2) The covenants of the Purchaser set forth in this Agreement that do not relate to performance at or prior to Closing will survive the completion of the transactions contemplated by this Agreement, and notwithstanding such completion, will continue in full force and effect for the benefit of the Vendor in accordance with the terms thereof.

ARTICLE 5
INTERIM MATTERS

5.01 <u>General Maintenance</u>

During the Interim Operations Period, where and to the extent that the Vendor is the operator, it will operate and maintain such Assets in a proper and prudent manner in accordance with good industry practices, Applicable Laws, and the Title and Operating Documents shall pay or cause to be paid all costs and expenses relating to the Assets and shall perform and comply with all of its obligations under the Title and Operating Documents relating to the Assets;

5.02 <u>Restricted Activities</u>

(1) During the Interim Operations Period the Vendor will not, without the prior written approval of the Purchaser:

(a) authorize or make any expenditure in respect of the Assets other than:

(i) usual operating expenditures incurred and allocable to the Assets pursuant to existing operating agreements with arm's length third parties;

(ii) capital expenditures (as defined by the operator of the relevant property in an authorization for expenditure) required in accordance with accepted industry practice, for which the Vendor's share does not exceed $25,000 for any single operation;

(iii) required by reason of an emergency event endangering life or property; and

(iv) pursuant to the authorizations for expenditure (AFE's) set forth in Schedule 4.01(M);

(b) surrender, permit to expire, abandon or otherwise farmout, transfer or dispose of any of the Assets except in circumstances in which it is required to do so by Applicable Law or to comply with its obligations respecting any preferential rights;

(c) initiate the drilling, completion, recompletion, reworking or abandonment of any Wells on the Lands or lands pooled or unitized therewith or any other capital projects in respect of the Assets;

(d) amend or terminate any Leases, Title and Operating Documents, or any other agreement or document to which the Assets are subject, or enter into any new material agreement or commitment relating to the Assets;

(e) resign as operator of any Assets operated by it, other than as a consequence of Closing; or

(f) sell, transfer, surrender, abandon, dispose of, mortgage or otherwise encumber any of the Assets, excepting sales of Hydrocarbon Substances produced from the Lands and other than in the ordinary course of business.

(2) If any operation or the exercise of any option respecting the Assets is proposed in circumstances which would require the written consent of the Purchaser, the Vendor will promptly give notice thereof to the Purchaser, the Purchaser will advise the Vendor by notice not later than two Business Days prior to the time the Vendor is required to respond, and the Vendor will make the election authorized by the Purchaser. Any election by the Purchaser not to participate in an operation or exercise of an option will not result in any reduction in the Purchase Price if the Vendor's interest in the pertinent Assets is terminated, reduced or altered as a result of that election, nor will it constitute a breach of the Vendor's representations and warranties.

(3) Upon Closing, the Vendor shall be deemed to have been the agent of the Purchaser with respect to maintenance and operation of the Assets for the Interim Operations Period, except where the Vendor has taken actions in relation to the Assets which constitute gross negligence or wilful misconduct. The Purchaser ratifies, adopts and confirms all actions taken or refrained from being taken by the Vendor relative to the Assets during this period, including, without limitation, any elections not to participate in any particular operation, expenditure or commitment, so that all such actions shall for all purposes be deemed to have been taken or refrained from being

taken by the Purchaser. The Purchaser further acknowledges and agrees that any changes in the composition of the Assets and interests in or encumbrances applicable to the Assets that result from steps taken by the Vendor in accordance with this Article 5 shall not be considered title defects or any contravention of the representations and warranties made by the Vendor for any purposes of this Agreement.

5.03 <u>Interim Monitoring</u>

(1) During the Interim Operations Period, the Purchaser will be entitled to monitor the operation and administration of the Assets, and the Vendor will keep the Purchaser apprised of, and consult with the Purchaser on, all developments and decisions of a material nature relating to the Assets.

(2) During the Interim Operations Period, the Purchaser will not contact or communicate with any the Vendor's employees or customers of, or suppliers to, the Vendor without the Vendor's prior written consent.

(3) The Vendor agrees to maintain its existing policies of insurance, insofar as same relate to the Assets, up to the Closing Date.

5.04 <u>Financial Encumbrances</u>

The Vendor will cause to be discharged any financial encumbrance or security notice registered against the Vendor's interest in the Assets relating to any loan or other indebtedness of the Vendor for borrowed money made in favour of any Person and at Closing, the Vendor will provide a no interest letter or other release and discharge from the applicable lender.

5.05 <u>Access to Information</u>

(1) During the Interim Operations Period, the Vendor agrees to provide the Purchaser with access to all files, documents, agreements and correspondence comprising part of the Assets which are in the possession of Vendor or to which it has access and as may be reasonably required to permit the Purchaser and the Vendor to prepare for Closing. For clarity, the provision of access to the materials as contemplated in this Section 5.05 shall not operate so as to confer upon the Purchaser any right or condition in respect of due diligence matters including as they may pertain to any title, physical, environmental or valuation matters.

(2) As soon as practicable, and only to the extent necessary to comply with the Purchaser's Securities Requirements, the Vendor shall: (i) provide the Purchaser with the Financial Information as reasonably requested by the Purchaser; and (ii) reasonable access during normal business hours to its personnel who are responsible for the Financial Information. Except in such form as may be required for the Purchaser's Securities Requirements, the Purchaser shall keep all Financial Information confidential and shall not disclose such Financial Information except for the purposes set forth in this clause. The Purchaser shall be liable for and indemnify and save harmless the Vendor from and against any and all damages suffered or incurred by them as a result of a breach of this clause by the Purchaser

or any claim arising out of any use of the Financial Information in any disclosure document that incorporates such Financial Information.

ARTICLE 6
RESTRICTED ASSETS, REGULATORY APPROVALS AND SPECIFIC ASSIGNMENTS

6.01 Identification, Valuation and Notice

As soon as reasonably practicable following the Execution Date, the Vendor will provide the Purchaser with a description of all Restricted Assets, and of the nature of the preferential rights relating thereto. Within two Business Days thereafter, the Purchaser will provide the Vendor with its good faith assessment of the portion of the Base Price, expressed as a dollar amount, that is properly attributable to each of the Restricted Assets (each a "**Restricted Asset Value**"), and, subject to the provisions of Section 6.02, the Vendor will forthwith serve all such notices and request all such waivers as may be required in order to permit the sale and conveyance of the Restricted Assets to the Purchaser, without contravening any of the preferential rights applicable thereto.

6.02 Restricted Asset Value Disputes

(1) If the Vendor does not agree with any Restricted Asset Value provided by the Purchaser pursuant to Section 6.01, the Vendor may provide the Purchaser with a notice to such effect, setting forth the Vendor' good faith assessment of each Restricted Asset Value that is in dispute.

(2) If the Vendor provides the Purchaser with such a notice and the parties are unable to agree upon a mutually acceptable Restricted Asset Value for a Restricted Asset within two Business Days of the date of delivery of such notice, then, for each such Restricted Asset, the Vendor will serve a notice and request a waiver from the applicable third parties in accordance with Section 6.01 and will include the Purchaser's Restricted Asset Value in the notice.

(3) The Purchaser will indemnify and save the Vendor harmless from and against all Losses that may be brought against or suffered by the Vendor arising out of or attributable to the use of the Purchaser's Restricted Asset Value of any Restricted Asset.

6.03 Extension of Closing Date

If on the last Business Day preceding the Closing Date, there remains any Restricted Assets in respect of which the Vendor has been unable to obtain the required waivers and in respect of which there has not been a lapse or deemed waiver of the preferential rights relating thereto, the Vendor will, on that day, so notify the Purchaser and provide it with reasonable particulars of such Restricted Assets. If any preferential right exercise period has not lapsed prior to the Closing Date, then, unless such preferential right is exercised prior to the Closing Date or a waiver of such preferential right (a "**Preferential Right Waiver**") is obtained prior to the Closing Date, the closing date with respect to such Restricted Assets will be postponed to the first Business Day following the day on which such exercise period lapses or Preferential Right Waiver is obtained, whichever occurs first. Provided however that closing in respect of all Assets (other than any Restricted Assets) will proceed without delay and on such Closing Date, the Purchaser will pay to the Vendor's solicitors in trust for the Vendor, the balance of the Purchase Price with respect to any Restricted Assets.

6.04 Restricted Assets Exclusion

If any third party holding a preferential right of purchase in respect of any Restricted Assets lawfully exercises its right to acquire such Restricted Assets:

(a) such Restricted Assets will be excluded from the purchase and sale contemplated hereby;

(b) the terms "Assets", "Hydrocarbon Interests", "Tangible Interests", and "Miscellaneous Interests" will thereafter be construed to exclude these Restricted Assets and to refer only to the non excluded portion thereof;

(c) the Base Price will be reduced by the aggregate Restricted Asset Value of such Restricted Assets as determined pursuant to Section 6.01 or 6.02, as applicable, and the term "Purchase Price" will thereafter be construed to refer only to the amount to which the Base Price is so reduced; and

(d) the amounts allocated to the Tangible Interests and Hydrocarbon Interests in Section 2.04 will be adjusted to reflect the exclusion of any Tangible Interests and Hydrocarbon Interests forming part of such Restricted Assets.

6.05 Specific Assignments

(1) With respect to any agreement, contract, Lease, Permit or other instrument (a "**Subject Instrument**") that requires consent for the assignment thereof to the Purchaser in connection with the conveyance of the Assets, the Purchaser will prepare the Subject Instruments the Vendor will take such actions as are commercially reasonable and necessary and the Purchaser will cooperate fully with the Vendor in all commercially reasonable respects, to effect assignment thereof as of the Closing Date. It is understood that such actions by the Vendor will not include any requirement of the Vendor to expend money, commence any litigation or offer or grant any accommodation (financial or otherwise) to any third party. To the extent a deposit or fee is required by a Governmental Authority in order to transfer a Permit from the Vendor into the name of the Purchaser, the Purchaser will immediately pay such amount to the Vendor. In the event that the Vendor is unable to obtain the requisite approval for assignment of any such Subject Instrument, or in the event such Subject Instrument is required to be amended or supplemented and is not so amended or supplemented as of the Closing Date, and such assignment is necessary to conduct the operation of the Assets in the ordinary course of business without giving rise to an adverse effect on the Assets, the Vendor may:

(a) retain any such Subject Instrument in trust for the Purchaser provided that the Purchaser will be liable for all Losses attributable to the Vendor's obligations or omissions thereunder arising on or after the Effective Time (and indemnify the

Vendor against Losses suffered in connection therewith) provided that such Losses are not the result of the acts or omissions of the Vendor, and

(b) take all commercially reasonable and necessary actions required to transfer to the Purchaser, or amend or supplement, any such Subject Instrument as soon as practicable after the Closing Date.

(2) The Vendor will prepare the SMER and ERCB Licence Transfers in accordance with Section 10.02.

(3) The assignment of any Subject Instrument that requires consent for assignment, or amendment or supplement, may be effected after the Closing Date. The Purchase Price will not be subject to adjustment, and subject to the Vendor's conditions to Closing set out in Section 7.02, the Closing will not be delayed by reason of any inability to obtain consent for assignment of any such Subject Instrument or any such amendment or supplement. The Purchaser agrees that the Vendor will not have any liability whatsoever to the Purchaser arising out of or relating to the failure to obtain any consents that may have been or may be required in connection with the transactions contemplated by this Agreement or because of the default, acceleration or termination of any such Subject Instrument as a result thereof. The Purchaser further agrees that no representation, warranty or covenant of the Vendor contained herein will be breached or deemed breached and no condition of the Purchaser will be deemed not to be satisfied as a result of the failure to obtain any consent or as a result of any such default, acceleration or termination or any lawsuit, action, claim, proceeding or investigation commenced or threatened by or on behalf of any Persons arising out of or relating to the failure to obtain any consent or any such default, acceleration or termination.

ARTICLE 7
CONDITIONS TO CLOSING

7.01 <u>Purchaser's Conditions To Closing</u>

The Purchaser's obligation to close the transactions contemplated under this Agreement is subject to the fulfillment on or prior to the Closing Date of each of the following conditions precedent which are for the exclusive benefit of Purchaser (except to the extent that the Purchaser agrees in writing to waive one or more of such conditions):

(a) the representations and warranties of the Vendor made in this Agreement will be, and the Vendor will at Closing have certified in writing to the Purchaser that the said representations and warranties are, true and correct in all material respects (and for this purpose all materiality qualifications in such representations and warranties shall be disregarded) as of the date hereof and on and as of the Closing Date, as though made on and as of the Closing Date, except for representations and warranties that speak as of a specific date or time (which need only be true and correct as of such date or time);

(b) there will not be any third party judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing of the transactions contemplated by this Agreement;

(c) the Vendor will have provided the Purchaser copies of the documentation relating to the winding-up and dissolution of Texalta Petroleum Ltd., including confirmation that the Vendor has assumed all of the obligations of and acquired title to the assets of Texalta Petroleum Ltd. including the Assets;

(d) the Purchaser will have received from the Vendor releases, discharges or no interest letters, with respect to Security Interests; and

(e) the Vendor will have complied in all material respects with all of the Vendor's covenants, agreements and conditions required by this Agreement to be performed or complied with by the Vendor on or prior to the Closing Date.

7.02 Vendor's Conditions to Closing

The Vendor's obligation to close the transactions contemplated under this Agreement is subject to the fulfillment on or prior to the Closing Date of each of the following conditions precedent which are for the exclusive benefit of the Vendor (except to the extent that the Vendor agrees in writing to waive one or more of such conditions):

(a) the Vendor will have obtained the conditional approval of the TSX-V to the transaction contemplated by this Agreement if and to the extent required;

(b) the Purchaser will have complied in all material respects with all of the Purchaser's covenants, agreements and conditions required by this Agreement to be performed or complied with by the Purchaser on or prior to the Closing Date;

(c) the representations and warranties of the Purchaser made in this Agreement will be, and the Purchaser will at Closing have certified in writing to the Vendor that the said representations and warranties are, true and correct in all material respects as of the date of execution hereof by the Purchaser and on and as of the Closing Date, as though made on and as of the Closing Date, except for representations and warranties that speak as of a specific date or time (which need only be true and correct as of such date or time);

(d) there will not be any third party judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing of the transactions contemplated by this Agreement; and

(e) the Purchaser will have tendered the Purchase Price as provided in Section 2.03.

7.03 Waiver of Conditions

The conditions precedent in Sections 7.01 and 7.02 are for the sole benefit of the Purchaser and the Vendor, respectively. The party for the benefit of which such conditions precedent have been included may waive any of them, in whole or in part, by written notice to the other party.

7.04 Parties to Exercise Diligence and Good Faith with respect to Conditions

Each party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy their respective conditions in Sections 7.01 and 7.02.

ARTICLE 8
TERMINATION RIGHTS

8.01 Termination

The transactions contemplated by this Agreement may be terminated at any time prior to Closing as follows and in no other manner:

(a) by mutual written consent of the Purchaser and the Vendor;

(b) by the Purchaser, if any condition set forth in Section 7.01 becomes incapable of fulfillment and has not been waived by the Purchaser (provided, however, that the Purchaser is not in breach of its representations, warranties, covenants or agreements contained in this Agreement); or

(c) by the Vendor, if any condition set forth in Section 7.02 becomes incapable of fulfillment and has not been waived by the Vendor (provided, however, that the Vendor is not in breach of its representations, warranties, covenants or agreements contained in this Agreement).

8.02 In the Event of Termination

In the event of termination by the Purchaser or the Vendor pursuant to this Article 8, written notice thereof will forthwith be given to the other party and the transactions contemplated by this Agreement (including the parties' obligation to consummate the transactions) will be terminated without further action by either party. If the transactions contemplated by this Agreement are terminated as provided herein, the Purchaser will return to the Vendor all documents and copies and other materials received from or on behalf of the Vendor relating to the transactions contemplated hereby, whether so obtained before or after the Execution Date.

8.03 Effect of Termination

Each party's rights of termination under this Article 8 are in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in this Article 8 will limit or affect any other rights or causes of action the parties may have with respect to the representations, warranties, covenants and indemnities in such party's favour contained in this Agreement, which representations, warranties, covenants and indemnities will survive the termination of the transactions contemplated by this Agreement. Nothing in this Article 8 will be deemed to release either party from any liability for any breach by such party of the terms and provisions of this Agreement, or to impair the right of either party to compel specific performance by the other party of its obligations under this Agreement.

ARTICLE 9
CLOSING

9.01 Place of Closing

Closing will take place at the offices of the Vendor on the Closing Date.

9.02 Vendor's Closing Deliveries

On the Closing Date, the Vendor will deliver or cause to be delivered to the Purchaser among other things:

(a) an original of the General Conveyance, duly executed by the Vendor;

(b) a certificate of an officer of the Vendor as required in accordance with Section 7.01;

(c) releases, discharges or no interest letters with respect to the Security Interests;

(d) a receipt for payment of the payment specified in Section 2.04; and

(e) the Licence Transfers and the Subject Instruments (executed by the Vendor in all cases in which the Vendor is an appropriate signatory).

9.03 Vendor's Post Closing Deliveries

On or within five Business Days after the Closing Date, the Vendor will deliver or cause to be delivered to the Purchaser the Title and Operating Documents (to the extent within the Vendor's possession and control) and Vendor's Records (or copies of same where necessary).

9.04 Purchaser's Closing Deliveries

On the Closing Date, the Purchaser will deliver or cause to be delivered to the Vendor among other things:

(a) an original of the General Conveyance, duly executed by the Purchaser;

(b) a certificate of an officer of the Purchaser as required in accordance with Section 7.02; and

(c) the amount payable at Closing on account of Purchase Price in accordance with Section 2.03.

ARTICLE 10
POST CLOSING

10.01 Post Completion Administration

(1) If Closing occurs, then until such time as the Purchaser becomes recognized by third parties as the owner of the Assets in the place of the Vendor:

(a) the provisions of Sections 5.01 and 5.02 will apply, *mutatis mutandis*, in respect of such Assets;

(b) the Vendor will:

(i) hold and stand possessed of the Assets as bare trustee for the benefit of the Purchaser, and receive and hold all proceeds, benefits and advantages accruing in respect of the Assets fully for the benefit, use and ownership of the Purchaser, with the entitlement at any time to commingle any of the same with its own or any other assets;

(ii) within 15 Business Days of the date of receipt thereof, deliver to the Purchaser all revenues, proceeds and other benefits of any nature received by it in respect of the Assets;

(iii) in a timely manner deliver to the Purchaser all third party notices and communications received by it in respect of the Assets;

(iv) in a timely manner deliver to third parties all such notices and communications as the Purchaser may reasonably request, and all such money and other items as the Purchaser may reasonably provide in respect of the Assets;

(v) as agent of the Purchaser, do and perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments, as the Purchaser may reasonably request for purposes of facilitating the exercise of rights incidental to the ownership of the Assets; and

(vi) promptly register in the applicable registry all registerable transfers and conveyances of the Assets. All costs incurred in registering any transfer and conveyance, and all costs of registering any further assurances required to convey the Assets, will be borne by the Purchaser;

(c) the Purchaser will

(i) be liable to the Vendor Indemnified Parties for all Losses, and

(ii) indemnify and save harmless the Vendor Indemnified Parties from and against all Losses,

that the Vendor Indemnified Parties suffer, sustain or incur in connection with the Vendor's obligations contained in Sections 10.01(1)(a)and 10.01(1)(b) except to the extent resulting from the gross negligence or wilful misconduct of the Vendor.

(2) The Purchaser will provide the Vendor with reasonable access to, and the Vendor may retain or subsequently obtain from the Purchaser copies or photocopies of, any of the documents comprised in Miscellaneous Interests that it considers necessary to

(a) enable it to comply with any Applicable Laws or the requirements of any Governmental Authority, or

(b) conduct audits relating to the period prior to the Closing Date.

(3) Nothing in this Section 10.01 will be construed as restricting or limiting in any manner any of the other covenants, warranties, representations and other obligations of the parties hereunder.

10.02 <u>Licence Transfers</u>

(1) On or before the Closing Date, the Vendor will prepare the License Transfers in accordance with the requirements of the SMER and ERCB.

(2) Should the SMER and ERCB deny the License Transfers because of misdescription or other minor deficiencies in the application, the Vendor will within two Business Days correct the application and amend and re submit an application for the License Transfers and the Purchaser or its nominee will electronically ratify and sign such application.

(3) If, for any reason, the SMER and ERCB requires the Purchaser or its nominee to make a deposit in order to approve the License Transfers, the Purchaser will immediately pay such deposit.

(4) If the Purchaser fails to make a deposit it is required to make under Section 10.02(3), the Vendor will have the right to make such deposit. In such event, the Purchaser will reimburse the Vendor, the amount of such deposit plus interest thereon at a rate equal to the sum of the Prime Rate and two percent from the date paid by the Vendor until such reimbursement is made. In addition to all other rights to enforce such reimbursement otherwise available to the Vendor, the Vendor will have the right to set off the amount of such reimbursement (including interest) against other money due to the Purchaser pursuant to this Agreement.

(5) The parties expressly acknowledge and agree that, the failure, omission or inability to effect the transfer of any Subject Instrument or Permit, including the inability to effect the transfer of a licence for a well, facility or pipeline that has been abandoned and reclaimed shall in no manner operate to restrict the scope of the Assets to be purchased and sold, the liabilities to be assumed or the indemnifications provided pursuant to this Agreement.

10.03 <u>Operated Properties</u>

At Closing, the Vendor will notify the co owners of those Assets that the Vendor currently operates, that the Vendor is resigning as operator. The Vendor makes no representations or warranties to the Purchaser as to transferability or assignability of operatorship of any Assets the Vendor currently operates. Rights and obligations associated with the operatorship of the Assets are governed by operating and similar agreements covering the Assets and will be decided in accordance with the terms of such agreements. Notwithstanding the Vendor's resignation as operator, the Vendor will continue to serve as operator and will be entitled to all Recoverable Overhead with respect thereto until the earlier of:

(a) the date on which a successor operator is elected and takes over operatorship pursuant to the terms of the applicable operating agreement, or

(b) the end of the applicable time period required for the Vendor to continue as operator as mandated by the terms of the applicable operating agreement.

10.04 Access

To the extent that any other assets currently owned by the Vendor are located at any owned or leased real property constituting part of the Assets, the Purchaser will grant to the Vendor and its representatives reasonable access to such property from and after the Closing Date for a reasonable period of time not to exceed 365 days in order to permit the Vendor and such Persons to review and remove such assets and make any other appropriate arrangements with respect thereto. The Vendor will consult with the Purchaser in advance of taking any such actions following the Closing Date with a view towards establishing a mutually agreeable plan for such review and removal so that these actions will not unreasonably interfere with the normal operation of the Assets.

10.05 Signs and Notification to Governmental Agencies

Following Closing, the Vendor may remove any signs that indicate the Vendor's ownership or operation of the Assets. If the Purchaser is the operator of the Assets, it will be the responsibility of the Purchaser to erect or install any signs required by Applicable Law that pertain to the Assets within 45 days of Closing. In addition, the Purchaser will be responsible for advising governmental agencies, contractors, suppliers and other affected third parties of the Purchaser's interest in the Assets.

10.06 Registration of Documents

Promptly after Closing, the Purchaser shall register all Licence Transfers and Subject Instruments and any other documents which require registration and shall bear all costs incurred in registering such instruments.

ARTICLE 11
INDEMNIFICATION

11.01 Purchaser's Indemnification of the Vendor

Subject to the provisions of this Article 11, provided that Closing occurs, the Purchaser will be liable for and indemnify and hold harmless the Vendor, and its directors, officers, employees and agents (collectively, the "**Vendor Indemnified Parties**") from and against all Losses of any kind that are caused by, arise from, are incurred in connection with or relate in any way to

(a) the Purchaser's breach of

(i) any covenant or agreement in this Agreement requiring performance by the Purchaser before, on or after the Closing Date;

(ii) any representation or warranty of the Purchaser in this Agreement that survives the Closing, provided, however, that the Purchaser will not have any liability for Losses that are caused by a breach of a representation of the Vendor provided in Section 4.01.

11.02 <u>Vendor's Indemnification of the Purchaser</u>

Subject to the provisions of this Article 11 and provided that Closing occurs, the Vendor will be liable for and indemnify and hold harmless the Purchaser, and its directors, officers, employees and agents (collectively, the "**Purchaser Indemnified Parties**") from and against any and all Losses of any kind that are caused by, arise from, are incurred in connection with or relate in any way to

(a) the Vendor's breach of

(i) any covenant or agreement in this Agreement requiring performance by the Vendor before, on or after the Closing Date; and

(ii) any representation or warranty of the Vendor in this Agreement that survives the Closing,

provided, however, that the Vendor will not have any liability for Losses that are caused by a breach of a representation of the Purchaser provided in Section 4.03.

11.03 <u>Purchaser's Abandonment and Reclamation and Environmental Indemnifications</u>

(1) Except as provided in Section 4.01, the Vendor makes no warranty or representation, express, implied, statutory or otherwise, with respect to Environmental Liabilities or Abandonment and Reclamation Obligations and will, have no obligation in respect of Environmental Liabilities or Abandonment and Reclamation Obligations to the Purchaser. In addition to its obligations to indemnify the Vendor Indemnified Parties contained elsewhere in this Agreement and unless otherwise expressly provided for in this Agreement, subject to Closing occurring, the Purchaser will be solely liable for and will indemnify and hold harmless the Vendor Indemnified Parties from and against all Losses of any kind that may be brought against or suffered by the Vendor Indemnified Parties or that any of them may sustain, pay or incur, in each case that are caused by, arise from, are incurred in connection with or relate in any way directly or indirectly to any past, present or future Environmental Liabilities or Abandonment and Reclamation Obligations. The Purchaser hereby assumes all Losses, obligations, covenants and liabilities in respect of any such Environmental Liabilities or Abandonment and Reclamation Obligations, regardless of whether they are attributable to, occurred, arose or accrued at, prior to or subsequent to the Closing Date except to the extent resulting from a breach of the representation and warranty provided in Section 4.01.

(2) Each party confirms that the Purchaser's assumption of responsibility for Environmental Liabilities and Abandonment and Reclamation Obligations and its release of the Vendor of responsibility for such Environmental Liabilities and Abandonment and Reclamation Obligations has been accounted for in the determination of the Purchase Price.

11.04 Exclusive Remedy

Any claim or cause of action based on, arising out of or relating in any way to any of the transactions contemplated under this Agreement must be brought by the applicable party in accordance with the provisions and limitations of this Agreement, whether such claim arises out of any contract, tort or otherwise. For greater certainty, each of the parties acknowledge that after Closing, the remedies set forth in the indemnity provisions of this Agreement are the sole and exclusive remedies of the parties with respect to the transactions contemplated by this Agreement.

11.05 Holding of Indemnities

The Purchaser will hold the indemnity contained in Section 11.02 in trust on behalf of the Purchaser Indemnified Parties, and may enforce the same on its and their behalf. The Vendor will hold the indemnities contained in Sections 11.01 and 11.03 in trust on behalf of the Vendor Indemnified Parties, and may enforce the same on its and their behalf.

11.06 Procedures Relating to Indemnification Between the Purchaser and the Vendor

Following the discovery of any facts or conditions that could reasonably be expected to give rise to Losses for which indemnification is provided under this Agreement, the party seeking indemnification (the "**Indemnified Party**") will, as promptly as reasonably possible thereafter, provide written notice (the "**Indemnification Notice**") to the party from whom indemnification is sought (the "**Indemnifying Party**"), setting forth the specific facts and circumstances, in reasonable detail, relating to such Losses and the amount of Losses (or a reasonable, good faith estimate thereof if the actual amount is not known or not capable of reasonable calculation).

11.07 Procedures Relating to Indemnification for Third Party Claims

(1) In order for an Indemnified Party to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim or demand made by any Person against the Indemnified Party (a "**Third Party Claim**"), such Indemnified Party must provide an Indemnification Notice to the Indemnifying Party of the Third Party Claim as promptly as reasonably possible after receipt by such Indemnified Party of notice of the Third Party Claim. Thereafter, the Indemnified Party will deliver to the Indemnifying Party, within five Business Days after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim; provided, however, that failure to provide an Indemnification Notice, or deliver copies of all notices and documents, in a timely manner will not affect the indemnification provided hereunder except to the extent the Indemnifying Party will have been actually and materially prejudiced as a result of such failure.

(2) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party will be entitled to participate in the defence thereof and, if it so chooses and acknowledges its obligation to indemnify the Indemnified Party therefor, to assume the defence thereof with counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. Notwithstanding any acknowledgment made pursuant to the immediately preceding sentence, the Indemnifying Party will continue to be entitled to assert any limitation on its indemnification responsibility

contained in this Agreement. Should the Indemnifying Party so elect to assume the defence of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for legal expenses subsequently incurred by the Indemnified Party in connection with the defence thereof. If the Indemnifying Party assumes such defence, the Indemnified Party will have the right to participate in the defence thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood, however, that the Indemnifying Party will control such defence. The Indemnifying Party will be liable for the fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defence thereof. If the Indemnifying Party chooses to defend any Third Party Claim, the parties will cooperate in the defence or prosecution of such Third Party Claim. Such cooperation will include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Whether or not the Indemnifying Party assumes the defence of a Third Party Claim, the Indemnified Party will not admit any liability with respect to, or settle, compromise or discharge, or consent to the entry of any judgment with respect to, such Third Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld).

11.08 Losses Net of Insurance and Taxes

(1) The amount of any Losses under this Article 11 and elsewhere under this Agreement will be determined net of any amounts recovered or recoverable by the Indemnified Party under insurance policies, indemnities or other reimbursement arrangements with respect to such Losses.

(2) In determining the amount of any Losses for which any party is entitled to indemnification under this Article 11, the gross amount thereof will be reduced by the present value (discounted at the Interest Rate) of any net Tax benefit realized by such party in connection with such Losses to the extent such Tax benefit results directly from the incurrence of such Losses.

11.09 Counsel Fees

In connection with any litigation arising out of this Agreement or to enforce any indemnification claim pursuant to this Agreement, the prevailing party will be entitled to recover from the non prevailing party the prevailing party's reasonable attorneys' fees and costs, including on appeal or otherwise.

11.10 Time Limitation

Except as otherwise provided herein, any claim by any Purchaser Indemnified Party for indemnity arising under this Agreement, including pursuant to Section 11.02, will be brought within 12 months after the Closing Date. A claim will be deemed to have been brought only upon delivery of a proper Indemnification Notice to the other party at the notice address set forth in Section 12.11. Any claim required to be made within the relevant period, as set out above, not so timely made will be forever barred.

11.11 Limitation of Liability

Notwithstanding anything to the contrary in this Agreement, the Vendor's aggregate liability to the Purchaser pursuant to this Agreement, including for indemnification pursuant to Section 11.02, will in no event exceed an amount equal to 100% of the Base Price less the Restricted Asset Value attributable to any Restricted Assets that were excluded from this Agreement pursuant to Section 6.04.

11.12 Mitigation

Each party will take all reasonable steps and use all commercially reasonable efforts to mitigate any Losses.

11.13 No Consequential Damages

Except as otherwise expressly set forth in this Agreement, neither the Purchaser nor the Vendor will be liable for special, punitive, exemplary, consequential, incidental or indirect losses or damages as a result of the performance or non performance of its obligations under this Agreement, or its acts or omissions related to this Agreement, whether or not arising from sole, joint or concurrent negligence or strict liability or otherwise. The above limitation of liability will apply to indirect liability involving suits brought against third parties who, directly or through one or more other parties, have a right of indemnification, interpleader, cross claim, contribution or other right of recovery against the Purchaser or the Vendor.

11.14 Subrogation

Each party will assign to the other party and subrogate the other party to all its rights and remedies against any Person (other than, with respect to rights and remedies of the Vendor, and its insurers) in respect of any payment made by the other party in respect of any indemnification or liability assumed by the other party pursuant to this Agreement or as a result of this Agreement (including legal fees and other costs of litigation). Each party will provide all reasonable cooperation and assistance required by the other party in making and prosecuting any claim for recovery against any such Person to the extent that payment is made by the other party. Neither party will knowingly take any action to impair any such right or remedy of the other party to recover any such payment.

11.15 Acknowledgement of Limitations

The parties acknowledge and agree that the monetary restrictions on liability and the requirements and conditions under this Agreement to provide written notice of a claim within a specified period of time and in a manner specified in this Agreement is intended by the parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities each party has agreed to assume in connection with the subject matter of this Agreement.

ARTICLE 12
GENERAL

12.01 Confidentiality

After the Closing Date, the Vendor will maintain the confidentiality of all information, documents and materials relating exclusively to the Assets, including all such materials that remain in the possession of the Vendor, except to the extent that disclosure of any such information is requested or required by Applicable Laws or authorized by the Purchaser or reasonably occurs in connection with the settlement of adjustments, other amounts or disputes with respect to this Agreement (provided that in the event of disclosure in connection with the settlement of adjustments, other amounts or disputes with respect to this Agreement the Vendor shall use reasonable commercial efforts to obtain undertakings of confidentiality from any third party to whom information is being disclosed). The provisions of this Section 12.01 will not apply to any information, documents or materials that are in the public domain or come into the public domain, other than by reason of a breach by the Vendor of its obligations hereunder.

12.02 Limited Conditions

For the avoidance of doubt, the only conditions to Closing are those set forth in Sections 7.01 and 7.02 herein, and no other covenants or conditions set forth in this Agreement are intended to have any effect on the Closing or the payment of the Purchase Price.

12.03 Further Assurances

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

12.04 Time of the Essence

Time is of the essence of this Agreement.

12.05 Fees and Commissions

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

12.06 Public Announcements

Except as required by Applicable Laws, no public announcement or press release concerning the sale and purchase of the Assets may be made by the Vendor or the Purchaser without the prior consent and joint approval of the Vendor and the Purchaser.

12.07 Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

12.08 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

12.09 Amendments and Waivers

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

12.10 Assignment

This Agreement may not be assigned by the Vendor without the written consent of the Purchaser but may be assigned by the Purchaser without the consent of the Vendor to an Affiliate of the Purchaser, provided that such Affiliate enters into a written agreement with the Vendor to be bound by the provisions of this Agreement in all respects and to the same extent as the Purchaser is bound and provided that the Purchaser will continue to be bound by all the obligations hereunder as if such assignment had not occurred and perform such obligations to the extent that such Affiliate fails to do so.

12.11 Notices

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

To the Vendor:

PETROFRONTIER CORP
320, 715 – 5TH Avenue S.W.
Calgary, Alberta
T2P 2X6

Attention: Shane Kozak, VP Finance & CFO
Fax: 403-718-3888

To the Purchaser:

PETREX ENERGY LTD.
8228 Elbow Drive S.W.
Calgary, Alberta

T2V 1K4

Attention: William H. Nixon, President & CEO
Fax: 403-255-8007

or to such other street address, individual or facsimile number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof. Any demand, notice or other communication given by facsimile will be conclusively deemed to have been given when transmitted on a Business Day with machine-generated confirmation of transmission without notation of error, if sent before 5:00 p.m. local time of the recipient, otherwise the following Business Day.

12.12 Governing Law

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

12.13 Attornment

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

12.14 Counterparts

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

12.15 No Merger

The covenants, representations, warranties, liabilities and indemnities in this Agreement will survive Closing on the basis set forth in this Agreement. They will be deemed to apply to the General Conveyance and all other instruments conveying any of the Assets from the Vendor to the Purchaser. They will not merge with those documents, notwithstanding the terms of those documents and any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

12.16 Electronic Execution

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

IN WITNESS WHEREOF the parties have executed this Agreement.

PETROFRONTIER CORP	**PETREX ENERGY LTD.**
Per: *"Robert Iverach"*	Per: *"William Nixon"*
Per: ______________________	Per: ______________________

SCHEDULE 1.01(A)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Facilities and Wells

Vendor file	Well Name	WID	OP CAPL	Formation Name	Status Description	Well Type Description	Operator	Flowline or SWB	BPO	APO
A.6-018	Petrex et al Queensdale 4-25-6-2 W2M	41-04-25-06-02-W2	81	Miss (Alida)	Suspended	Oil Well	Petrex Energy Ltd.	4-25 to 8-26		59.00000%
A.2-090 (A)	Petrex et al Queensdale 7-24-6-2 W2M	11-07-24-06-02-W2	81	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	SWB		71.60000%
A.2-057 (A)	Petrex Queensdale 8-26-6-2 W2 Disposal Well	11-08-26-06-02-W2	81	Miss (Alida)	Producing	Pressure Maintenance Water Injector Well	Petrex Energy Ltd.	Facility		46.28500%
A.6-051	Petrex et al Queensdale 9-26-6-2 W2M	01-09-26-06-02-W2	81	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	9-26 to 8-26		54.30500%
A.6-018 (F)	Petrex et al Queensdale 2-26-6-2 W2M	01-02-26-06-02-W2 1	81	Miss (Alida)	Abandoned Re-Entered	Oil Well	Petrex Energy Ltd.	2-26 to 8-26		40.35500%
A.6-019	Petrex et al Queensdale 6-25-6-2 W2M	21-06-25-06-02-W2	81	Miss (Alida)	Standing Cased Non-Producer	Oil Well	Petrex Energy Ltd.	6-25 to 8-26		
A.6-019 (A)	Petrex et el Queensdale 12-25-6-2 W2M	11-12-25-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	12-25 to 8-26	52.70500%	52.70500%
A.6-016	Petrex et al Queensdale 6A-25-6-2 W2M	22-06-25-06-02-W2	90	Miss (Alida)	Suspended	Oil Well	Petrex Energy Ltd.	6A-25 to 8-26	65.22500%	61.46500%
A.6-025	Petrex Texalta Queensdale 3HZ14-25/2C16-26-6-2 W2M	91-16-26-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	14-25 to 8-26		55.09000%
A.6-046	Petrex et al Queensdale 7-26-6-2 W2M	41-07-26-06-02-W2	81	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	7-26 to 8-26	74.61500%	74.61500%
A.6-051	Petrex Queensdale 9A-26-6-2 W2M	02-09-26-06-02-W2	90	Miss (Alida)	Abandoned dry	Oil Well	Texalta Petroleum Ltd.	n/a		54.30500%
A.6-082	Petrex et al Queensdale HZ1A3-26/3A1-26-6-2 W2M	92-01-26-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1A3-26 to 8-26	PI 27.23965%	
A.6-081	Petrex et al Queensdale HZ1D3-26/2D1-26-6-2 W2M	91-01-26-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1D3-26 to 8-26	PI 30.26625%	
A.6-088	Petrex Texalta Queensdale HZ4D1-26/4D3-25-6-2 W2M	91-03-25-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	4D1-26 to 8-26		57.97500%
A.6-090	Petrex Texalta Queensdale 8-25-6-2 W2M	41-08-25-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	8-25 to 8-26		41.64000%

SCHEDULE 1.01(A)

Attached to and made part of an Oil and Gas Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Facilities and Wells

Vendor file	Well Name	WID	OP CAPL	Formation Name	Status Description	Well Type Description	Operator	Flowline or SWB	BPO	APO
A.6-131	Petrex et al Queensdale W 2HZ1A9-25/2C1-25-6-2 W2M	91-01-25-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1A9-25 to 8-26		40.89000%
A.6-101	Petrex Texalta Queensdale W 6-28-6-2 W2M	21-06-28-06-02-W2	90	Miss (Alida)	Abandoned Non-Producer	Oil Well	Petrex Energy Ltd.	n/a	50.00000%	
A.6-131	Petrex Texalta Queensdale W HZ4A9-25/3A15-25-6-2 W2M	91-15-25-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	4A9-25 to 8-26	28.89000%	35.26500%
A.6-121	Petrex et al Queensdale W HZ2D5-25/4B10-26-6-2 W2M	91-10-26-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	2D5-25 to 8-26	18.32693%	38.32693%
A.6-120	Petrex et al Queensdale W HZ2D7-35/1C15-26-6-2 W2M	91-15-26-06-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	2D7-35 to 8-26	20.73600%	36.29050%
A.6-105	Petrex et al Wildwood 4-31-6-1 W2M	01-04-31-06-01-W2	90	deep	Standing Cased Non-Producer	Pot Gas	Petrex Energy Ltd.	n/a	24.97000%	
A.6-099	Petrex Texalta Wildwood HZ4A16-34/3C3-2-7-2 W2M	92-04-02-07-02-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	4A16-34 to 8-26		50.00000%
A.6-118	Petrex et al Wildwood HZ3A6-3/4B8-3-7-2 W2M	91-07-03-07-02-W2	90	Miss (Alida)	Abandoned dry	Dry Hole	Petrex Energy Ltd.	n/a	30.00000%	40.00000%
A.6-094	Petrex et al Wordsworth E HZ2A2-23/3A13-14-7-3 W2M	91-11-14-07-03-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	2A2-23 to 2-23		50.00000%
A.6-094	Petrex et al Wordsworth E 2HZ3B9-23/4B11-23-7-3 W2M	91-11-23-07-03-W2	90	Miss (Alida)	Abandoned Re-Entered	Oil Well	Petrex Energy Ltd.	Facility		50.00000%
A.6-094	Petrex et al Wordsworth E HZ1C2-23/1B14-7-3 W2M	91-14-14-07-03-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1C2-23 to 2-23		50.00000%
A.6-094	Petrex et al Wordsworth SWD RE DD 3B9-23-7-3 W2M	91-10-23-07-03-W2	90	Miss (Alida)	Producing	Disposal Well	Petrex Energy Ltd.	Facility		50.00000%
A.6-094	Petrex et al Wordsworth E HZ1B1-23/3B9-14-7-3 W2M	91-09-14-07-03-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1B1-23 to 2-23		50.00000%
A.6-117	Petrex et al Wordsworth E HZ1B4-24/5C13-13-7-3 W2M	91-05-13-07-03-W2	90	Miss (Alida)	Producing	Oil Well	Petrex Energy Ltd.	1B4-24 to 2-23		42.50000%
A.6-110	Texalta et al Wordsworth E 5-12-7-3 W2M	31-05-12-07-03-W2	90	Miss (Alida)	Abandoned dry	Dry Hole	Texalta Petroleum Ltd.	n/a	17.50000%	

SCHEDULE 1.01(A)

Attached to and made part of an Oil and Gas Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Facilities and Wells

Vendor file	Well Name	WID	OP CAPL	Formation Name	Status Description	Well Type Description	Operator	Flowline or SWB	BPO	APO
A.6-116	Texalta et al Wordsworth E 13-24-7-3 W2M	01-13-24-07-03-W2	90	Miss (Alida)	Abandoned dry	Dry Hole	Texalta Petroleum Ltd.	n/a	0.00000%	
A.6-132	Petrex et al Wordsworth E HZ3D3-23/3A13-14-7-3 W2M	91-13-14-07-03-W2	90	Miss (Alida)	Completed (Standing Perfed)	Oil Well	Petrex Energy Ltd.	3D3-23 to 2-23	23.23488%	35.47966%
A.6-125	Westhill et al Joarcam 7-14-48-21 W4M	100/07-14-048-21-W4/0	90	Beaverhill Lake	Pending Testing	Pending Testing	Westhill Resources Ltd.	n/a	0.00000%	24.00000%

Wordsworth Area Seismic Lines: WO 1, 2, 3 & 4 – 50% WI

Wordsworth Facility: 2-23-007-03 W2M (Licence #6524/ Battery Facility Code B4L3945) & 2-23-007-03 W2M (Licence #6525/Battery Facility Code D403978) – 50% WI

Queensdale Facility: 8-26-006-02 W2M (Battery Facility Code B4L3639) – 46.285% WI

SCHEDULE 1.01(B)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

General Conveyance

THIS CONVEYANCE is made as of September ●, 2011;

BETWEEN

PETROFRONTIER CORP., being organized in the Province of Alberta as to having an office in the city of Calgary (hereinafter referred to as "**Vendor**")

- and –

PETREX ENERGY LTD., being organized in the Province of Alberta as to having an office in the city of Calgary (hereinafter referred to as "**Purchaser**")

WHEREAS the Vendor has agreed to sell and convey the Vendor's entire right, title, benefit and interest in the assets as further described in the Agreement (the "**Assets**"), to the Purchaser and the Purchaser has agreed to purchase and accept all of the Vendor's right, title, benefit and interest in and to the Assets.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements herein contained and $1.00 of lawful money of Canada now paid by each of the parties to the other and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

In this Conveyance, including the recital, "Agreement" means the Oil and Gas Asset Purchase Agreement made as of September ●, 2011 between the Vendor and the Purchaser. In addition, terms used in this Conveyance that are defined in the Agreement and are not otherwise defined herein will have the same meaning herein as in the Agreement.

ARTICLE 2 - CLOSING

The Vendor and the Purchaser each hereby certify that it has performed and satisfied all agreements and obligations that it was required to perform or satisfy pursuant to the Agreement on or prior to the date hereof, that the representations and warranties made by it as contained in the Agreement are true in all material respects at and as of the Effective Time and the Closing Date, that all closing conditions in its favour have either been satisfied or are hereby waived, and Closing as the term is defined in the Agreement, is hereby completed.

ARTICLE 3 - CONVEYANCE

The Vendor, for the consideration provided for in the Agreement, sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Vendor in the Assets to the Purchaser, its successors and assigns and the Purchaser purchases and accepts such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and in compliance with the terms of the Leases and Title and Operating Documents.

ARTICLE 4 - TITLE AND POSSESSION

The transfer of title to and possession of the Vendor's interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the date of this Agreement.

ARTICLE 5 - SUBORDINATE DOCUMENT

This Conveyance is executed and delivered by the parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof will be read in conjunction with the terms of the Agreement. The Agreement will prevail if there is a conflict between the provisions of the Agreement and this Conveyance.

ARTICLE 6 - ENUREMENT

This Conveyance enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

ARTICLE 7 - NO MERGER

The covenants, representations, warranties and indemnities contained in the Agreement are incorporated herein as fully and effectively as if they were set out in this Conveyance and there shall not be any merger of any covenant, representation, warranty or indemnity contained in the Agreement by virtue of the execution and delivery of this Conveyance, any rule of law, equity or statute to the contrary notwithstanding.

ARTICLE 8 - FURTHER ASSURANCES

The Vendor will from time to time and at all times hereafter upon every reasonable request of the Purchaser or its successors and assigns, and without further consideration, do and perform or cause to be done or performed all such further acts and things, and execute or cause to be executed all such further deeds, documents, writings or other instruments and give all such further assurances as may be required by the Purchaser to effectively carry out the intent and meaning hereof and of the Agreement.

ARTICLE 9 - GOVERNING LAW

This Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

IN WITNESS WHEREOF the parties have executed this Agreement.

PETROFRONTIER CORP.

Per: ______________________________

PETREX ENERGY LTD.

Per: ______________________________

SCHEDULE 1.01(C)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Lands, Leases, Hydrocarbon Interests and Royalty Burdens

Title Documents	Land Description	BPO Interests	APO/WI Interests	Vendor File No.	Document Expiry	Rights	Royalty Burdens
Crescent Point Resources Partnership and Petrobakken Energy Ltd.	NW/4 - 2-8-2 W2M	*58.5%	*29.25%	L.6-096	held by production	All PNG	22% LR
M.D. Campbell, S.D. Dyer & B.E. Brown	NW/4 & SW/4 2-8-2 W2M	*58.5%	*29.25%	L.6-058	held by production	All PNG	CPRP PAID
Donald John Bax & Kathy Marie Humphries	NW/4 3- 8-2 W2	*58.5%	*29.25%	L.6-228	28-Jan-13	All PNG	17% LR
Saskatchewan Energy and Resources PN64897	NW/4 3-8-2 W2	*58.5%	*29.25%	L.6-244	20-Oct-15	All PNG	Crown
Saskatchewan Energy and Resources PN58644	SE/4 2-8-2 W2	*58.5%	*29.25%	L.6-198	01-Apr-12	PNG to base Alida	Crown
Siltech Services Ltd.	SE/4 3-8-2 W2	*58.5%	*29.25%	L.6-229	22-Mar-13	All PNG	18% LR
Dekk Petroleum Inc.	SE/4 3-8-2 W2	*58.5%	*29.25%	L.6-233	21-Oct-13	All PNG	18% LR
Silcox Argo Limited	SE/4 3-8-2 W2	*58.5%	*29.25%	L.6-234	21-Oct-13	All PNG	18% LR
Saskatchewan Energy and Resources PN58199	SE/4 7-8-2 W2	*58.5%	*29.25%	L.6-185	01-Apr-12	PNG from base Mississippian to basement	Crown
Saskatchewan Energy and Resources PN64464	SW/4 10-8-2 W2	*58.5%	*29.25%	L.6-239	01-Apr-16	PNG from base Watrous to basement	Crown
Kenneth William Macleod & Carolyn Macleod	SW/4 3-8-2 W2	*58.5%	*29.25%	L.6-118	held by production	PNG from base Mississippian to basement	15% LR
Darren Moe	E1/2 15-48-21 W4	60.00%	24.000%	L.6-232	13-Apr-13	All PNG	17% LR
Alberta Energy and Natural Resources No. 410120045	Sec 10-48-21 W2M	60.00%	24.000%	L.6-247	01-Dec-15	All PNG	Crown
Alberta Energy and Natural Resources No. 0410090704	Sec 11-48-21 W2M	60.00%	24.000%	L.6-243	29-Sep-15	All PNG	Crown
Alberta Energy and Natural Resources No. 407070053	Sec 14-48-21 W4M	60.00%	24.000%	L.6-202	12-Jul-12	PNG from base Mannville to basement	Crown
Crescent Point Energy Ltd. & PetroBakken Energy Ltd.	LSD 2-26-6-2 W2M		40.355%	L.6-031	held by prod	PNG to base Alida	20% LR 2% GORR
ARC Resources	LSDs 15&16 23-6-2 W2M		0.000%	ARC pooled	held by prod	PNG to base Alida	paid by ARC
John Nicholas Bax	NE/4 25-6-2W2		35.265%	L.6-150	held by prod	All PNG	15% LR
Saskatchewan Energy and Resources PN61849	NE/4 25-6-2W2 (3.8 HA)		35.265%	L.6-213	6-Nov-13	All PNG	Crown

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Title Documents	Land Description	BPO Interests	APO/WI Interests	Vendor File No.	Document Expiry	Rights	Royalty Burdens
Saskatchewan Energy and Resources PN18914	NE/4 26-6-2 W2M		54.305%	L.6-026	held by prod	All PNG	Crown 2% GORR
McAuley Minerals Ltd.	NW/4 25-6-2 W2M		52.700%	L.6-034	held by prod	All PNG	17.5% LR
Kissinger Investment Corporation	SE 35-6-2 W2		50.000%	L.6-222	December 3, 2011	All PNG	17% LR
Betty McAuley	SE 35-6-2 W2		50.000%	L.6-225	18-Dec-11	All PNG	15% LR
McAuley Minerals Ltd.	SE 35-6-2 W2		50.000%	L.6-226	18-Dec-11	All PNG	15% LR
Crescent Point Energy Ltd. & PetroBakken Energy Ltd.	SE/4 lsd 7 & 8 26-6-2 W2M		74.615%	L.6-029	held by prod	PNG to base Alida	20% LR 2% GORR
Saskatchewan Energy and Resources PN19304	SE/4 24-6-2 W2M		71.600%	L.6-055	held by prod	PNG surface to base Tilston	Crown
John Nicholas Bax	SE/4 25-6-2W2		41.640%	L.6-151	held by prod	All PNG	15% LR
Saskatchewan Energy and Resources PN64180 & PN61496	SE/4 25-6-2W2 (1.62 HA)		40.890%	L.6-237	held by production	All PNG	Crown
Georgina Deren & M. Deren, Patricia Staples & Shirley Bryant	SE/4 26-6-2 W2M		40.355%	L.6-027	held by prod	All PNG excluding coal	18% LR 2% GORR
Crescent Point Energy Ltd. & PetroBakken Energy Ltd.	SE/4 LSD 1-26-6-2 W2M		0.000%	CP pooled	held by prod	PNG to base Alida	paid by CP
Computershare Trust Co. of Canada	SW/4 25-6-2 W2M		59.000%	L.6-024	held by prod	All PNG	16 2/3% LR 2% GORR
Georgina Deren & M. Deren, Patricia Staples & Shirley Bryant	SW/4 25-6-2 W2M		59.000%	L.6-022	held by prod	All PNG	18% LR 2% GORR
Crescent Point Resources Partnership and Petrobakken Energy Ltd.	LSD 2-23-7-3 W2		50.000%	L.6-215	held by production	PNG to base Alida	22.5% LR
Crescent Point Resources Partnership and Petrobakken Energy Ltd.	LSD 3-23-7-3W2		50.000%	L.6-208	held by production	PNG to base Alida	22.5% LR
Saskatchewan Energy and Resources PN54268	NE/4 14-7-3 W2M		50.000%	L.6-175	held by production	All PNG	Crown
Larry & Marilyn Brady	NW/4 12-7-3 W2M		50.000%	L.6-188	25-May-12	All PNG	17% LR
Carol & Robert Carefoot	NW/4 12-7-3 W2M		50.000%	L.6-189	08-May-12	All PNG	17% LR
Dale B. Brady & Muriel L. Brady	NW/4 12-7-3 W2M		50.000%	L.6-190	25-May-12	All PNG	17% LR

SCHEDULE 1.01(C)

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Lands, Leases, Hydrocarbon Interests and Royalty Burdens

Title Documents	Land Description	BPO Interests	APO/WI Interests	Vendor File No.	Document Expiry	Rights	Royalty Burdens
Jerry Bell, Audrey Bell & Dianne Wilson	NW/4 13-7-3 2WM		50.000%	L.6-192	held by production	All PNG	15% LR
Saskatchewan Energy and Resources PN58646	NW/4 13-7-3 W2		50.000%	L.6-197	01-Apr-12	All PNG	Crown
John Bax & Gordon Nicholas Rutten	NW/4 14-7-3 W2M		50.000%	L.6-176	held by production	All PNG	15% LR
Saskatchewan Energy and Resources PN64465	NE/4 14-7-3 W2M		47.500%	L.6-240	01-Apr-16	PNG base Tilston beds to basement	Crown
Charlotte Kissock	S/2 25-7-3 W2M		50.000%	L.6-172	02-Nov-11	All PNG	15% LR
Dale K. Cutler, Ilene Cutler & Nathan Dale Cutler	SE/4 23-7-3 W2M		50.000%	L.6-182	held by production	PNG to base Alida	15% LR
Saskatchewan Energy and Resources PN58427	SW 1/4 11-7-3-W2M		46.285%	L.6-194	01-Apr-12	All PNG	Crown
Saskatchewan Energy and Resources PN58428	SW 1/4 12-7-3 W2M		50.000%	L.6-195	01-Apr-12	All PNG	Crown
Jerry Bell, Audrey Bell & Dianne Wilson	SW/4 13-7-3 W2M		50.000%	L.6-193	held by production	All PNG	15% LR
Dale K. Cutler, Ilene Cutler & Nathan Dale Cutler	SW/4 23-7-3 W2M		50.000%	L.6-181	held by production	PNG to base Alida	15% LR
Betty Esther Brasseur	E/2 3-7-2 & NE 34-6-2-W2M		50.000%	L.6-148	12-Sep-13	All PNG	15% LR
Joel Cameron Nicolay	NW/4 35-6-2 W2M		50.000%	L.6-166	held by production	All PNG	15% LR
Saskatchewan Energy and Resources	SW 1/4 2-7-2 W2		50.000%	L.6-187	01-Apr-12	All PNG	Crown
	N/2 36-4-3 W2M		2.25% GOR	A.6-030			n/a
	23-30-21 W4M		5% GOR	A.6-002			n/a

SCHEDULE 1.01(C)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Lands, Leases, Hydrocarbon Interests and Royalty Burdens

Excluded Assets

Well Name	UWI	Licence Number
Adventure Black Butte 5-3-1-8 W4	100/05-03-001-08W4/02	0128791
Texalta Black Butte 102 5-3-1-8 W4	102/05-03-001-08W4/02	0161849

SCHEDULE 1.01(D)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

Production Sales Contracts

NONE

SCHEDULE 4.01(m)

Attached to and made part of an Oil and Gas Asset Purchase Agreement dated September 8, 2011 between PetroFrontier Corp., as Vendor, and Petrex Energy Ltd., as Purchaser

AFEs

Description	AFE #	Texalta WI	Amount (GROSS)	Amount (NET)
To install permanent buried 3" flowline from 2D7-35 to existing line at 7-35	2011 0608	20.73600%	$52,221.00	$10,828.55
To install permanent buried 3" flowline from 3D3-23 to 1C2-23	2011 0601	23.23488%	$61,285.00	$14,239.50

SCHEDULE