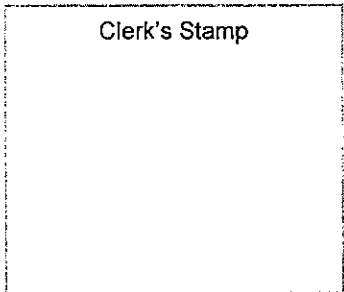


COURT FILE NUMBER 1301-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT ARGOSY ENERGY INC. and RADIUS
RESOURCES CORP.
DOCUMENT AFFIDAVIT OF ELIZABETH PINEDA



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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Barristers & Solicitors
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wmacleod@mccarthy.ca
File: 065093-447532

AFFIDAVIT OF ELIZABETH PINEDA
Sworn on May 29, 2013

1. I am a manager with the National Bank of Canada ("**NBC**") and have reviewed the books and records maintained by NBC in the ordinary course of business in connection with this matter and as such have personal knowledge of the matters herein deposed to except where stated to be based on information and belief, in which case I verily believe such matters to be true.

The Credit Facilities and the Security

2. Pursuant to an offering letter dated May 14, 2012, as amended and restated from time to time (the "**Offering Letter**") NBC advanced various demand credit facilities (collectively, the "**Credit Facilities**") to Argosy Energy Inc. ("**Argosy**"). A true copy of the latest version of the Offering Letter is attached hereto and marked as Exhibit "**A**" to this my Affidavit.

3. Pursuant to a letter of guarantee dated May 14, 2010, as amended and restated from time to time, Radius Resources Corp. ("**Radius**") guaranteed payment to the Bank of all present

and future debts and liabilities of Argosy to NBC (the "**Guarantee**"). A true copy of the Guarantee is attached hereto and marked as Exhibit "**B**" to this my Affidavit.

4. Each of Argosy and Radius granted various security to NBC in order to secure their obligations to NBC pursuant to the Credit Facilities and the Guarantee (collectively, the "**Security**"). The Security includes, *inter alia*, debentures granted by each of Argosy and Radius dated September 30, 2008 and May 14, 2010, respectively, that allow for NBC to apply to appoint a receiver and manager upon the Security becoming enforceable (collectively, the "**Debentures**"). True copies of the Debentures are attached and marked respectively as Exhibits "**C**" and "**D**" to this my Affidavit.

5. NBC has perfected the Security by registration of security agreements and land charges against each of Argosy and Radius in the Alberta Personal Property Registry (the "**Alberta PPR**"). True copies of Alberta PPR searches in respect of each of Argosy and Radius are attached hereto and marked collectively as Exhibit "**E**" to this my Affidavit. NBC has also registered various fixed charges against the PNG Assets (as defined herein).

6. As of February 28, 2013, Argosy and Radius were indebted to NBC in the sum of \$21,784,345.80 exclusive of costs and legal fees on solicitor and own client full indemnity basis (the "**Indebtedness**"). The Indebtedness continues to accrue interest and other fees and expenses, including legal fees on a solicitor and his own client, full indemnity basis.

The PNG Assets

7. The primary assets of Argosy and Radius consist of oil and natural gas assets located in Alberta (collectively, the "**PNG Assets**").

8. As indicated in the first report of Pricewaterhouse Coopers Inc. ("**PwC**") the proposal trustee of Argosy and Radius, as of December 31, 2012, the total proved plus probable reserve value of the PNG Assets was \$16.7 million.

The Strategic Review Process

9. On or about May 1, 2012, Argosy commenced a strategic review process in order to enhance shareholder value (the "**Strategic Review Process**"). A true copy of the press release issued by Argosy announcing the Strategic Review Process is attached hereto and marked as Exhibit "**F**" to this my Affidavit.

10. Argosy formed a special committee, comprised of directors of Argosy at that time, and engaged GMP Securities L.P. and Haywood Securities Inc. to act as co-financial advisors in respect of the Strategic Review Process.

11. Argosy was unable to complete any transactions in respect of the PNG Assets, or the refinancing of its business, pursuant to the Strategic Review Process.

The Default Events and the Credit Amending Agreement

12. Pursuant to the Credit Facilities (which are payable on demand by NBC), Argosy is obligated, *inter alia*, to maintain a working capital ratio of not less than 1.00:1.00 and to ensure that the Assets are free and clear of encumbrances.

13. Argosy has defaulted on the Credit Facilities by:

- (a) Failing to maintain the required working capital ratio under the Credit Facilities; and
- (b) Allowing builders' liens to be registered against certain of the Assets (collectively, the "**Default Events**").

14. On or about February 25, 2013, NBC and Argosy entered into a credit amending agreement in respect of the Credit Facilities (the "**Credit Amending Agreement**"). A true copy of the Credit Amending Agreement is attached hereto and marked as Exhibit "**G**" to this my Affidavit. Pursuant to the Credit Amending Agreement, Argosy:

- (a) Acknowledged the occurrence and existence of the Default Events;
- (b) Retained Sayer Energy Advisors ("**Sayer**") to conduct a sales process in respect of the PNG Assets (the "**Sales Process**"); and
- (c) Covenanted and agreed to execute a definitive asset purchase agreement on or before April 19, 2013 and to close an agreement of purchase and sale on or before April 30, 2013.

The Forbearance Agreement

15. On or about March 8, 2013, NBC demanded repayment of the amounts owing under the Credit Facilities and delivered a *Notice of Intention to Enforce Security*, pursuant to and in accordance with section 244 of the *Bankruptcy and Insolvency Act (Canada)* on each of Argosy and Radius.

16. On or about March 8, 2013, NBC, Argosy and Radius entered into a forbearance agreement in respect of the Credit Facilities and the Guarantee (the "**Forbearance Agreement**"). A true copy of the Forbearance Agreement is attached hereto and marked as Exhibit "**H**" to this my Affidavit. Pursuant to the Forbearance Agreement:

- (a) NBC remained entitled to enforce the Security at its sole and unfettered discretion;
- (b) Argosy and Radius acknowledged the covenants, undertakings, provisos and agreements contained in the Credit Amending Agreement and agreed to be bound by and strictly perform them;
- (c) Argosy and Radius retained FTI Consulting Canada Inc. ("**FTI**") as their financial advisor; and
- (d) Each of Argosy and Radius consented to the enforcement of the Security by NBC, including the appointment of a receiver and manager over their assets, properties and undertakings pursuant to the consent receiver order attached as Schedule "**A**" to the Forbearance Agreement (the "**Consent Receivership Order**").

The NOI Proceedings

17. On or about March 8, 2013, each of Argosy and Radius filed a Notice of Intention to Make a Proposal (the "**NOI Proceedings**") pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). PricewaterhouseCoopers Inc. ("**PwC**") was appointed as the proposal trustee of each of Argosy and Radius pursuant to the BIA in the NOI Proceedings

18. The Consent Receivership Order contemplated PwC being appointed as receiver and manager. In the course of its engagement as Argosy's financial advisor, FTI has gained valuable knowledge and insight into the assets, property and undertaking of the Argosy and Radius. In the interest of assisting with the cost of administration and leveraging off the knowledge gained by FTI, NBC seeks to appoint FTI as receiver and manager and to substitute FTI as bankruptcy trustee for PwC. I am advised by Mr. Paul Darby of PwC that PwC consents to being substituted as bankruptcy trustee.

19. Mr. Deryck Helkaa is a licensed trustee in bankruptcy and senior managing director of FTI who will be the senior member of the FTI team responsible for the receivership and bankruptcy. I believe FTI possesses the requisite experience and expertise to serve as receiver and manager on the basis of my experience in working with distressed credits on behalf of NBC and in having worked with FTI both in court-supervised and out of court restructuring matters.

FTI's consents to act as receiver and manager and trustee in bankruptcy are attached hereto as Exhibits "I" and "J", respectively

The Sales Process

20. Sayer continued to market the PNG Assets pursuant to the Sales Process during the course the NOI Proceedings.

21. The Sales Process in respect of the PNG Assets that was administered by Sayer was thorough and complete and effectively canvassed the market for the PNG Assets. I am advised by Mr. Alan Tambosso, the president of Sayer, and do verily believe, that the Sales Process involved the following steps:

- (a) In late February and early March 2013, approximately 3,500 industry contacts were provided with teaser information regarding the opportunity to acquire the PNG Assets by either email or regular mail;
- (b) In early March, 2013, an advertisement was placed in the *Daily Oil Bulletin* regarding the opportunity to acquire the PNG Assets;
- (c) An advertisement regarding the opportunity to acquire the PNG Assets was placed in Sayer's *Canadian Oil Industry Asset Sale Listing* during the entire Sales Process;
- (d) Various confidential information pertaining to the PNG Assets was summarized by Sayer in a confidential information memorandum (the "**CIM**") and in a data room (the "**Data Room**") that remained accessible until the bid deadline of April 4, 2013; and
- (e) Over the course of the Sales Process, a total of twenty-one persons entered into confidentiality agreements with Argosy and Radius and were provided with the CIM and access to the Data Room.

22. Argosy and Radius received a total of eight offers from five different persons in respect of the PNG Assets. However, as a result of various issues pertaining to due diligence, financing and closing conditions, Argosy and Radius were unable to obtain any acceptable offers in respect of the PNG Assets.

The LTA LOI

23. Argosy and Radius continued, with the assistance of Sayer, with the marketing of the PNG Assets. As a result of the ongoing marketing efforts, Argosy received a letter of intent to purchase all of the PNG Assets other than certain assets located in the Alberta Bakken region (collectively, the "**Subject Assets**") from Long Term Asset Management Inc. ("**LTA**"), dated May

16, 2013 (the "LTA LOI"). A true copy of the LTA LOI is attached hereto and marked as Exhibit "K". The material terms of the LTA LOI are as follows:

- (a) The purchase price payable for the Subject Assets is \$6.4 million cash;
- (b) The full amount of the purchase price to be paid to and held in trust by LTA's solicitors within one day of acceptance of the LTA LOI; and
- (c) The closing date for the LTA LOI is the earlier of May 30, 2013 or five business days after the entering into of a purchase and sale agreement.

24. While NBC does not wish to prejudice further marketing efforts in respect of the remaining PNG Assets by disclosing the particulars of offers received pursuant to the Sales Process, I am advised by Mr. Tambosso of Sayer, and do verily believe, that the purchase price payable pursuant to the LTA LOI is materially higher than the expressions of interest that were otherwise received by Argosy and Radius. Attached hereto and marked as confidential exhibit "L" is a true copy of a bid summary prepared by Sayer which various information, including pricing information, in respect of the offers received pursuant to the Sales Process.

25. NBC seeks an order authorizing and directing FTI, in its capacity as receiver and manager of Argosy and Radius, to enter into and close a transaction with LTA in respect of the Subject Assets on the same financial terms as set out in the LTA LOI and to enter into a form of asset purchase agreement with LTA substantially similar to the draft form of APA attached hereto and marked as Exhibit "M". Under the circumstances, given the extensive marketing of the PNG Assets both before and during the NOI Proceedings, it is clear that the sales process utilized has been fair, sufficiently exposed the assets to the market, and has obtained the best possible price under the circumstances. I am advised by Mr. Helkaa that on the basis of FTI's involvement as Argosy's financial advisor, he believes that the transaction represented by the LTA LOI is reasonable and that further marketing of the Subject Assets will not likely result in generating any further offers particularly given the fact of the length of time the Subject Assets have been exposed to the market.

The Necessity of the Appointment of a Receiver

26. On May 23, 2013, the Argosy and Radius's NOI Proceedings were extended up to and including May 30, 2013. There is no application to extend the stay of proceedings in respect of Argosy and Radius in the NOI Proceedings, with the result that each of Argosy and Radius will become bankrupt on May 31, 2013.

27. NBC is supportive of the financial terms of the transaction proposed in the LTA LOI. I am advised by Mr. Sean Collins of McCarthy Tetrault LLP, and do verily believe, that Argosy's two remaining directors (Mr. Peter Salamon and Mr. Jacob Roorda) intend to resign immediately prior to the return of this application.


28. I believe it is appropriate for a receiver and manager to be appointed over the assets, properties and undertaking of Argosy and Radius for the following reasons:

- (a) In accordance with the Strategic Review Process and the Sales Process, the PNG Assets have been exposed to the market for over a year and no transaction has been completed;
- (b) Given the amount of the Indebtedness (which is in excess of \$21.7 million) and the total value of the PNG Assets (which, on a proved plus probable basis, are only valued at \$16.7 million) Argosy and Radius are unlikely to be able to present a proposal to their creditors and NBC is the only creditor (absent creditors with statutory priority) that will receive any recovery from the sale of the PNG Assets; and
- (c) Argosy and Radius are and continue to be in default of the Credit Facilities and the Guarantee, will both become bankrupt upon the expiration of the NOI Proceedings, and have consented to the appointment of a receiver and manager in accordance with the Debentures and the Consent Receivership Order.

29. I swear this affidavit in support of an application for, *inter alia*, the following relief:

- (a) Appointing FTI as receiver and manager over the assets, properties and undertakings of Argosy and Radius;
- (b) Authorizing and directing FTI to enter into and complete the agreement of purchase and sale in respect of the Subject Assets with LTA, substantially in the form attached as Exhibit "M" to this my Affidavit;
- (c) Terminating the NOI Proceedings and substituting FTI as the proposal trustee of Argosy and Radius in accordance with the BIA; and
- (d) Such further and other relief as may be incidental to the foregoing.

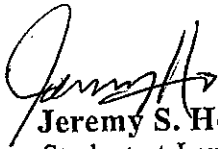
SWORN BEFORE ME at the City of)
 Calgary, in the Province of Alberta, this)
 29th day of May, 2013.)
 _____)
 A COMMISSIONER FOR OATHS)
 in and for the Province of Alberta)



 ELIZABETH PINEDA

TAB A

This is Exhibit "A" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

MAY 15 2012

Writer's Direct Line
(403) 294-4958

May 14, 2012

BY COURIER

Argosy Energy Inc.
500 - 4 Avenue SW, Suite 2100
Calgary, AB T2P 2V6

**ATTENTION: Mr. Peter Salamon
President**

**Mr. Tom Dalton
VP Finance & CFO**

Dear Sirs:

RE: CREDIT FACILITIES – NATIONAL BANK OF CANADA / ARGOSY ENERGY INC.

We are pleased to advise that National Bank of Canada has approved the following revised Credit Facilities for Argosy Energy Inc., subject to the terms and conditions set out herein. This Offering Letter contains all the terms and conditions pertaining to the availability of Credit Facilities from National Bank of Canada and as a result it amends, incorporates, and restates the terms and conditions of all existing and new commitments.

BORROWER: ARGOSY ENERGY INC. (the "Borrower" or "Loan Party").

LENDER: NATIONAL BANK OF CANADA (the "Bank").

CREDIT FACILITY A: REVOLVING OPERATING DEMAND LOAN (the "Credit Facility A").

MAXIMUM AMOUNT: \$22,000,000.

PURPOSE: Credit Facility A shall only be used for the Borrower's general corporate purposes including capital expenditures.

AVAILABILITY: Prime Rate loans ("Prime Rate Loans"). Revolving in whole multiples of Cdn\$50,000.

Bankers' acceptances in Canadian dollars ("BAs").

Letters of credit and/or letters of guarantee ("L/C/Gs") (maximum term one year). The aggregate Face Amount of L/C/Gs issued and outstanding at any time limited to \$2,000,000 in any currency acceptable to the Bank.

REPAYMENT: Interest only but always subject to Availability, Review, and the Bank's right of demand.

INTEREST RATE:

Prime Rate Loans

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under the Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus the Applicable Margin as per the Pricing Grid below. Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum.

Canadian Dollar BAs

Subject to market availability, in multiples of \$100,000 and minimum draws of \$1,000,000, BAs at a Stamping Fee per annum as per the Pricing Grid below and calculated on the basis of the number of days elapsed in a 365 day year, payable at time of acceptance by the Bank. BAs shall have a minimum term of 30 days and maximum term of 90 days, and shall not include any days of grace. The BAs shall remain in effect until the maturity of the term selected. If the Bank does not receive instructions from the Borrower concerning renewal of the BAs, then Prime Rate Loans shall be automatically utilized until written instructions are received from the Borrower.

STANDBY FEE:

The Applicable Margin as per the Pricing Grid below on the undrawn portion of the Credit Facility A (the "Standby Fee"), payable monthly on the first Business Day of each month.

L/C/G FEE:

The Applicable Margin as per the Pricing Grid below of the issue amount, payable at issue (the "L/C/G Fee"). This non-refundable, upfront fee is to be based on the number of months the L/C/G is to be outstanding with any portion of 31 days to be considered a complete month.

PRICING GRID:

The Applicable Margin, Stamping Fee, L/C/G Fee or Standby Fee, as applicable, for Advances shall be adjusted quarterly (based upon unaudited preceding quarterly consolidated financial statements of the Borrower) in accordance with the Net Debt to Cash Flow Ratio in the following table (the "Pricing Grid"):

Type of Advance	Net Debt to Cash Flow Ratio					
	< 1.00	≥1.00 < 1.50	≥1.50 < 2.00	≥2.00 < 2.50	≥2.50 < 3.00	≥ 3.00*
Prime Rate Loans	50 bps	75 bps	100 bps	150 bps	200 bps	250 bps
BAs (Stamping Fee)	175 bps	200 bps	225 bps	275 bps	325 bps	375 bps
L/C/G Fees	175 bps	200 bps	225 bps	275 bps	325 bps	375 bps
Standby Fees	20 bps	25 bps	30 bps	35 bps	40 bps	45 bps

* Current Rate.

CHANGE IN MARGIN AND STANDBY FEES:

Whenever this Offering Letter calls for a change in Margin or Fees by reason of a change in the Net Debt to Cash Flow Ratio, each such change shall be effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided.

In respect of Prime Rate Loans, and Standby Fees, the Borrower shall pay interest at the new Applicable Margin and Standby Fees effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided, notwithstanding that any Advance was made prior to such date and notwithstanding that interest and Standby Fees prior to delivery of the Compliance Certificate were calculated and paid based upon the Applicable Margins and Standby Fee previously in effect.

In the case of any outstanding BAs, the Borrower and the Bank agree that the Stamping Fee shall be adjusted between them to reflect the change in the Stamping Fee to the end of the remaining term of each outstanding BA. The Bank is hereby authorized to make such adjustments in such manner and at such time as the Bank determines is practicable.

In the event that the Borrower should fail to provide a Compliance Certificate as and when required, then, at the discretion of the Bank, the Applicable Margin and Fees in all cases shall automatically be changed as if the Net Debt to Cash Flow Ratio was > 3.0.

**DRAWDOWN,
NOTIFICATION,
AND CONVERSION:**

All Advances under Credit Facility A may only be drawn on a day that is a Business Day.

Prime Rate Loans
As required.

Canadian Dollar BAs

The Borrower shall provide two Business Days written notice to the Bank for Advances of BAs, notice to be received no later than 9:00 a.m. Mountain Time. The Borrower shall also provide two Business Days written notice for conversion of BAs at maturity to Prime Rate Loans.

EVIDENCE OF DEBT:

Revolving Demand Credit Agreement, Power of Attorney Form and Acknowledgement for Bankers' Acceptances, and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY B

ACQUISITION/DEVELOPMENT DEMAND LOAN (the "Credit Facility B).

MAXIMUM AMOUNT:

\$4,000,000

PURPOSE:

Credit Facility B shall only be used by the Borrower to assist in the acquisition of producing petroleum and natural gas reserves and/or development of proved non-producing/undeveloped petroleum and natural gas reserves.

AVAILABILITY:

Prime Rate loans ("Prime Rate Loans") in Canadian dollars, available by way of multiple draws subject to prior engineering review by the Bank utilizing the Bank's normal lending parameters accorded to the proved producing petroleum and natural gas reserves being acquired and/or evidence of capital expenditures on approved development of proved non-producing/undeveloped reserves.

REPAYMENT:

Subject to Availability, Review, and the Bank's right of demand, monthly principal repayments over the half-life of the reserves being financed, as determined by the Bank. Repayment to commence the month following drawdown.

INTEREST RATE:

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loan(s) drawn under the Credit Facility B at a rate per annum equal to the Prime Rate as designated from time to time by the Bank, plus 25 bps over the Applicable Margin as per the Pricing Grid stipulated under Credit Facility A. Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum.

CREDIT FACILITY FEE:

One-half percent (0.50%) on the amount of each Advance drawn on the Credit Facility B, due and payable at the commitment for such Advance.

STANDBY FEE:

The Standby Fee as per the Pricing Grid for Credit Facility A on the undrawn portion of the Credit Facility B (the "Standby Fee"), payable monthly on the first Business Day of each month.

**CHANGE IN MARGIN
AND STANDBY FEES:**

Whenever this Offering Letter calls for a change in Margin or Fees by reason of a change in the Net Debt to Cash Flow Ratio, each such change shall be effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided.

In respect of Prime Rate Loans and Standby Fees, the Borrower shall pay interest at the new Applicable Margin and Standby Fees effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided, notwithstanding that any Advance was made prior to such date and notwithstanding that interest and Standby Fees prior to delivery of the Compliance Certificate were calculated and paid based upon the Applicable Margins and Standby Fee previously in effect.

In the event that the Borrower should fail to provide a Compliance Certificate as and when required, then, at the discretion of the Bank, the Applicable Margin and Fees in all cases shall automatically be changed as if the Net Debt to Cash Flow Ratio was > 3.0.

**CONDITIONS PRECEDENT
TO FUNDING:**

In addition to all other Conditions Precedent set out in this Offering Letter, prior to advances under the Credit Facility B, the Borrower shall provide:

1. Copy of the executed purchase and sale agreement and any related conveyance, as applicable;
2. Variable Rate Demand Promissory Note in the face amount to be drawn;
3. Engineering report of the petroleum reserves to be purchased or developed;
4. Satisfactory evidence of title to petroleum and natural gas properties subject to the Security;
5. A detailed capital expenditure budget for approved developments of proven non-producing/undeveloped petroleum and natural gas reserves along with evidence of specific capital expenditures, as applicable; and
6. Corporate projections of balance sheet and income statement for the contemplated acquisition, as applicable.

EVIDENCE OF DEBT:

Variable Rate Demand Promissory Note and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY C:

MASTERCARD BUSINESS CARD (the "Credit Facility C").

MAXIMUM AMOUNT:

\$100,000.

PURPOSE:

Credit Facility C shall only be used by the Borrower to facilitate travel, entertainment, and supplier expenses for company officers.

REPAYMENT:

Payment in full, monthly.

INTEREST RATE:

Standard rates as established from time to time by MasterCard.

EVIDENCE OF DEBT:

MasterCard monthly statements and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

RISK MANAGEMENT FACILITY (the "Risk Management Facility")

PURPOSE:

Risk Management Facility shall be used by the Borrower for Financial Instruments.

AVAILABILITY:

Various Financial Instruments. Maximum term 26 months. Subject to Bank availability and including a cross default limit of \$500,000.

SETTLEMENT:

Settlement as per contract maturities.

EVIDENCE OF USAGE:

Executed treasury contracts, executed ISDA Master Agreement with appropriate annexes, other documentation acceptable to the Bank, and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

FOR ALL CREDIT FACILITIES

DEFINITIONS:

In this Offering Letter, including the Appendices hereto and in all notices given pursuant to this Offering Letter, capitalized words and phrases shall have the meanings given to them in this Offering Letter in their proper context, and words and phrases not otherwise defined in this Offering Letter but defined in Appendix C to this Offering Letter shall have the meanings given to them in Appendix C to this Offering Letter.

INTERPRETATION:

In this Offering Letter, unless otherwise specifically provided, words importing the singular will include the plural and vice versa, words importing gender shall include the masculine, the feminine and the neuter, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile.

FEES:

\$49,500 payable upon provision of this Offering Letter. Non-refundable. This fee includes the Bank's engineering expenses incurred for this Review.

SECURITY:

The following security shall be completed, duly executed, delivered, and registered, where necessary, to the entire satisfaction of the Bank and its counsel. All present and future security (the "Security") and the terms thereof shall be held by the Bank as continuing security for all present and future debts, obligations and liabilities (whether direct or indirect, absolute or contingent) of the Loan Parties to the Bank including without limitation for the repayment of all loans and advances made hereunder and for other loans and advances that may be made from time to time in the future whether hereunder or otherwise. For greater certainty, all Financial Instruments, including without limitation swaps and forwards, entered into at any time with the Bank (or any of its subsidiaries or affiliates from time to time) are deemed to be debts, obligations and liabilities of the Borrower and are secured by the Security on a pari passu basis and shall rank pari passu with all other indebtedness under the Credit Facilities. Where applicable, the Security will be in the Bank's standard form.

Held:

1. Accepted Offering Letter dated May 25, 2011.
2. Accepted Amending Offering Letters dated June 28, 2011 and January 18, 2012.
3. General Assignment of Book Debts.
4. \$75,000,000 Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's producing petroleum and natural gas properties at the request of the Bank, and pledge of such Debenture.
5. Evidence of insurance coverage in accordance with industry standards designating the Bank as first loss payee in respect of the proceeds of the insurance.
6. Appropriate title representation (Officer's Certificate as to Title) including a schedule of major producing petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (Working Interest or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides); or, at the request of the Bank, title opinion satisfactory to the Bank and its counsel.
7. Alberta Land Titles Office Name Search Consent from each Loan Party.
8. Assignment of revenues and monies under material contracts, as applicable.
9. Executed ISDA.
10. Legal Opinion of the Bank's counsel.

The Security has been registered in the Province of Alberta, in a first priority position, subject only to Permitted Encumbrances.

To Be Obtained:

1. Accepted Offering Letter dated May 14, 2012.
2. Such other security, documents, and agreements that the Bank or its legal counsel may reasonably request.

**REPRESENTATIONS
AND WARRANTIES:**

Each Loan Party represents and warrants to the Bank (all of which representations and warranties each Loan Party hereby acknowledges are being relied upon by the Bank in entering into this Offering Letter) that:

1. Each Loan Party has been duly incorporated or formed, as applicable, and is in good standing under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage, and administer its property.
2. This Offering Letter constitutes, and the Security and related agreements shall constitute, legal, valid, and binding obligations of each Loan Party party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and to the availability of equitable remedies.
3. Each Loan Party has the right to pledge, charge, mortgage, or lien its assets in accordance with the Security contemplated by this Offering Letter.
4. Each Loan Party is presently in good standing under, and shall duly perform and observe, all material terms of all documents, agreements, and instruments affecting or relating to the petroleum assets of such Loan Party.
5. There has been no adverse material change in the financial position of any Loan Party since the date of its most recent consolidated financial statements dated December 31, 2011, which were furnished to the Bank. Such consolidated financial statements fairly present the financial position of each Loan Party at the date that they were drawn up. No Loan Party foresees incurring any major liability which it has not already disclosed to the Bank.
6. No Loan Party is involved in any dispute or legal or regulatory proceedings likely to materially affect its financial position or its capacity to operate its business.
7. No Loan Party is in default under the contracts to which it is a party or under the applicable legislation and regulations governing the operation of its business or its property, including, without limitation, all Environmental Requirements, subsequently stated in Environmental Obligations.
8. The Borrower has no subsidiaries. *other than Radius Resources Corp*
9. The chief executive office (for the purposes of the PPSA) of each Loan Party is located in Alberta.
10. Each Loan Party has all the requisite power, authority and capacity to execute and deliver this Offering Letter and the Security (to which it is a party) and to perform its obligations hereunder and thereunder.
11. The execution and delivery of this Offering Letter and the Security (to which it is a party) and the performance of the terms of this Offering Letter and such Security do not violate the provisions of any Loan Party's constating documents or its by-laws or any law, order, rule or regulation applicable to it and have been validly authorized by it.
12. The execution, delivery and performance of the terms of this Offering Letter and the Security (to which it is a party) will not constitute a breach of any agreement to which any Loan Party or its property, assets or undertaking are bound or affected.

13. No Loan Party has incurred any indebtedness or obligations for borrowed money (other than as contemplated hereby or payables incurred in the ordinary course of business or as previously disclosed in writing to the Bank) and has not granted any security ranking equal with or in priority to the Security (other than Permitted Encumbrances).

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Offering Letter shall survive the execution of this Offering Letter and all Security, and shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Bank in writing and accepted by the Bank. The Bank shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facilities hereunder.

**CONDITIONS
PRECEDENT:**

Prior to any additional advances under the Credit Facilities, the Borrower shall have provided, executed or satisfied the following, to the Bank's satisfaction (collectively with all other conditions precedent set out in this Offering Letter, the "Conditions Precedent"):

1. All Security shall be duly completed, authorized, executed, delivered by each Loan Party which is a party thereto, and registered, all to the satisfaction of the Bank and its counsel.
2. All fees due and payable to the Bank shall have been paid.
3. No Default or Event of Default shall exist.
4. No Material Adverse Effect has occurred with respect to any Loan Party or the Security.
5. Any other document that may be reasonably requested by the Bank.

The above conditions are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of the Bank to insist on the satisfaction of any condition not expressly waived in writing or to insist on the satisfaction of any condition waived in writing which may be requested in the future.

**REPORTING
REQUIREMENTS:**

The Borrower shall submit to the Bank:

1. Monthly production and revenue reports in form and substance satisfactory to the Bank within 60 calendar days of each month end;
2. Quarterly unaudited consolidated financial statements and Compliance Certificate within 60 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year;
3. Annual audited consolidated financial statements and Compliance Certificate within 90 calendar days of each fiscal year end;
4. Annual independent engineering report in form and substance satisfactory to the Bank on the petroleum and natural gas reserves of the Borrower within 90 calendar days of each fiscal year end, prepared by a firm acceptable to the Bank;

5. Annual consolidated budget for the following fiscal year, including production, cash flow and capital expenditures forecasts, within 90 days of each fiscal year end; and
6. Any other information the Bank may reasonably require from time to time.

**AFFIRMATIVE
COVENANTS:**

Each Loan Party shall (each of the below being an "Affirmative Covenant"):

1. Carry on business and operate its petroleum and natural gas reserves in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws.
2. Maintain its corporate existence and comply with all applicable laws.
3. Pay, when due, all taxes, assessments, deductions at source, crown royalties, income tax or levies for which the payment is guaranteed by legal privilege, prior claim, or legal hypothec, without subrogation or consolidations.
4. Comply with all regulatory bodies and provisions regarding environmental procedures and controls.
5. Upon reasonable notice, allow the Bank access to its books and records, and take excerpts therefrom or make copies thereof, and to visit and inspect its assets and place(s) of business.
6. Maintain adequate and appropriate insurance on its assets including protection against public liability, blow-outs, and "all-risk" perils.
7. Inform the Bank of any event or action which would have a Material Adverse Effect on its operational or financial affairs, including but not limited to the sale of assets, guarantees, funded debt from other lenders, or alteration of type of business.
8. Keep and maintain books of account and other accounting records in accordance with GAAP.
9. Maintain an Adjusted Working Capital Ratio of not less than 1.00:1.00 at all times (waiver provided for the fiscal quarter ended March 31, 2012).
10. Pay all amounts due and payable hereunder and pursuant to the Security in accordance with the respective terms hereof and thereof.
11. As soon as practicable following receipt by such Loan Party of a request by the Bank to provide fixed charge security over the producing petroleum and natural gas properties of such Loan Party (and in any event not more than 5 Business Days following such request), furnish or cause to be furnished to the Bank, at the sole cost and expense of such Loan Party, fixed charge security over such producing and natural gas properties of such Loan Party as are specified by the Bank, in the form of a supplemental instrument to the Security.
12. Observe the terms of and perform its obligations under this Offering Letter and the Security, and under any other agreements now or hereafter made with the Bank.
13. Utilize the Advances only for the applicable purposes stipulated herein.

14. Notify the Bank, without delay, of (a) any litigation or proceeding in which it is a party if an adverse decision therein would require it to pay more than \$1,000,000 or deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance), and (ii) the institution of any other suit or proceeding involving it that might materially and adversely affect its property, assets or undertaking, or its operations, financial conditions or business.
15. Notify the Bank, without delay, of any Default or Event of Default.
16. Obtain and maintain the licenses and permits required to operate its business unless failure to obtain such licenses and permits could not reasonably be expected to result in a Material Adverse Effect
17. Provide the Bank with any information or document that it may reasonably require from time to time.

**NEGATIVE
COVENANTS:**

No Loan Party shall, without the prior approval of the Bank (each of the below being a "Negative Covenant"):

1. Allow a Change of Control.
2. Merge, amalgamate, consolidate, or wind up its assets, unless (i) such merger, amalgamation, consolidation or winding up is with another Loan Party and (ii) it has notified the Bank, without delay, of such merger, amalgamation, consolidation or winding up.
3. Reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares, unless such dividends, redemptions, and repurchases do not impair the capacity of such Loan Party to fulfil its obligations with respect to the Credit Facilities, including the repayment of all Credit Facilities; notwithstanding the foregoing, no Loan Party shall reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares when a Default or an Event of Default has occurred and is continuing or shall reasonably expected to occur as a result of reducing or distributing capital or paying dividends or redeeming or repurchasing common or preferred shares, as the case may be.
4. Incur further secured indebtedness, pledge or encumber assets, or guarantee the obligations of others.
5. Make loans or investments, except to or in another Loan Party.
6. Sell or dispose of any assets subject to the Bank's Security in the aggregate of greater than \$1,000,000 each calendar year. This shall include sale/leaseback transactions on facilities.
7. Hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes.
8. Monetize or settle any fixed price financial hedge or contract.
9. Make any material change in the nature of its business as carried on at the date hereof.
10. Utilize Advances to finance a hostile takeover.
11. Move its property, assets or undertaking outside the jurisdictions in which the Security is registered.

12. Move its chief executive office from Alberta.
13. Create, acquire or suffer to exist any subsidiary unless such subsidiary provides a guarantee and such other Security required by the Bank, in its sole discretion.
14. Experience a change in its executive management which, in the opinion of the Bank, acting in its sole discretion, has or may have a Material Adverse Effect.

**ENVIRONMENTAL
OBLIGATIONS:**

1. Each Loan Party shall comply with the requirements of all legislative and regulatory environmental provisions (the "Environmental Requirements") and shall at all times maintain the authorizations, permits, and certificates required under these provisions.
2. Each Loan Party shall immediately notify the Bank in the event a contaminant spill or emission occurs or is discovered with respect to its property, operations, or those of any neighbouring property. In addition, it shall report to the Bank forthwith any notice, order, decree, or fine that it may receive or be ordered to pay with respect to the Environmental Requirements relating to its business or property.
3. At the request of and in accordance with the conditions set forth by the Bank, each Loan Party shall, at its own cost, provide any information or document which the Bank may require with respect to its environmental situation, including any study or report prepared by a firm acceptable to the Bank. In the event that such studies or reports reveal that any Environmental Requirements are not being respected, the applicable Loan Party shall effect the necessary work to ensure that its business and property comply with the Environmental Requirements within a period acceptable to the Bank.
4. Each Loan Party undertakes to indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of any non-compliance with the Environmental Requirements.
5. The provisions, undertakings, and indemnification set out in this section shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Borrower to the Bank pursuant to the terms hereof.

EVENTS OF DEFAULT:

Notwithstanding that the Credit Facilities are on a demand basis, and without prejudice to the Bank's rights thereby, the following shall be considered events of default ("Events of Default"), upon the occurrence of which, or of a Default, the Bank may choose, in its sole discretion, to cancel all credit availability and to demand repayment of the Credit Facilities in full, together with outstanding accrued interest, fees and any other obligations of the Borrower to the Bank, and, without prejudice to the Bank's other rights and remedies, the Bank's Security shall become enforceable:

1. Immediately upon failure by any Loan Party to pay any instalment of principal, interest, fees, costs, incidental charges or any other amount payable hereunder or under any of the Security when due.
2. Any material representation or warranty contained in this Offering Letter, the Security, any certificate or any opinion delivered hereunder proves to be untrue.

3. Failure by any Loan Party to observe or comply with any Affirmative Covenant, Negative Covenant, Environmental Obligation, condition, or term as outlined herein, or in any Security document or underlying agreements delivered pursuant hereto (not otherwise specifically dealt with in this Events of Default Section).
4. In the opinion of the Bank, acting reasonably, a Material Adverse Effect in the financial condition of any Loan Party or to the operation of any Loan Party's assets has occurred.
5. If a petition is filed, an order is made or a resolution passed, or any other proceeding is taken for the winding up, dissolution, or liquidation of any Loan Party.
6. If proceedings are taken to enforce any encumbrance on the assets of any Loan Party having a value in the aggregate greater than \$1,000,000, excepting as long as such proceedings are being contested in good faith by such Loan Party and security satisfactory to the Bank has been provided to the Bank.
7. If any Loan Party ceases or threatens to cease to carry on its business, or if proceedings are commenced for the suspension of the business of any Loan Party, or if any proceedings are commenced under the Companies Creditors Arrangements Act (Canada) or under the Bankruptcy and Insolvency Act (Canada) (including filing a proposal or notice of intention) with respect to any Loan Party, or if any Loan Party commits or threatens to commit an act of bankruptcy, or if any Loan Party becomes insolvent or bankrupt or makes an authorized assignment pursuant to the Bankruptcy and Insolvency Act (Canada), or a bankruptcy petition is filed by or presented against any Loan Party.
8. If proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets of any Loan Party by a court or pursuant to any other agreement.
9. If any Loan Party is in default under the terms of any other contracts, agreements or writings with any other creditor having liens on the property of such Loan Party and such default could reasonably be expected to result in a Material Adverse Effect.
10. If the validity, enforceability or, where applicable, priority of this Offering Letter or any of the Security is prejudiced or endangered.
11. If an event of default under any of the Security occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any of the Security occurs.
12. If any event of default under any material agreement to which a Loan Party is a party occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any material agreement to which a Loan Party is a party occurs.
13. If the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of repayment of any Advance is or is about to be impaired or that the collateral security by the Security is or is about to be placed in jeopardy.
14. If any Material Adverse Effect occurs.

**INTEREST ON
OVERDUE AMOUNTS:**

Notwithstanding any other provision of this Offering Letter, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Bank interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 10:00 a.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Advance on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to: (i) the rate of interest then being charged on Prime Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in Canadian Dollars under such Credit Facility; and (ii) the rate of interest then being charged on Base Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in U.S. Dollars under such Credit Facility. The Borrower hereby waives, to the fullest extent it may do so under applicable law, any provisions of applicable law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

COSTS:

All reasonable third party expenses incurred by the Bank in connection with the Credit Facilities or this Offering Letter are for the account of the Borrower including, but not limited to, legal fees (on a solicitor and own client basis) and future engineering fees.

CHANGE OF LAWS:

Notwithstanding anything contained in this letter to the contrary, in the event that:

1. changes to any existing law or regulation or the introduction of any new law or regulation, or taxes other than income taxes, including, without limitation, a sales tax on loan transactions, or in the interpretation or administration thereof; or
2. compliance by the Bank with any request from or requirement of any central bank or other fiscal or monetary authority having jurisdiction over Canadian banks general (whether or not such request has the force of law);

cause the Bank to:

- a. incur any cost as a result of having entered into and/or performed its obligations hereunder and/or as a result of obligations or options remaining outstanding hereunder including, without limitation, any reserve or special deposit requirement or any payment on or calculated by reference to the amount of the Credit Facilities hereunder; or
- b. suffer a reduction in the rate of return on that part of its overall capital (not due to the rates of tax payable on their overall profits or net income) as a result of a requirement to attribute or allocate capital to the Credit Facilities or a Credit Facility provided hereunder in respect of that part of such Credit Facilities or Credit Facility which is for the time being undrawn as a result of a change in the manner in which the Bank is required to allocate resources to its obligations hereunder,

then the Bank reserves the right to increase the charges for the Credit Facilities or such Credit Facility provided hereunder by the amount of such additional cost of liability as determined by the Bank and the Borrower agrees that it will forthwith on demand pay to the Bank amounts sufficient to reimburse the Bank against such costs or liabilities.

CURRENT ACCOUNTS:

Each Loan Party shall maintain its current accounts at the Calgary Branch of the Bank through which it shall conduct all of its banking activities.

Regular Bank service charges shall apply in the day-to-day operations of each Loan Party's accounts.

GENERAL:

Time is of the essence.

The terms and conditions of this Offering Letter between the Bank and each Loan Party are confidential and shall be treated accordingly.

Each Loan Party shall do all things and execute all documents deemed necessary or appropriate by the Bank for the purposes of giving full force and effect to the terms, conditions, undertakings, and security granted or to be granted hereunder.

When a conflict or inconsistency exists between the Security and this Offering Letter, this Offering Letter shall govern to the extent necessary to remove such conflict or inconsistency. Notwithstanding the foregoing, if there is any right or remedy of the Bank set out in any of the Security or any part of which is not set out or provided for in this Offering Letter, such additional right shall not constitute a conflict or inconsistency.

ACCOUNT DEBITS:

Each Loan Party hereby irrevocably authorizes the Bank to debit periodically or from time to time, any bank account it may maintain at the Bank in order to pay all or part of the amounts any Loan Party may owe to the Bank hereunder.

**PERSONAL PROPERTY
SECURITY ACT (ALBERTA)
REQUIREMENTS:**

Each Loan Party hereby waives the requirement for the Bank to provide copies of Personal Property Security Act (Alberta) (collectively with the equivalent legislation in other jurisdictions, the "PPSA") registrations, verification statements, or financing statements undertaken by the Bank.

Each Loan Party hereby agrees to provide to the Bank written notice of a change in its name or address immediately.

ASSIGNMENT:

No rights or obligations of any Loan Party hereunder and no amount of the Credit Facilities may be transferred or assigned by any Loan Party, any such transfer or assignment being null and void insofar as the Bank is concerned and rendering any balance then outstanding of the loan immediately due and payable at the option of the Bank and releasing the Bank from any and all obligations of making any further advances hereunder.

DEMAND:

Notwithstanding any of the terms of this Offering Letter, all obligations of any Loan Party hereunder are repayable to the Bank at any time upon its demand.

ADJUSTMENTS:

Notwithstanding any maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee quoted herein, the Bank shall have the right to adjust such maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee, at the Bank's sole discretion.

NO OBLIGATION:

Upon the Bank's demand for repayment or upon the occurrence of a Default or an Event of Default, the Bank shall have no obligation or liability to make further advances under the Credit Facilities.

**ACCESS TO
INFORMATION:**

Each Loan Party hereby authorizes the Bank to use the necessary information pertaining to it which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize(s) the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, it hereby authorizes the Bank to obtain personal information pertaining to it from any party likely to have such information (credit or information bureau, financial institution, creditor, employer, tax authority, public entity, Persons with whom they might have business relations, and affiliates or Bank subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of each Loan Party at all times.

**ANTI-MONEY
LAUNDERING
LEGISLATION:**

Each Loan Party acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti money laundering, anti terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding any Loan Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

NOTICE:

Notices to be given under this Offering Letter, the Security or any other document in respect thereto any of Loan Party or the Bank shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended. Notices shall be given by personal delivery or transmitted by facsimile and shall be deemed to be received on the Business Day of receipt (unless such delivery or transmission is received after 1:00 p.m. Mountain Time, in which case it shall be deemed to have been received on the following Business Day) unless the law deems a particular notice to be received earlier. The address for each Loan Party shall be the addresses currently recorded on the records of the Bank for such Loan Party, or such other mailing or facsimile addresses as such Loan Party may from time to time notify the Bank as aforesaid. The address for the Bank shall be the Calgary Branch of the Bank or such other mailing or facsimile addresses as the Bank may from time to time notify the Borrower as aforesaid.

**AUTHORIZATION
REGARDING
INSTRUCTIONS SENT
ELECTRONICALLY:**

Each Loan Party authorizes the Bank to do all things as authorized by such Loan Party even if such authorization is sent by fax or by e-mail and the Bank may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Bank will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Bank or otherwise.

PAYMENTS:

Unless otherwise indicated herein, the obligation of each Loan Party to make all payments under this Offering Letter and the Security shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:

1. Any set-off, compensation, counterclaim, recoupment, defence or other right which such Loan Party may have against the Bank of anyone else for any reason whatsoever; or
2. Any insolvency, bankruptcy, reorganization or similar proceedings by or against such Loan Party.

All payments to be made under this Offering Letter shall be made in Canadian Dollars.

All payments made under this Offering Letter shall be made on or prior to 1:00 p.m. Mountain Time on the day such payment is due. Any payment received after 1:00 p.m. Mountain Time shall be deemed to have been received on the following day. Whenever a payment is due on a day which is not a Business Day, such due day shall be extended to the next Business Day and such extension of time shall be included in the computation of any interest payable.

SET-OFF:

The Bank shall have the right to set-off and apply any funds of any Loan Party deposited with or held by the Bank from time to time, and any other indebtedness owing to any Loan Party by the Bank, against any of the amounts outstanding under this Offering Letter from time to time.

JUDGMENT CURRENCY:

If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Offering Letter it is necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which the Bank would, on the relevant day, be prepared to sell a similar amount of such currency against the Judgment Currency.

**RIGHTS AND REMEDIES
CUMULATIVE:**

The rights, remedies and powers of the Bank under this Offering Letter, the Security, at law and inequity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank, and no delay or omission in exercise of any such right, remedy or power shall exhaust such rights, remedies and powers to be construed as a waiver of any of them.

**WAIVERS AND
AMENDMENTS:**

No term, provision or condition of this Offering Letter or any of the Security, nor the Offering Letter or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Bank.

**INTEREST ACT
(CANADA):**

Any interest rate set forth in this Offering Letter based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such interest rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based. The Borrower hereby waives, to the fullest extent it may do so under law, any provisions of law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

GAAP / IFRS:

All financial statements required to be furnished by the Borrower to the Bank hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Offering Letter, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet

item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP. If there occurs a change in GAAP (an "Accounting Change"), including as a result of a conversion to International Financial Reporting Standards ("IFRS"), and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of the Borrower or the Bank, the Borrower and the Bank shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of the Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by the Borrower or the Bank, the Borrower and the Bank have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

GOVERNING LAW:

This Offering Letter shall be construed and governed in accordance with the laws of the Province of Alberta. Each Loan Party irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

REVIEW:

Without detracting from the demand nature of the Credit Facilities, the Credit Facilities are subject to periodic review by the Bank periodically in its sole discretion (each such review is referred to in this Offering Letter as a "Review"). The next Review is scheduled on or before August 1, 2012, but may be set at an earlier or later date at the sole discretion of the Bank.

EXPIRY DATE:

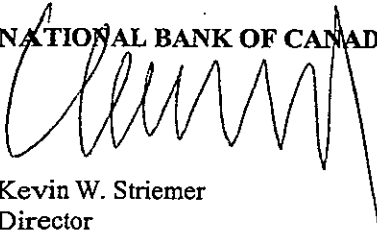
This Offering Letter is open for acceptance until May 18, 2012 (as may be extended from time to time as follows, the "Expiry Date") at which time it shall expire unless extended by mutual consent in writing. We reserve the right to cancel our offer at any time prior to acceptance.


If the foregoing terms and conditions are acceptable, please sign two copies of this Offering Letter and return one copy to the Bank by the Expiry Date. This Offering Letter may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Offering Letter shall be deemed to be valid execution and delivery of this Offering Letter, but the party delivering a facsimile or other electronic copy shall deliver an original copy of this Offering Letter as soon as possible after delivering the facsimile or other electronic copy.

National Bank of Canada appreciates the opportunity of providing this Offering Letter to Argosy Energy Inc. We look forward to our continuing and mutually beneficial relationship.

Yours truly,

NATIONAL BANK OF CANADA


Kevin W. Striemer
Director
Energy Group


David K. Forsyth
Managing Director
Energy Group

/gm
Enclosure
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AGREED AND ACCEPTED this 16 day of May, 2012.

ARGOSY ENERGY INC.

Per: 

Per: 

APPENDIX A

CREDIT:

Energy Group
National Bank of Canada
311 - 6 Avenue SW, Suite
1800
Calgary, AB T2P 3H2

Director:
Telephone:
Facsimile:
E-mail:

Mr. Kevin Striemer
(403) 294-4958
(403) 294-3078
kevin.striemer@nbc.ca

Associate:
Telephone:
Facsimile:
E-mail:

Ms. Audrey Ng
(403) 294-4966
(403) 294-3078
audrey.ng@nbc.ca

ADMINISTRATION:

BA Administration; Current
Account Documents; L/C/Gs;
MasterCard; Loan/Account
Balances; CAD/USD Money
Orders/Bank Drafts; Bank
Confirmations; Investments;
General Inquiries

Account Representative:
Telephone:
Facsimile:
E-mail:

Ms. Gerry McLean
(403) 294-4922
(403) 294-3078
gerry.mclean@nbc.ca

BRANCH:

Calgary Downtown Branch
National Bank of Canada
301 - 6 Avenue SW
Calgary, AB T2P 4M9

Telephone:
Facsimile:

(403) 294-4900
(403) 294-4965

Calgary MacLeod Trail Branch
National Bank of Canada
430 - 7337 MacLeod Trail
South
Calgary, AB T2H 0L8

Telephone:
Facsimile:

(403) 592-8515
(403) 265-0831

INTERNET/ TELEPHONE BANKING

Order Cheques, Loan/Account
Balances; Traces; Stop
Payments, List of Current
Account Transactions; Pay
Bills; Transfer Between
Accounts

Website:
Telephone:

www.nbc.ca
(888) 483-5628

OTHER:

Internet Banking

Manager,
Global Cash Management:
Telephone:
Facsimile:
E-mail:

Ms. Kathy Holland
(403) 294-4948
(403) 476-1000
kathy.holland@nbc.ca

Foreign Exchange & Interest
Rates
National Bank of Canada
311 - 6 Avenue SW, 6th Floor
Calgary, AB T2P 3H2

Director, Risk
Management Solutions:
Telephone:
Facsimile:
E-mail:

Mr. George Androulidakis
(403) 440-1126
(403) 294-4923
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Commodity Derivatives
311 - 6 Avenue SW, 6th Floor
Calgary, AB T2P 3H2

Telephone:
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(403) 294-4935
(403) 294-4923
energy@nbcenergy.com

APPENDIX B

COMPLIANCE CERTIFICATE

To: National Bank of Canada
530 – 8th Ave SW, Suite 2700
Calgary, AB

I _____, of the City of _____, in the Province of _____, hereby certify as at the date of this Certificate as follows:

1. I am the _____ of Argosy Energy Inc. (the "Borrower") and I am authorized to provide this Certificate to you for and on behalf of the Borrower;
2. This Certificate applies to the fiscal quarter ended _____, 20__;
3. I am familiar with and have examined the provisions of the Offering Letter dated May 14, 2012, as amended from time to time, between the Borrower and National Bank of Canada and I have made such investigations of corporate records and inquiries of other officers and senior personnel of each Loan Party as I have deemed reasonably necessary for purposes of the Certificate;
4. As of the date hereof, the Borrower confirms that all of its subsidiaries (if any) are Loan Parties.
5. The representations and warranties set forth in the Offering Letter are in all material respects true and correct on the date hereof;
6. No Default or Event of Default has occurred and is continuing of which we are aware;
7. As required, I have calculated the Adjusted Working Capital Ratio for the fiscal quarter ended as follows:
_____ : 1.00; and
8. As required, I have calculated the Net Debt to Cash Flow Ratio for the fiscal quarter ended as follows:
_____ : 1.00; and
9. All relevant calculations and financial statements are attached.

Except where the context otherwise requires, all capitalized terms used herein have the same meanings as given thereto in the Offering Letter.

This Certificate is given by the undersigned officer in their capacity as an officer of the Borrower without any personal liability on the part of such officer.

Executed at the City of _____, in the Province of _____ this _____ day of _____, 20__.

Yours truly,

ARGOSY ENERGY INC.

Per: _____
Name:
Title:

**ARGOSY ENERGY INC.
 COMPLIANCE CERTIFICATE**

Calculation of Adjusted Working Capital Ratio

Current Assets

Current assets	\$	
Less: Unrealized Hedging Gains	()
Add: Undrawn Availability under Credit Facility A		
	\$	<u>(A)</u>

Current Liabilities

Current liabilities	\$	
Less: Unrealized Hedging Losses	()
Less: Current Portion of Bank Debt	()
	\$	<u>(B)</u>

Adjusted Working Capital Ratio calculated as follows:

$$\frac{A}{B} =$$

Calculation of Net Debt to Cash Flow Ratio

Net Debt

Debt	\$	
+ Working Capital Deficit (any positive working capital deducted)	\$	

Net Debt \$

Quarterly Cash Flow

Net earnings for the fiscal quarter ending	\$	
+ Depletion, depreciation, accretion, and amortization	\$	
+ Future income taxes	\$	
+ Other charges to operations not requiring a current cash payment	\$	
- Non-cash income	\$	
- Unrealized mark to market gains	\$	
- Capital Lease payments	\$	
- Abandonment costs paid in cash	\$	
- Extraordinary or nonrecurring earnings, gains, and losses	\$	
+/- Such other amounts as reasonably requested by the Bank.	\$	
Quarterly Cash Flow	\$	<u></u>

Quarterly Cash Flow (annualized) \$ x 4 = \$

Net Debt to Cash Flow Ratio calculated as follows:

$$\frac{\text{Net Debt}}{\text{Annualized Cash Flow}} =$$

APPENDIX C

DEFINITIONS

In the Offering Letter, including all Appendices to the Offering Letter, and in all notices given pursuant to the Offering Letter, unless something in the subject matter or context is inconsistent therewith, capitalized words and phrases shall have the meanings given to them in the Offering Letter in their proper context, and capitalized words and phrases not otherwise defined in the Offering Letter shall have the following meanings:

"**Adjusted Working Capital Ratio**" means the ratio of (i) Current Assets plus undrawn Availability under Credit Facility A to (ii) Current Liabilities.

"**Advance**" means an advance of funds made by the Bank under a Credit Facility to the Borrower, or if the context so requires, an advance of funds under one or more of the Credit Facilities or under one or more of the availability options of one or more of the Credit Facilities, and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Prime Rate Loans and Base Rate Loans, plus the Face Amount of all outstanding BAs and the stated amount of all L/C/Gs as applicable.

"**Appendix**" means an appendix to the Offering Letter.

"**Applicable Margin**" means, at any time, a margin, expressed as a rate per annum based on a 365 or 366 day period, as the case may be, for Prime Rate Loans, Base Rate Loans and payment of Standby Fees and L/C/G Fees, or based on a 365 day period in the case of Stamping Fees, and in any case payable to the Bank, as set out in the Pricing Grid for Facility A under the then Net Debt to Cash Flow Ratio applicable to the type of Advance.

"**Availability**" has the meaning ascribed to such term under the section heading "Availability", with respect to the applicable Credit Facility.

"**bps**" means one one-hundredth of one percent.

"**Business Day**" means a day on which banks are open for business in Calgary, Alberta, Montreal, Quebec and Toronto, Ontario; but does not, in any event, include a Saturday or Sunday.

"**Calgary Branch of the Bank**" means the branch of the Bank at 301 – 6 Avenue SW, Calgary, AB T2P 4M9, fax (403) 294-4965, or such other address as the Bank may notify the Borrower from time to time.

"**Canadian Dollars**", "**Cdn Dollars**", "**Cdn\$**", "**CAS**" and "**\$**" mean the lawful money of Canada.

"**Capital Lease**" means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be accounted for as a capital lease on a balance sheet of such Person but excluding any lease that would in accordance with GAAP be determined to be an operating lease.

"**Cash Flow**" means, at any time, the annualized cash flow of the Borrower on a consolidated basis for the most recent fiscal quarter as determined from its quarterly financial statements for that fiscal quarter, which for certainty means an annualized aggregate amount expressed in Canadian Dollars of the sum, without duplication, of its:

- (a) net earnings (but excluding from the determination of net earnings, non-cash income, unrealized mark to market gains, Capital Lease payments, any abandonment costs paid in cash, cash taxes and any extraordinary or nonrecurring earnings, gains, and losses);
- (b) depletion, depreciation, accretion and amortization;
- (c) exploration and evaluation expenses to the extent deducted from Net Income;
- (d) future income taxes; and
- (e) other charges to operations not requiring a current cash payment,

it being acknowledged that such annualized cash flow shall be adjusted for such other amounts as reasonably requested by the Bank during such fiscal quarter.

"Change of Control" means the occurrence of any of the following events, with respect to any Loan Party:

- (a) any Person or Persons acting jointly or in concert (within the meaning of the Securities Act (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and/or has the right to acquire or control or exercise direction over (whether such right is exercisable immediately or only after the passage of time) more than 20% of the issued and outstanding Voting Shares of such Loan Party; or
- (b) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of such Loan Party cease, for any reason, to constitute at least a majority of the board of directors of such Loan Party unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period (the "Incumbent Directors") and in particular, any new director who assumes office in connection with or as a result of any actual or threatened proxy or other election contest of the board of directors of the Borrower shall never be an Incumbent Director; or
- (c) such Loan Party ceases to own, control or direct 100% of the Voting Shares of a subsidiary.

"Compliance Certificate" means a certificate of an officer of the Borrower signed on its behalf by the president, chief executive officer, chief operating officer, chief financial officer or any vice president of the Borrower, substantially in the form annexed hereto as Appendix B, to be given to the Bank by the Borrower from time to time pursuant to the Offering Letter.

"Credit Facilities" means the credit facility(ies) (and the risk management facility) to be made available to the Borrower by the Bank in accordance with the provisions of the Offering Letter.

"Current Assets" means, as at any date of determination, the current assets of the Borrower on a consolidated basis for such date as determined in accordance with generally accepted accounting principles but excluding the impact of any Unrealized Hedging Gains.

"Current Liabilities" means, as at any date of determination, the current liabilities of the Borrower on a consolidated basis for such date as determined in accordance with generally accepted accounting principles but excluding: (i) Current Portion of Bank Debt; and (ii) the impact of any Unrealized Hedging Losses.

"Current Portion of Bank Debt" means any current liabilities under the Credit Facilities other than those that arise due to total advances under a Credit Facility exceeding the maximum amount of such Credit Facility, whether by reduction of maximum amount, fluctuations in exchange rates, or due to mandatory repayments, or due to the occurrence of a Default or an Event of Default, or due to the Bank's demand for repayment.

"Debt" means, as at any date of determination, all obligations, liabilities and indebtedness of the Borrower which would, in accordance with generally accepted accounting principles, be classified upon a consolidated balance sheet of the Borrower for such date as indebtedness for borrowed money and, without limiting the generality of the foregoing, whether or not so classified, shall include (without duplication):

- (a) obligations under BAs;
- (b) issued and drawn L/C/Gs;
- (c) obligations under guarantees, indemnities, or such other agreements providing financial assistance;
- (d) Capital Leases or sales/lease-backs;
- (e) obligations under deferred purchase price agreements;
- (f) deferred revenues relating to third party obligations;
- (g) the redemption amount of any capital where the holder of such capital has the option to require the redemption of such capital for cash or property and payment of the redemption amounts;
- (h) any distributions declared but not yet paid; and
- (i) all mark to market losses under any Financial Instruments that are due and owing.

"Default" means any event or condition which, with the giving of notice, lapse of time or both, or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"Face Amount" means (i) in respect of a BA, the amount payable to the holder thereof on its maturity, and (ii) in respect of a L/C/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C/G.

"Federal Funds Effective Rate" means, on any day, the rate of interest per annum for that day set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (the "H.15(519)") opposite the caption "Federal Funds (Effective)" and, if on any day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the Composite 3:30 p.m. Quotations for US Government Securities, or any successor publication, for such day published by the Federal Reserve Board (the "Composite 3:30 p.m. Quotations") under the caption "Federal Funds Effective Rate"; provided that if such rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, such rate will be the average of the interest rates per annum quoted for such day on overnight Federal funds (such words to have the meaning generally given to them by money market brokers of recognized standing doing business in the United States of America) transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank;

"Financial Instrument" means any currency swap agreement, cross-currency agreement, interest swap agreement, agreement for the making or taking of delivery of any commodity, commodity swap agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar risk management agreement or arrangement, or any combination thereof, to be entered into by the Borrower where (i) the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt) (ii) the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time, or (iii) the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles consistently applied which are in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

"ISDA Master Agreement" means an International Swap and Derivatives Association, Inc. Master Agreement (Multi Currency - Cross-Border) as from time to time amended, restated or replaced by the International Swap and Derivatives Association, Inc., including the schedule thereto and any confirmation thereunder as entered into by the Borrower with any counterparty thereto.

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, financial condition, operations, assets or capitalization of the Borrower on a consolidated basis and taken as a whole;
- (b) the ability of any Loan Party to pay or perform the obligations under this Offering Letter or the ability of any Loan Party to pay or perform any of its obligations or contingent obligations under any Security or any underlying agreements or document delivered pursuant to this Offering Letter or the Security;
- (c) the ability of any Loan Party to perform its obligations under any material contract, if it would also have a material adverse effect on the ability of such Loan Party to pay or perform its obligations under this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security;
- (d) the validity or enforceability of this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security; and
- (e) the priority ranking of any security interests granted by this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security, or the rights or remedies intended or purported to be granted to the Bank under or pursuant to this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security.

"**Net Debt**" means at any time, on a consolidated basis, the aggregate amount (without duplication) expressed in Canadian Dollars of (a) Working Capital Deficit plus (b) Debt .

"**Net Debt to Cash Flow Ratio**" means at any time, the ratio of (i) Net Debt to (ii) Cash Flow.

"**Offering Letter**" means the offering letter to which this appendix is appended, and any appendices thereto, as amended, supplemented, modified, restated or replaced from time to time.

"**Permitted Contest**" means action taken by a Loan Party in good faith by the appropriate proceedings diligently pursued to contest a tax, claim or security interest, provided that:

- (a) such Loan Party has established reasonable reserves therefor in accordance with GAAP;
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the property, assets or undertaking of any Loan Party.

"**Permitted Encumbrance**" means at any particular time any of the following encumbrances on the property or any part of the property of any Loan Party:

- (a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (b) liens under or pursuant to any judgment rendered, or claim filed, against a Loan Party, which such Loan Party shall be contesting at the time by a Permitted Contest;
- (c) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against any Loan Party or which relate to obligations not due or delinquent, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (d) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;
- (e) security given by any Loan Party to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of such Loan Party, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of any Loan Party;
- (f) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (g) security interests in favour of the Bank securing the obligations of any Loan Party under the Offering Letter or the Security;
- (h) the Security;

- (i) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of petroleum or natural gas interests, related production or processing facilities in which such Person has an interest or the transmission of petroleum or natural gas as security in favour of any other Person conducting the exploration, development, operation or transmission of the property to which such liens relate, for any Loan Party's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (j) liens for penalties arising under non-participation or independent operations provisions of operating or similar agreements in respect of any Loan Party's petroleum or natural gas interests, provided that such liens do not materially detract from the value of any material part of the property of any Loan Party;
- (k) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all or any of the petroleum or natural gas interests of any Loan Party;
- (l) any encumbrance or agreement entered into in the ordinary course of business relating to pooling or a plan of unitization affecting the property of any Loan Party, or any part thereof;
- (m) the right reserved or vested in any municipality or governmental or other public authority by the terms of any petroleum or natural gas leases or similar agreements in which any Loan Party has any interest or by any statutory provision to terminate petroleum or natural gas leases or similar agreements in which any Loan Party has any interest, or to require annual or other periodic payments as a condition of the continuance thereof;
- (n) obligations of any Loan Party to deliver petroleum, natural gas, chemicals, minerals or other products to buyers thereof in the ordinary course of business; and
- (o) royalties, net profits and other interests and obligations arising in accordance with standard industry practice and in the ordinary course of business, under petroleum or natural gas leases or similar agreements in which any Loan Party has any interest.

"Person" or "person" means and includes an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"Prime Rate" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

- (a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in Canadian Dollars made by the Bank in Canada; and
- (b) the average annual rate (rounded upwards, if necessary, to 0.01%) as determined by the Bank as being the average of the "BA 1 month" CDOR Rate applicable to bankers' acceptances in Canadian Dollars displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap and Derivatives Association, Inc. definitions, as modified and amended from time to time) plus 1.00%; provided that if such rates do not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be calculated as the arithmetic average of the 30-day discount rates applicable to bankers' acceptances in Canadian Dollars quoted by three major Canadian Schedule I chartered banks chosen by the Bank as of approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day.

"Retractable Preferred Shares" means preferred shares of the Borrower which are retractable at the option of the holder.

"Stamping Fee" means, at any time, a margin, expressed as a rate per annum based on a 365 day period, charged by the Bank for accepting and stamping BAs.

"**Unrealized Hedging Gains**" means mark to market unrealized gains in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**Unrealized Hedging Losses**" means mark to market unrealized losses in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**U.S. Base Rate**" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

- (a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in U.S.\$ made by the Bank in Canada; and
- (b) the Federal Funds Effective Rate in effect from time to time multiplied by 365/366, plus a margin on one half (1/2) of one (1) percent (0.50%).

"**U.S. Dollar**" and the symbol "U.S.\$" each means lawful money of the United States of America in same day immediately available funds and, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due.

"**Voting Shares**" means:

- (a) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;


provided that subparagraph (ii) above shall not include voting rights created solely by statute, such as those rights created pursuant to section 183(4) of the Business Corporations Act (Alberta) as in effect on the date of the Offering Letter;

- (b) in respect of a trust, trust units of the trust:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;
- (c) in respect of a partnership, the partnership interests or partnership units:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and is continuing.

"**Working Capital Deficit**" means Current Liabilities minus Current Assets.

TAB B

This is Exhibit "B" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.



Jeremy S. Ho
Student-at-Law

LETTER OF GUARANTEE
RADIUS RESOURCES CORP.

To: National Bank of Canada

1. In consideration of the National Bank of Canada (hereinafter referred to as the "**Bank**") dealing with ARGOSY ENERGY INC. (hereinafter referred to as the "**Customer**"), the undersigned and each of them, if more than one, hereby jointly and severally guarantee payment to the Bank of all present and future debts and liabilities (direct or indirect, absolute or contingent, matured or otherwise), now or at any time and from time to time hereafter due or owing to the Bank whether incurred by the Customer alone or jointly with any corporation, person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in view of recovering or attempting to recover said debts and liabilities. Provided, however, that the liability of the undersigned, and of each of the undersigned herein, is limited to SEVENTY-FIVE MILLION (\$75,000,000.00) DOLLARS, with interest thereon from the date of demand of payment, at the rate agreed upon, between the Bank and the Customer.
2. In this guarantee, the word "Guarantor" shall mean the undersigned and if there is more than one, it shall mean each of them.
3. This guarantee shall not be affected by the death or loss or diminution of capacity of the Customer or of the Guarantor or by any change in the name of the Customer in the membership of the firm of the Customer through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the business of the Customer by a corporation, firm or person, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer or the business of the Customer being amalgamated with a firm or corporation but shall, notwithstanding the happening of any such event, continue to exist and apply to the full extent as if such event has not happened. The Guarantor agrees to monitor changes in the financial position of the Customer and hereby releases the Bank from any liability resulting therefrom.
4. All monies, advances renewals and credits in fact borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, the whole whether known to the Bank or not; and any sum which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as sole and principal debtor in respect thereof and shall be paid to the Bank on demand with interest and accessories as herein provided.
5. This guarantee shall continue and be enforceable notwithstanding any amalgamation of the Bank with any other bank(s), financial institution(s) or other corporation(s), and any further amalgamation, in which event this guarantee shall also extend to all debts and liabilities then or thereafter owed by the Customer to the amalgamated bank. Furthermore, all security, real or personal, moveable or immoveable, which have been or will be given by the Guarantor for the said debts and liabilities shall be valid in the hands of the Bank, as well as its successors and assigns.

6. It is further agreed that this shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Bank.
7. This guarantee shall bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the branch of the Bank at which the account of the Customer is kept, but such termination by any of the guarantors or their respective heirs successors, executors, administrators, legal representatives or assigns shall not prevent the continuance of the liability hereunder of any other guarantor. Such termination shall apply only to those debts or liabilities of the Customer incurred or arising after reception of the notice by the Bank, but not in respect of any prior debts or liabilities, matured or not. The notice of termination shall have no effect on those debts or liabilities incurred after reception of said notice which will result from express or implied commitments made prior to reception.
8. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. It is further agreed that the Bank, without exonerating in whole or in part the Guarantor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take security from, and give up or release any or part of the security held, may abstain from taking, perfecting, registering or renewing security or from realizing on security, may accept compositions and otherwise deal with the Customer and with any other person or persons, including any of the guarantors, and dispose of any security held by the Bank as it may see fit, and that all dividends and monies received by the Bank from the Customer or from any other person, capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be considered for all purposes as payment in gross which the Bank shall have the right to apply as it may see fit, not being bound by the law of imputation, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding up, in respect of the whole said debts and liabilities. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of its claims against the Customer with interest and costs.
9. If any circumstances arise necessitating the Bank to file its claim against the estate of the Customer and to value its security, it will be entitled to place such valuation as the Bank may in its discretion see fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor.
10. The Bank shall not be obliged to exhaust its recourse against the Customer or other persons or the security it may hold before being entitled to payment from the Guarantor of each and every of the debts and liabilities hereby guaranteed and it shall not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
11. All indebtedness and liability, present and future of the Customer to the Guarantor are hereby assigned to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank. All monies received from the Customer or on his behalf by the Guarantor shall be held as in his capacity as agent, mandatary and trustee for the Bank and shall be paid over to the Bank forthwith. This provision will remain in full force and effect, notwithstanding the termination of the guarantee pursuant to the provisions of paragraph 7 in which event it will terminate when the debts and liabilities of

the Customer to the Bank covered by this guarantee pursuant to paragraph 7 hereof have been paid in full.

12. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security by whomsoever given held at any time by the Bank and the Bank shall be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon.
13. The Guarantor shall be bound by any account settled between the Bank and the Customer and, if no such account has been so settled any account stated by the Bank shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank.
14. The Guarantor shall make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand shall be deemed to have been effectually made when an envelope containing it addressed to the Guarantor at his last address known to the Bank is deposited postage prepaid in the Post Office. The liability of the Guarantor shall bear interest from the date of such demand at the rate or rates then applicable to the debts and liabilities of the Customer to the Bank.
15. This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of the Guarantor hereunder begins on the date of his signature on this guarantee.
16. This guarantee shall be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Customer and also upon the heirs, executors, administrators and successors of the Guarantor and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity shall not affect the other provisions hereof which shall remain in force and be binding on the parties hereto.
17. The Guarantor acknowledges having read and taken cognizance of the present guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained therein.

18. This guarantee shall be construed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.

IN WITNESS WHEREOF the Guarantor has caused this guarantee to be executed by its respective officers thereunto duly authorized, this 14th day of May, 2010.

RADIUS RESOURCES CORP.

Per:



Ray Dobek
President and Chief Executive Officer

We hereby acknowledge that a copy of this guarantee was handed over to us on the date hereof.

RADIUS RESOURCES CORP.


Per:



Ray Dobek
President and Chief Executive Officer

TAB C

This is Exhibit "C" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

DEBENTURE

ARGOSY ENERGY INC.

(a body corporate incorporated under the laws of Alberta and
having its head office in the City of Calgary)

1. ARGOSY ENERGY INC. (the "Corporation") acknowledges that it is or may become indebted to the National Bank of Canada (the "Bank") up to the principal amount of SEVENTY FIVE MILLION (\$75,000,000.00) DOLLARS (the "Principal Sum") and covenants and agrees to and with the Bank that it will pay to the Bank the Principal Sum in lawful money of Canada, ON DEMAND, and further covenants and agrees with the Bank that it will pay to the Bank interest on the Principal Sum or so much thereof remaining from time to time owing at such rate per annum as is determined by the Bank and specified in such demand promissory notes as may be requested from time to time by the Bank or as may be provided for in agreements made between the Bank and the Corporation from time to time (such rate if not so ascertainable to be equal to the Prime Rate plus 2.0% per annum. "Prime Rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it will use to determine the rates of interest on Canadian dollar loans to customers in Canada and designated as the Prime Rate by the Bank), such interest to be calculated on the portion or portions of the Principal Sum as shall from time to time remain unpaid. All payments of principal and interest are to be made at the 301 - 6th Avenue SW, Calgary, Alberta, T2P 4M9 branch of the Bank. Interest payable hereunder shall be payable both before and after maturity and before and after judgment until all monies payable hereunder, with interest as aforesaid, shall have been fully paid and satisfied. All unpaid portions of the Principal Sum, together with all interest accruing thereon and all other monies secured or payable hereunder are hereinafter collectively called the "Indebtedness".
2. NEITHER THE EXECUTION, delivery nor registration of this Debenture nor the advance in part of the Principal Sum hereby secured shall bind the Bank to advance the Principal Sum or any unadvanced portion thereof but nevertheless the lien, charge and security interest hereby created shall take effect forthwith on the execution hereof and shall be a continuous charge notwithstanding that the balance owing hereunder may fluctuate and may have been from time to time and at any time reduced to a nil balance and further notwithstanding that the advance of monies hereunder may be repaid and further advanced, it being understood that such continuous charge shall be security for any balance of any and all of the Indebtedness at any time and from time to time payable under the provisions of this Debenture.
3. THE INDEBTEDNESS shall be paid without regard to any equities between the Corporation and the Bank or any set-off or cross-claims and the receipt of the Bank for the payment of the Indebtedness will be a good discharge to the Corporation in respect thereof.
4. AS SECURITY FOR the due payment of the Indebtedness and the performance of the obligations of the Corporation herein contained:

- (a) the Corporation mortgages and charges to and in favour of the Bank as and by way of a fixed and specific mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest in and to that property described and referred to from time to time in Schedule "A" hereto, including proceeds thereof, together with any and all accretions and accessions thereto, substitutions therefor and any and all attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of the property described in Schedule "A" hereto and which forms part thereof, all of which, together with any other property subsequently acquired and specifically mortgaged and charged as herein provided for, is hereinafter collectively referred to as the "Specifically Mortgaged Property"; and
- (b) the Corporation mortgages, charges, grants, bargains, sells and assigns as and by way of a floating charge and grants a security interest, in each case, to and in favour of the Bank in all of its other undertaking, property and assets for the time being, both present and future, of whatsoever nature and kind and wheresoever situate including, without limitation, its uncalled capital and all present and future tolls, incomes, monies, sources of money, rights, powers, privileges, franchises, easements, agreements, books, records, leases, shares, bonds, debentures, book debts, proceeds, accounts receivable and securities and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable, of which the Corporation may be possessed or entitled to now or at any time in the future, together with the Specifically Mortgaged Property if and only to the extent that the same, or any part thereof, is not, for any reason, validly subjected to the mortgage, charge and security interest created pursuant to the immediately preceding sub-clause (a), whether directly by the said sub-clause or by virtue of any other clause hereof. The floating charge and security interest created by this sub-clause shall in no way hinder or prevent the Corporation, until the security hereby constituted shall become enforceable (i) from selling, exchanging, acquiring, trading, leasing, assigning, subleasing or otherwise disposing of or dealing with at any time or from time to time all or any part of its property and assets or any interests therein in the ordinary course of its business and for the purpose of carrying on the same, provided that in doing so the Corporation does not otherwise become in breach or default of this Debenture or any other agreement with the Bank, or (ii) from pledging, assigning or giving security or securities on the subject matter of such security interest and floating charge to the Bank for present or future debts or liabilities to the Bank.

For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a) and (b) of this clause 4.

5. THE CORPORATION hereby covenants and agrees that if at any time during the currency of this Debenture it shall acquire any property which is incremental and material to the Specifically Mortgaged Property it shall, forthwith upon such acquisition, give notice thereof to the Bank and the Corporation does hereby further covenant and agree to forthwith execute and deliver such deeds, documents, instruments and assurances as the

Bank may require to subject such property to the specific mortgage and charge created by clause 4(a) of this Debenture.

6. ~~THIS DEBENTURE shall also operate as security for the due observance and performance of all obligations of the Corporation under any guarantee made by the Corporation in favour of the Bank whether the same are made prior to, concurrent with or after the date hereof, and for the due payment of all monies that at any time and from time to time become payable by the Corporation to the Bank pursuant to any and all such guarantees.~~
7. THIS DEBENTURE shall also operate as security for the due satisfaction and discharge by the Corporation of all liability which the Bank incurs under any Bankers' Acceptances which the Corporation issues and which the Bank accepts and as security for all liability incurred by the Bank under all letters of credit which the Bank issues to or for the benefit of the Corporation, as well as security for the due payment to the Bank by the Corporation of:
 - (a) all monies which the Bank pays in respect of such Bankers' Acceptances and letters of credit; and
 - (b) all fees and other charges payable by the Corporation to the Bank in respect of the aforesaid Bankers' Acceptances and letters of credit. For the purposes of this Debenture, "Bankers' Acceptances" shall mean bills of exchange or depository bills under the *Depository Bills and Note Act* (Canada), as applicable, drawn by the Corporation and which are accepted by the Bank.
8. THE CORPORATION represents, warrants and undertakes to and with the Bank that:
 - (a) it is the legal and/or beneficial owner of the Specifically Mortgaged Property;
 - (b) it has good right and lawful authority to grant, convey, assign, transfer, mortgage and charge the Mortgaged Property according to the true intent and meaning of this Debenture; and
 - (c) the Specifically Mortgaged Property is free and clear of all claims, mortgages, liens, charges or encumbrances of any nature whatsoever other than Permitted Encumbrances, those in favour of the Bank, and those referred to in Schedule "A" hereto, if any.

For purposes of this Debenture "Permitted Encumbrances" means:

- (a) undetermined or inchoate liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Corporation or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not yet due or delinquent;

- (b) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other person conducting the development or operation of the property to which such liens relate, for the Corporation's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent;
- (c) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Corporation (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of the Corporation;
- (d) any lien or trust arising in connection with worker's compensation, unemployment insurance, pension and employment laws or which relate to obligations which are not due or delinquent;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Corporation, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that such right has not been exercised and no proceedings or other steps have been taken to exercise such rights;
- (f) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (g) public statutory and similar liens arising by operation of law or which relate to obligations which are not due or delinquent;
- (h) all agreements pursuant to which the Corporation has agreed to (or is committed to) sell, for fair market value, petroleum, natural gas and/or related hydrocarbons from any petroleum, natural gas or related hydrocarbon property to an arm's length purchaser and in the ordinary course of its business;
- (i) minor defects in title not materially adversely affecting any petroleum, natural gas or related hydrocarbon property;
- (j) overriding royalty interests, net profit interests, reversionary interests, carried interests and lessor royalties or other similar burdens on production in respect of the Corporation's oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice; and

- (k) "purchase money security interests" as such term is defined by the *Personal Property Security Act* (Alberta) which are not otherwise prohibited or restricted by any other agreement made between the Corporation and the Bank.
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9. NOTWITHSTANDING ANYTHING in this Debenture, it is understood and agreed that the mortgage, charges and security interests created hereby shall not extend or apply to the last day of the term of any lease or any agreement therefor but upon the enforcement of this Debenture the Corporation shall stand possessed of such last day in trust to assign the same to any person, firm or corporation acquiring such term.
10. THE CORPORATION SHALL NOT, without the prior express written consent of the Bank, not to be unreasonably withheld:
- (a) incur or assume any secured indebtedness for borrowed money which is secured by other than a Permitted Encumbrance or enter into or assume any capital lease ("capital lease" shall mean any lease of property whether real, personal or mixed), other than any lease under which the Corporation is the lessor, which would, in accordance with generally accepted accounting principles, either be required to be classified and accounted for as a capital lease on a balance sheet of the lessee or otherwise be disclosed as such in a note to such balance sheet;
 - (b) become a guarantor or an endorser of any obligation unless such guarantee or obligation is in favour of the Bank;
 - (c) sell, assign, lease, convey, or otherwise dispose of the whole or any part of the Mortgaged Property except as may be expressly permitted pursuant to the provisions of this Debenture and any other written agreement between the Corporation and the Bank;
 - (d) except for Permitted Encumbrances, create or assume any mortgage, pledge, charge or other encumbrance of whatsoever nature or kind charging the whole or any part of the Mortgaged Property, whether specifically or by way of floating charge or security interest, ranking or intended to rank in priority to or pari passu with this Debenture;
 - (e) suffer or permit any lien or encumbrance not expressly permitted by this Debenture to rank in priority to or pari passu with this Debenture or to arise or exist against the Mortgaged Property or any part thereof, provided that the Corporation may, on furnishing the Bank with security satisfactory to the Bank, take any steps necessary to dispute any claim in respect of which a lien or encumbrance may exist or be claimed against the Corporation's property;
 - (f) distribute or reduce all or any part of its capital, retained earnings or surplus (as those terms are defined and are consistent with generally accepted accounting principles) whether by way of dividend (stock or otherwise) redemption of shares, repurchase of shares, loan, encumbrance, liquidation, winding up, dissolution, amalgamation, merger, reorganization or by any other manner whatsoever unless in the sole opinion of the Bank, acting reasonably, such distribution or reduction

would not impair the capacity of the Corporation to fulfil and meet its obligations to the Bank;

- (g) merge, amalgamate, consolidate, wind-up, liquidate or effect an arrangement or reconstruction with any person, firm or corporation;
- (h) make loans to or investments in subsidiaries or affiliated corporations outside of the normal course of business;
- (i) sell or dispose of any Mortgaged Property which in the aggregate would exceed \$750,000 in any calendar year inclusive of the sale and leaseback of any facilities owned by the Corporation;
- (j) hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes;
- (k) monetize or settle any fixed price financial hedge or contract;
- (l) allow a change in control of the Corporation; or
- (m) do anything which from time to time the Corporation has under the provisions of any other agreement or instrument with the Bank agreed not to do.

11. THE CORPORATION SHALL:

- (a) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end of the Corporation, its audited consolidated annual financial statements for the fiscal year just ended;
- (b) furnish to the Bank, within sixty (60) calendar days of the end of each fiscal quarter, its unaudited consolidated quarterly financial statements;
- (c) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end, commencing with the fiscal year-end following the date of this Debenture, an annual independent engineering report prepared by a firm acceptable to the Bank on the oil and gas reserves of the Corporation;
- (d) furnish to the Bank, within sixty (60) days of each month-end, monthly production and revenue reports;
- (e) furnish to the Bank any other information and/or certificates agreed to be furnished by the Corporation and within the timeframe(s) permitted therefore;
- (f) keep proper books of account and records covering all its business and affairs and permit the Bank, at all reasonable times, either by its officers or authorized agents, to enter upon all or any of the premises of the Corporation and to inspect the books, records, inventories and assets of the Corporation, make extracts therefrom

and generally conduct such examination of such books, records, inventories and assets as the Bank acting reasonably may seem fit;

- (g) carry on and continuously conduct its business in an efficient manner; maintain, repair and keep in good working order and condition the Mortgaged Property; pay all rents and royalties and observe all covenants reserved by and contained in all leases under which the Corporation holds any property; and operate its oil and gas assets in accordance with good oilfield practises, accepted industry standards and all applicable agreements, regulations and laws;
- (h) maintain adequate and appropriate insurance with insurers of recognized standing covering the Corporation's properties and operations, including insurance for public liability, blow-outs, business interruption, loss of key management (if required by the Bank) and all-risk perils as is customarily maintained by persons engaged in the same or similar business in the localities where its properties and operations are located and at the request of the Bank assign to the Bank, as a first loss payee, all monies payable in respect of any and all such insurances;
- (i) defend title to the Mortgaged Property against the claims and demands of all persons, firms or corporations whomsoever;
- (j) if requested, provide to the Bank from time to time such information about the Mortgaged Property and the Corporation as the Bank may reasonably request;
- (k) comply with the directions and orders of all regulatory bodies and provisions regarding environmental procedures and controls;
- (l) maintain its corporate existence, pay all taxes and comply with all applicable laws;
- (m) in a timely manner inform the Bank of any event or action which would reasonably be expected to have a material adverse impact on the Borrower's business affairs whether operational, financial or otherwise including without limitation such things as the sale of assets, the granting of guarantees, obtaining funded debt from other lenders or changing the nature of its business as it is now presently being carried on; and
- (n) abide by, observe and perform the terms and covenants of all agreements entered into from time to time with the Bank.

12. THE INDEBTEDNESS SHALL immediately become due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become immediately enforceable:

- (a) if the Corporation makes default in payment when due of any indebtedness or liability to the Bank whether secured hereby or not; or

- (b) if and when the Corporation shall make default in payment of any part of the Indebtedness on the days appointed for payment under this Debenture or, in the case of the Principal Sum, upon demand being made for payment thereof; or
-
- (c) if and when the Corporation shall in the sole opinion of the Bank acting reasonably commit any material breach or material default of this Debenture, or of any other collateral security held by the Bank, or of any other present or future agreement between the Bank and the Corporation, and, without limiting the generality thereof, any breach or default of the Corporation of its obligations under any and all guarantees of the Corporation in favour of the Bank; or
- (d) if the Corporation shall become in breach or default in the observance or performance of any term, condition, covenant, agreement, representation or warranty contained in any contract to which the Corporation is a party, including those made between the Corporation and the Bank, or by which it is bound and the breach or default is not remedied within the grace period (if any) set forth in such contract or other agreement pertaining thereto; or
- (e) if any of the Corporation's assets having a collective fair market value of \$500,000 are seized or are taken in execution or attachment by any creditor of the Corporation; if the Corporation commits any act or acts of bankruptcy; if a petition in bankruptcy is filed or presented against the Corporation; if the Corporation makes any assignment for the benefit of its creditors or if the Corporation enters into any arrangement with its creditors; if the Corporation becomes bankrupt or insolvent; if the Corporation is party to any transaction which is or falls within the contemplation of any fraudulent preferences legislation; if proceedings are taken for the dissolution, liquidation or winding-up of the Corporation; if the Corporation ceases or threatens to cease to carry on its business; if the Corporation sells or disposes of all or substantially all of its assets; or if any judgment in excess of \$500,000 against the Corporation shall remain unsatisfied for a period in excess of thirty (30) days;
- (f) if, in the sole opinion of the Bank acting reasonably, a material adverse change occurs in respect of the Corporation, its affiliated corporations, or any of its subsidiaries or in their business, assets or financial condition; or
- (g) if proceedings are taken to enforce any lien, charge or other encumbrance against any of the Mortgaged Property which part of the Mortgaged Property has, in the sole opinion of the Bank acting reasonably, a fair market value greater than \$500,000.

Nothing in this clause or elsewhere in this Debenture shall in any way alter the demand nature of the Indebtedness or any part thereof and the Bank may, if it deems it advisable, in its sole and absolute discretion, demand payment in full of the Indebtedness (and of all other indebtedness and obligations secured hereby) at any time.

13. IF THE SECURITY hereby constituted shall become enforceable pursuant to the terms hereof, the Corporation acknowledges to and agrees with the Bank that the Bank may enter into possession of all or any part of the Mortgaged Property, or the Bank may commence such legal action or other proceedings (including, without limitation, actions or proceedings seeking foreclosure and/or sale and the appointment of a receiver, which term as used in this Debenture includes a receiver-manager) as it in its sole and absolute discretion may deem expedient and realize upon any security granted in favour of the Bank, all without the obligation to marshal its security and without any additional notice, presentation, demand or protest, all of which the Corporation hereby expressly waives. The commencement of any such entry into possession or any such action or proceedings or any such appointment shall be conclusively deemed to crystallize and fix the security hereby constituted to the extent that the same was not previously so fixed and crystallized. The rights and remedies of the Bank hereunder are cumulative, are in addition to and are not in substitution for any rights or remedies provided by law or contained in any other agreement, instrument, or security heretofore or hereafter granted by the Corporation in favour of the Bank, and any and all such rights or remedies may be exercised independently or concurrently by the Bank.
14. THE BANK MAY, at any time after the security hereby constituted shall have become enforceable, appoint any person, firm or corporation, whether an officer or employee of the Bank or not, to be a receiver of all or any part of the Mortgaged Property and may from time to time remove any receiver so appointed and appoint another in its stead and the Bank shall not in any way be responsible for any misconduct or negligence on the part of any such receiver.
15. A RECEIVER SO APPOINTED shall, for the purposes of responsibility for his acts, be deemed to be the agent of the Corporation and shall (unless limited by applicable legislation) have power:
- (a) to take possession of, collect and get in all or such part of the Mortgaged Property as he deems fit from time to time and for that purpose take any proceedings in the name of the Corporation or otherwise;
 - (b) to carry on or to concur in the carrying on of the business of the Corporation;
 - (c) to sell or lease or concur in selling or leasing all or any part of the Mortgaged Property by public auction or private contract on such terms as to credit and otherwise and for such price as can be reasonably obtained therefore;
 - (d) to make any arrangement or compromise which the receiver may think expedient;
 - (e) to prosecute and defend all suits, proceedings and actions which the receiver considers necessary or advisable for the proper protection of the Mortgaged Property; and
 - (f) for any one or more of the above purposes to borrow money and grant security for the repayment thereof and all amounts so borrowed, together with interest

thereon, shall form a first fixed charge upon the Mortgaged Property in priority to the mortgages and charges hereby created,

and for the purposes aforesaid, the Corporation hereby authorizes a receiver so appointed (and by these presents does so appoint such receiver its true and lawful attorney for and in its name, place and stead) to execute and deliver for and on behalf of the Corporation all such transfers, leases, mortgages, deeds, documents, instruments and assurances and do and perform all such acts and things as may be necessary or advisable to carry out the powers hereby granted. Further, the receiver shall be vested with such other discretions and powers as may be granted in the instrument of appointment and any supplement thereto. The aforesaid authorization and appointment shall in no way limit, restrict or derogate from, in any manner whatsoever, those powers and authorities which such receiver shall otherwise have and enjoy.

THE NET PROFITS of carrying on the business of the Corporation and the net proceeds of sale of the Mortgaged Property, or any part or parts thereof, shall be applied by the receiver, subject to the claim of all secured and unsecured creditors (if any), ranking in priority to this Debenture:

FIRSTLY: in payment of all costs and expenses of and incidental to the appointment of the receiver and the exercise by him of all or any of the aforesaid powers, including the reasonable remuneration of the receiver and all outgoings properly paid or payable by him;

SECONDLY: in and towards payment to the Bank of the Indebtedness to be applied by the Bank thereto at its discretion to any interest or principal remaining payable or due on or under this Debenture; and

THIRDLY: any surplus shall be paid to the Corporation.

The Bank shall be under no liability to the receiver for his remuneration, costs, charges or expenses.

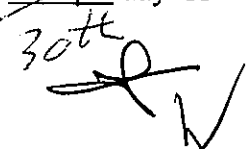
16. THE BANK MAY (at any time and from time to time) pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Mortgaged Property, or any part thereof, and all amounts so paid shall be added to the debt hereby secured and the same shall be payable forthwith with interest at the rate provided for herein and all amounts so paid, with interest thereon as aforesaid, shall be charged upon the Mortgaged Property.
17. THE INDEBTEDNESS WILL BE PAID in lawful money of Canada in favour of the Bank payable at Calgary, Alberta, as the same shall become due and payable hereunder.
18. (a) NO POSTPONEMENT or partial release or discharge of the mortgages, charges and security interests created by this Debenture shall in any way operate or be construed to release or discharge the security hereby constituted except as therein specified, or to release or discharge the Corporation from any obligation or liability to the Bank under this Debenture.

- (b) THE BANK MAY waive any breach or default by the Corporation of any of the provisions contained in this Debenture or any breach or default by the Corporation in the observance or performance of any covenant or condition required to be observed or performed by the Corporation under the terms of this Debenture; provided that any such waiver shall apply only to the particular breach or default waived and shall not operate as a waiver of any other or future breach or default. Further, no delay or omission upon the part of the Bank to exercise any right or power hereunder shall impair such right or power or be considered to be a waiver of any breach or default or any acquiescence thereunder.
- (c) THE TAKING OF a judgment or judgments by the Bank on any of the covenants herein contained or on any of the covenants contained in any further or associated security documentation taken pursuant hereto shall not operate as a merger of the said covenants nor affect the right of the Bank to interest at the applicable rates and times as aforesaid.
19. THE SECURITY hereby created is in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Corporation.
20. THE CORPORATION hereby agrees to pay to the Bank, forthwith upon demand, all costs, charges and expenses (including legal fees on a solicitor and his own client basis) which the Bank suffers or incurs in connection with the preparation, execution, delivery, registration, administration, defending and enforcement of this Debenture together with interest thereon at the rate provided for herein from the date the Bank makes demand for payment of such costs, charges and expenses so suffered or incurred.
21. ANY AND ALL NOTICES or other communications required or permitted hereunder shall be in writing and shall be:
- (a) personally served upon an officer or director of the Corporation, or in the case of the Bank upon an Account Manager of the Energy Group at the address for the Bank set forth in sub-clause (b) of this clause; or
- (b) mailed by prepaid registered letter addressed to the Corporation at 2100, 500 – 4th Avenue SW, Calgary, Alberta T2P 2V6 and to the Bank at 2700, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8, and any such notice(s) shall be deemed to have been served at the expiration of three (3) days after posting.
- THE BANK and/or the Corporation may change their respective addresses for service as set forth in clause 21(b) hereof by giving notice thereof to the other as herein provided for.
22. THIS DEBENTURE has been issued in accordance with resolutions of the directors of the Corporation and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal and valid in accordance with the laws of Alberta and is given as security

for the due payment of the Indebtedness and the guarantees, Bankers' Acceptances and letters of credit hereinbefore referred to.

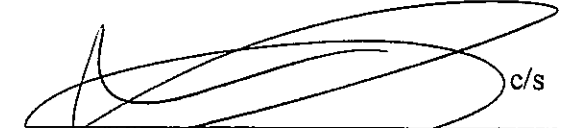
23. THE CORPORATION shall execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Debenture and the mortgages and charges created hereby.
24. THIS DEBENTURE shall enure to the benefit of and shall be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF the Corporation has caused its corporate seal to be hereunto affixed, attested by the signatures of its proper officers duly authorized in that behalf, this ~~29~~ ^{30th} day of September, 2008.


30th


ARGOSY ENERGY INC.

Per:

 c/s

Peter Salamon
President and Chief Executive Officer


Tom Dalton
Vice-President, Finance and Chief
Financial Officer

SCHEDULE "A"

Specifically Mortgaged Property

The Specifically Mortgaged Property referred to in clause 4(a) to the Debenture of Argosy Energy Inc. (the "Corporation") to the National Bank of Canada to which this Schedule "A" forms part consists of all of the present and after-acquired right, title and interest of the Corporation in and to:

- (a) all petroleum, natural gas and related hydrocarbons or minerals in place or in storage within, upon or under the lands from time to time set forth in Exhibit "1" hereunto annexed (as the same may be amended, supplemented or replaced from time to time) and made part of this Schedule "A" (the interest of the undersigned therein being represented to be not less than that set forth in Exhibit "1"); and
- (b) all rights, licences, agreements, leases and permits now owned or hereafter acquired by the undersigned to obtain and remove such hydrocarbons or minerals and to enter upon and use any lands from or on which such hydrocarbons or minerals are or may be extracted, mined or produced; and
- (c) all the estate or interest of the undersigned in or to any of the said hydrocarbons or minerals, rights, licences, permits and lands; and
- (d) all the right, title and interest of the undersigned in the casing and equipment used or to be used in extracting, mining or producing or seeking to extract, mine or produce and storing any of such hydrocarbons or minerals;

and in particular, but without limitation, the rights and interest of the undersigned referred to in Exhibit "1" hereto.

EXHIBIT "1" TO SCHEDULE "A"

AGREEMENT


LANDS

INTEREST

(This Exhibit "1" shall include and consist of such interests and rights of Argosy Energy Inc. as may from time to time be pledged by it to the National Bank of Canada pursuant to that Negative Pledge and Undertaking dated the same date as the Debenture to which this Exhibit "1" forms part together with such other interests and rights of Argosy Energy Inc. as it and the National Bank of Canada may by agreement from time to time add hereto).

TAB D

This is Exhibit "D" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

DEBENTURE

RADIUS RESOURCES CORP.

(a body corporate incorporated under the laws of Alberta and
having its head office in the City of Calgary)

1. **RADIUS RESOURCES CORP.** (the "Corporation") acknowledges that it is or may become indebted to the National Bank of Canada (the "Bank") up to the principal amount of SEVENTY FIVE MILLION (\$75,000,000.00) DOLLARS (the "Principal Sum") and covenants and agrees to and with the Bank that it will pay to the Bank the Principal Sum in lawful money of Canada, ON DEMAND, and further covenants and agrees with the Bank that it will pay to the Bank interest on the Principal Sum or so much thereof remaining from time to time owing at such rate per annum as is determined by the Bank and specified in such demand promissory notes as may be requested from time to time by the Bank or as may be provided for in agreements made between the Bank and the Corporation from time to time (such rate if not so ascertainable to be equal to the Prime Rate plus 5.0% per annum. "Prime Rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it will use to determine the rates of interest on Canadian dollar loans to customers in Canada and designated as the Prime Rate by the Bank), such interest to be calculated on the portion or portions of the Principal Sum as shall from time to time remain unpaid. All payments of principal and interest are to be made at the 301 – 6th Avenue SW, Calgary, Alberta, T2P 4M9 branch of the Bank. Interest payable hereunder shall be payable both before and after maturity and before and after judgment until all monies payable hereunder, with interest as aforesaid, shall have been fully paid and satisfied. All unpaid portions of the Principal Sum, together with all interest accruing thereon and all other monies secured or payable hereunder are hereinafter collectively called the "Indebtedness".
2. NEITHER THE EXECUTION, delivery nor registration of this Debenture nor the advance in part of the Principal Sum hereby secured shall bind the Bank to advance the Principal Sum or any unadvanced portion thereof but nevertheless the lien, charge and security interest hereby created shall take effect forthwith on the execution hereof and shall be a continuous charge notwithstanding that the balance owing hereunder may fluctuate and may have been from time to time and at any time reduced to a nil balance and further notwithstanding that the advance of monies hereunder may be repaid and further advanced, it being understood that such continuous charge shall be security for any balance of any and all of the Indebtedness at any time and from time to time payable under the provisions of this Debenture.
3. THE INDEBTEDNESS shall be paid without regard to any equities between the Corporation and the Bank or any set-off or cross-claims and the receipt of the Bank for the payment of the Indebtedness will be a good discharge to the Corporation in respect thereof.
4. AS SECURITY FOR the due payment of the Indebtedness and the performance of the obligations of the Corporation herein contained:
 - (a) the Corporation mortgages and charges to and in favour of the Bank as and by way of a fixed and specific mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest in and to that property

described and referred to from time to time in Schedule "A" hereto, including proceeds thereof, together with any and all accretions and accessions thereto, substitutions therefor and any and all attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of the property described in Schedule "A" hereto and which forms part thereof, all of which, together with any other property subsequently acquired and specifically mortgaged and charged as herein provided for, is hereinafter collectively referred to as the "Specifically Mortgaged Property"; and

- (b) the Corporation mortgages, charges, grants, bargains, sells and assigns as and by way of a floating charge and grants a security interest, in each case, to and in favour of the Bank in all of its other undertaking, property and assets for the time being, both present and future, of whatsoever nature and kind and wheresoever situate including, without limitation, its uncalled capital and all present and future tolls, incomes, monies, sources of money, rights, powers, privileges, franchises, easements, agreements, books, records, leases, shares, bonds, debentures, book debts, proceeds, accounts receivable and securities and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable, of which the Corporation may be possessed or entitled to now or at any time in the future, together with the Specifically Mortgaged Property if and only to the extent that the same, or any part thereof, is not, for any reason, validly subjected to the mortgage, charge and security interest created pursuant to the immediately preceding sub-clause (a), whether directly by the said sub-clause or by virtue of any other clause hereof. The floating charge and security interest created by this sub-clause shall in no way hinder or prevent the Corporation, until the security hereby constituted shall become enforceable (i) from selling, exchanging, acquiring, trading, leasing, assigning, subleasing or otherwise disposing of or dealing with at any time or from time to time all or any part of its property and assets or any interests therein in the ordinary course of its business and for the purpose of carrying on the same, provided that in doing so the Corporation does not otherwise become in breach or default of this Debenture or any other agreement with the Bank, or (ii) from pledging, assigning or giving security or securities on the subject matter of such security interest and floating charge to the Bank for present or future debts or liabilities to the Bank.

For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a) and (b) of this clause 4.

5. THE CORPORATION hereby covenants and agrees that if at any time during the currency of this Debenture it shall acquire any property which is incremental and material to the Specifically Mortgaged Property it shall, forthwith upon such acquisition, give notice thereof to the Bank and the Corporation does hereby further covenant and agree to forthwith execute and deliver such deeds, documents, instruments and assurances as the Bank may require to subject such property to the specific mortgage and charge created by clause 4(a) of this Debenture.
6. THIS DEBENTURE shall also operate as security for the due observance and performance of all obligations of the Corporation under any guarantee made by the Corporation in favour of the Bank whether the same are made prior to, concurrent with or after the date hereof, and for the due payment of all monies that at any time and from

time to time become payable by the Corporation to the Bank pursuant to any and all such guarantees.

7. THIS DEBENTURE shall also operate as security for the due satisfaction and discharge by the Corporation of all liability which the Bank incurs under any Bankers' Acceptances which the Corporation issues and which the Bank accepts and as security for all liability incurred by the Bank under all letters of credit which the Bank issues to or for the benefit of the Corporation, as well as security for the due payment to the Bank by the Corporation of:
- (a) all monies which the Bank pays in respect of such Bankers' Acceptances and letters of credit; and
 - (b) all fees and other charges payable by the Corporation to the Bank in respect of the aforesaid Bankers' Acceptances and letters of credit. For the purposes of this Debenture, "Bankers' Acceptances" shall mean bills of exchange or depository bills under the *Depository Bills and Note Act (Canada)*, as applicable, drawn by the Corporation and which are accepted by the Bank.
8. THE CORPORATION represents, warrants and undertakes to and with the Bank that:
- (a) it is the legal and/or beneficial owner of the Specifically Mortgaged Property;
 - (b) it has good right and lawful authority to grant, convey, assign, transfer, mortgage and charge the Mortgaged Property according to the true intent and meaning of this Debenture; and
 - (c) the Specifically Mortgaged Property is free and clear of all claims, mortgages, liens, charges or encumbrances of any nature whatsoever other than Permitted Encumbrances, those in favour of the Bank, and those referred to in Schedule "A" hereto, if any.

For purposes of this Debenture "Permitted Encumbrances" means:

- (a) undetermined or inchoate liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Corporation or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not yet due or delinquent;
- (b) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other person conducting the development or operation of the property to which such liens relate, for the Corporation's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent;
- (c) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Corporation (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains,

electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of the Corporation;

- (d) any lien or trust arising in connection with worker's compensation, unemployment insurance, pension and employment laws or which relate to obligations which are not due or delinquent;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Corporation, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that such right has not been exercised and no proceedings or other steps have been taken to exercise such rights;
- (f) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (g) public statutory and similar liens arising by operation of law or which relate to obligations which are not due or delinquent;
- (h) all agreements pursuant to which the Corporation has agreed to (or is committed to) sell, for fair market value, petroleum, natural gas and/or related hydrocarbons from any petroleum, natural gas or related hydrocarbon property to an arm's length purchaser and in the ordinary course of its business;
- (i) minor defects in title not materially adversely affecting any petroleum, natural gas or related hydrocarbon property;
- (j) overriding royalty interests, net profit interests, reversionary interests, carried interests and lessor royalties or other similar burdens on production in respect of the Corporation's oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice; and
- (k) "purchase money security interests" as such term is defined by the *Personal Property Security Act* (Alberta) which are not otherwise prohibited or restricted by any other agreement made between the Corporation and the Bank.

9. NOTWITHSTANDING ANYTHING in this Debenture, it is understood and agreed that the mortgage, charges and security interests created hereby shall not extend or apply to the last day of the term of any lease or any agreement therefor but upon the enforcement of this Debenture the Corporation shall stand possessed of such last day in trust to assign the same to any person, firm or corporation acquiring such term.
10. THE CORPORATION SHALL NOT, without the prior express written consent of the Bank, not to be unreasonably withheld:

- (a) incur or assume any secured indebtedness for borrowed money which is secured by other than a Permitted Encumbrance or enter into or assume any capital lease ("capital lease" shall mean any lease of property whether real, personal or mixed), other than any lease under which the Corporation is the lessor, which would, in accordance with generally accepted accounting principles, either be required to be classified and accounted for as a capital lease on a balance sheet of the lessee or otherwise be disclosed as such in a note to such balance sheet;
- (b) become a guarantor or an endorser of any obligation unless such guarantee or obligation is in favour of the Bank;
- (c) sell, assign, lease, convey, or otherwise dispose of the whole or any part of the Mortgaged Property except as may be expressly permitted pursuant to the provisions of this Debenture and any other written agreement between the Corporation and the Bank;
- (d) except for Permitted Encumbrances, create or assume any mortgage, pledge, charge or other encumbrance of whatsoever nature or kind charging the whole or any part of the Mortgaged Property, whether specifically or by way of floating charge or security interest, ranking or intended to rank in priority to or pari passu with this Debenture;
- (e) suffer or permit any lien or encumbrance not expressly permitted by this Debenture to rank in priority to or pari passu with this Debenture or to arise or exist against the Mortgaged Property or any part thereof, provided that the Corporation may, on furnishing the Bank with security satisfactory to the Bank, take any steps necessary to dispute any claim in respect of which a lien or encumbrance may exist or be claimed against the Corporation's property;
- (f) distribute or reduce all or any part of its capital, retained earnings or surplus (as those terms are defined and are consistent with generally accepted accounting principles) whether by way of dividend (stock or otherwise) redemption of shares, repurchase of shares, loan, encumbrance, liquidation, winding up, dissolution, amalgamation, merger, reorganization or by any other manner whatsoever unless in the sole opinion of the Bank, acting reasonably, such distribution or reduction would not impair the capacity of the Corporation to fulfil and meet its obligations to the Bank;
- (g) merge, amalgamate, consolidate, wind-up, liquidate or effect an arrangement or reconstruction with any person, firm or corporation;
- (h) make loans to or investments in subsidiaries or affiliated corporations outside of the normal course of business;
- (i) sell or dispose of any Mortgaged Property which in the aggregate would exceed \$750,000 in any calendar year inclusive of the sale and leaseback of any facilities owned by the Corporation;
- (j) hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes;

- (k) monetize or settle any fixed price financial hedge or contract;
- (l) allow a change in control of the Corporation; or
- (m) do anything which from time to time the Corporation has under the provisions of any other agreement or instrument with the Bank agreed not to do.

11. THE CORPORATION SHALL:

- (a) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end of the Corporation, its audited consolidated annual financial statements for the fiscal year just ended;
- (b) furnish to the Bank, within sixty (60) calendar days of the end of each fiscal quarter, its unaudited consolidated quarterly financial statements;
- (c) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end, commencing with the fiscal year-end following the date of this Debenture, an annual independent engineering report prepared by a firm acceptable to the Bank on the oil and gas reserves of the Corporation;
- (d) furnish to the Bank, within sixty (60) days of each month-end, monthly production and revenue reports;
- (e) furnish to the Bank any other information and/or certificates agreed to be furnished by the Corporation and within the timeframe(s) permitted therefore;
- (f) keep proper books of account and records covering all its business and affairs and permit the Bank, at all reasonable times, either by its officers or authorized agents, to enter upon all or any of the premises of the Corporation and to inspect the books, records, inventories and assets of the Corporation, make extracts therefrom and generally conduct such examination of such books, records, inventories and assets as the Bank acting reasonably may deem fit;
- (g) carry on and continuously conduct its business in an efficient manner; maintain, repair and keep in good working order and condition the Mortgaged Property; pay all rents and royalties and observe all covenants reserved by and contained in all leases under which the Corporation holds any property; and operate its oil and gas assets in accordance with good oilfield practises, accepted industry standards and all applicable agreements, regulations and laws;
- (h) maintain adequate and appropriate insurance with insurers of recognized standing covering the Corporation's properties and operations, including insurance for public liability, blow-outs, business interruption, loss of key management (if required by the Bank) and all-risk perils as is customarily maintained by persons engaged in the same or similar business in the localities where its properties and operations are located and at the request of the Bank assign to the Bank, as a first loss payee, all monies payable in respect of any and all such insurances;

- (i) defend title to the Mortgaged Property against the claims and demands of all persons, firms or corporations whomsoever;
- (j) if requested, provide to the Bank from time to time such information about the Mortgaged Property and the Corporation as the Bank may reasonably request;
- (k) comply with the directions and orders of all regulatory bodies and provisions regarding environmental procedures and controls;
- (l) maintain its corporate existence, pay all taxes and comply with all applicable laws;
- (m) in a timely manner inform the Bank of any event or action which would reasonably be expected to have a material adverse impact on the Borrower's business affairs whether operational, financial or otherwise including without limitation such things as the sale of assets, the granting of guarantees, obtaining funded debt from other lenders or changing the nature of its business as it is now presently being carried on; and
- (n) abide by, observe and perform the terms and covenants of all agreements entered into from time to time with the Bank.

12. THE INDEBTEDNESS SHALL immediately become due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become immediately enforceable:

- (a) if the Corporation makes default in payment when due of any indebtedness or liability to the Bank whether secured hereby or not; or
- (b) if and when the Corporation shall make default in payment of any part of the Indebtedness on the days appointed for payment under this Debenture or, in the case of the Principal Sum, upon demand being made for payment thereof; or
- (c) if and when the Corporation shall in the sole opinion of the Bank acting reasonably commit any material breach or material default of this Debenture, or of any other collateral security held by the Bank, or of any other present or future agreement between the Bank and the Corporation, and, without limiting the generality thereof, any breach or default of the Corporation of its obligations under any and all guarantees of the Corporation in favour of the Bank; or
- (d) if the Corporation shall become in breach or default in the observance or performance of any term, condition, covenant, agreement, representation or warranty contained in any contract to which the Corporation is a party, including those made between the Corporation and the Bank, or by which it is bound and the breach or default is not remedied within the grace period (if any) set forth in such contract or other agreement pertaining thereto; or
- (e) if any of the Corporation's assets having a collective fair market value of \$500,000 are seized or are taken in execution or attachment by any creditor of the Corporation; if the Corporation commits any act or acts of bankruptcy; if a petition in bankruptcy is filed or presented against the Corporation; if the

Corporation makes any assignment for the benefit of its creditors or if the Corporation enters into any arrangement with its creditors; if the Corporation becomes bankrupt or insolvent; if the Corporation is party to any transaction which is or falls within the contemplation of any fraudulent preferences legislation; if proceedings are taken for the dissolution, liquidation or winding-up of the Corporation; if the Corporation ceases or threatens to cease to carry on its business; if the Corporation sells or disposes of all or substantially all of its assets; or if any judgment in excess of \$500,000 against the Corporation shall remain unsatisfied for a period in excess of thirty (30) days;

- (f) if, in the sole opinion of the Bank acting reasonably, a material adverse change occurs in respect of the Corporation, its affiliated corporations, or any of its subsidiaries or in their business, assets or financial condition; or
- (g) if proceedings are taken to enforce any lien, charge or other encumbrance against any of the Mortgaged Property which part of the Mortgaged Property has, in the sole opinion of the Bank acting reasonably, a fair market value greater than \$500,000.

Nothing in this clause or elsewhere in this Debenture shall in any way alter the demand nature of the Indebtedness or any part thereof and the Bank may, if it deems it advisable, in its sole and absolute discretion, demand payment in full of the Indebtedness (and of all other indebtedness and obligations secured hereby) at any time.

13. IF THE SECURITY hereby constituted shall become enforceable pursuant to the terms hereof, the Corporation acknowledges to and agrees with the Bank that the Bank may enter into possession of all or any part of the Mortgaged Property, or the Bank may commence such legal action or other proceedings (including, without limitation, actions or proceedings seeking foreclosure and/or sale and the appointment of a receiver, which term as used in this Debenture includes a receiver-manager) as it in its sole and absolute discretion may deem expedient and realize upon any security granted in favour of the Bank, all without the obligation to marshal its security and without any additional notice, presentation, demand or protest, all of which the Corporation hereby expressly waives. The commencement of any such entry into possession or any such action or proceedings or any such appointment shall be conclusively deemed to crystallize and fix the security hereby constituted to the extent that the same was not previously so fixed and crystallized. The rights and remedies of the Bank hereunder are cumulative, are in addition to and are not in substitution for any rights or remedies provided by law or contained in any other agreement, instrument, or security heretofore or hereafter granted by the Corporation in favour of the Bank, and any and all such rights or remedies may be exercised independently or concurrently by the Bank.
14. THE BANK MAY, at any time after the security hereby constituted shall have become enforceable, appoint any person, firm or corporation, whether an officer or employee of the Bank or not, to be a receiver of all or any part of the Mortgaged Property and may from time to time remove any receiver so appointed and appoint another in its stead and the Bank shall not in any way be responsible for any misconduct or negligence on the part of any such receiver.

15. A RECEIVER SO APPOINTED shall, for the purposes of responsibility for his acts, be deemed to be the agent of the Corporation and shall (unless limited by applicable legislation) have power:

- (a) to take possession of, collect and get in all or such part of the Mortgaged Property as he deems fit from time to time and for that purpose take any proceedings in the name of the Corporation or otherwise;
- (b) to carry on or to concur in the carrying on of the business of the Corporation;
- (c) to sell or lease or concur in selling or leasing all or any part of the Mortgaged Property by public auction or private contract on such terms as to credit and otherwise and for such price as can be reasonably obtained therefore;
- (d) to make any arrangement or compromise which the receiver may think expedient;
- (e) to prosecute and defend all suits, proceedings and actions which the receiver considers necessary or advisable for the proper protection of the Mortgaged Property; and
- (f) for any one or more of the above purposes to borrow money and grant security for the repayment thereof and all amounts so borrowed, together with interest thereon, shall form a first fixed charge upon the Mortgaged Property in priority to the mortgages and charges hereby created,

and for the purposes aforesaid, the Corporation hereby authorizes a receiver so appointed (and by these presents does so appoint such receiver its true and lawful attorney for and in its name, place and stead) to execute and deliver for and on behalf of the Corporation all such transfers, leases, mortgages, deeds, documents, instruments and assurances and do and perform all such acts and things as may be necessary or advisable to carry out the powers hereby granted. Further, the receiver shall be vested with such other discretions and powers as may be granted in the instrument of appointment and any supplement thereto. The aforesaid authorization and appointment shall in no way limit, restrict or derogate from, in any manner whatsoever, those powers and authorities which such receiver shall otherwise have and enjoy.

THE NET PROFITS of carrying on the business of the Corporation and the net proceeds of sale of the Mortgaged Property, or any part or parts thereof, shall be applied by the receiver, subject to the claim of all secured and unsecured creditors (if any), ranking in priority to this Debenture:

FIRSTLY: in payment of all costs and expenses of and incidental to the appointment of the receiver and the exercise by him of all or any of the aforesaid powers, including the reasonable remuneration of the receiver and all outgoings properly paid or payable by him;

SECONDLY: in and towards payment to the Bank of the Indebtedness to be applied by the Bank thereto at its discretion to any interest or principal remaining payable or due on or under this Debenture; and

THIRDLY: any surplus shall be paid to the Corporation.

The Bank shall be under no liability to the receiver for his remuneration, costs, charges or expenses.

16. **THE BANK MAY** (at any time and from time to time) pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Mortgaged Property, or any part thereof, and all amounts so paid shall be added to the debt hereby secured and the same shall be payable forthwith with interest at the rate provided for herein and all amounts so paid, with interest thereon as aforesaid, shall be charged upon the Mortgaged Property.
17. **THE INDEBTEDNESS WILL BE PAID** in lawful money of Canada in favour of the Bank payable at Calgary, Alberta, as the same shall become due and payable hereunder.
18. (a) **NO POSTPONEMENT** or partial release or discharge of the mortgages, charges and security interests created by this Debenture shall in any way operate or be construed to release or discharge the security hereby constituted except as therein specified, or to release or discharge the Corporation from any obligation or liability to the Bank under this Debenture.

(b) **THE BANK MAY** waive any breach or default by the Corporation of any of the provisions contained in this Debenture or any breach or default by the Corporation in the observance or performance of any covenant or condition required to be observed or performed by the Corporation under the terms of this Debenture; provided that any such waiver shall apply only to the particular breach or default waived and shall not operate as a waiver of any other or future breach or default. Further, no delay or omission upon the part of the Bank to exercise any right or power hereunder shall impair such right or power or be considered to be a waiver of any breach or default or any acquiescence thereunder.

(c) **THE TAKING OF** a judgment or judgments by the Bank on any of the covenants herein contained or on any of the covenants contained in any further or associated security documentation taken pursuant hereto shall not operate as a merger of the said covenants nor affect the right of the Bank to interest at the applicable rates and times as aforesaid.
19. **THE SECURITY** hereby created is in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Corporation.
20. **THE CORPORATION** hereby agrees to pay to the Bank, forthwith upon demand, all costs, charges and expenses (including legal fees on a solicitor and his own client basis) which the Bank suffers or incurs in connection with the preparation, execution, delivery, registration, administration, defending and enforcement of this Debenture together with interest thereon at the rate provided for herein from the date the Bank makes demand for payment of such costs, charges and expenses so suffered or incurred.
21. **ANY AND ALL NOTICES** or other communications required or permitted hereunder shall be in writing and shall be:

- (a) personally served upon an officer or director of the Corporation, or in the case of the Bank upon an Account Manager of the Energy Group at the address for the Bank set forth in sub-clause (b) of this clause; or
- (b) mailed by prepaid registered letter addressed to the Corporation at 200, 816 – 7th Avenue SW, Calgary, Alberta T2P 1A1 and to the Bank at 2700, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8, and any such notice(s) shall be deemed to have been served at the expiration of three (3) days after posting.

THE BANK and/or the Corporation may change their respective addresses for service as set forth in clause 21(b) hereof by giving notice thereof to the other as herein provided for.

- 22. THIS DEBENTURE has been issued in accordance with resolutions of the directors of the Corporation and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal and valid in accordance with the laws of Alberta and is given as security for the due payment of the Indebtedness and the guarantees, Bankers' Acceptances and letters of credit hereinbefore referred to.
- 23. THE CORPORATION shall execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Debenture and the mortgages and charges created hereby.
- 24. THIS DEBENTURE shall enure to the benefit of and shall be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF the Corporation has caused its corporate seal to be hereunto affixed, attested by the signatures of its proper officers duly authorized in that behalf, this 14th day of May, 2010.

RADIUS RESOURCES CORP.

Per:



Ray Dobek
President and Chief Executive Officer

SCHEDULE "A"

Specifically Mortgaged Property

The Specifically Mortgaged Property referred to in clause 4(a) to the Debenture of Radius Resources Corp. (the "**Corporation**") to the National Bank of Canada to which this Schedule "A" forms part consists of all of the present and after-acquired right, title and interest of the Corporation in and to:

- (a) all petroleum, natural gas and related hydrocarbons or minerals in place or in storage within, upon or under the lands from time to time set forth in Exhibit "1" hereunto annexed (as the same may be amended, supplemented or replaced from time to time) and made part of this Schedule "A" (the interest of the undersigned therein being represented to be not less than that set forth in Exhibit "1"); and
- (b) all rights, licences, agreements, leases and permits now owned or hereafter acquired by the undersigned to obtain and remove such hydrocarbons or minerals and to enter upon and use any lands from or on which such hydrocarbons or minerals are or may be extracted, mined or produced; and
- (c) all the estate or interest of the undersigned in or to any of the said hydrocarbons or minerals, rights, licences, permits and lands; and
- (d) all the right, title and interest of the undersigned in the casing and equipment used or to be used in extracting, mining or producing or seeking to extract, mine or produce and storing any of such hydrocarbons or minerals;

and in particular, but without limitation, the rights and interest of the undersigned referred to in Exhibit "1" hereto.

EXHIBIT "1" TO SCHEDULE "A"

AGREEMENT

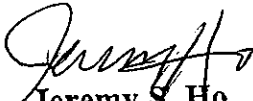
LANDS

INTEREST

(This Exhibit "1" shall include and consist of such interests and rights of Radius Resources Corp. as may from time to time be pledged by it to the National Bank of Canada pursuant to that Negative Pledge and Undertaking dated the same date as the Debenture to which this Exhibit "1" forms part together with such other interests and rights of Radius Resources Corp. as it and the National Bank of Canada may by agreement from time to time add hereto).

TAB E

This is Exhibit "E" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

Search ID#: Z04702547

Transmitting Party

MCCARTHY TETRAULT LLP

3300 421 7 AVE SW
CALGARY, AB T2P 4K9

Party Code: 50087121

Phone #: 403 260 3500

Reference #: 065093-447532/ss

Search ID #: Z04702547

Date of Search: 2013-May-29

Time of Search: 13:56:45

Business Debtor Search For:

RADIUS RESOURCES CORP.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z04702547

Business Debtor Search For:

RADIUS RESOURCES CORP.

Search ID #: Z04702547

Date of Search: 2013-May-29

Time of Search: 13:56:45

Registration Number: 08092207698

Registration Type: LAND CHARGE

Registration Date: 2008-Sep-22

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 2

Amendments to Registration

10051310418

Amendment

2010-May-13

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
2100, 500 - 4th Avenue SW
Calgary, AB T2P 2V6

Current

Block

Status

2 RADIUS RESOURCES CORP.
200, 816 - 7th Avenue SW
Calgary, AB T2P 1A1

Current by
10051310418

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
2700, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

Current

Search ID#: Z04702547

Business Debtor Search For:

RADIUS RESOURCES CORP.

Search ID #: Z04702547

Date of Search: 2013-May-29

Time of Search: 13:56:45

Registration Number: 08092207771

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-Sep-22

Registration Status: Current

Expiry Date: 2013-Sep-22 23:59:59

Exact Match on: Debtor

No: 2

Amendments to Registration

10051310333

Amendment

2010-May-13

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
2100, 500 - 4th Avenue SW
Calgary, AB T2P 2V6

Current

Block

Status

2 RADIUS RESOURCES CORP.
200, 816 - 7th Avenue SW
Calgary, AB T2P 1A1

Current by
10051310333

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
2700, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

Current

Collateral: General

Block

Description

Status

1 All present and after-acquired personal property of the Debtor.

Current

Search ID#: Z04702547

Business Debtor Search For:

RADIUS RESOURCES CORP.

Search ID #: Z04702547

Date of Search: 2013-May-29

Time of Search: 13:56:45

Registration Number: 13052149374

Registration Type: BANKRUPTCY / PROPOSAL

Registration Date: 2013-May-21

Registration Status: Current

Registration Term: Infinity

Court Location: Calgary Judicial District

Court File Number: BB101 723693

Date Filed: 2013-Mar-11

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 RADIUS RESOURCES CORP.
500, 1414 8TH STREET SW
CALGARY, AB T2P1J6

Current

Trustee

Block

Status

1 PRICEWATERHOUSECOOPERS INC.
3100, 111 - 5 AVENUE S.W.
CALGARY, AB T2P5L3

Current

Result Complete

Search ID#: Z04702546

Transmitting Party

MCCARTHY TETRAULT LLP

3300 421 7 AVE SW
CALGARY, AB T2P 4K9

Party Code: 50087121
Phone #: 403 260 3500
Reference #: 065093-447532/ss

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Business Debtor Search For:

ARGOSY ENERGY INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 08092207698

Registration Type: LAND CHARGE

Registration Date: 2008-Sep-22

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Amendments to Registration

10051310418

Amendment

2010-May-13

Debtor(s)

Block

1 ARGOSY ENERGY INC.
2100, 500 - 4th Avenue SW
Calgary, AB T2P 2V6

Status

Current

Block

2 RADIUS RESOURCES CORP.
200, 816 - 7th Avenue SW
Calgary, AB T2P 1A1

Status

Current by
10051310418

Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
2700, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

Status

Current

Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 08092207771

Registration Type: SECURITY AGREEMENT

Registration Date: 2008-Sep-22

Registration Status: Current

Expiry Date: 2013-Sep-22 23:59:59

Exact Match on: Debtor

No: 1

Amendments to Registration

10051310333

Amendment

2010-May-13

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
2100, 500 - 4th Avenue SW
Calgary, AB T2P 2V6

Current

Block

Status

2 RADIUS RESOURCES CORP.
200, 816 - 7th Avenue SW
Calgary, AB T2P 1A1

Current by
10051310333

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
2700, 530 - 8th Avenue SW
Calgary, AB T2P 3S8

Current

Collateral: General

Block

Description

Status

1 All present and after-acquired personal property of the Debtor.

Current

Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 13022627675

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2013-Feb-26

Registration Status: Current

Expiry Date: 2015-Feb-26 23:59:59

Issued in Calgary Judicial District

Court File Number is 1301-02535

Judgment Date is 2013-Feb-08

This Writ was issued on 2013-Feb-26

Type of Judgment is Other

Original Judgment Amount: \$4,396.46

Costs Are: \$0.00

Post Judgment Interest: \$0.00

Current Amount Owing: \$4,396.46

Exact Match on: Debtor

No: 1

Solicitor / Agent

Sonic Oilfield Service Ltd.
Suite 550, 717 - 7 Avenue SW
Calgary, AB T2P 0Z3

Phone #: 403 470 0100

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
1900, 520 - 3 Avenue SW
Calgary, AB T2P 0R3

Current

Creditor(s)

Block

Status

1

Current

Search ID#: Z04702546

SONIC OILFIELD SERVICE LTD.
Suite 550, 717 - 7 Avenue SW
Calgary, AB T2P 0Z3

Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 13030421775

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2013-Mar-04

Registration Status: Current

Expiry Date: 2015-Mar-04 23:59:59

Issued in Calgary Judicial District

Court File Number is 1301-01648

Judgment Date is 2013-Mar-04

This Writ was issued on 2013-Mar-04

Type of Judgment is Other

Original Judgment Amount: \$3,209.60

Costs Are: \$1,172.80

Post Judgment Interest: \$0.00

Current Amount Owing: \$4,337.40

Exact Match on: Debtor

No: 1

Amendments to Registration

13041723742

Amendment

2013-Apr-17

Solicitor / Agent

Robb & Evenson Professional Corporation
506, 933 - 17 Avenue SW
Calgary, AB T2T 5R6

Phone #: 403 541 1600

Fax #: 403 541 1604

Reference #: 33-10966

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
1900, 520 - 3 Avenue SW
Calgary, AB T2P 0R3

Current

Search ID#: Z04702546

Creditor(s)

Block

Status

1 JACAR ENERGY SERVICES
c/o 506, 933 - 17 Avenue SW
Calgary, AB T2T 5R6

Current

Block

Status

2 CASCADE ENERGY SERVICES L.P.
c/o 506, 933 - 17 Avenue SW
Calgary, AB T2T 5R6

Current

Particulars

Block

Additional Information

Status

1 CREDITOR TO READ: JACAR ENERGY SERVICES a division of CASCADE ENERGY SERVICES L.P.

Current

Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 13031531014

Registration Type: WRIT OF ENFORCEMENT

Registration Date: 2013-Mar-15

Registration Status: Current

Expiry Date: 2015-Mar-15 23:59:59

Issued in Medicine Hat Judicial District

Court File Number is 130800090

Judgment Date is 2013-Mar-06

This Writ was issued on 2013-Mar-15

Type of Judgment is Other

Original Judgment Amount: \$18,312.00

Costs Are: \$210.86

Post Judgment Interest: \$4.97

Current Amount Owing: \$18,527.83

Exact Match on: Debtor

No: 1

Solicitor / Agent

KAY & RIGGINS, BARRISTER & SOLICITORS
BAG 1227 #B 212 3RD AVE WEST
BROOKS, AB T1R 1C1

Phone #: 403 362 5733

Fax #: 403 362 5770

Reference #: 40782

Debtor(s)

Block

1 ARGOSY ENERGY INC.
#1900 520 3RD AVENUE SW
CALGARY, AB T2P 0R

Status

Current

Creditor(s)

Block

1

Status

Current

Search ID#: Z04702546

T.C. MOBILE VESSELS LTD.
BOX 518
BROOKS, AB T1R 1B

Search ID#: Z04702546

Business Debtor Search For:

ARGOSY ENERGY INC.

Search ID #: Z04702546

Date of Search: 2013-May-29

Time of Search: 13:56:19

Registration Number: 13052149364

Registration Type: BANKRUPTCY / PROPOSAL

Registration Date: 2013-May-21

Registration Status: Current

Registration Term: Infinity

Court Location: Calgary Judicial District

Court File Number: BB101 723691

Date Filed: 2013-Mar-11

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 ARGOSY ENERGY INC.
500, 1414 8TH STREET SW
CALGARY, AB T2P1J6

Current

Trustee

Block

Status

1 PRICEWATERHOUSECOOPERS INC.
3100, 111 - 5 AVENUE S.W.
CALGARY, AB T2P5L3

Current

Search ID#: Z04702546

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

Reg. #

ARGOSY ENERGY LLC
300, 611 - 10TH AVENUE S.W.
CALGARY, AB T2R 0B2


10082618695

SECURITY AGREEMENT

Result Complete

TAB F

This is Exhibit "F" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

Argosy Energy Inc. Announces Sale of Assets at Ante Creek and the Initiation of a Process to Identify Strategic Alternatives

FOR IMMEDIATE RELEASE – May 1, 2012

Argosy Energy Inc. (“Argosy” or the “Company”) (GSY.TSX) is pleased to announce that it has entered into an agreement to sell its interests in certain lands which includes the Montney formation in the Ante Creek area of Alberta (the “Ante Creek Assets”) for total consideration of approximately \$5.0 million, after closing adjustments. Proceeds from the sale are intended to be used to reduce corporate indebtedness and provide Argosy flexibility with respect to its operations in the Southern Alberta Bakken play. The sale of the Ante Creek Assets are not expected to have a material impact to corporate production and cash flow.

In addition, the Board of Directors has decided to initiate a process to identify, examine and consider a range of strategic alternatives available to the Company with the objective of enhancing shareholder value (the “Strategic Alternatives Process”). The Company has established a special committee consisting of Mr. Jacob Roorda, acting as Chair, Mr. Brian Mellum and Mr. Peter Salamon (the “Special Committee”) and has engaged GMP Securities L.P. and Haywood Securities Inc. to act as co-financial advisors in connection with this process.

The Strategic Alternatives Process may include a number of strategic alternatives, such as: a sale of the shares of the Company either in one or a series of transactions or in the form of a financing, a merger, recapitalization, arrangement, amalgamation, a sale of a material portion of the Company’s assets, signing of a joint venture agreement, or consideration of other alternatives as the Special Committee may determine.

The Company’s primary asset is a 100% working interest in a 34 section land position within a well developed portion of the Alberta Basin Bakken prospect trend. Argosy has identified up to 100 low-risk development drilling locations that are well defined on a comprehensive, proprietary 3D seismic base. In addition, the Company retains an attractive farm-in option to earn an additional 11 sections prospective for the Big Valley formation which may provide for an additional 20 low-risk development locations if fully earned. The Company has drilled one vertical well and two horizontal wells targeting the Wabamun/Big Valley Formation and currently produces approximately 225 bbls/d from these wells. On the same land base, the Company has mapped an extension of the Penny area Barons oil pool and has identified an additional 96 low risk development locations on this trend.

In addition, the Company currently produces approximately 450 boe/d of natural gas at Claresholm through an 11mmcf/d gas plant (75% working interest). The Company has identified an additional 21 drill ready natural gas prospects on its land base.

The Company cautions that there are no guarantees that the Strategic Alternatives Process will result in a transaction or, if a transaction is undertaken, as to its term or timing. The

Company has not set a definitive schedule to complete its evaluation and does not intend to disclose developments with respect to this Strategic Alternatives Process unless and until the evaluation has been completed and a definitive agreement has been reached.

Argosy is a junior oil and gas company focused on the exploration for and development of oil and natural gas in western Canada.

For further information please contact:

Mr. Peter Salamon
President and CEO

Mr. Tom Dalton
Vice President Finance and CFO

Argosy Energy Inc.
2100, 500 – 4th Avenue S.W.
Calgary, Alberta
Telephone (403) 269-8846
Email: investor@argosyenergy.com
Website: www.argosyenergy.com

For further with respect to the Strategic Alternatives Process please contact:

GMP Securities L.P.
Mr. Wade Felesky
Managing Director, Investment Banking
Direct: (403) 543-3043
Email: wadef@gmpsecurities.com

Haywood Securities Inc.
Mr. Mark Reynolds
Managing Director, Investment Banking
Direct: (403) 509-1926
Email: mreynolds@haywood.com


In this news release the calculation of barrels of oil equivalent (boe) is calculated at a conversion rate of six thousand cubic feet (Mcf) of natural gas for one barrel (Bbl) of oil based on an energy equivalency conversion method. Boes may be misleading particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1Bbl is based on an energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead.

Advisory Regarding Forward-Looking Information

This press release contains forward-looking information concerning the anticipated use of the net proceeds of the sale of the Ante Creek Assets, the Strategic Alternatives Process and drilling prospects. Although Argosy believes that the expectations reflected in the forward-looking statements are reasonable, the forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking information. As such, readers are cautioned not to place undue reliance on the forward-looking information, as no assurance can be provided as to the future results, levels of activity or achievements. Risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Company, risks associated with the oil and gas industry, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, risks associated with the uncertainty of reserve obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Corporation. Additional information identifying risks and uncertainties is contained in filings of the Company with Canadian securities regulators, which filings are available under the Corporation's profile at www.sedar.com.

TAB G

This is Exhibit "G" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

CREDIT AMENDING AGREEMENT

THIS AGREEMENT is made as of February 25, 2013.

BETWEEN:

ARGOSY ENERGY INC., (hereinafter referred to as the
"Borrower" or the "Credit Party")

OF THE FIRST PART,

- and -

NATIONAL BANK OF CANADA (hereinafter referred to as
the "Bank")

OF THE SECOND PART.

WHEREAS the Borrower and the Bank are parties to the Credit Agreement;

AND WHEREAS the credit facilities provided by the Bank to the Borrower under the Credit Agreement are repayable upon demand;

AND WHEREAS to secure repayment of the Indebtedness and to secure the performance of all obligation of the Borrower to the Bank the Borrower has granted security to the Bank over all of its present and after acquired property, assets and undertaking including a \$75,000,000 Fixed and Floating Charge Debenture, Pledge of Debenture, Negative Pledge and Undertaking, and General Assignment of Book Debts, all dated September 30, 2008 (collectively, the "Security");

AND WHEREAS the Security is valid and enforceable and represents a first ranking charge over all of the present and after acquired property, assets and undertaking of the Borrower;

AND WHEREAS the Guarantor (which is a wholly-owned subsidiary of the Borrower) has executed a Letter of Guarantee dated March 14, 2010 wherein the Guarantor has unconditionally guaranteed payment to the Bank of the Borrower's Indebtedness in an amount up to \$75,000,000;

AND WHEREAS the Borrower has committed Events of Default under the Credit Agreement;

AND WHEREAS the Borrower has requested that the Bank amend the Credit Agreement in order to allow the Borrower sufficient time to identify and conclude a transaction under the Sales Process subject to the terms and conditions outlined herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. Interpretation

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

"Agreement" means this agreement, as amended, modified, supplemented or restated from time to time.

"Credit Agreement" means the offering letter by the Bank to the Borrower in respect of revised Credit Facilities for the Borrower dated May 14, 2012, as amended to the date hereof.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Credit Agreement.

1.3 The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Section or other portion hereof and include any agreements supplemental hereto.

1.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

2. Credit Defaults

2.1 The Borrower acknowledges and agrees that it has committed the following Events of Default under the Credit Agreement (the **"Current Defaults"**):

- (a) The Borrower has failed to maintain an Adjusted Working Capital Ratio of not less than 1.00:1.00, such ratio being 0.47:1 as set out in the Borrower's interim financial statements for the quarter ended September 30, 2012; and
- (b) Builders' liens have been registered against its petroleum and natural gas assets.

2.2 The Borrower acknowledges that the Bank has made no promises and has taken no action or omitted to take any action that would constitute a waiver or estoppel of the Bank's rights to enforce its rights or remedies in respect of the Current Defaults or any other Event of Default that may exist under the Credit Agreement. The Bank is and remains in a position to exercise all of its rights and pursue all of its remedies including, without limitation, the right to demand repayment of all amounts outstanding at any time, with respect to the Credit Agreement in accordance with applicable laws.

3. Amendment Fee and Extension Fees

3.1 In consideration of the administrative time and expense incurred by the Bank in relation to the Credit Agreement and in further consideration of the Bank agreeing to enter into this Agreement, the Borrower shall pay an amendment fee to the Bank as follows:

- (a) \$50,000 which shall be earned immediately upon the execution of this Agreement and payable on the earlier of the Bank making demand for repayment

or April 30, 2013 by way of automatic debit of the Borrower's bank account maintained with the Bank.

3.2 In addition to the amendment fee payable under and pursuant to section 3.1, and in further consideration of the administrative time and expense incurred by the Bank in relation to the Credit Agreement and in further consideration of the Bank agreeing to enter into this Agreement, the Borrower shall pay a monthly loan extension fee to the Bank in the amount of \$25,000 for each month commencing effective January 1, 2013 or partial month that the Indebtedness is outstanding. Such monthly fee shall be earned immediately upon the execution of this Agreement and payable in arrears on the earlier of the Bank making a demand for repayment or April 30, 2013 by way of automatic debit of the Borrower's bank account maintained with the Bank.

4. Amendments to the Credit Agreement

4.1 The "Credit Facility "A"" section on pages 1 – 3 of the Credit Agreement is hereby amended as follows:

- (a) The phrase "Bankers' acceptance in Canadian dollars ("BA's")" on page 1 of the Credit Agreement and the section entitled "Canadian Dollar BAs" on page 3 of the Credit Agreement are hereby deleted in their entirety and replaced with the following:

"The Borrower shall have no ability or right to issue Bankers' acceptance in respect of Credit Facility "A"."

- (b) The "Pricing Grid" section on page 2 of the Credit Agreement is hereby deleted in its entirety. All Indebtedness except for L/C/G's (as hereinafter defined) shall accrue at the Bank's Prime Rate plus two and one half (2.5%) per cent per annum. L/C/G fee of three and one half (3.5%) per cent per annum of the issue shall be paid to the Bank, payable at issue.;

- (c) The following is added to the section commencing on page 5 of the Credit Agreement immediately following the section entitled "For All Credit Facilities":

"All of the proceeds from any sale of or disposition of any of the Borrower's petroleum and natural gas assets whether under and pursuant to the Sales Process or otherwise, shall be used to permanently repay amounts owed by the Borrower to the Bank."

4.2 The "Credit Facility "B"" section on pages 3 – 5 of the Credit Agreement is hereby deleted in its entirety.

4.3 The "Risk Management Facility" section on page 5 of the Credit Agreement is hereby amended by adding the following to the "Availability" section immediately following the last sentence thereof:

"Notwithstanding anything else contained herein, the Borrower shall not enter into any Financial Instruments without the prior written consent of the Bank, which consent may be withheld or subject to condition as determined by the Bank in its sole and unfettered discretion".

4.4 The Borrower shall immediately cancel the following Risk Management Facility:

Type of Contract	Commodity	Volume	Price	Basis	Term
Financial Bought Swap	Natural gas	1,500 Gj's/day	\$3.30/Gj	AECO C 5A Index	July 1, 2012 – December 31, 2013

and shall apply pay all net termination proceeds enuring to the benefit of the Borrower to the Bank for the Bank to apply to the Indebtedness (as hereinafter defined) in such fashion as the Bank in its sole discretion shall determine.

5. Marketing Process

- (a) The Borrower shall engage Sayer Energy Advisors on terms acceptable to the Bank in its sole and unfettered discretion as the Borrower's sales and marketing agent (the "**Sales and Marketing Agent**") and provide copies to the Bank of all engagement letters with the Sales and Marketing Agent. Each step in the sales and marketing process (the "**Sales Process**") shall be subject to the Bank's approval in the Bank's sole and unfettered discretion. The Borrower shall utilize diligent commercial efforts to pursue a sale of all of its property, assets and undertaking in accordance with the following timeline:
- (i) Retention of the Sales and Marketing Agent on or before February 5, 2013;
 - (ii) Preparation and dissemination by the Sales and Marketing Agent of initial teaser document outlining the acquisition opportunity on or before February 27, 2013;
 - (iii) Preparation of a confidential information memorandum to be provided to interested parties and establishment of a data room on or before February 27, 2013;
 - (iv) Indicative letters of intent due on April 4, 2013;
 - (v) Selection of final bidder on April 5, 2013;
 - (vi) Execution and delivery of definitive asset purchase agreement on or before April 19, 2013; and
 - (vii) Closing of the transaction of purchase and sale on April 30, 2013.
- (b) The Borrower covenants and agrees that the Bank and its Consultant may communicate with the Sales and Marketing Agent about any aspect of the Sales Process, including without limitation, the identities of persons who are participating or who have expressed interest in participating in the Sales Process. The Borrower further covenants and agrees that it will instruct the Sales and Marketing Agent to communicate directly with the Bank and its Consultant in respect of the Sales Process.

SCHEDULE B

FORM OF CONFIRMATION OF GUARANTEE AND SECURITY

CONFIRMATION OF GUARANTEE AND SECURITY

TO: National Bank of Canada (the "**Bank**")

WHEREAS Argosy Energy Inc. (the "**Borrower**") entered into a Credit agreement as of May 14, 2012 with the Bank, as amended and supplemented to date hereof (the "**Credit Agreement**");

AND WHEREAS the undersigned guaranteed payment to the Bank of all present and future debts and liabilities (direct or indirect, absolute or contingent, matured or otherwise), now or at any time and from time to time hereafter due or owing to the Bank by the Borrower (collectively, the "**Guaranteed Obligations**"), pursuant to a guarantee made as of May 14, 2010 and granted by the undersigned in favour of the Bank (the "**Guarantee**");

AND WHEREAS, as collateral security for its obligations under the Guarantee, the undersigned executed and delivered to the Bank a fixed and floating charge demand debenture, a debenture pledge agreement and a negative pledge and undertaking, each dated as of May 14, 2010, (collectively, the "**Security**");

AND WHEREAS, pursuant to an amending agreement (the "**Amending Agreement**") made as of even date herewith, the Borrower and the Bank have agreed to further amend and supplement the Credit Agreement;

AND WHEREAS the undersigned has been provided with a true, correct and complete copy of the Amending Agreement;

AND WHEREAS the undersigned wishes to confirm to the Bank that the Guarantee and Security continue to apply to the Guaranteed Obligations of the Borrower.

IN CONSIDERATION of the sum of Cdn.\$10.00 now paid by the Bank to the undersigned and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the undersigned hereby confirms and agrees that each of the Guarantee and the Security is valid and enforceable in all respects and shall remain in full force and effect in all respects notwithstanding the amendment of the Credit Agreement and the amendments and supplements contained in the Amending Agreement and shall continue to exist and apply to all of the Guaranteed Obligations of the Borrower, including, without limitation, the Guaranteed Obligations of the Borrower under, pursuant or relating to the Credit Agreement as amended by the Amending Agreement. This Confirmation is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Guarantee or Security.

The Guarantor hereby releases, remises, acquits and forever discharges the Bank and its respective employees, agents, representatives, consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing hereinafter called the "**Released Parties**"), from any and all

actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to the Credit Agreement as amended, the Guarantee, or the Security to the Bank or any other document executed and/or delivered in connection herewith (the "Released Matters"). The Guarantor acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Guarantor represents and warrants to the Bank that it has not purported to transfer, assign or otherwise convey any of its right, title or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters.

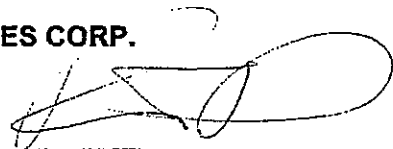
The Guarantor hereby agrees that it shall be obligated to indemnify and hold the Released Parties harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever incurred by the Released Parties, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any person, including, without limitation, the respective officers, directors, agents, trustees, creditors, partners or shareholders of the Guarantor or any of their respective subsidiaries, whether threatened or initiated, in respect of any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of this Agreement, the Guaranty, the Security or any other document executed and/or delivered in connection herewith; provided, that the Guarantor shall not have any obligation to indemnify or hold harmless any Released Party hereunder with respect to liabilities to the extent they result from the negligence or wilful misconduct of that Released Party as finally determined by a court of competent jurisdiction.

The Guarantor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favour of each Released Party and it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any Released Matter. If the Guarantor or any of its successors, assigns or other legal representatives violates the foregoing covenant, the Guarantor for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all reasonable attorneys' fees and costs, on a solicitor and own client, fill indemnity basis, incurred by any Released Party as a result of such violation.

DATED as of February 25, 2013.

RADIUS RESOURCES CORP.

By: _____



Name: _____

KAY DOBEK

Title: _____

PRESIDENT

By: _____

Name: _____

Title: _____

- (c) The Borrower covenants and agrees that it shall immediately upon receipt thereof, in addition to the reporting covenants contained in this Agreement, provide the Bank full and complete copies of all expressions of interest, letters of intent, term sheets, and offers for x any or all of its property and assets or y in respect of any financing, corporate or other transaction involving the Borrower.

6. Additional Covenants

6.1 The Borrower acknowledges, covenants and agrees that:

- (a) The facts as set out in the recitals to this Agreement are true and accurate in all respects and the same are expressly incorporated into and form part of this Agreement;
- (b) The Credit Agreement, and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and the Credit Agreement is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect;
- (c) Notwithstanding anything contained in this Agreement or any other document delivered in respect of this Agreement, all availments available to the Borrower under and pursuant to the Credit Agreement are repayable upon demand;
- (d) All of the security granted by the Borrower to the Bank, and all covenants, terms and provisions therein, shall be and shall continue to be in full force and effect and all of the security is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect;
- (e) As of January 14, 2013, the amount of indebtedness owed by the Borrower to the Bank under Credit Facility A was \$21,774,500 and under the Risk Management Facility was \$155,821 together with interest, fees, costs and all other amounts accruing due and owing under and pursuant to the Credit Agreement (collectively, the "**Indebtedness**");
- (f) The repayment of the Indebtedness, under the terms of this Agreement or otherwise, is and shall at all times remain subject to the terms and conditions contained in the Credit Agreement;
- (g) All of the Bank's expenses that it has incurred or will incur arising out of its dealings with the Borrower and in the protection, preservation and enforcement of the security including, without limitation, costs and fees incurred by the Bank in registering fixed charge security against the Borrower's petroleum and natural gas assets and the Bank's reasonable legal costs calculated as between its attorneys and/or solicitors and their own client on a full indemnity basis, are recoverable by the Bank under and pursuant to the Credit Agreement with the same priority as now exists thereunder and the Borrower irrevocably authorizes and directs the Bank to debit the Borrower's accounts with the Bank for the purposes of paying such expenses, costs and fees;
- (h) The Borrower confirms its consent to and shall continue to consent to the engagement by the Bank of PricewaterhouseCoopers Inc. (the "**Consultant**") as

the Bank's financial advisor on terms and conditions acceptable to the Bank, at its sole and unfettered discretion, for the purposes of reviewing the financial affairs and assets of the Borrower and monitoring the Borrower's receipts and disbursements on a weekly basis. All expenses, costs and fees charged by the Consultant to the Bank, whether arising before or after the date of this Agreement, shall be for the Borrower's account, and the Borrower irrevocably authorizes and directs the Bank to debit the Borrower's accounts with the Bank for the purposes of paying such expenses, costs and fees;

- (i) The Borrower shall continue to engage FTI Canada Consulting Inc. ("FTI") as its financial advisor on the terms and conditions as set out in the engagement letter attached hereto as Schedule "A";
- (j) The Borrower shall advise and instruct Avonlea Ventures Inc. to (i) immediately upon receipt thereof provide the Bank full and complete copies of all expressions of interest, letters of intent, term sheets, and offers for any financing, corporate or other transaction involving Agrogys; and (ii) discuss all aspects of its restructuring efforts including, without limitation, the Sales Process with the Bank and its Consultant;
- (k) The Borrower shall utilize reasonable commercial efforts to reduce its general and administrative costs and periodically report to the Bank in respect of the same;
- (l) The Borrower does not dispute its liability to repay any of the Indebtedness on any basis, and the Borrower does not have any right of setoff, damages, recoupment or other offset or any defense, claim or counterclaim with respect to the Credit Agreement or the Indebtedness;
- (m) On or before February 22, 2013, the Borrower shall provide a summary of all existing liens registered against its and the Guarantor's PNG assets and/or statements of claim filed against it or the Guarantor, together with copies of the relevant liens and/or statements of claim;
- (n) Commencing on March 1, 2013 and each Friday thereafter, the Borrower shall provide the Bank with a detailed written report and, at the Bank's election such report shall be accompanied by a telephone conference call, on its progress relating to the Sales Process, the and any other matters relating to the Borrower's restructuring efforts and operations including weekly production information. Such reports shall be in form and content satisfactory to the Bank in its sole and unfettered discretion; and
- (o) Commencing on March 1, 2013 and weekly thereafter, the Borrower shall provide the Bank with rolling 13 week cash flow projections (the "**Cash Flow Projections**") together with a report on variations occurring thereunder in form and substance satisfactory to the Bank in its sole and unfettered discretion. The Borrower shall conduct its business in accordance with the Cash Flow Projections and shall not sustain, suffer, permit or incur negative variances: (a) in any given week in an amount greater than two (2.00 %) per cent; or (b) at any time on an aggregate basis greater than eight (8.00%) per cent.

7. Representations and Warranties

7.1 The Borrower hereby represents and warrants as follows to the Bank and acknowledges and confirms that the Bank is relying upon such representations and warranties:

(a) Capacity, Power and Authority

- (i) It is duly incorporated and is validly subsisting under the laws of its jurisdiction of amalgamation or incorporation and has all the requisite corporate capacity, power and authority to carry on its business as presently conducted and to own its property; and
- (ii) It has the requisite corporate capacity, power and authority to execute and deliver this Agreement.

(b) Authorization; Enforceability

It has taken or caused to be taken all necessary action to authorize, and has duly executed and delivered, this Agreement, and this Agreement is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, winding up, insolvency, moratorium or other laws of general application affecting the enforcement of creditors' rights generally and to the equitable and statutory powers of the courts having jurisdiction with respect thereto.

(c) Compliance with Other Instruments

The execution, delivery and performance by the Borrower of this Agreement and the consummation of the transactions contemplated herein do not conflict with, result in any breach or violation of, or constitute a default under the terms, conditions or provisions of its articles, by-laws or other constating documents or any unanimous shareholder agreement relating to, the Borrower or of any law, regulation, judgment, decree or order binding on or applicable to the Borrower or to which its property is subject or of any material agreement, lease, licence, permit or other instrument to which the Borrower or the Guarantor is a party or is otherwise bound or by which any of them benefits or to which any of their property is subject and do not require the consent or approval of any governmental authority or any other party.

(d) Credit Agreement Representations and Warranties

Each of the representations and warranties of the Borrower set forth in the Credit Agreement is true and accurate in all material respects as of the date hereof.

(e) No Default

Other than the Current Defaults, to the best of the Borrower's knowledge, no Event of Default has occurred or is continuing.

7.2 The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigations or examinations which may

be made by or on behalf of the Bank or its solicitors. Such representations and warranties shall survive until the Credit Agreement has been terminated.

8. Conditions Precedent

8.1 The amendments and supplements to the Credit Agreement contained herein shall be effective upon, and shall be subject to, the satisfaction of the following conditions precedent:

- (a) The Bank shall have received internal credit committee approval of this Agreement and the Bank shall have executed and delivered this Agreement to the Borrower. For greater certainty, the terms of this Agreement are not binding upon the Bank until approved by the Bank's credit committee and the Bank has executed and delivered this Agreement to the Borrower;
- (b) The Borrower shall have provided the Bank with a schedule listing of all the Borrower's and Guarantor's current petroleum and natural gas assets and shall have executed any additional documents or agreements requested by the Bank including, without limitation, fixed charge debenture agreements to allow the Bank to register fixed charges against the Borrower's and Guarantor's petroleum and natural gas asset;
- (c) Radius Resources Corp. (the "**Guarantor**") shall have delivered to the Bank a Confirmation of Guarantee and Security, substantially in the form attached as Schedule "**B**" hereto;
- (d) Other than the Current Defaults, no Material Adverse Effect in the business, affairs, assets, properties, operations, or condition, financial or otherwise, of the Borrower shall have occurred or be occurring; and
- (e) Other than the Current Defaults, no Event of Default shall have occurred and be continuing.

8.2 The foregoing conditions precedent are inserted for the sole benefit of the Bank and may be waived in writing by the Bank, in whole or in part (with or without terms and conditions).

9. Events of Default

9.1 Any of the following events or occurrences shall constitute an Event of Default under the Credit Agreement:

- (a) The Borrower shall fail to perform any of the covenants, obligations or agreements contained in this Agreement; or
- (b) The existence or occurrence of any Event of Default under the Credit Agreement other than the Current Defaults.

9.2 Upon the occurrence of an Event of Default or the Borrower having failed to indefeasibly repay in cash all Indebtedness on or before April 30, 2013, all Indebtedness shall become immediately due and payable and notwithstanding any other provision hereof, the Bank may pursue all rights and remedies that it may have in connection with the Borrower and the Credit Agreement as it deems appropriate and to the extent permissible by law including, without

limitation, an application for the appointment of an interim receiver, or a receiver and manager either by instrument or upon application to a court having jurisdiction.

9.3 The foregoing remedies are not exhaustive and the Bank may, in its sole discretion, elect to exercise some, none, or all of the foregoing remedies and such remedies may be exercised independently and in any order deemed necessary or advisable by the Bank upon the occurrence or during the continuation of any Event of Default.

9.4 **Nothing contained herein or any agreement with the Bank referred to herein shall have the effect of changing the nature of any part of the Credit Facilities from a demand facility.**

10. Release and Indemnity

10.1 The Borrower hereby releases, remises, acquits and forever discharges the Bank and its respective employees, agents, representatives, consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing hereinafter called the "**Released Parties**"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement, the Credit Agreement, the security granted in respect of the Borrower's obligations to the Bank or any other document executed and/or delivered in connection herewith (the "**Released Matters**") save and except matters for which a Released Party has been found guilty of wilful misconduct or gross negligence by a court of competent jurisdiction in a final and non-appealable judgment. The Borrower acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Borrower represents and warrants to the Bank that it has not purported to transfer, assign or otherwise convey any of its right, title or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters.

10.2 The Borrower hereby agrees that it shall be obligated to indemnify and hold the Released Parties harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever incurred by the Released Parties, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any person, including, without limitation, the respective officers, directors, agents, trustees, creditors, partners or shareholders of Borrower or any of their respective subsidiaries, whether threatened or initiated, in respect of any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of this Agreement, the Credit Agreement, the security granted in respect of the Borrower's obligations to the Bank, or any other document executed and/or delivered in connection herewith; provided, that the Borrower shall not have any obligation to indemnify or hold harmless any Released Party hereunder with respect to liabilities to the extent they result from the negligence or wilful misconduct of that Released Party as finally determined by a court of competent jurisdiction. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower agrees to make the

NATIONAL BANK OF CANADA

By: B. Pineda
Name: Beth Pineda
Title: Manager

By: _____
Name:
Title:



Confirmation of Terms of Engagement

We agree to engage FTI Consulting Canada Inc. upon the terms set forth herein and in the attached Standard Terms and Conditions.

Argosy Energy Ltd.

By: _____

Date: _____

FTI CONSULTING CANADA INC

STANDARD TERMS AND CONDITIONS

The following are the Standard Terms and Conditions on which we will provide the Services to you set forth within the attached letter of Engagement. The Engagement letter and the Standard Terms and Conditions (collectively the "Engagement Contract") form the entire agreement between us relating to the Services and replace and supersede any previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract.

1. Reports and Advice

- 1.1 **Use and purpose of advice and reports** – Any advice given or report issued by us is provided solely for your use and benefit and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you shall not provide any advice given or report issued by us to any third party, or refers to us or the Services, without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

2. Information and Assistance

- 2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon your providing us with such information and assistance as we may reasonably require from time to time.
- 2.2 **Punctual and accurate information** – You shall use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose for which it is required. You shall also notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.
- 2.3 **No assurance on financial data** – While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Company management will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile or verify any such financial information. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on financial statements of the Company.
- 2.4 **Prospective financial information** - In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-upon procedures, in accordance with standards established by the Canadian Institute of Chartered Accountants, the American Institute of Certified Public Accountants or otherwise, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Company.

3. Additional Services

- 3.1 **Responsibility for other parties** – We shall have no responsibility for the work and fees of any other party engaged by you to provide services in connection with the Engagement regardless of whether such party was introduced to you by us. Except as provided in this Engagement Contract, we shall not be responsible for providing or reviewing the advice or services of any such third party, including advice as to legal, regulatory, accounting or taxation matters.

4. Confidentiality

- 4.1 **Restrictions on confidential information** – Both parties agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving Services under this or any other contract between us. Except as provided below, neither party will disclose the other party's confidential information to any third party without the other party's consent. Confidential information shall not include information that:

- 4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this Clause 4.1;
- 4.1.2 is acquired from a third party who, to the recipient party's knowledge, owes no obligation of confidence in respect of the information; or
- 4.1.3 is or has been independently developed by the recipient.

For greater certainty, nothing in this section 4.1 is intended to nor shall it create rights in favour of the company or any other party regarding any confidential information of the company or otherwise against you, FTI or any other party.

- 4.2 **Disclosing confidential information** – Notwithstanding Clause 1.1 or 4.1 above, either party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by valid legal process, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days' notice in writing is first given to the other party. Furthermore, in the event that we are appointed as Monitor, we may use or disclose any confidential information to the extent we deem necessary to fulfill our duties and obligations.
- 4.3 **Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, to the extent our engagement is or becomes known to the public, we may cite the performance of the Services to our clients and prospective clients as an indication of our experience, unless we and you specifically agree otherwise in writing.
- 4.4 **Internal quality reviews** – Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other FTI entity or use it for internal quality reviews.
- 4.5 **Maintenance of workpapers** – Notwithstanding the above, we may keep one archival set of our working papers from the Engagement, including working papers containing or reflecting confidential information, in accordance with our internal policies.

5. Termination

- 5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon written notice to the other party. Upon receipt of such notice, we will stop all work immediately. You will be responsible for all fees and expenses incurred by us through the date termination notice is received.
- 5.2 **Continuation of terms** – The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Engagement Contract, including but not limited to, Clauses 3 and 4 of the Engagement letter, and Clauses 1.1, 4, 6 and 7 of the Standard Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.

6. Liability Limitation; Waiver of Jury Trial

- 6.1 **Limitation of liability** - You agree that no Indemnified Person shall have any liability as a result of your retention of FTI, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted. Without limiting the generality of the foregoing, in no event shall any Indemnified Person be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind.
- 6.2 **WAIVER OF JURY TRIAL** -TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, YOU AND FTI IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR ANY SUCH OTHER MATTER.

7. Governing Law and Jurisdiction

The Engagement Contract shall be governed by and interpreted in accordance with the laws of Canada and the Province of Alberta, without giving effect to the choice of law provisions thereof. The Courts of Alberta sitting in Calgary shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties submit to the jurisdiction of such Courts and irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

FTI CONSULTING CANADA INC.

SCHEDULE B

FORM OF CONFIRMATION OF GUARANTEE AND SECURITY

CONFIRMATION OF GUARANTEE AND SECURITY

TO: National Bank of Canada (the "**Bank**")

WHEREAS Argosy Energy Inc. (the "**Borrower**") entered into a Credit agreement as of May 14, 2012 with the Bank, as amended and supplemented to date hereof (the "**Credit Agreement**");

AND WHEREAS the undersigned guaranteed payment to the Bank of all present and future debts and liabilities (direct or indirect, absolute or contingent, matured or otherwise), now or at any time and from time to time hereafter due or owing to the Bank by the Borrower (collectively, the "**Guaranteed Obligations**"), pursuant to a guarantee made as of May 14, 2010 and granted by the undersigned in favour of the Bank (the "**Guarantee**");

AND WHEREAS, as collateral security for its obligations under the Guarantee, the undersigned executed and delivered to the Bank a fixed and floating charge demand debenture, a debenture pledge agreement and a negative pledge and undertaking, each dated as of May 14, 2010, (collectively, the "**Security**");

AND WHEREAS, pursuant to an amending agreement (the "**Amending Agreement**") made as of even date herewith, the Borrower and the Bank have agreed to further amend and supplement the Credit Agreement;

AND WHEREAS the undersigned has been provided with a true, correct and complete copy of the Amending Agreement;

AND WHEREAS the undersigned wishes to confirm to the Bank that the Guarantee and Security continue to apply to the Guaranteed Obligations of the Borrower.

IN CONSIDERATION of the sum of Cdn.\$10.00 now paid by the Bank to the undersigned and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the undersigned hereby confirms and agrees that each of the Guarantee and the Security is valid and enforceable in all respects and shall remain in full force and effect in all respects notwithstanding the amendment of the Credit Agreement and the amendments and supplements contained in the Amending Agreement and shall continue to exist and apply to all of the Guaranteed Obligations of the Borrower, including, without limitation, the Guaranteed Obligations of the Borrower under, pursuant or relating to the Credit Agreement as amended by the Amending Agreement. This Confirmation is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Guarantee or Security.

The Guarantor hereby releases, remises, acquits and forever discharges the Bank and its respective employees, agents, representatives, consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing hereinafter called the "**Released Parties**"), from any and all

actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to the Credit Agreement as amended, the Guarantee, or the Security to the Bank or any other document executed and/or delivered in connection herewith (the "**Released Matters**"). The Guarantor acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. The Guarantor represents and warrants to the Bank that it has not purported to transfer, assign or otherwise convey any of its right, title or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters.

The Guarantor hereby agrees that it shall be obligated to indemnify and hold the Released Parties harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever incurred by the Released Parties, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any person, including, without limitation, the respective officers, directors, agents, trustees, creditors, partners or shareholders of the Guarantor or any of their respective subsidiaries, whether threatened or initiated, in respect of any claim for legal or equitable remedy under any statute, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of this Agreement, the Guaranty, the Security or any other document executed and/or delivered in connection herewith; provided, that the Guarantor shall not have any obligation to indemnify or hold harmless any Released Party hereunder with respect to liabilities to the extent they result from the negligence or wilful misconduct of that Released Party as finally determined by a court of competent jurisdiction.

The Guarantor, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favour of each Released Party and it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any Released Matter. If the Guarantor or any of its successors, assigns or other legal representatives violates the foregoing covenant, the Guarantor for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all reasonable attorneys' fees and costs, on a solicitor and own client, full indemnity basis, incurred by any Released Party as a result of such violation.

DATED as of February ____, 2013.

RADIUS RESOURCES CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

February 24, 2013

Avonlea Ventures Inc.
15466 The Gore Road
Caledon, ON L7C 3E5

Attention: Michael Steele, President

Dear Sirs:

Re: Argosy Energy Inc. ("Argosy")
Secured Loan and Credit Facilities Provided by National Bank of Canada (the
"Bank")

The Bank provides an operating credit facility to Argosy. In this regard, the Bank holds the first-ranking security over all of the assets, property and undertaking of Argosy and Argosy's wholly-owned subsidiary, Radius Energy Inc.

We reference the amended Engagement Agreement (the "Engagement Agreement") dated February 14, 2013, entered into between Argosy and Avonlea Ventures Inc. ("Avonlea"), a copy of which is attached hereto. Avonlea's fees constitute unsecured obligations of Argosy and are subordinate in right of payment to the secured obligations of Argosy to the Bank. In view of this fact, Avonlea has requested comfort from the Bank that it will allow Argosy to pay Avonlea's fees in circumstances where Argosy becomes liable to pay fees to Avonlea under and pursuant to the Engagement Agreement and there will otherwise be insufficient monies available for Argosy to indefeasibly repay the Bank in full in cash. The Bank is willing to provide certain limited assurances to Avonlea in connection with the payment of Avonlea's fees, as contemplated by the Engagement Agreement and the Bank thus advises Avonlea as follows.

1. The assurances provided by the Bank herein are subject to the condition that the Credit Amending Agreement dated for reference as of February 25, 2013 between the Bank and Argosy has been executed and delivered by the parties thereto and has become effective in accordance with its terms.
2. The Bank agrees to Argosy paying the \$50,000 work fee to Avonlea.
3. The Bank agrees to Argosy paying a fee (the "Finance Fee") calculated on the basis of 8% of the net cash proceeds raised through the issuance by Argosy of debt or equity (a "Financing") if the following conditions are met.
 - (a) Argosy is otherwise obligated to pay the Finance Fee to Avonlea under and pursuant to the terms of the Engagement Agreement;

- (b) Any equity financing occurs through a non-brokered, private placement that is compliant in all respects with all applicable laws and regulations;
 - (c) Any debt financing is done by way of fully subordinated issue of debt instruments;
 - (d) In respect of a Financing that will not result in the Bank being repaid in full in cash, the Bank has approved the Financing in writing; and
 - (e) The Financing closes on or before April 30, 2013 or on such later date as the Bank may approve in writing.
4. In the event Argosy enters into a transaction with the parties identified in Schedule B to this letter, then the Bank agrees to Argosy paying Avonlea the success fee as contemplated in sub-paragraph (b) of the Engagement Letter on the conditions that:
- (a) Argosy is otherwise obligated to pay the success fee to Avonlea under and pursuant to the terms of the Engagement Agreement;
 - (b) The success fee is paid to Avonlea from proceeds of the closing of the transaction;
 - (c) In respect of a transaction that will not result in the Bank being repaid in full in cash, the Bank has approved the applicable transaction in writing;
 - (d) The transaction closes on or before June 30, 2013 or on such later date as the Bank may approve in writing; and
 - (e) In no event shall Argosy be liable to both Avonlea and Sayer Energy Advisors for payment of a success fee.
5. Save and except as aforesaid, the Bank does not agree to payment of any fees, disbursements or remuneration whatsoever by Argosy to Avonlea other than in circumstances where the Bank expressly agrees in writing including, without limitation, any break fees purportedly payable by Argosy to Avonlea under the terms of the Engagement Agreement.
6. The Bank may withhold its consent from any proposed Financing or transaction for any reason whatsoever in the Bank's sole and unfettered discretion. Any consents provided by the Bank may be on such terms as the Bank in its sole and unfettered discretion determines to be necessary or advisable.
7. In consideration of the Bank providing this comfort letter, Avonlea hereby releases, remises, acquits and forever discharges the Bank and its respective employees, agents, representatives, consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing hereinafter called the "Released Parties"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or

hereafter arising, for or because of any manner or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement and any matter arising in respect of Argosy's obligations to the Bank or any other document executed and/or delivered in connection herewith (the "Released Matters") save and except matters relating to the comfort provided herein or which a Released Party has been found guilty of wilful misconduct or gross negligence by a court of competent jurisdiction in a final and non-appealable judgment. Avonlea acknowledges that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters. Avonlea represents and warrants to the Bank that it has not purported to transfer, assign or otherwise convey any of its right, title or interest in any Released Matter to any other person and that the foregoing constitutes a full and complete release of all Released Matters. Argosy, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favour of each Released Party and it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any Released Matter. If Avonlea or any of its successors, assigns or other legal representatives violates the foregoing covenant, Avonlea for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all reasonable attorneys' fees and costs, on a solicitor and own client, full indemnity basis, incurred by any Released Party as a result of such violation.

Yours truly,

National Bank of Canada

Per: 
Elizabeth Pineda

ACKNOWLEDGMENT AND AGREEMENT

In consideration of the Bank providing the foregoing comfort letter, Avonlea Ventures Inc. acknowledges and agrees to the terms, covenants, agreements and conditions contained therein.

DATED this 25th day of February, 2013.


AVONLEA VENTURES INC.

Per:


Michael Steele, President

TAB H

This is Exhibit "H" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is made as of the 8th day of March, 2013.

BETWEEN:

NATIONAL BANK OF CANADA
(the "Bank")

OF THE FIRST PART

- and -

ARGOSY ENERGY INC.
("Argosy")

OF THE SECOND PART

- and -

RADIUS RESOURCES CORP.
("Radius")

OF THE THIRD PART

WHEREAS Argosy and the Bank are parties to a Credit Agreement, as evidenced by the Offering Letter issued by the Bank to the Borrower in respect of revised Credit Facilities for Argosy dated May 14, 2012;

AND WHEREAS the Credit Agreement was amended by way of a Credit Amending Agreement (the "Credit Amending Agreement") made as of February 25, 2013;

AND WHEREAS concurrent with the execution and delivery of the Credit Amending Agreement, Radius executed and delivered to the Bank a Confirmation of Guarantee and Security;

AND WHEREAS Argosy and Radius advise that they wish to lodge Notices of Intention (the "NOI Proceedings") to make a proposal under and pursuant to the *Bankruptcy and Insolvency Act* ;

AND WHEREAS the Bank has made formal demand for repayment upon Argosy and Radius (collectively, the "Demands") and, in connection therewith, the Bank has issued Notices of Intention to Enforce Security under and pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act*;

AND WHEREAS Argosy and Radius have requested that the Bank forbear from undertaking enforcement proceedings;

AND WHEREAS the Bank is prepared to forbear from enforcing its remedies strictly in accordance with the terms of this Agreement;

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

**ARTICLE 1
DEFINITIONS/ACKNOWLEDGEMENTS**

- 1.1 Defined Terms. Capitalized terms used herein, not otherwise defined, shall have the meanings ascribed thereto in the Credit Agreement and Credit Amending Agreement.
- 1.2 Credit Amending Agreement. Argosy and Radius do hereby acknowledge each of the acknowledgments, covenants, undertakings, provisos and agreements contained in the Credit Amending Agreement, restate the same as of the date hereof and agree to continue to be bound and perform the same all strictly in accordance with the terms of the Credit Amending Agreement.
- 1.3 Receipt of Demands. Argosy and Radius each acknowledge receipt of the Demands on March 8, 2013, together with the Notices of Intention to Enforce Security referenced in the Demands.
- 1.4 Consent to Early Enforcement. Argosy and Radius do hereby consent to the early enforcement by the Bank of the Security it holds in accordance with Section 244(2) of *Bankruptcy and Insolvency Act*.

**ARTICLE 2
COVENANTS RE: NOI PROCEEDINGS**

- 2.1 NOI. Argosy and Radius acknowledge that they shall each be lodging Notices of Intention to make a proposal under and pursuant to the provisions of the *Bankruptcy and Insolvency Act* on the date hereof naming PricewaterhouseCoopers Inc. as the proposal trustee thereunder.

2.2 No Priming Charges. Argosy and Radius covenant and agree in favour of the Bank that they will not make or support any application which would have the effect of:

- (a) Creating any charge ranking in priority to the Security, the security held by the Bank in respect of Argosy or Radius or in priority to any other rights of the Bank; or
- (b) Altering or varying the rights of the Bank, Argosy, or Radius under or pursuant to the Credit Agreement, Credit Amending Agreement, Security or the Letter of Guarantee.

2.3 No Interim Financing. Argosy and Radius covenant and agree that they will not in connection with the NOI Proceedings seek interim financing under and pursuant to the provisions of the *Bankruptcy and Insolvency Act* or otherwise.

2.4 No other Creditor Protection. Argosy or Radius covenant and agree that they will not, without the prior written consent of the Bank, which consent may be refused by the Bank, for any reason, make any other filing or seek any other creditor protection (including a stay of proceedings) pursuant to the *Companies' Creditors Arrangement Act* or otherwise at law or in equity.

ARTICLE 3 FORBEARANCE

3.1 Forbearance. The Bank covenants and agrees, subject to Article 4 hereof, that it will not take any action to:

- (a) appoint an agent, receiver, or receiver and manager, pursuant to the Security or otherwise enforce its security against Argosy and Radius;
- (b) seize any of the property, assets or undertakings of Argosy and Radius;
- (c) commence any proceeding in the Court of Queen's Bench of Alberta, or any other court of competent jurisdiction in Canada; or
- (d) seek to terminate the NOI Proceedings.

**ARTICLE 4
DURATION OF FORBEARANCE**

- 4.1 Forbearance Period. Unless further extended by the Bank, in its sole and unfettered discretion, the forbearance of the Bank's rights, pursuant to Article 3 hereof shall be for the period of time (the "Forbearance Period") commencing upon the execution of this Agreement and remain in full force and effect until the earlier of April 30, 2013 and the date Bank issues the notice described in this section in respect of any of the following events each a ("Termination Event"):
- (a) any non-performance, whether occasioned by an act or omission, breach, event of default (whether declared by the Bank or not), or otherwise, of any obligation of Argosy and Radius under the Credit Agreement, Credit Amending Agreement, Security, Letter of Guarantee or this Agreement;
 - (b) the stay of proceedings in the NOI Proceedings being terminated upon application by any person or otherwise lapsing due to the effluxion of time; or
 - (c) at any time in the Bank's sole and unfettered discretion.

Upon the occurrence of a Termination Event, then the Bank shall be at liberty to take any action otherwise precluded under paragraph 3.1 hereof on 24 hours written notice to Argosy and Radius where upon the Forbearance Period shall terminate.

- 4.2 Consent to Receivership. Upon the occurrence of a Termination Event, Argosy and Radius hereby consent to the appointment of a receiver and manager (the "Receiver") over all of their respective assets, property and undertakings. The Bank is entitled to utilize, in its sole and unfettered discretion a Consent Receiver Order in the form attached as Schedule "A" hereto, against Argosy and Radius upon the occurrence of a Termination Event, without objection from Argosy or Radius. Argosy and Radius irrevocably agree that the Bank may complete any information not filled in as at the date consent is provided.
- 4.3 Notices. Any notices under this agreement may be delivered by courier, facsimile or electronic mail transmission to the parties at the addresses set forth below and, where so given, shall be deemed received by the recipient on the

same business day as delivered or transmitted if delivered or transmitted prior to 5:00 p.m. (Calgary time), otherwise on the next business day:

- (a) If to the Bank
311 – 6th Avenue S.W.,
Calgary, Alberta T2P 3H2
Attention: Elizabeth F. Pineda
Fax: 403-410-2084
Email: ElizabethF.Pineda@nbc.ca

with a copy to

McCarthy Tétrault LLP
3300, 421-7th Avenue S.W.
Calgary, Alberta T2P 4K9
Attention: Sean F. Collins
Fax: (403) 260-3501
email: scollins@mccarthy.ca

- (c) If to Argosy:

500, 1414– 8th Street SW
Calgary, Alberta T2R 1J6
Attention: President
Fax: (403) 269-8366

with a copy to

Norton Rose Canada LLP
Suite 3700, 400 – 3rd Avenue SW
Calgary, Alberta T2P 4H2
Attention: Howard A. Gorman
Fax: 403-264-5973
email: howard.gorman@nortonrose.com

- (d) If to Radius:

500, 1414 – 8th Street SW
Calgary, Alberta T2R 1J6
Attention: President
Fax: (403) 269-8366

with a copy to:

Norton Rose Canada LLP
Suite 3700, 400 – 3rd Avenue SW
Calgary, Alberta T2P 4H2
Attention: Howard A. Gorman
Fax: 403 264-5973
email: Howard.Gorman@nortonrose.com

4.4 Execution. This Agreement may be executed in counterparts and delivered via email, and all counterparts, when taken together, shall constitute one Agreement.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the day and year first above written.

NATIONAL BANK OF CANADA.

Per: Karon Koury

Name: Karon Koury

Title: Sr. manager

Per: Beth Pineda

Name: Beth Pineda

Title: Manager

RADIUS RESOURCES CORP.

ARGOSY ENERGY INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

Per: _____

Name:

Title:

SCHEDULE "A"

Clerk's Stamp

COURT FILE NUMBER
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF
APPLICANT(S) NATIONAL BANK OF CANADA
RESPONDENT(S) ARGOSY ENERGY INC. and RADIUS RESOURCES CORP.
DOCUMENT CONSENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Sean F. Collins/Walker W. MacLeod
McCarthy Tétrault LLP
3300, 421 – 7th Ave. S.W.
Calgary, AB T2P 4K9
Telephone: 403-260-3531
403-260-3710
Facsimile: (403) 260-3501
Email: scollins@mccarthy.ca
wmacleod@mccarthy.ca
File No. 065093-447532

DATE ON WHICH ORDER WAS PRONOUNCED:

NAME OF JUDGE WHO MADE THIS ORDER:

LOCATION OF HEARING:

UPON the application of National Bank of Canada in respect of Argosy Energy Inc. and Radius Resources Corp (the "Debtors"); AND UPON having read the Application, the Affidavit of _____; and the Affidavit of Service of _____, filed; AND UPON reading the consent of PricewaterhouseCooper Inc. to act as receiver and manager ("Receiver") of the Debtors, filed; AND UPON noting the consent endorsed hereon of the Debtors (by their counsel); AND UPON hearing counsel for _____; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, PricewaterhouseCooper Inc. is hereby appointed Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtors;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of

the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into new accounts for each of the Debtors to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information

provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
 - (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

- 16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

- 17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property

in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4), 81.6(2) and 88. of the BIA.

18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
27. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, or either of them.
28. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
29. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

- 30. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
- 31. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

- 32. The Receiver shall establish and maintain a website in respect of these proceedings at _____ and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO BY:

National Bank of Canada

Argosy Energy Inc.

Per: _____
 Sean F. Collins
 McCarthy Tétrault LLP
 Counsel to National Bank of Canada

Per: _____
 Howard Gorman
 Norton Rose Canada LLP
 Counsel to Argosy Energy Inc.

Radius Resources Corp.

Per: _____
 Howard Gorman
 Norton Rose Canada LLP
 Counsel to Radius Resources Corp

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the ____ day of _____, _____ (the "Order") made in action numbers _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at ●.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the

Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

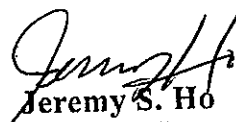
Per: _____

Name:

Title:

TAB I

This is Exhibit "I" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

COURT FILE NUMBER 1301-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT(S) NATIONAL BANK OF CANADA
RESPONDENT(S) ARGOSY ENERGY INC. and RADIUS RESOURCES CORP.
DOCUMENT **CONSENT TO ACT AS RECEIVER**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Sean F. Collins / Walker W. MacLeod
McCarthy Tétrault LLP
3300, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Telephone: 403-260-3531 / 403-260-3710
Facsimile: (403) 260-3501
Email: scollins@mccarthy.ca/
wmacleod@mccarthy.ca
c/m: 065093-447532

CONSENT TO ACT AS RECEIVER

FTI Consulting Canada Inc., hereby consents to act as receiver in these proceedings, if so appointed by this Honourable Court.

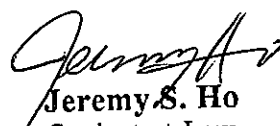
DATED at Calgary, Alberta this 29 day of May, 2013.

FTI CONSULTING CANADA INC.

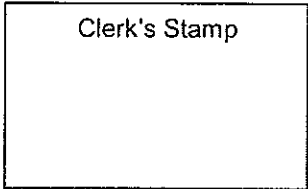
Per: 
Deryck Halkaa,
CA • CIRP
Senior Managing Director

TAB J

This is Exhibit "J" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

COURT FILE NUMBER 25-1723691
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY
ACT, RSC 1985, c B-3, AS AMENDED
IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ARGOSY ENERGY INC.

APPLICANT(S) ARGOSY ENERGY INC.
DOCUMENT **CONSENT TO ACT AS TRUSTEE**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT
Sean F. Collins / Walker W. MacLeod
McCarthy Tétrault LLP
3300, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Telephone: 403-260-3531 / 403-260-3710
Facsimile: (403) 260-3501
Email: scollins@mccarthy.ca/
wmacleod@mccarthy.ca
File: 065093-447532

CONSENT TO ACT AS TRUSTEE

FTI Consulting Canada Inc., hereby consents to act as trustee in these proceedings, if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 29 day of May, 2013.

FTI CONSULTING CANADA INC.

Per: 
Deryck Helkaa,
CA • CIRP
Senior Managing Director

COURT FILE NUMBER 25-1723693
COURT COURT OF QUEEN'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY

Clerk's Stamp

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY
ACT, RSC 1985, c B-3, AS AMENDED

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF RADIUS RESOURCES INC.

APPLICANT(S) RADIUS RESOURCES INC.

DOCUMENT **CONSENT TO ACT AS TRUSTEE**

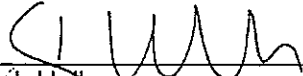
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT
Sean F. Collins / Walker W. MacLeod
McCarthy Tétrault LLP
3300, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9
Telephone: 403-260-3531 / 403-260-3710
Facsimile: (403) 260-3501
Email: scollins@mccarthy.ca/
wmacleod@mccarthy.ca
File: 065093-447532

CONSENT TO ACT AS TRUSTEE

FTI Consulting Canada Inc., hereby consents to act as trustee in these proceedings, if so appointed by this Honourable Court.

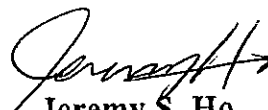
DATED at Calgary, Alberta this 29 day of May, 2013.

FTI CONSULTING CANADA INC.

Per: 
Deryck Heikka,
CA • CIRP
Senior Managing Director

TAB K

This is Exhibit "K" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

Long Term Asset Management Inc.

160 Heritage Lake Drive
DeWinton, Alberta, T0L 0X0
(403) 613-3903

May 16, 2013

Peter Salamon
President Argosy Energy Corp
#1414 – 8 th Street SW
Suite 500. Calgary. Alberta

Alan Tambosso
Sayer Energy Advisors
1620, 540 – 5th Avenue SW,
Calgary, Alberta T2P 0M2

Paul J Darby
Senior Vice President
Price Waterhouse Coopers Inc.
111 – 5th Avenue SW, Suite #3100
Calgary, AB T2P 5L3

Beth Pineda
National Bank of Canada
Manager Special Loans Group
311 – 6th Avenue SW, Suite #600
Calgary, AB T2P 3H2

RE: Argosy Purchase Proposals

Dear Peter & Beth:

Further to our continued discussions with your consultant Avonlea Ventures Inc. (Michael A. Steele) we are pleased to present to you now an amended offer exclusively from Long Term Asset Management Inc. hereinafter known as "LTA". This "Offer" is meant to establish a standstill provision as an expression and intention of the undersigned parties to work together and negotiate in good faith a final transaction to include but not be limited to the following terms and conditions :

Asset Purchase Offers:

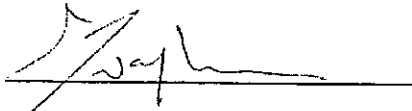
"LTA" is interested in the purchase of 100% of the Argosy assets as offered excluding those outlined in Schedule "A" herein, with the following terms and conditions:

- 1 – Cash Purchase of \$6,400,000 (Six Million Four Hundred Thousand Dollars).
- 2 – Closing to be the earlier of May 30, 2013 or 5 business days after entering into a mutually acceptable PSA agreement.
- 3 – \$6,400,000 deposit will be remitted with our attorney at Davis LLP in trust within one business day following the acceptance of this offer.
- 4 – Normal purchase price adjustments for property taxes and other government fees due and owing at the time of closing.
- 5 – Clean title transfer of all undivided interests in the Argosy assets as specified to "LTA".
- 6 – Effective date shall be April 1, 2013.
- 7 – Releases obtained from Avonlea Ventures Inc. and Michael Steele for any further claim as to the 3.75% fees or commissions owing from this transaction estimated at approximately \$ 240,000 which such fees shall NOT be to the cost or account of the Purchaser "LTA".

All due diligence matters have now been completed and shall no longer be a required condition precedent to the PSA.

This offer will remain open until the close of business on Friday May 17, 2013

Yours Truly:



Lawrence Walter (President- Long Term Asset Management) DATE

May 16, 2013

ACCEPTANCE: _____

Peter Salamon (President – Argosy Energy Corp)

DATE

Acceptance : _____

Beth Pineda (Western Manager Special Loans)

DATE

SCHEDULE "A"

Assets to be excluded from the "LTA" offer

Sections (16, 18, 20, 21, 22, 31) -9-24W4. All P& NG rights

including the wells at 7-21 9-24W4
2-31-9-24W4

Including the surface location at 5-22 9-24W4

Section 35-10-26W4. All P&NG rights below the base of the Manville.

Including the well at 13-35-10-26W4

TAB L

This is Exhibit "L" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.

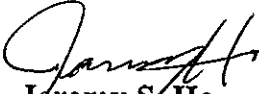

Jeremy S. Ho
Student-at-Law


Exhibit "L"

Confidential Document

Bid summary prepared by Sayer which various information, including pricing information, in respect of the offers received pursuant to the Sales Process.

TAB M

This is Exhibit "M" referred to in the Affidavit of Elizabeth Pineda, sworn on May 29, 2013.


Jeremy S. Ho
Student-at-Law

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN

**ARGOSY ENERGY INC. and RADIUS RESOURCES CORP., (collectively, the "Vendor") by
and through their court appointed receiver and manager, FTI CONSULTING CANADA
INC. (the "Receiver"), in its capacity as court appointed receiver and manager of the
assets, properties and undertaking of Argosy Energy Inc. and Radius Resources Corp.,
and not in its personal capacity**

AND

**LONG TERM ASSET MANAGEMENT INC., a corporation incorporated
pursuant to the laws of the Province of Alberta**

(the "Purchaser")

_____, 2013

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ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2013.

BETWEEN:

ARGOSY ENERGY INC. and RADIUS RESOURCES CORP. (collectively, the "Vendor") by their court appointed receiver and manager **FTI CONSULTING CANADA INC.**, in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity

- and -

LONG TERM ASSET MANAGEMENT INC., a corporation incorporated pursuant to the laws of the Province of Alberta (the "Purchaser")

WHEREAS the Receiver was appointed as receiver and manager of the Property pursuant to the Receivership Order;

WHEREAS the Vendor wishes to sell the Assets to the Purchaser and the Purchaser wishes to purchase the Assets from the Vendor, all upon and subject to the terms and conditions set forth in this Agreement;

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

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

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

- (a) **"Abandonment and Reclamation Liabilities"** means all past, present and future obligations and liabilities to:
 - (i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used, previously used or useful or intended for use in respect of or in connection with the Lands; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the lands on which the Wells, structures, foundations, buildings, pipelines,

equipment, tanks and other facilities described in Section 1.1(a)(i) are or were located and all lands used to gain access to any of them;

all in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents.

- (b) **"Affiliate"** means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term **"control"** as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership of more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise.
- (c) **"Agreement"** means this Asset Purchase and Sale Agreement including the recitals hereto and the Schedules attached hereto.
- (d) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations;which are applicable to such Person, asset, transaction, event or circumstance.
- (e) **"Assets"** means the Debtor's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Miscellaneous Interests and the Tangibles, but excludes the Excluded Assets.
- (f) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
- (g) **"Claim"** means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing.
- (h) **"Closing"** means the transfer of possession, beneficial ownership and risks of the Assets from the Vendor to the Purchaser, the exchange of Conveyance Documents and payment of the Purchase Price by the Purchaser to the Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
- (i) **"Closing Date"** has the meaning provided in Section 5.1.

- (j) "**Closing Payment**" has the meaning provided in Section 3.4.
- (k) "**Confidentiality Agreement**" means the confidentiality agreement between the Vendor and the Purchaser, dated ●, 2013.
- (l) "**Conveyance Documents**" means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of the Debtor or its Affiliates, to the Purchaser and to novate the Purchaser into the contracts, licenses, permits, approvals and authorizations comprised in the Miscellaneous Interests in the place and stead of the Debtor or its Affiliates, insofar as such contracts, licenses, permits, approvals and authorizations pertain to the Assets.
- (m) "**Court**" means the Court of Queen's Bench of Alberta.
- (n) "**Court Approval**" means the approval of the Transaction by the Court and the vesting of the Assets in the name of the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances, substantially in the form of the Order attached hereto as Schedule "F".
- (o) "**Data Room Information**" means all information provided to the Purchaser in electronic form in relation to the Debtor, or its Affiliates and/or the Assets.
- (p) "**Debtor**" means, collectively, Argosy Energy Inc. and Radius Resources Corp.
- (q) "**Deposit**" has the meaning provided in Section 3.3(a).
- (r) "**Dollar**" and "\$" mean a dollar of the lawful money of Canada.
- (s) "**Effective Time**" means 12:01 a.m. on April 1, 2013.
- (t) "**Encumbrance**" means all liens, charges, security interests, royalties, pledges, options, net profit interests, rights of pre-emption, mortgages, adverse claims and other encumbrances on ownership rights of any kind or character or agreements to create the same.
- (u) "**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components, and any derivative thereof shall have a corresponding meaning.
- (v) "**Environmental Law**" means all Applicable Laws respecting the protection of, or the control, remediation or reclamation of contamination or pollution of, the Environment or any part thereof.

(w) **"Environmental Liabilities"** means all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:

- (i) Environmental Matters;
- (ii) past, present and future non-compliance with, violation of or liability under Environmental Laws applicable to or otherwise involving the Assets; or
- (iii) Abandonment and Reclamation Liabilities,

whenever occurring or arising.

(x) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to:

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

in each case relating to the Lands or the Assets or that has or have arisen or hereafter arise from or in respect of past, present or future Operations, activities or omissions in or on the Lands or in respect of or otherwise involving the Assets, including obligations to compensate Third Parties for Losses and Liabilities.

(y) **"Excluded Assets"** means:

- (i) geological and geophysical interpretations related to the Assets;
- (ii) all other interpretations, evaluations, valuations, forecasts, analyses and similar items relating to the Assets, including any economic valuations or reserve forecasts prepared or acquired by or on behalf of the Debtor, or its Affiliates or a Third Party with respect to the Assets or the Transaction;
- (iii) any computer software, computer networks and other technology systems;
- (iv) advances and deposits to operators, Government Authorities or other Persons prior to the Effective Time to secure obligations or as prepayment of costs or expenses;
- (v) legal and title opinions;
- (vi) documents prepared by or on behalf of the Debtor in contemplation of litigation and any other documents within the possession of the Debtor which are subject to solicitor-client privilege under the laws of the Province of Alberta or any other jurisdiction; and

- (vii) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets.
- (z) **"GAAP"** means generally accepted accounting principles and practices in Canada.
- (aa) **"General Conveyance"** means the general conveyance in the form attached as Schedule "C".
- (bb) **"Government Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction.
- (cc) **"GST"** the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 3.5(a).
- (dd) **"Hazardous Substances"** means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (ee) **"Insider"** has the meaning given to that term in the *Securities Act* (Alberta).
- (ff) **"Land Schedule"** means Schedule "A".
- (gg) **"Lands"** means the entire interest of Debtor as of the Effective Time in and to the lands set forth and described in the Land Schedule, and includes (i) unless the context otherwise requires, the surface of such lands and (ii) the Petroleum Substances within, upon or under such lands, together with the rights to drill for, explore for, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (hh) **"Leases"** means the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the Lands, and include, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefore.
- (ii) **"Losses and Liabilities"** means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which the Vendor suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and

- (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which the Vendor suffers, sustains, pays or incurs as a result of or in connection with such matter;

but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by the Vendor, but including any such indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by a Third Party entitled to recovery or indemnification from the Vendor.

- (jj) **"Miscellaneous Interests"** means all of the right, title, interest and estate of the Debtor in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Excluded Assets), to the extent relating to the Petroleum and Natural Gas Rights, the Lands or the Tangibles, and to which the Debtor is entitled at the Effective Time, including the following property, rights and assets:

- (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Lands or the Tangibles, including the Title and Operating Documents and any rights of the Debtor in relation thereto;
- (ii) the Surface Interests;
- (iii) geological, geochemical and mineralogical data, reports and findings and archive samples, and all core or liquid samples and cuttings;
- (iv) seismic data, to the extent relating solely and directly to the Lands;
- (v) all engineering information, to the extent relating solely and directly to the Petroleum and Natural Gas Rights, the Lands, and the Tangibles which the Debtor either has in its custody or to which the Debtor has access, excluding any such information which is subject to confidentiality restrictions;
- (vi) all permits, licenses, approvals and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands and any lands upon which the Tangibles are located, including well and pipeline licenses and other permits and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles, and
- (vii) the Wells, including the entire wellbores and casings;

but specifically excluding the Excluded Assets.

- (kk) **"Operations"** means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.

- (ll) **"Party"** means the Vendor or the Purchaser, and **"Parties"** means the Vendor and the Purchaser.

- (mm) **"Permitted Encumbrances"** means, as of a particular time, any of the following:
- (i) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable;
 - (ii) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iii) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements and limitations of general application;
 - (iv) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
 - (v) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
 - (vi) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
 - (vii) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
 - (viii) the terms and condition of the Leases and the Title and Operating Documents; and
 - (ix) any other circumstance, matter or thing disclosed in any Schedule hereto;

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor's interests in the Assets because of a payout conversion or farmin, farmout or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

- (nn) **"Person"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or other entity.

- (oo) **"Petroleum and Natural Gas Rights"** means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Debtor in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances.
- (pp) **"Petroleum Substances"** means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and hydrogen sulphide.
- (qq) **"Place of Closing"** means the offices of ●, Calgary, Alberta, or as otherwise agreed to in writing by the Parties.
- (rr) **"Prime Rate"** means the rate of interest (expressed as a rate per annum) used by the main branch of the Alberta Treasury Branches in Calgary, Alberta from time to time as the reference rate used in determining the rates of interest payable on Canadian dollar commercial demand loans made by such bank in Canada and which is announced by such bank, from time to time, as its "prime rate".
- (ss) **"Property"** has the meaning given to it in the Receivership Order.
- (tt) **"Purchase Price"** has the meaning given in Section 3.1.
- (uu) **"Receivership Order"** means the order issued by the Court in the Receivership Proceedings on May 30, 2013, as amended, modified or supplemented from time to time.
- (vv) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court File No. ●.
- (ww) **"Release"** means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (xx) **"Representatives"** means, with, respect to any Party, its Affiliates, and the respective directors, officers, servants, agents, advisors, employees, consultants and representatives of that Party and its Affiliates.
- (yy) **"Statement of Adjustments"** has the meaning provided in Section 4.2(a).
- (zz) **"Surface Interests"** means all right, title, interest and estate of the Debtor to enter upon, use, occupy and enjoy the surface of the Lands and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or the Wells or Operations, whether the same are held by right of way, or otherwise.
- (aaa) **"Tangibles"** means, collectively, all right, title, interest and estate of the Debtor, whether absolute or contingent, legal or beneficial, present or future, vested or not,

in and to the tangible depreciable property and assets located within or upon the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, or make marketable Petroleum Substances or in connection with water condensate, injection or removal operations that pertain to the Petroleum and Natural Gas Rights.

- (bbb) **"Third Party"** means any Person other than the Parties or their Representatives.
- (ccc) **"Title and Operating Documents"** means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created, (ii) permits, licenses, approvals and authorizations, (iii) operating agreements, unit agreements, production allocation agreements, trust declarations, participation agreements, joint venture agreements, farmin agreements, farmout agreements and royalty agreements, (iv) agreements that create or relate to Surface Interests, (v) agreements for the construction, ownership and/or operation of the Tangibles, (vi) trust declarations and other documents and instruments that evidence the Debtor's interests in the Assets; and (vii) trust declarations pursuant to which the Debtor holds interests in the Lands in trust for other Persons.
- (ddd) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.
- (eee) **"Vendor Consents"** has the meaning provided in Section 8.1.
- (fff) **"Vendor Entity"** means the Vendor and its Representatives, and each of their respective successors and assigns.
- (ggg) **"Wells"** means all wells located on the Lands, including all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation, injection and disposal wells, and includes any well set out in Part 2 of Schedule "A".

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;

- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict;
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.3 Schedules

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

Schedule "A"	Land Schedule
Part 1	Lands and Leases
Part 2	Wells
Part 3	Petroleum and Natural Gas Rights
Schedule "B"	Form of General Conveyance
Schedule "C"	Form of Vendor's Officer's Certificate
Schedule "D"	Form of Vendor's Officer's Certificate
Schedule "E"	Form of Purchaser's Officer's Certificate
Schedule "F"	Form of Court Approval Order

1.4 Interpretation If Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Assets shall be construed as having been contingent upon Closing having occurred.

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in Sections 9.1 and 9.3 mean the actual knowledge or awareness, as the case may be, of the officers of such Party who are primarily responsible for the matters in question, and does not include knowledge and awareness of any other Person or any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell, assign, transfer, convey and set over to the Purchaser, and the Purchaser agrees to purchase and accept the Asset's from the Vendor at and for the Purchase Price.

2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk and beneficial ownership of the Assets shall transfer from the Vendor to the Purchaser on the Closing Date.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

3.1 Purchase Price

The purchase price to be paid by the Purchaser to the Vendor for the Assets shall be six million four hundred thousand (\$6,400,000), subject to adjustment only as set forth in Section 4.1 (the "Purchase Price").

3.2 Allocation of the Purchase Price

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

- (a) to the Miscellaneous Interests \$●
- (b) to the Tangibles \$●
- (c) Petroleum and Natural Gas Rights Balance of Purchase Price

3.3 Deposit

- (a) The Purchaser shall pay to the Vendor, by certified cheque, bank draft or electronic transfer of funds, a deposit of six million four hundred thousand (\$6,400,000) on the date that it executes this Agreement (referred to hereinafter as the "Deposit"). The Deposit received by the Vendor pursuant to this Section 3.3(a) shall be held in trust by the Vendor and shall be releasable in accordance with this Agreement.
- (b) If Closing occurs in accordance with the terms and conditions of this Agreement, the Deposit received by the Vendor shall be retained by the Vendor and credited against the Purchase Price, in partial satisfaction of the Purchaser's obligation to pay the Purchase Price at Closing.
- (c) If Closing does not occur:
 - (i) due to the conditions precedent in favour of the Purchaser set forth in Section 10.2 of this Agreement not having been satisfied or waived in accordance with the terms of this Agreement, the Deposit received by the

Vendor shall be returned by the Vendor to the Purchaser, this Agreement shall thereupon terminate, and each Party shall be released from all obligations and liabilities under or in connection with this Agreement; or

- (ii) for any reason other than the conditions precedent in favour of the Purchaser set forth in Section 10.2 of this Agreement not having been satisfied or waived in accordance with the terms of this Agreement, the Vendor shall be entitled to the Deposit, the Deposit shall be forfeited to the Vendor, and the Vendor shall be entitled to terminate this Agreement.
- (d) The Purchaser and the Vendor hereby acknowledge and agree that, should Closing not occur for any reason provided in Section 3.3(c)(ii), the Vendor will suffer and incur damages that cannot be precisely calculated, and will therefore be entitled to retain the Deposit pursuant to Section 3.3(c)(ii) as liquidated damages, and not as a penalty, the Deposit being a genuine pre-estimate of the damages that will be suffered by the Vendor as contemplated by this Section 3.3(d). In addition, Purchaser shall remain liable and responsible for any damages suffered by the Vendor that exceed the amount of the Deposit.

3.4 Closing Payment

The Purchaser shall pay to the Vendor at Closing, by certified cheque, bank draft or electronic wire transfer, the adjusted Purchase Price as set forth in the Interim Statement of Adjustments plus any taxes and fees (including GST) payable under Section 3.5 (the "Closing Payment").

3.5 Taxes and Fees

- (a) The Purchase Price does not include GST. At Closing, the Purchaser shall pay to the Vendor an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply. The Purchaser shall be liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless the Vendor in respect thereof. The GST Registration Number of the Vendor is ● (Argosy Energy Inc.) and ● (Radius Resources Corp.). The GST Registration Number of the Purchaser is ●.
- (b) The Purchaser shall also be liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendor to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustments

- (a) All costs and revenues accruing, payable, paid, received or receivable in respect of the Assets, including rentals, maintenance, development, capital and operating costs, advances, and payments with respect to Permitted Encumbrances shall be apportioned between the Vendor and the Purchaser as of the Effective Time, on and subject to the following:
- (i) except as otherwise provided in this Section 4.1, all such costs and revenues accruing up to the Effective Time shall be for the account of the Vendor and all such costs and revenues accruing after the Effective Time shall be for the account of the Purchaser;
 - (ii) all such revenues accruing up to the Effective Time shall be for the Vendor's account, regardless of whether such revenues are received or receivable prior to or after the Effective Date, and Purchaser shall hold in trust for, on behalf of and pay to the Vendor any such revenues received by the Purchaser, and all such revenues accruing after the Effective Time shall be for the Purchaser's account, regardless of whether such revenues are received or receivable prior to or after the Effective Date, and Vendor shall hold in trust for, on behalf of and pay to the Purchaser any such revenues received by the Vendor;
 - (iii) all costs of whatever nature that (a) pertain to work performed or goods or services provided with respect to the Assets prior to the Effective Time, and (b) are known to the Purchaser and accounted for on the Statement of Adjustments, shall be borne by the Vendor, and all costs of whatever nature that (a) pertain to work performed or goods or services provided with respect to the Assets after the Effective Time, and (b) not known to the Vendor and not accounted for on the Statement of Adjustments) shall be borne by the Purchaser;
 - (iv) all rentals, property taxes and other periodic payments (other than income taxes) shall be apportioned between the Vendor and the Purchaser on a *per diem* basis as of the Effective Time, provided that (a) all such rentals, property taxes and other periodic payments accruing up to the Effective Time shall be for the Vendor's account (it being expressly understood and agreed that any rentals, property taxes and other periodic payments vested off title to the Assets in accordance with the Court Approval shall not be adjusted), and (b) all such rentals, property taxes and other periodic payments accruing after the Effective Time shall be for the Purchaser's account;
 - (v) there shall be an adjustment in favour of the Vendor on account of the letter of guarantee granted by the National Bank of Canada to the Municipal District of Willow Creek, dated May 24, 2012 in the amount of \$24,500 (CAD); and

- (vi) there shall not be any adjustment on account of income taxes.
- (b) The effective time for income tax purposes shall be the Effective Time.
- (c) All adjustments to be made pursuant to this Section 4.1 shall be allocated to the Petroleum and Natural Gas Rights.

4.2 Statement of Adjustments

- (a) The Vendor shall carry out an accounting and adjustment and prepare and deliver to the Purchaser on or prior to the Closing Date a statement setting forth the Vendor's good faith estimate of all adjustments to be made for the Transaction (the "**Statement of Adjustments**") in accordance with the foregoing Section 4.1.
- (b) The Statement of Adjustments shall constitute the final accounting between the Parties in respect of costs and revenues accruing, payable, paid, received or receivable in respect of the Assets, shall be binding on the Parties and shall not be subject to dispute. For certainty, notwithstanding any other provision in this Agreement, save pursuant to the Statement of Adjustments, there shall be no further adjustments made between the Parties in respect of any costs or revenues accruing, payable, paid, received or receivable in respect of the Assets, including rentals, maintenance, development, capital and operating costs, advances, and payments with respect to Permitted Encumbrances, including, but not limited to, any costs or revenues that are disclosed or adjusted as a consequence of any subsequent joint venture audits, royalty adjustments or similar audit or adjustment procedures pursuant to the Operating Agreements or Applicable Law.

ARTICLE 5 CLOSING

5.1 Closing

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

- (a) the fourth (4th) Business Day following the day Court Approval is obtained; or
- (b) on such other Business Day as the Parties may agree in writing;

(the "**Closing Date**").

ARTICLE 6 INTERIM PROVISIONS

6.1 Assets to be Maintained

Until the Closing Date, the Vendor shall, subject to the Title and Operating Documents:

- (a) cause the Assets to be maintained in a proper and prudent manner in accordance with generally accepted industry practices;

- (b) subject to the terms of the Receivership Order, pay or cause to be paid all costs and expenses relating to the Assets which become due prior to the Closing Date; and
- (c) perform and comply in all material respects with the covenants and conditions contained in the Title and Operating Documents to be performed or complied with by the Vendor prior to Closing.

6.2 Restrictions on Conduct of Business

The Vendor shall not, between the date of this Agreement and the Closing Date, without the written consent of the Purchaser, which consent will not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure out of the ordinary course of business with respect to the Assets, of which the Debtor's share is in excess of Fifty Thousand Dollars (\$50,000.00), except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets (including Lease rental payments) or in respect of amounts which the Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) other than in the ordinary course of business, materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets;
- (c) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and the Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (d) sell, encumber or otherwise dispose of any of the Assets or any interest therein except the sale of materials and supplies no longer required in connection with the Assets, and excepting sales of Petroleum Substances in the ordinary course of business; and
- (e) exercise any right or option of the Debtor relative to or arising as a result of the ownership of the Assets.

6.3 Following Closing

- (a) Following Closing, Vendor shall hold title to the Assets in trust for Purchaser, as bare legal trustee, until all necessary notifications, registrations and other steps required to transfer such title to Purchaser have been completed and, in furtherance thereof:
 - (i) the Vendor shall forward all statements, notices and other information received by it pursuant to such Title and Operating Document that pertain to the Assets to Purchaser promptly following its receipt thereof; and

- (ii) the Vendor shall forward to other parties to the Title and Operating Documents such notices and elections pursuant to such Title and Operating Documents pertaining to the Assets as Purchaser may reasonably request;

provided that the Vendor shall not be required to initiate or conduct Operations in relation to the Assets.

- (b) Purchaser shall indemnify and save and hold harmless the Vendor Entity from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 6.3, except to the extent caused by the gross negligence or wilful misconduct of the Vendor Entity. Acts or omissions taken by the Vendor Entity on the instructions of, or with the approval or concurrence of Purchaser shall not constitute gross negligence or wilful misconduct.

ARTICLE 7 ACCESS TO INFORMATION AND RECORDS

7.1 Technical and Operating Information

The Vendor shall, upon request and subject to contractual restrictions relating to disclosure, make available all technical data relating to the Assets (including drilling reports, land files, well files and production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure) as are in the possession of the Vendor or the Debtor for such inspection as the Purchaser reasonably requires in connection herewith. Upon reasonable written notice to the Vendor the Purchaser shall be entitled to conduct a field inspection of the Lands.

7.2 No Right to Reduction in Purchase Price

Notwithstanding anything to the contrary in this Agreement, the Purchaser acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without limitation, any environmental liability or deficiency or title deficiency, whether identified in connection with the Purchaser's right to information as provided by Section 7.1 or otherwise.

7.3 Access to Records

The Vendor may, at its sole expense, for a period of six (6) years after Closing, obtain from the Purchaser copies or photocopies of any Title and Operating Documents, correspondence, documents or reports which were delivered to the Purchaser at Closing and which the Vendor requires to the extent the Purchaser is in possession or control thereof.

ARTICLE 8 THIRD PARTY CONSENTS

8.1 Consents

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

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

ARTICLE 9 REPRESENTATIONS AND WARRANTIES

9.1 Vendor's Representations and Warranties

Except to the extent otherwise disclosed in the Data Room Information, to the Purchaser in writing prior to the date of this Agreement, or in any Schedule to this Agreement, the Vendor hereby represents and warrants to the Purchaser that:

- (a) The Receiver has been appointed by the Court as receiver and manager of the assets, properties and undertakings of the Debtor and such appointment is valid and subsists;
- (b) It and the Receiver has good right, full power and absolute authority to sell, assign, transfer, convey and set over the interest of the Debtor in and to the Assets, subject to the terms and conditions of the Receivership Order and the Court Approval; and
- (c) It is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

9.2 No Additional Representations and Warranties by the Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, neither the Vendor nor the Receiver makes any representations or warranties except as expressly set forth in Section 9.1 and in particular, and without limiting the generality of the foregoing, the Vendor and the Receiver disclaim and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchaser in any manner including any opinion, information, or advice which may have been provided to the Purchaser by the Vendor or its Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, neither the Vendor nor the Receiver make any representation or warranty, express or implied, of any kind, at law or in equity, with respect to:

- (i) the accuracy or completeness of the Data Room Information or any other data or information supplied by the Vendor or any of its Representatives in connection with the Assets;
- (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
- (iii) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;
- (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
- (v) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or
- (vi) the title of the Debtor to the Assets.

The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Assets and it has not relied on advice from the Vendor or any of its Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Assets pursuant hereto. The Purchaser further acknowledges and agrees that it is acquiring the Assets on an "as is, where is" basis. The Purchaser acknowledges and agrees that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as expressly contained in Section 9.1 of this Agreement.

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

9.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor that:

- (a) **Standing:** It is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located.

- (b) **Requisite Authority:** Except for the Court Approval, it has taken all action and has full power and authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder.
- (c) **Execution and Enforceability:** Provided the Court Approval is obtained, this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences.
- (d) **No Further Authorization Required:** To its knowledge after due inquiry, and provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by it or on its behalf for the due execution and delivery of this Agreement.
- (e) **No Conflicts:** Provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which is it bound or any judgment, law, decree, order or ruling applicable to it.
- (f) **Finder's Fee:** It has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendor or the Debtor shall have any obligations or liability.
- (g) **No Lawsuits or Claims:** It has not received notice of any Claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction.
- (h) **Purchaser as Principal:** It is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party.
- (i) **Availability of Funds:** It has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and otherwise to fully perform its obligations under this Agreement.
- (j) **Insiders:** To the Purchaser's knowledge, having made due enquiry, no Insider of the Purchaser is also an Insider of the Vendor or the Debtor.

9.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the representations and warranties set forth in Section and 9.3 hereof shall survive

Closing for the benefit of the Vendor, provided that no Claim in respect of such representations and warranties shall be made or be enforceable unless written notice of such Claim is given by the Vendor to the other Purchaser within twelve (12) months of the Closing Date. Effective on the expiry of such twelve (12) month period, the Vendor hereby releases and forever discharges the Purchaser from any breach of any representations and warranties set forth in Section 9.3 hereof except in respect of those Claims in which notice has been given in accordance with this Section 9.4. No Claim shall be made a Party in respect of the representations and warranties in this Agreement made by the other Parties except pursuant to and in accordance with this Section 9.4.

- (b) The representations and warranties of the Vendor and the Receiver shall merge and be of no further effect from and after Closing; otherwise, there shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.
- (c) The representations and warranties of the Vendor, Receiver and the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Purchaser or the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 10 CONDITIONS PRECEDENT TO CLOSING

10.1 Vendor's Closing Conditions

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

- (a) **Representations and Warranties True:** All representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects on the Closing Date, and the Vendor shall have received a certificate from an officer of the Purchaser substantially in the form attached hereto as Schedule "E" dated as of the Closing Date.
- (b) **Purchaser's Obligations:** The Purchaser shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Purchaser on or prior to the Closing Date.
- (c) **Payment:** The Purchaser shall have tendered the Closing Payment to the Vendor in the manner provided in this Agreement.
- (d) **Conveyance Documents:** The Purchaser shall have executed and delivered to the Vendor all Conveyance Documents required under Section 12.1(a) and the General Conveyance.
- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction.

- (f) **Restrictions:** All necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions.
- (g) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of the Vendor and may, without prejudice to any of the rights of the Vendor hereunder excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that the Vendor is not entitled to waive the Court Approval condition contained in Section 10.1(g). The Vendor shall proceed diligently and in good faith and use all reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions in case any of the said conditions shall not be complied with, or waived by the Vendor, at or before the Closing Date, the Vendor may terminate this Agreement by written notice to the Purchaser.

10.2 Purchaser's Closing Conditions

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

- (a) **Representations and Warranties True:** All representations and warranties of the Vendor contained in this Agreement shall be true in all material respects on the Closing Date, and the Purchaser shall have received a certificate from an officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of the Closing Date.
- (b) **Vendor's Obligations:** The Vendor shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Vendor on or prior to the Closing Date.
- (c) **Conveyance Documents:** The Vendor shall have executed and delivered to the Purchaser all Conveyance Documents required under Section 12.1(a) and the General Conveyance.
- (d) **Restrictions:** All necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions.
- (e) **Court Approval:** The Court Approval shall have been obtained.
- (f) **Release.** The Purchaser shall have received a release from Michael Steele and Avonlea Consulting Ltd. in respect of claims for commission.

The foregoing conditions shall be for the benefit of the Purchaser and may, without prejudice to any of the rights of the Purchaser hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to the Vendor in writing, in whole or in part, at any time, provided that the Purchaser is not entitled to waive the Court Approval condition contained in Section 10.2(e). The Purchaser shall proceed diligently and in good faith and use all reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be

complied with, or waived by the Purchaser at or before the Closing Date, the Purchaser may terminate this Agreement by written notice to the Vendor.

10.3 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 its respective conditions in Sections 10.1 and 10.2.

ARTICLE 11 CLOSING DELIVERIES

11.1 Vendor Closing Deliveries

At Closing, the Vendor shall table the following:

- (a) a certified copy of the Court Approval;
- (b) a copy of the Interim Statement of Adjustments;
- (c) certificates of the Vendor, substantially in the form attached hereto as Schedule "C" and Schedule "D" and dated as of the Closing Date;
- (d) a receipt for the Closing Payment;
- (e) the General Conveyance, fully executed by the Vendor; and
- (f) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 12.1(a).

11.2 Purchaser's Closing Deliveries

At Closing, Purchaser shall table the following:

- (a) the Closing Payment;
- (b) a certificate of a senior officer of Purchaser substantially in the form attached hereto as Schedule "E" dated as of the Closing Date; and
- (c) the General Conveyance, fully executed by Purchaser.

11.3 Deliveries

Vendor shall deliver or cause to be delivered to Purchaser within a reasonable period of time following Closing, the original copies of the Title and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to interests other than the Assets, at Vendor's expense, photocopies or other copies may be provided to Purchaser in lieu of original copies.

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

- (a) The Vendor shall provide at the Closing Date those Conveyance Documents required to acquire the Debtor's interest in any Assets purchased herein, but no such documents shall require the Vendor to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement. The Vendor shall not be required to have such documents signed by Third Parties at or before the Closing Date but shall cooperate with the Purchaser as reasonably required to secure execution of such documents by such Third Parties thereafter. The Purchaser shall execute and promptly return to the Vendor at least one copy of each such document and shall use all reasonable efforts to obtain timely execution and return of such documents by Third Parties wherever required. The Parties agree that certain assignments may be in the form of electronic transfers including Energy Resources and Conservation Board well license transfers and agree that reasonable efforts shall be made to ensure such assignments will be completed on the Closing Date.
- (b) The Vendor shall promptly register in the applicable registry all registrable transfers and conveyances of its interests in the Assets and the Vendor shall make application to all applicable Government Authorities to change the recorded name of all Wells and Tangibles forming part of the Assets. All costs incurred in registering any transfers and conveyances inclusive of well license transfers, and all costs of registering any further assurances required to convey the Assets, shall be borne by the Purchaser.

12.2 License and Authorization Transfers

- (a) On or before the Closing Date, the Purchaser shall communicate with the relevant Government Authority to determine all conditions and deposits which the relevant Government Authority will require in order for the relevant Government Authority to approve the transfer by the Vendor to the Purchaser of any and all licenses and authorizations for the Wells and any Tangibles licensed to the Vendor, and shall advise the Vendor in writing of such conditions and required deposits. In such case, forthwith after Closing, the Purchaser shall satisfy the deposit requirements of the relevant Government Authority in order to approve any of those license and authorization transfers to the Purchaser. The Purchaser further covenants to comply with all conditions imposed by the relevant Government Authority in respect of such transfers.
- (b) Within five (5) Business Days following Closing, the Vendor shall prepare and electronically submit an application to the relevant Government Authority for the transfer of any Wells and any Tangibles held in the name of the Debtor and the Purchaser shall promptly execute and return such applications to such Vendor for registration in accordance with Section 12.1(b).
- (c) Should the relevant Government Authority deny any license transfer because of misdescription or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days, correct the application and amend and re-submit an

application for the license transfers and the Purchaser shall electronically ratify and sign such application.

- (d) After Closing, whether or not the Purchaser requested prior determination of the relevant Government Authority transfer conditions under Section 12.2, if for any reason the relevant Government Authority requires the Purchaser to make a deposit in order to approve the license or authorization transfer, the Purchaser shall and covenants to immediately make such deposit.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 General Indemnity

If Closing occurs the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser:

- (a) assume, perform, pay, discharge and be liable to the Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor and each other Vendor Entity from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Effective Time and which relate to the Assets or the terms and conditions of the Title and Operating Documents, including but not limited to all Losses and Liabilities attributable to the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Effective Time. The Purchaser's indemnity obligation set forth in this Section 13.1 shall survive the Closing Date indefinitely.

13.2 Environmental Indemnity

- (a) The Purchaser acknowledges that it:
 - (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
 - (ii) is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets.
- (b) The Purchaser agrees that once Closing has occurred the Vendor shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing has occurred, the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser:
 - (i) be solely liable and responsible for all of the Vendor's Losses and Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold the Vendor and each other Vendor Entity harmless from and against all Losses and Liabilities that

may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities arising, however and whenever arising or occurring, and the Purchaser shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of the Vendor or the Purchaser or any other person or otherwise. The Purchaser acknowledges and agrees that it shall not be entitled to any rights or remedies as against the Vendor or any Vendor Entity under the common law or statute pertaining to any Environmental Liabilities, including the right to name the Vendor or any Vendor Entity as a 'third party' to any action commenced by any Person against the Purchaser. The Purchaser's indemnity obligation set forth in this Section 13.2(b) shall survive the Closing Date indefinitely.

13.3 No Merger

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

13.4 Holding of Indemnities

The Vendor will hold the indemnities contained in Sections 13.1 and 13.2 in trust on behalf of all of the other Vendor Entities and may enforce the same on their behalf.

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

This Agreement may be terminated at any time prior to Closing;

- (a) by mutual written agreement of the Vendor and the Purchaser;
- (b) by either the Vendor or the Purchaser pursuant to the provisions of Articles 10.1 or 10.2, as applicable;
- (c) by either the Vendor or the Purchaser if Closing has not occurred on or before July 31, 2013; or
- (d) in accordance with Section 3.3(c).

14.2 Effect of Termination

If this Agreement is terminated by the Vendor or the Purchaser as permitted under Section 14.1, then Article 13, Article 15 and Section 20.2 shall remain in full force and effect following any such permitted termination, and the remedies available to the Parties in respect of such termination shall be governed by Section 3.3.

ARTICLE 15
CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Confidentiality

Each Party agrees to keep in strict confidence:

- (a) subject to Section 15.2, all information regarding the terms of this Agreement; and
- (b) any information exchanged or received in connection with:
 - (i) the performance of due diligence by the Purchaser prior to or after the date hereof (including due diligence conducted under or in connection with the Offer to Purchase); or
 - (ii) negotiation or drafting of this Agreement;

provided that a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval. If this Agreement is terminated, each Party upon request will promptly return to the other Party all documents, contracts, records or other information received by it that disclose or embody confidential information of the other Party.

In addition to the foregoing, the Purchaser shall continue to be bound by the Confidentiality Agreement in accordance with the terms thereof.

15.2 Public Announcements

- (a) If a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the transactions contemplated herein, the disclosing Party shall provide the other Parties with an advance copy of any such press release or other public disclosure with sufficient time to enable the other Parties to review such press release or other public disclosure and advise of any comments they may have with respect thereto.
- (b) Notwithstanding Section 15.1 or 15.2(a), a Party may release or provide information about the Transaction insofar as is required by Applicable Laws (including as may be required to obtain Court Approval) or stock exchange requirements applicable to the disclosing Party or its Affiliates; provided that such disclosing Party shall make reasonable commercial efforts to provide the other Parties with the details of the nature and substance of such required disclosure as soon as practicable end in any event prior to such disclosure. A Party may provide information about the Transaction to a bank or other financial institution to obtain financing on any required consent of the bank or other financial lender of such Party or any of its Affiliates. A Party may also disclose such information pertaining to this Agreement, including the identity of the Parties, insofar as is required to enable such Party to fulfil its obligations under this Agreement, including obtaining any approvals or consents to the Transaction required from Governmental Authorities (including Court Approval) or Third Parties.

15.3 Signs

Within sixty (60) days following the Closing Date, the Purchaser shall remove the names of the Vendor, the Debtor and their Affiliates and predecessors from all signs located at or near the Wells or any Tangibles. If the Purchaser fails to comply with the foregoing, the Vendor shall have the right, at its discretion, to remove its name as aforesaid and the Purchaser shall be responsible for and shall reimburse such Vendor for all reasonable costs incurred by such Vendor in so doing.

ARTICLE 16 GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and to the laws of Canada applicable therein.

16.2 Resolution of Disputes

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

ARTICLE 17 NOTICES

17.1 Service of Notices

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

the Purchaser: Long Term Asset Management Inc.
160 Heritage Lake Drive
DeWinton, Alberta T0L 0X0

Attention: Lawrence Walter
Email: lwalter@ltam.ca

the Vendor: FTI Consulting Canada Inc., in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity.
1000, 888-3rd Street SW
Bankers Hall, West Tower
Calgary, AB T2P 5C5

Attention: Deryck Helkaa
Email: deryck.helkaa@fticonsulting.com

with a copy to: •

Any of the Parties may from time to time change its address for service herein by giving written notice to the other. Any notice may be served by personal service upon the above person specified by a Party, or if no person is specified, upon any officer of a Party, by mailing the same by prepaid post in a properly addressed envelope addressed to the Party at its respective address for service hereunder, or by email to such Party at the email address specified hereunder. Any notice personally served upon an office or the person specified by a Party, as the case may be, shall be deemed to be given on the date of such service, any notice served by mail shall be deemed to be given to and received by the addressee on the fourth Business Day, after the mailing thereof and any notice given by email shall be deemed to be given and received on the day when it is sent, if it is sent during normal business hours (8:00 a.m. to 4:00 p.m.) and, otherwise, on the next following normal Business Day. No notices shall be served by mail during times of interruption or threat of interruption of mail service due to strikes, lockout or other causes.

ARTICLE 18 PERSONAL INFORMATION

18.1 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to the Purchaser or otherwise obtained by the Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. The Purchaser's obligations set forth in this Section 18.1 shall survive the Closing Date indefinitely.

20.5 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.

20.6 Further Assurances

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

20.7 Time of the Essence

Time shall be of the essence in this Agreement.

20.8 Enurement

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

20.9 Severability

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

20.10 Counterpart Execution

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

20.11 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.

[Remainder of page intentionally left blank]

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

ARGOSY ENERGY INC., by and through its court appointed receiver and manager, **FTI CONSULTING CANADA INC.**, in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc., and not in its personal capacity

LONG TERM ASSET MANAGEMENT INC.

Per:
Name:
Title:

Per:
Name:
Title:

Per:
Name:
Title:

Per:
Name:
Title:

RADIUS RESOURCES CORP., by and through its court appointed receiver and manager, **FTI CONSULTING CANADA INC.**, in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc., and not in its personal capacity

Per:
Name:
Title:

Per:
Name:
Title:

[This is the execution page to the Asset Purchase and Sale Agreement dated ●, 2013 between Argosy Energy Inc. and Radius Resources Corp., by and through their court appointed receiver and manager FTI Consulting Canada Inc., in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity, and Long Term Asset Management Inc., a corporation incorporated pursuant to the laws of Alberta.]

SCHEDULE "A"

Attached to and made a part of that Asset Purchase and Sale Agreement dated ●, 2013.

Part 1 - Lands, Leases and Permits

Part 2 - Wells

Part 3 - Petroleum and Natural Gas Rights

**SCHEDULE "B"
GENERAL CONVEYANCE**

Attached to and made part of that Asset Purchase and Sale Agreement dated ●, 2013.

GENERAL CONVEYANCE

This General Conveyance made this ● day of ●, 2013.

BETWEEN:

ARGOSY ENERGY INC. and RADIUS RESOURCES CORP. (the "Vendor") by their court appointed receiver and manager **FTI CONSULTING CANADA INC.**, (the "Receiver") in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity

- and -

LONG TERM ASSET MANAGEMENT INC., a corporation incorporated pursuant to the laws of the Province of Alberta (the "Purchaser")

WHEREAS the Vendor has agreed to sell and convey the Debtors' entire right, title, estate and interest in the Assets to the Purchaser and the Purchaser has agreed to purchase and accept all of the Debtors' rights, title, estate and interest in and to the Assets.

THE PARTIES AGREE AS FOLLOWS:

1. Definitions

In this General Conveyance, including the recitals, "Agreement" means the Asset Purchase and Sale Agreement dated ●, between the Vendor and the Purchaser and, in addition, the definitions provided for in the Agreement are adopted in this General Conveyance.

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.

3. "As is, Where is" Basis

The Assets are being purchased by the Purchaser on an "as is, where is" basis and without representation or warranty of any nature, kind or description by the Vendor or its directors, officers, employees, agents or counsel. Without limiting the generality of the foregoing, the

Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets or (c) the Debtor's compliance with any Applicable Laws pertaining to the Assets.

4. Conveyance

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Debtor in and to 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 compliance with the terms of the Leases and all other Title and Operating Documents.

5. Effective Time

This General Conveyance and the transfer of title to and possession of the Debtor's interest in and to the Assets will, subject to the terms of the Agreement, be effective as of the Closing Date.

6. Subordinate Document

This General 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 shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

7. Enurement

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

8. Further Assurances

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

9. Governing Law

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

IN WITNESS WHEREOF the Parties have duly executed this General Conveyance.

ARGOSY ENERGY INC., by and through its court appointed receiver and manager, **FTI CONSULTING CANADA INC.**, in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc., and not in its personal capacity

LONG TERM ASSET MANAGEMENT INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

RADIUS RESOURCES CORP., by and through its court appointed receiver and manager, **FTI CONSULTING CANADA INC.**, in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc., and not in its personal capacity

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**SCHEDULE "C"
VENDOR'S OFFICER'S CERTIFICATE**

Attached to and made part of that Asset Purchase and Sale Agreement dated ●, 2013.

VENDOR'S OFFICER'S CERTIFICATE

Re: Section 10.2(a) of the Asset Purchase and Sale Agreement ("**Agreement**") dated ●, 2013, between ARGOSY ENERGY INC. and RADIUS RESOURCES CORP., as the Vendor, by and through their court appointed receiver and manager, FTI CONSULTING CANADA INC., in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity, and ● as the Purchaser.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, **[Name]**, **[Title]**, hereby certify that:

1. Each of the representations and warranties of the Vendor contained in Section 9.1 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Vendor, pursuant to Section 10.1 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Vendor and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate the ● day of ●, 2013.

Name:
Title:

SCHEDULE "D"
VENDOR'S OFFICER'S CERTIFICATE

Attached to and made part of that Asset Purchase and Sale Agreement dated ●, 2013.

VENDOR'S OFFICER'S CERTIFICATE

Re: Section 10.2(a) of the Asset Purchase and Sale Agreement ("**Agreement**") dated ●, 2013, between ARGOSY ENERGY INC. and RADIUS RESOURCES CORP., as the Vendor, by and through their court appointed receiver and manager, FTI CONSULTING CANADA INC., in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity, and ● as the Purchaser.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, **[Name]**, **[Title]**, hereby certify that:

1. Each of the representations and warranties of the Vendor contained in Section 9.1 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Vendor, pursuant to Section 10.1 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Vendor and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate the ● day of ●, 2013.

Name:
Title:

SCHEDULE "E"
PURCHASER'S OFFICER'S CERTIFICATE

Attached to and made part of that Asset Purchase and Sale Agreement dated ●, 2013.

Re: Section 10.1(a) of the Asset Purchase and Sale Agreement ("**Agreement**") dated ●, 2013, between ARGOSY ENERGY INC. and RADIUS RESOURCES CORP., as the Vendor, by and through their court appointed receiver and manager, FTI CONSULTING CANADA INC., in its capacity as court appointed receiver and manager of the assets, properties and undertakings of Argosy Energy Inc. and Radius Resources Corp., and not in its personal capacity and ● as the Purchaser.

Unless otherwise stated, the definitions provided for in the Agreement are adopted in this Certificate.

I, [Name], [Title], hereby certify that:

1. Each of the representations and warranties of the Purchaser contained in Section 9.3 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Purchaser, pursuant to Section 10.2 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate the ● day of ●, 2013.

Name:
Title:

SCHEDULE "F"
FORM OF COURT ORDER

Attached to and made part of that Asset Purchase and Sale Agreement dated ●, 2013.