

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

SIXTH REPORT OF THE MONITOR
FTI CONSULTING CANADA INC.

October 22, 2018

Table of Contents

1.0	INTRODUCTION.....	1
2.0	PURPOSE OF THE SIXTH REPORT	3
3.0	TERMS OF REFERENCE	4
4.0	BACKGROUND AND UPDATE ON DUNDEE’S OPERATIONS	5
5.0	STATUS OF FINANCING FOR PURCHASE PRICE UNDER APA	6
6.0	STATUS OF REVISED CASH FLOW FORECASTS	7
7.0	UNAUTHORIZED DISCLOSURE OF CONFIDENTIAL INFORMATION	8
8.0	TRANSFER OF WELL LICENSES.....	14
9.0	MONITOR’S CONCLUSIONS AND RECOMMENDATIONS	14

Listing of Appendices

Appendix “A”	Order of the Court dated August 16, 2017
Appendix “B”	Order of the Court dated February 13, 2018
Appendix “C”	Approval and Vesting Order dated June 11, 2018
Appendix “D”	Redacted APA dated April 4, 2018, as amended (without schedules)
Appendix “E”	Order of the Court dated September 26, 2018
Appendix “F”	Third APA Amending Agreement dated October 12, 2018
Appendix “G”	Second Supplementary Affidavit of Jane Lowrie dated September 26, 2018
Appendix “H”	Letter to Ian Wallace (Harrison Pensa LLP) dated October 15, 2018 (without schedules)

1.0 INTRODUCTION

1.1 On August 15, 2017 (the “**Filing Date**”), each of Dundee Energy Limited Partnership (“**DELP**”) and Dundee Oil and Gas Limited (“**DOGL**”) (together, “**Dundee**” or the “**Debtors**”) filed a Notice of Intention to Make a Proposal (together, the “**NOIs**”) pursuant to s. 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended. FTI Consulting Canada Inc. (“**FTI**”) was the proposal trustee under the NOIs (in such capacity, the “**Proposal Trustee**”).

1.2 By order dated August 16, 2017 (the “**Sale Process Order**”), a copy of which is attached as **Appendix “A”**, the Ontario Superior Court of Justice (In Bankruptcy and Insolvency) (Commercial List) (the “**Court**”), among other relief:

- a) approved a sale solicitation process (the “**SSP**”) for all of the assets, undertakings and properties of Dundee (collectively, the “**Property**”) under the supervision of the Proposal Trustee;
- b) approved the amended and restated forbearance agreement made as of August 15, 2017 (as amended, the “**Forbearance Agreement**”) between Dundee, Dundee Energy Limited (“**DEL**”) and National Bank of Canada, as lender and agent for the lenders to Dundee (in such capacity, the “**Lender**”); and
- c) authorized DELP to continue to obtain and borrow, repay and re-borrow additional monies under the credit facility (the “**Credit Facility**”) made available to DELP by the Lender pursuant to the amended and restated credit agreement among DELP, as borrower, DEL and DOGL, as guarantors, and the Lender, dated

as of July 31, 2012 (as amended, the “**Credit Agreement**”) subject to the terms of the Forbearance Agreement, in order to finance DELP’s working capital requirements, provided that borrowings by DELP under the Credit Facility shall not exceed the amounts contemplated in the Credit Agreement and the Forbearance Agreement.

1.3 By Order dated February 13, 2018 (the “**Initial Order**”), a copy of which is attached as **Appendix “B”**, the Court, among other relief:

- a) continued the proposal proceedings for DOGL (the “**Proposal Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C.-36 (as amended, “**CCAA**”);
- b) appointed FTI as the Monitor of DOGL (in such capacity, the “**Monitor**”); and
- c) declared that all orders of the Court granted in the Proposal Proceedings continue to be in full force and effect, except to the extent that such orders are inconsistent with the terms of the Initial Order or the CCAA.

1.4 By order dated June 11, 2018 (the “**Approval and Vesting Order**”), a copy of which is attached as **Appendix “C”**, the Court, *inter alia*, approved the sale to Lagasco Inc. (the “**Buyer**”) of substantially all of Dundee’s assets (the “**Transaction**”) pursuant to the Asset Purchase Agreement dated April 4, 2018 (as amended, and subject to further amendment with approval of the Monitor and the Lender, the “**APA**”). A redacted copy of the APA (without schedules) is attached as **Appendix “D”**.

1.5 By order dated September 26, 2018 (the “**APA Extension Order**”), the Court authorized the Monitor and the Debtors to consent to an extension of the outside date for Closing under the APA until October 12, 2018. A copy of the APA Extension Order is attached as **Appendix “E”**.

1.6 On October 12, 2018, with the consent of the Monitor and the Lender, the Debtors and the Buyer entered into a third amendment to the APA (the “**Third APA Amending Agreement**”) which extended the outside date for Closing under the APA until October 26, 2018. The Monitor advised the Service List of such extension in the Monitor’s Supplement to the Fifth Report dated October 11, 2018. A copy of the Third APA Amending Agreement is attached hereto as **Appendix “F”**.

2.0 PURPOSE OF THE SIXTH REPORT

2.1 The purpose of this sixth report of the Monitor (the “**Sixth Report**”) is to provide the Court with the following:

- a) an update on the status of the APA; and
- b) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE

3.1 In preparing the Sixth Report, the Monitor has relied upon unaudited financial information of Dundee's books and records, certain financial information prepared by Dundee and discussions with Dundee's current management ("**Management**").

3.2 Except as described in the Sixth Report:

- a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it by Management in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
- b) The Monitor has not examined or reviewed financial forecasts and projections referred to in the Sixth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

3.3 Future oriented financial information reported or relied on in preparing the Sixth Report is based on Management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

3.4 The Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by Management. The Monitor has not independently audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information contained in the Sixth Report. The Monitor assumes no responsibility or liability for

any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Sixth Report or for any use which any person or entity makes of the Sixth Report, or any reliance on or a decision made based upon the Sixth Report, other than for the express purposes as set out in this Sixth Report.

3.5 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the APA or Initial Order, as applicable.

3.6 A copy of the Sixth Report and all other Court materials, orders and endorsements issued in these proceedings are, and will be, available on the Monitor's website at: <http://cfcanada.fticonsulting.com/Dundee/> (the "**Monitor's Website**").

4.0 BACKGROUND AND UPDATE ON DUNDEE'S OPERATIONS

4.1 DELP is a limited partnership created pursuant to the *Limited Partnerships Act* (Ontario). DELP operates drilling and wellsite services in Ontario. It holds on-shore and off-shore oil and natural gas producing assets, such as wells, drill and service barges, supply boats and a rotary drilling rig.

4.2 DOGL is a company incorporated in Ontario and is the general partner of DELP. Although DOGL holds legal title to certain assets on behalf of DELP, DOGL's only asset is its interest in DELP.

4.3 Dundee's on-shore and off-shore wells (the "**Wells**") are located on leased lands and each lease is tied to one or more Property Index Numbers. Dundee has the ability to access and operate the Wells pursuant to various leasing agreements (ranging from exploration rights, royalty arrangements, easements, etc.) (collectively, the "**Leases**"). There are in excess of 1,800 Leases in total. Dundee maintains an internal registry which monitors and records the Wells and Leases and any amounts owing thereunder.

4.4 DELP's primary lender and secured creditor is the Lender. Pursuant to the Initial Order, the Lender is unaffected by the stay proceedings in the CCAA proceedings except for requiring leave to enforce its security.

4.5 Since the date of the fifth report of the Monitor dated October 9, 2018 (the "**Fifth Report**"), the Monitor has continued to work closely with Management and has monitored Dundee's business operations. The Debtors and Management have assisted the Monitor with preparing for Closing of the Transaction and have continued to report to the Lender as required pursuant to the Credit Agreement and the Forbearance Agreement.

4.6 Management has advised the Monitor that Dundee has continued with its environmental programs in the ordinary course since the Filing Date.

5.0 STATUS OF FINANCING FOR PURCHASE PRICE UNDER APA

5.1 As described in the Fifth Report, the Second Supplementary Affidavit of Jane Lowrie dated September 26, 2018 (the "**September Lowrie Affidavit**"), a copy of which is attached as **Appendix "G"**, indicates that following closing of the Transaction under the APA, the Buyer intends to transfer certain of the on-shore assets and Wells to Forbes Resources Corp.

(“**Forbes**”). The September Lowrie Affidavit indicates that the Buyer and Forbes have arranged financing for part of the Purchase Price under the APA from PACE Savings and Credit Union Limited (“**PACE**”). As further mentioned in the Fifth Report, the Deposit Insurance Corporation of Ontario (the “**Administrator**”) was appointed as the Administrator of Pace on September 28, 2018.

5.2 The Monitor understands that discussions are ongoing between the Administrator and the Buyer regarding the availability and terms of the financing requested by the Buyer from PACE to partially fund the Purchase Price under the APA. The Monitor also understands that, given the uncertainty regarding the PACE financing, the Buyer is actively seeking alternative financing from other potential lenders and/or investors. Accordingly, as of the date of this Sixth Report, the Monitor is unable to determine if the Buyer will have sufficient funding available to pay the Purchase Price under the APA on or before the outside date for Closing.

5.3 The September Lowrie Affidavit provides that, in addition to the financing from Pace, the Buyer will finance the Purchase Price through (i) a shareholder loan in the amount of \$5.5 million from Clearbeach Resources Inc. (“**Clearbeach**”), which will be advanced to Clearbeach by Crich Holdings and Buildings Limited (“**Crich**”); and (ii) \$3.6 million from certain individual investors who will subscribe for participation in a promissory note. The September Lowrie Affidavit confirms that the foregoing funds are currently held in trust by separate law firms and available to be released to complete the Transaction.

6.0 STATUS OF REVISED CASH FLOW FORECASTS

6.1 As noted in the Fifth Report, the Monitor received separate cash flow forecasts for the

Buyer and Forbes on October 7 and 8, 2018, respectively (together, the “**Lagasco/Forbes Forecasts**”). The Monitor has reviewed those forecasts, identified to the Buyer and Forbes certain issues regarding some of the assumptions underlying those forecasts and requested additional information and documentation from the Buyer and Forbes in order to assess the reasonableness of those forecasts. However, the Monitor will be unable to assess the financial viability of the Buyer and Forbes post-Closing until these inquiries have been satisfied and the amount and terms of all financing required by the Buyer to pay the Purchase Price under the APA are known.

7.0 UNAUTHORIZED DISCLOSURE OF CONFIDENTIAL INFORMATION

7.1 Pursuant to the SSP, at the request of a Qualified Bidder (as defined in the SSP), its legal and financial advisors and lenders may be granted access to due diligence materials and information provided that, in each case, such advisor or lender is reasonably acceptable to the Monitor and has executed or is bound by the non-disclosure agreement applicable to the Qualified Bidder. Pursuant to the SSP, ON-Energy Corp., an entity affiliated with the Buyer, entered into a Non-Disclosure Agreement with DELP dated September 15, 2017 (the “**ON-Energy NDA**”) in order to receive certain confidential information regarding Dundee, including, without limitation, the Confidential Information Memorandum (as defined in the SSP) prepared by the Monitor. Pursuant to section 15.1 of the APA, the Buyer, on behalf of itself and its Affiliates and Representatives, agrees to keep the Debtors’ Confidential Information confidential and not to use the Debtors’ Confidential Information in any manner except as required to perform the obligations set out in the APA.

7.2 On October 12, 2018, the Monitor’s counsel was advised by counsel to Canadian

Overseas Petroleum Limited (“**COPL**”), an unsuccessful bidder in the SSP, that certain documents containing Confidential Information (as defined in the APA and ON-Energy NDA) (collectively, the “**Confidential Documents**”) had been distributed to a third party, without first obtaining a non-disclosure agreement from that party, in connection with a request for funding of part of the Purchase Price under the APA. That third party provided the Confidential Documents to COPL. COPL provided the Confidential Documents to its counsel, which in turn provided the Confidential Documents to the Monitor’s counsel. Among other things, the Confidential Documents contain a version of the Monitor’s Confidential Information Memorandum (the “**FTI CIM**”), modified without the Monitor’s consent to include the name and logo of the Buyer and Szymon Zephan Capital (“**SZC**”), the Buyer’s financial advisor, on the first page of that document (as modified, the “**SZC CIM**”). SZC was retained by the Buyer in May 2018 to source financing for the Purchase Price under the APA.

7.3 Further, certain of the Confidential Documents disclose the Purchase Price under the APA, which remains sealed from the public record pursuant to the Approval and Vesting Order.

7.4 By letter from the Monitor’s counsel to the Buyer’s counsel dated October 15, 2018, a copy of which is attached hereto (without schedules) as **Appendix “H”** (the “**October 15 Letter**”), the Monitor required, among other things, that the Buyer (a) immediately provide the Monitor with a list of every party that received the Confidential Documents; and (b) prepare and deliver a letter to each of those parties setting out certain information, including advising the recipient that the Confidential Documents provided to that party were subject to a confidentiality restriction and requesting the immediate return of the Confidential Documents to the Monitor with no copies being retained by such party.

7.5 The Buyer advised the Monitor that information regarding the Transaction was delivered to six institutional lenders/investors as well as one individual on behalf of a group of five individual investors (collectively, the “**Recipients**”). During the evening of October 15, 2018, counsel to the Buyer advised each of the Recipients by email that the Buyer had inadvertently provided the Recipient with confidential information regarding Dundee and the Transaction and reiterated the Monitor’s requirements with respect to such confidential information as set out in the October 15 Letter.

7.6 The Buyer or its counsel has advised the Monitor that the Buyer maintained its own data room (the “**Lagasco Data Room**”) for prospective lenders or investors and that the Recipients were the only parties granted access to the Lagasco Data Room. The Monitor understands that the Lagasco Data Room contained each of the Confidential Documents other than the SZC CIM. The FTI CIM was included in the Lagasco Data Room. Neither the Monitor nor Dundee were made aware of the Lagasco Data Room and the Buyer did not request Dundee’s or the Monitor’s consent to disclosure to the Recipients of the Confidential Documents or the FTI CIM. As far as the Monitor is aware, none of the Recipients executed a NDA with the Buyer in order to gain access to the Lagasco Data Room, although two of the institutional Recipients had executed a NDA with the Monitor as part of Phase 1 of the SSP. The Buyer advised the Monitor on October 18, 2018 that the Lagasco Data Room had been shut down.

7.7 The Buyer has also advised the Monitor that SZC maintained its own data room (the “**SZC Data Room**”) and that each of the Confidential Documents (including the SZC CIM) was contained in the SZC Data Room. SZC has confirmed to the Buyer that it obtained a NDA from every party that was granted access to the SZC Data Room and that it never provided the SZC

CIM to the Buyer or to COPL. The Buyer has advised the Monitor that it did not directly disclose the SZC CIM to the party which provided same to COPL since it never had that document in its possession; however, the Monitor understands from counsel to COPL that the Confidential Documents, including the SZC CIM, were disclosed directly by the Buyer to that party. The Buyer has also advised the Monitor that at this point, it is unable to determine with certainty if the disclosure of the Confidential Documents referenced in the letter from COPL occurred as a result of a breach of a NDA between SZC and a party that was granted access to the SZC Data Room.

7.8 Counsel to the Buyer has confirmed that it has received responses to its original email and follow up communications to the Recipients as follows:

(i) one institutional Recipient received from the Buyer or was granted access through the Lagasco Data Room to all of the Confidential Documents (other than the SZC CIM) as well as the FTI CIM. The Buyer advises that this Recipient is a financial advisor retained to assist in sourcing financing and has not disclosed any of the Confidential Documents to any other party;

(ii) the group of five individual investors received from the Buyer or was granted access through the Lagasco Data Room to all of the Confidential Documents (other than the SZC CIM) as well as the FTI CIM. Three of those Recipients have confirmed that they have deleted all of the Confidential Documents, no copies have been retained and none of the Confidential Documents were disclosed to any other party. One of the individuals has confirmed that the Confidential Documents have been destroyed and no copies retained, but that individual has not yet confirmed that none of the Confidential Documents were disclosed to any other party. The remaining individual has not responded to Buyer's counsel;

(iii) four of the institutional Recipients received only one or two of the Confidential Documents (not including the FTI CIM) from the Buyer or through access to the Lagasco Data Room. Three of those Recipients have confirmed that each Confidential Document it received has been deleted from its system and no copy retained and that none of the Confidential Documents or the Confidential Information contained therein has been disclosed to any other party. One institutional Recipient is still in the process of confirming that these steps have been taken; and

(iv) one institutional Recipient was granted access to the Lagasco Data Room but did not access the Lagasco Data Room. The Monitor notes that this party is subject to an existing NDA with Dundee which was executed pursuant to Phase 1 of the SSP.

7.9 In addition to contacting the Recipients as described above, the Buyer requested approval from Dundee and the Monitor of the form of NDA which the Buyer would obtain in connection with any disclosure of Confidential Information to third parties in connection with its efforts to obtain financing for the Purchase Price. The Monitor provided the Buyer with an acceptable form of NDA, but on the basis that doing so does not constitute a waiver by the Monitor or Dundee of any rights or remedies under the ON-Energy NDA, the APA or the SSP. The Recipient referenced in section 7.8(iv) above has now delivered to the Buyer this form of NDA.

7.10 As set out in the October 15 Letter, Dundee and the Monitor have not waived the breach by ON-Energy and the Buyer of the confidentiality requirements set out in the ON-Energy NDA, the APA or the SSP and have explicitly reserved and preserved all of their rights and remedies against ON-Energy and the Buyer in connection with such breaches, including, without limitation, the right to seek injunctive relief and specific performance and to terminate the APA

and retain the Deposit. The Buyer does not agree that disclosure of the Confidential Documents to the Recipients breached the terms of the SSP, the On-Energy NDA or the APA.

7.11 At this point, it is unclear precisely how the Confidential Documents provided to the Monitor by COPL were obtained by the party that delivered those documents to COPL. The Monitor has requested that the Buyer obtain from SZC a list of all parties that received from SZC any Confidential Information, including any of the Confidential Documents, as well as copies of the applicable NDA's with SZC. SZC has advised the Buyer that it is not currently authorized to identify those parties and the Buyer has repeated its request for such information and documentation.

7.12 Although the Buyer is co-operating with the Monitor to address the disclosure of the Confidential Documents, the Monitor has significant concerns regarding the impact of such disclosure on both the conduct of the SSP and the ability to remarket the Purchased Assets in the event the APA is terminated.

7.13 The following provisions of the APA address Dundee's right to terminate the APA in connection with a breach of confidentiality thereunder. Pursuant to section 15.1 of the APA, the Buyer is obligated to maintain the confidentiality of the Confidential Information. Section 14.1(b) of the APA provides that Dundee may, with the consent of the Monitor, terminate the APA pursuant to Article 12 of the APA, which sets out the conditions precedent to the obligation of Dundee to close the Transaction, provided that Dundee has not breached its obligations under the APA in such a manner as to cause a condition not to be fulfilled.

7.14 Pursuant to section 12.4 of the APA, one of the conditions precedent to Dundee's

obligation to close the Transaction is that the covenants and agreements that the Buyer is required to comply with pursuant to the APA at or prior to the Closing have been complied with in all material aspects. Therefore, if the Buyer has not complied with its confidentiality requirements under the APA in all material aspects, Dundee has the right to terminate the APA pursuant to section 14.1(b).

7.15 Pursuant to section 14.3(b), in the event the APA is terminated prior to Closing pursuant to section 12.4 of the APA, Dundee is entitled to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Dundee as a result of the failure to consummate the Transaction.

8.0 TRANSFER OF WELL LICENSES

8.1 The Ministry of Natural Resources and Forestry ("MNRF") has been provided the Lagasco/Forbes Forecasts with the consent of the Buyer, which the MNRF is currently reviewing. MNRF has provided preliminary inquiries for the Buyer. The Monitor understands that, as of the date of this Sixth Report, the MNRF requires responses to some of its inquiries, additional information from the Buyer, and certainty regarding the Buyer's financing in order to complete its assessment of the proposed division of off-shore and on-shore assets between the Buyer and Forbes and whether to approve the transfer of the Well Licenses and Leases to the Buyer.

9.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

9.1 As noted above, the Monitor has requested additional information and confirmations

from the Buyer regarding the scope of the disclosure of the Confidential Documents. The Monitor continues to consult with both Dundee and the Lender regarding the breaches of the SSP, the ON-Energy NDA and the APA as a result of the disclosure of the Confidential Documents to the Recipients and any breaches of the SSP, the ON-Energy NDA and the APA in connection with disclosure of the Confidential Documents by SZC. However, based on the facts currently known to the Monitor, it appears that Dundee has a valid basis upon which to terminate the APA and exercise its other remedies as described therein.

9.2 Further, it is uncertain if the Buyer will have sufficient financing to pay the Purchase Price and complete the Transaction on or before October 26, 2018, the outside date for Closing. In addition to any other issues the Monitor has raised with the Buyer regarding the Lagasco/Forbes Forecasts, the Monitor is unable to determine the financial viability of the Buyer and Forbes post-Closing without receiving confirmation of the amount and terms of the financing that will be utilized by the Buyer to fund the Purchase Price on Closing.

9.3 Accordingly, aside from any right Dundee has to terminate the APA as described above, the Monitor does not support any further extension of the outside date for Closing under the APA.

All of which is respectfully submitted this 22nd day of October, 2018.

**FTI Consulting Canada Inc., solely in its capacity as
Monitor of Dundee Oil and Gas Limited and not in its personal
or corporate capacity**



Per: Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

THE HONOURABLE REGIONAL) WEDNESDAY, THE 16th
)
SENIOR JUSTICE MORAWETZ) DAY OF AUGUST, 2017



Estate Number: 31-458352
Court File No.: 31-458352

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

Estate Number: 31-2282778
Court File No.: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE
PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by Dundee Energy Limited Partnership ("DELP") and Dundee Oil and Gas Limited ("DOLG") for various relief pursuant to the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "BIA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lucie Presot sworn 14 August 2017 (the "Presot Affidavit") and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to DELP and Dundee Oil and Gas Limited ("DOGL" and together with DELP, "Dundee"), counsel for

FTI Consulting Canada Inc., in its capacity as the proposal trustee (the “**Proposal Trustee**”) and counsel for the National Bank of Canada (“**National Bank**”), no one else appearing:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of DELP (estate number 31-458352) and DOGL (estate number 31-2282778 (collectively, the “**Proposal Proceedings**”) be and are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

Estate Number: 31-458352
Court File No.: 31-458352

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Estate Number: 31-2282778
Court File No.: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the DELP estate and court file (estate number 31-458352 and court file number 31-458352) and hereby dispenses with further filing thereof in the DOGL estate and court file (estate number 31-2282778 and court file number 31-2282778).

APPROVAL OF THE SALE SOLICITATION PROCESS

4. **THIS COURT ORDERS** that the sale solicitation process (“**BIA SSP**”) attached hereto as **Schedule “A”** (subject to such non-material amendments as may be agreed to by National Bank and the Proposal Trustee) be and is hereby approved and the Proposal Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the BIA SSP, subject to prior approval of this Court being obtained before completion of any transaction(s) under the BIA SSP.

5. **THIS COURT ORDERS** that each of the Proposal Trustee and any Assistants (as defined below) retained by the Proposal Trustee shall have no personal or corporate liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing its duties under the BIA SSP (including, without limitation, through the disclosure of any and all information or documentation regarding Dundee, the Property or the Business (as such terms are defined herein below)), except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Proposal Trustee or such Assistants, as determined by the Court.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee is hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in Dundee’s records pertaining to Dundee’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property and/or the Business (as hereinafter defined) (“**Sale**”). Each 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 Dundee, or in the alternative destroy all such information. The successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property and/or Business acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by Dundee, and

shall return all other personal information to Dundee, or ensure that all other personal information is destroyed.

POSSESSION OF PROPERTY AND OPERATIONS

7. **THIS COURT ORDERS** that Dundee shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”) and shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”), subject at all times to the terms of the Forbearance Agreement and the Cash-Flow Statements (each as defined below). The Proposal Trustee shall not, by fulfilling its obligations under this Order, be deemed to have taken or maintained possession or control of the Property or Business, or any part thereof.

8. **THIS COURT ORDERS** that nothing contained in this Order shall require the Proposal Trustee to occupy or take control, care, possession or management (separately and/or collectively, “**Possession**”) of any of the Property or Business. The Proposal Trustee shall not be or be deemed to be in Possession of the Property or Business for any purpose whatsoever, including, without limitation, within the meaning of the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder, or any other similar legislation in any other applicable jurisdiction, unless it is actually in possession or control of the Property or Business.

POWERS OF PROPOSAL TRUSTEE

9. **THIS COURT ORDERS** that, in addition to the powers afforded to the Proposal Trustee under the BIA, the Proposal Trustee be and is hereby authorized to take all steps required to implement the BIA SSP and carry out the terms of this Order, including, without limitation, to:

- (a) assist Dundee in its preparation of the cash-flow statements (the “**Cash-Flow Statements**”) and reporting required by National Bank, which information shall be reviewed with the Proposal Trustee and delivered to National Bank and its

counsel in accordance with the Forbearance Agreement or as otherwise agreed to by National Bank;

- (b) report to National Bank on, without limitation, information related to the Business or Property and the carrying out of the BIA SSP;
- (c) report to this Court at such times and intervals as the Proposal Trustee may deem appropriate with respect to matters relating to the Business or Property, and such other matters as may be relevant to the proceedings herein;
- (d) have full and complete access to the Business and Property, including the premises, books, records, data, including data in electronic form, and other financial documents of Dundee, to the extent that it is necessary or desirable to adequately assess and monitor Dundee's Business and financial affairs or to perform its duties arising under this Order;
- (e) to retain and employ such consultants, agents, experts, accountants, advisors, counsel and such other persons (collectively "Assistants") as it deems reasonably necessary or desirable to assist with the BIA SSP or for the carrying out of the terms of this Order, in each case with the consent of National Bank; and
- (f) perform such other duties as are required by this Order or by this Court from time to time.

10. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal, shall be commenced or continued against the Proposal Trustee except with the written consent of the Proposal Trustee or with leave of the Court.

11. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Proposal Trustee under the BIA or any applicable legislation.

ADMINISTRATION CHARGE

12. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to Dundee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or after the date of this Order, by Dundee as part of the costs of these proceedings, subject to the terms of the Forbearance Agreement and the Cash-Flow Statements and any assessment by the Court. Dundee is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel to the Proposal Trustee and counsel to Dundee (for work performed in connection with these BIA proceedings) on a weekly basis or on such other basis agreed by Dundee and the applicable payee (with the consent of National Bank), subject to the terms of the Forbearance Agreement and the Cash-Flow Statements.

13. **THIS COURT ORDERS** that the Proposal Trustee, counsel for the Proposal Trustee and counsel to Dundee shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which Administration Charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 24 and 26 hereof.

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION AND CHARGE

14. **THIS COURT ORDERS** that Dundee shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of Dundee after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director’s or officer’s gross negligence or wilful misconduct.

15. **THIS COURT ORDERS** that the directors and officers of Dundee shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$50,000, as security for the indemnity provided in paragraph 14 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 24 and 26 herein.

16. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) Dundee's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 14 of this Order.

FORBEARANCE AGREEMENT

17. **THIS COURT ORDERS** that the execution, delivery and entry into by Dundee of the amended and restated forbearance agreement dated 14 August 2017 (the "**Forbearance Agreement**") made among DELP, DOGL, Dundee Energy Limited ("**DEL**") and National Bank, as lender and agent for the lenders (in such capacity, the "**Lender**") (as described in the Presot Affidavit) is hereby approved, and Dundee is hereby authorized and directed to comply with and perform its obligations under the Forbearance Agreement and the amended and restated credit agreement made among DELP, as borrower, DEL and DOGL, as guarantors, and the Lender, dated as of 31 July 2012, as amended (the "**Credit Agreement**").

18. **THIS COURT ORDERS** that Dundee shall be entitled, subject to the terms of the Credit Agreement and the Forbearance Agreement, to continue to obtain and borrow, repay and re-borrow additional monies under the credit facility granted under the Credit Agreement (the "**Credit Facility**") from the Lender pursuant to the Credit Agreement and the Forbearance Agreement, in order to finance Dundee's working capital requirements, provided that borrowings by Dundee under the Credit Facility shall not exceed the amounts contemplated in the Credit Agreement and the Forbearance Agreement. For greater certainty, the Lender shall be entitled to apply receipts and deposits made to Dundee's bank accounts against the indebtedness of Dundee to the Lender in accordance with the Credit Agreement and the Forbearance Agreement, whether such indebtedness arose before or after the date of this Order.

19. **THIS COURT ORDERS** that Dundee is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees or other definitive documents (the "**Definitive Documents**"), as are contemplated by the Forbearance Agreement or as may be reasonably required by the Lender pursuant to the terms thereof, together with such modifications as may be agreed upon by Dundee and the

Lender and consented to by the Proposal Trustee, and Dundee be and is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Lender under and pursuant to the Credit Agreement and the Forbearance Agreement as and when same become due and are to be performed, notwithstanding any other provision of this Order.

20. **THIS COURT ORDERS** that in addition to the existing liens, charges, mortgages and encumbrances in favour of the Lender, as security for all of the obligations of Dundee to the Lender relating to advances made to Dundee under the Credit Facility from and after the date of this Order, the Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Charge**”) on the Property. The DIP Charge shall have the priority set out in paragraphs 24 and 26 hereof.

21. **THIS COURT ORDERS** that, upon the earlier of the occurrence of a Termination Event or the last day of the Forbearance Period (in each case as defined in the Forbearance Agreement), the Lender may,

- (a) immediately cease making advances to Dundee;
- (b) set off and/or consolidate any amounts owing by the Lender to Dundee against the obligations of Dundee to the Lender under the Credit Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents; and
- (c) apply to this Court for an order authorizing the Lender to exercise any and all of its rights and remedies against Dundee or the Property under or pursuant to the Credit Agreement, the Forbearance Agreement, the other Credit Documents, the Definitive Documents, the DIP Charge, or the *Personal Property Security Act* (Ontario) or similar legislation in any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property, or for a bankruptcy order against Dundee and for the appointment of a trustee in bankruptcy of Dundee and the foregoing rights and remedies of the Lender shall

be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Dundee or the Property.

22. **THIS COURT ORDERS AND DECLARES** that the Lender shall be unaffected by the stay of proceedings provided for in section 69 or 69.1 of the BIA, as applicable.

23. **THIS COURT ORDERS AND DECLARES** that the payments made by Dundee pursuant to this Order, the Credit Agreement, the Forbearance Agreement, the other Credit Documents or any of the Definitive Documents, and the granting of the DIP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

24. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the DIP Charge and the Security (as defined in the Credit Agreement) granted to the Lender over the Property, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000);

Second – DIP Charge;

Third – Security granted to the Lender under or pursuant to the Credit Agreement (and as described in the Forbearance Agreement); and

Fourth – Directors' Charge (to the maximum amount of \$50,000).

25. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Directors' Charge or the DIP Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

26. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property so charged by them and such Charges shall rank in priority to all other security

interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, other than (subject to further Order of the Court) validly perfected and enforceable security interests, if any, in favour of Alex Williamson Motor Sales Limited, Jim Pattison Industries Ltd. or National Leasing Group Inc., in each case under the Personal Property Security Registry (Ontario)), or in favour of Enerflex Ltd. under the Personal Property Security Registry (Alberta).

27. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Dundee shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless Dundee also obtains the prior written consent of the Proposal Trustee, the Lender and the beneficiaries of the Administration Charge and the Directors’ Charge, or further Order of this Court.

28. **THIS COURT ORDERS** that the Charges, the Forbearance Agreement, the Credit Agreement, the other Credit Documents and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Dundee or the Lender, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents shall create or be deemed to constitute a breach by Dundee or the Lender of any Agreement to which any one of them is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Dundee entering into the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents or the creation of the Charges, or the execution, delivery or performance of any such documents; and
- (c) the payments made by Dundee pursuant to this Order, the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents or the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

29. **THIS COURT ORDERS** that any of the Charges created by this Order over leases of real property in Canada shall only be a charge in Dundee's interest in such real property leases.

EXTENSION OF TIME TO FILE PROPOSAL

30. **THIS COURT ORDERS** that, subject to paragraph 22 of this Order, the time within which a Proposal must be filed with the Official Receiver under section 62(1) of the BIA, and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including 30 October 2017.

SERVICE AND NOTICE

31. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://cfcanda.fticonsulting.com/Dundee>.

32. **THIS COURT ORDERS** that Dundee, the Proposal Trustee and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Dundee's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements, within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

33. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, Dundee and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to Dundee's creditors or other interested parties at their respective addresses as last shown on the records of Dundee and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

34. **THIS COURT ORDERS** that Dundee or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

35. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of Dundee, the Business or the Property.

36. **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 Dundee, the Proposal Trustee and their respective 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 Dundee and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give

effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Dundee and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

37. **THIS COURT ORDERS** that each of Dundee, the Lender and the Proposal Trustee be at liberty and are 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 Proposal Trustee 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.

38. **THIS COURT ORDERS** that any interested party (including Dundee, the Lender and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided, however, that the Lender shall be entitled to rely on this Order as issued for all advances made and payments received under the Credit Agreement or the Forbearance Agreement up to and including the date this Order may be varied or amended.

39. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



SCHEDULE A

Dundee Energy Sale Solicitation Process

1. On August 15, 2017, Dundee Energy Limited Partnership and its general partner, Dundee Oil and Gas Limited (together, the "**Debtors**") filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**"). FTI Consulting Canada Inc. ("**FTI**") was appointed as the proposal trustee (the "**Proposal Trustee**") under the NOI Proceedings.
2. In connection with the NOI Proceedings, the Debtors intend to bring a motion before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Sale Process Order**") approving, *inter alia*, a sale solicitation process (the "**BIA SSP**" or "**Sale Process**") as described in this document. The purpose of the Sale Process is to seek proposals to purchase some or all of the assets, undertakings and properties of the Debtors (collectively, the "**Property**") and to implement one or a combination of transactions to purchase some or all of the Property.
3. The BIA SSP describes the manner in which prospective bidders (a) may gain access to or continue to have access to due diligence materials concerning the Debtors, their business and operations (the "**Business**") and the Property; (b) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (as defined below), respectively; (c) the process for the evaluation of bids received; (d) the process for the ultimate selection of a Successful Bidder (as defined below); and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

Defined Terms

4. All capitalized terms used in the BIA SSP and not otherwise defined have the meanings given to them below:

"**Approval Motion**" as defined in paragraph 31;

"**Business**" means the business being carried on by the Debtors;

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Toronto;

"**Claims and Interests**" as defined in paragraph 40;

"**Confidential Information Memorandum**" as defined in paragraph 8(d);

"**Court**" as defined in paragraph 2;

"**Data Room**" as defined in paragraph 13;

"**Debtors**" as defined in paragraph 1;

"**Deposit**" as defined in paragraph 24(m);

“**Final Bid**” as defined in paragraph 23;

“**Form of Purchase Agreement**” means the form of purchase and sale agreement to be developed by the Proposal Trustee and provided to those Qualified Bidders that submit a Qualified LOI;

“**FTI**” as defined in paragraph 1;

“**Known Potential Bidders**” as defined in paragraph 8(b);

“**Lender**” means National Bank of Canada;

“**LOI**” as defined in paragraph 12;

“**NDA**” means a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee, which will inure to the benefit of any purchaser of the Property;

“**NOI Proceedings**” as defined in paragraph 1;

“**Notice**” as defined in paragraph 8(a);

“**Phase 1**” as defined in paragraph 12;

“**Phase 1 Bid Deadline**” as defined in paragraph 14;

“**Phase 2**” as defined in paragraph 22;

“**Phase 2 Bid Deadline**” as defined in paragraph 23;

“**Potential Bidder**” as defined in paragraph 9;

“**Property**” means the assets, properties and undertakings of the Debtors or any portion thereof;

“**Proposal Trustee**” as defined in paragraph 1;

“**Qualified Advisors**” as defined in paragraph 22;

“**Qualified Bid**” means a third party offer to purchase some or all of the Property in the form specified by the BIA SSP;

“**Qualified Bidder**” as defined in paragraph 10;

“**Qualified LOI**” as defined in paragraph 15;

“**Sale Process Order**” as defined in paragraph 2;

“**Successful Bid**” as defined in paragraph 28; and

“**Teaser**” as defined in paragraph 8(c).

Conduct of Sale Process and Timeline

5. The Proposal Trustee shall implement the Sale Process. The Sale Process Order and the BIA SSP shall exclusively govern the process for soliciting and selecting Qualified Bids.
6. The Debtors are required to assist and support the efforts of the Proposal Trustee in undertaking the Sale Process. In the event that there is disagreement as to the interpretation or application of the BIA SSP or the responsibilities of the Proposal Trustee or the Debtors hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Proposal Trustee or the Debtors.
7. The following table sets out the key milestones under the BIA SSP, subject to extension by the Proposal Trustee pursuant to and in accordance with the BIA SSP:

Milestone	Deadline
Commencement Date	September 5, 2017
Phase 1 Bid Deadline	October 19, 2017
Phase 2 Bid Deadline	November 24, 2017
Settle and execute a binding asset purchase agreement with respect to the Successful Bid	December 4, 2017
Date by which Approval Motion is heard	December 8, 2017
Closing of the transaction with Successful Bidder	January 10, 2018

Opportunity

8. As soon as practicable following issuance of the Sale Process Order, the Proposal Trustee, shall:
 - (a) cause a notice of the Sale Process (and such other relevant information which the Proposal Trustee considers appropriate) to be published in the *Daily Oil Bulletin* and the national edition of *The Globe and Mail*. On the same date, the Debtors will issue a press release setting out relevant information from such notice with Canada Newswire designating dissemination in Canada and major financial centres in the United States (the “**Notice**”);
 - (b) in consultation with the Debtors, the Lender and any other stakeholder as deemed appropriate by the Proposal Trustee, prepare a list of persons who may have an interest in submitting a bid for the Property (the “**Known Potential Bidders**”);
 - (c) prepare a non-confidential teaser letter (the “**Teaser**”) describing the opportunity to acquire some, all or substantially all of the Property to be made available by the Proposal Trustee to Known Potential Bidders, along with a draft form of the NDA; and
 - (d) prepare a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the

Property, which will be made available by the Proposal Trustee to Qualified Bidders who execute the NDA.

Participation Requirements

9. In order to participate in the Sale Process, each person (a "**Potential Bidder**") must deliver to the Proposal Trustee at the address specified in Exhibit "A":
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which, among other things, shall include provisions whereby the Potential Bidder agrees to accept and be bound by the BIA SSP.
10. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Proposal Trustee, in its reasonable business judgement, determines is likely, based on the availability of financing, experience and other considerations, to be able to consummate a transaction to acquire some or all of the Property (including any liabilities to be assumed) will be deemed a "**Qualified Bidder**", and be promptly notified of such determination by the Proposal Trustee. **In no event shall the Lender constitute a Qualified Bidder.**
11. At any time during Phase 1 or Phase 2, the Proposal Trustee may, in its reasonable business judgment and after consultation with the Lender, eliminate a Qualified Bidder from the Sale Process, whereupon such bidder will be eliminated from the Sale Process and will no longer be a Qualified Bidder.

Phase 1

12. For a period of forty-five (45) days following the date upon which the Notice is first published, the Proposal Trustee (with the assistance of the Debtors and in accordance with the BIA SSP) will solicit a non-binding indication of interest in the form of a non-binding letter of intent ("**LOI**") from each Qualified Bidder who may be interested in acquiring all or a portion of the Property ("**Phase 1**").
13. The Proposal Trustee will provide each Qualified Bidder who has executed an NDA with a copy of the Confidential Information Memorandum and access to an electronic data room of due diligence information (the "**Data Room**"). The Proposal Trustee, the Debtors and the Lender make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room, (ii) provided through the due diligence process in Phase 1 or Phase 2 or (iii) otherwise made available to a Qualified Bidder, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder duly executed and delivered by the Debtors and approved by the Court.
14. A Qualified Bidder that wishes to have the opportunity to submit a Qualified Bid as part of Phase 2 must deliver an LOI to the Proposal Trustee at the address specified in Exhibit "A" by no later than **12:00 p.m. (Eastern Time) on October 19, 2017**, or such other date

or time as may be agreed by the Proposal Trustee (the "**Phase 1 Bid Deadline**"). The Proposal Trustee shall be entitled to provide copies of the LOIs received to the Debtors and the Lender.

15. An LOI will be considered a "**Qualified LOI**" only if it:
- (a) is submitted by a Qualified Bidder and received by the Phase 1 Bid Deadline;
 - (b) sets out the purchase price range in Canadian dollars (and U.S. dollar equivalent), including details of any liabilities to be assumed by the Qualified Bidder, along with a description as to how the Qualified Bidder intends to value net working capital of the Business;
 - (c) sets out the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (d) contains specific indication of the sources of capital for the Qualified Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Proposal Trustee to make a reasonable business or professional judgment as to the Qualified Bidder's financial or other capabilities to consummate the transaction contemplated by its LOI;
 - (e) contains a description of the structure and financing of the transaction (including, but not limited to, the sources of financing of the purchase price, preliminary evidence of the availability of such financing, steps necessary and associated timing to obtain such financing and any related contingencies, as applicable);
 - (f) contains a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (g) contains specific statements concerning the treatment of employees and plans for the ongoing involvement and roles of the Debtors' employees;
 - (h) contains an outline of any additional due diligence required to be conducted by the Qualified Bidder in order to submit a final and binding offer;
 - (i) fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;
 - (j) contains all conditions to closing that the Qualified Bidder may wish to impose; and
 - (k) contains such other information as may reasonably be requested by the Proposal Trustee.

16. The Proposal Trustee, in consultation with the Lender, may waive compliance with any one or more of the requirements specified above, and deem such non-compliant LOI to be a Qualified LOI, provided that doing so shall not constitute a waiver by the Proposal Trustee of the requirements of the foregoing paragraph or an obligation on the part of the Proposal Trustee to designate any other LOI as a Qualified LOI. The Proposal Trustee will be under no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder.

Assessment of Qualified LOIs and Continuation or Termination of Sale Process

17. Within three (3) days following the Phase 1 Bid Deadline, or such later date as may be determined by the Proposal Trustee, the Proposal Trustee will, in consultation with the Lender, assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. The Proposal Trustee may request clarification from a Qualified Bidder of the terms of its Qualified LOI.
18. In assessing the Qualified LOIs, the Proposal Trustee, following consultation with the Lender, will consider, among other things, the following:
 - (a) the form and amount of consideration being offered, including any purchase price adjustments and/or any non-cash consideration;
 - (b) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction;
 - (c) the conditions to closing of the proposed transaction; and
 - (d) the estimated time required to complete the proposed transaction.
19. If one or more Qualified LOIs are received and the Proposal Trustee, exercising its reasonable business judgement and following consultation with the Lender, determines that there is a reasonable prospect that a Qualified LOI may become a Qualified Bid, the Proposal Trustee will continue the Sale Process into Phase 2 in accordance with the BIA SSP.
20. If the Proposal Trustee determines that (a) no Qualified LOI has been received; or (b) there is no reasonable prospect of a Qualified LOI resulting in a Qualified Bid, the Proposal Trustee may, in its sole and absolute discretion, designate one or more LOIs as a Qualified LOI. If no Qualified LOI is received or designated by the Proposal Trustee, any of the Lender, the Proposal Trustee, or the Debtors may apply to the Court for further advice and directions including with respect to termination of the BIA SSP.
21. Following the Phase 1 Bid Deadline, the Proposal Trustee specifically reserves the right to negotiate with any Qualified Bidder with respect to any provision of its LOI or to request or agree to any changes in any such LOI. The Proposal Trustee may choose to take such steps with respect to one or more than one Qualified Bidder but the Proposal Trustee shall have no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder. The Proposal Trustee reserves the right to request some,

but not all, Qualified Bidders to submit a revised LOI reflecting improved terms or other amendments requested by the Proposal Trustee. The Proposal Trustee will be under no obligation to provide each Qualified Bidder the opportunity to improve terms of any LOI submitted to the Proposal Trustee following the Phase 1 Bid Deadline.

Phase 2

22. Each Qualified Bidder with a Qualified LOI who has been invited by the Proposal Trustee to participate in Phase 2 and at the request of such Qualified Bidder, its Qualified Advisors (as defined below), will be granted further access to such due diligence materials and information relating to the Property and the Business as the Proposal Trustee in its reasonable business judgement, determines appropriate, including information or materials reasonably requested by each Qualified Bidder, on-site presentations and tours of the Property, and access to further information in the Data Room ("**Phase 2**"). In addition, selected due diligence materials may be withheld from a Qualified Bidder under Phase 2 if the Proposal Trustee determines such information to represent proprietary or sensitive competitive information. "Qualified Advisors" means the legal and financial advisor(s) and/or lenders to a Qualified Bidder, provided that, in each case, such advisor or lender: (a) is reasonably acceptable to the Proposal Trustee; and (b) has executed or is bound by the NDA.
23. A Qualified Bidder that is not eliminated from the Sale Process and that wishes to proceed must deliver to the Proposal Trustee a final binding proposal to purchase some or all of the Property (a "**Final Bid**") including a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder, at the address specified in Exhibit "A" hereto (including by email or fax transmission) so as to be received by the Proposal Trustee by no later than **12:00 p.m. (Eastern Time) on November 24, 2017**, or such other date or time as may be determined by the Proposal Trustee in consultation with the Lender (the "**Phase 2 Bid Deadline**").
24. A Final Bid will be considered a Qualified Bid only if (a) it is submitted by a Qualified Bidder who submitted a Qualified LOI on or before the Phase 1 Bid Deadline or whose LOI was designated as a Qualified LOI by the Proposal Trustee; and (b) the Final Bid complies with, among other things, the following requirements:
 - (a) it includes a letter stating that the Qualified Bidder's offer is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid; and (ii) thirty (30) days following the Phase 2 Bid Deadline, provided that if such Qualified Bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (b) it includes written evidence of a firm irrevocable commitment for all required financing, or other evidence of the financial ability of such Qualified Bidder to consummate the proposed transaction, that will allow the Proposal Trustee, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its Final Bid;

- (c) sets out the purchase price range in Canadian dollars (and U.S. dollar equivalent), including details of any liabilities to be assumed by the Qualified Bidder, along with a description as to how the Qualified Bidder intends to value net working capital of the Business;
- (d) it describes the Property to be included as well as the Property to be excluded, divested or disclaimed prior to closing, if any;
- (e) it includes full details of the proposed number of employees who will become employees of the Qualified Bidder and provisions setting out the terms and conditions of employment for continuing employees;
- (f) it includes details of any liabilities to be assumed by the Qualified Bidder;
- (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
 - (ii) obtaining financing;
- (h) it fully discloses the identity of each entity that will be sponsoring or participating in the Final Bid, and the complete terms of such participation;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (j) it identifies with particularity the contracts and leases the Qualified Bidder wishes to assume and reject, contains full details of the Qualified Bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Final Bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Proposal Trustee), or such other form acceptable to the Proposal Trustee, payable to the order of the Proposal Trustee, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of the BIA SSP;
- (n) it contains other information reasonably requested by the Proposal Trustee;
- (o) it is received by the Phase 2 Bid Deadline; and

- (p) it includes an acknowledgement and representation that the Qualified Bidder: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Final Bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express or implied (by operation of law or otherwise) made by the Proposal Trustee, the Debtors or the Lender, regarding any matter or thing, including, without limitation, the Debtors, the Property, the Business the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement.
25. The Proposal Trustee may waive compliance with any one or more of the requirements specified above and deem such Final Bid to be a Qualified Bid, provided that doing so shall not constitute a waiver by the Proposal Trustee of the requirements of the foregoing paragraph or an obligation on the part of the Proposal Trustee to designate any other Final Bid as a Qualified Bid. The Proposal Trustee will be under no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder.

Evaluation of Qualified Bids

26. The Proposal Trustee, in consultation with the Lender, will review each Final Bid received. For the purpose of such consultation and evaluations, the Proposal Trustee may request clarification of the terms of any Final Bid.
27. Evaluation criteria may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the Qualified Bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such Final Bid in relation to other Final Bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction; (g) planned treatment of stakeholders; (h) the assets included or excluded from the Final Bid; (i) proposed treatment of the employees; (j) any transition services required from the Debtors post-closing and any related restructuring costs; and (k) the likelihood and timing of consummating the transaction.
28. If one or more Qualified Bids is received or so designated by the Proposal Trustee, the Proposal Trustee, exercising its reasonable business judgment and following consultation with the Lender, may select the most favourable Qualified Bid(s) (each, a "**Successful Bid**"), whereupon the Debtors shall proceed to negotiate and settle the terms of a definitive agreement with the applicable Qualified Bidder. The terms of any such definitive agreement must be acceptable to the Proposal Trustee and the Lender, each in its discretion.
29. Following the Phase 2 Bid Deadline, the Proposal Trustee specifically reserves its right to negotiate with any Qualified Bidder with respect to any provision of its Final Bid or to request or agree to any changes in any such Final Bid. The Proposal Trustee may choose to take such steps with respect to one of more Qualified Bidder but the Proposal Trustee

shall have no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder. The Proposal Trustee reserves its right to request some, but not all, Qualified Bidders submit a revised Final Bid reflecting improved terms or other amendments requested by the Proposal Trustee. The Proposal Trustee will be under no obligation to provide to each Qualified Bidder the opportunity to improve the terms of any Final Bid submitted to the Proposal Trustee following the Phase 2 Deadline.

Phase 2 Guidelines

30. If the Proposal Trustee determines that no Qualified Bid has been received at the end of Phase 2, the Proposal Trustee may, in its sole and absolute discretion, designate one or more Final Bids as a Qualified Bid. If no Qualified Bid is received or designated by the Proposal Trustee, any of the Lender, the Proposal Trustee or the Debtors may apply to the Court for further advice and directions, including with respect to the termination of the Sale Process.

Approval Motion for Successful Bid

31. The Debtors will bring a motion before the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and authorizing the Debtors to enter into any and all necessary agreements with respect to the Successful Bid(s) and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s).
32. The Approval Motion will be held on a date to be scheduled by the Court upon motion by the Debtors. The Approval Motion may be adjourned or rescheduled by the Debtors or the Proposal Trustee, on notice to the Lender, by an announcement of the adjourned date at the Approval Motion and without the need for any further notice thereof, provided that in no circumstance shall the Approval Motion be adjourned or rescheduled beyond December 8, 2017.
33. All Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.

Deposits

34. All Deposits will be retained by the Proposal Trustee and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder(s) will be returned to such bidders within 5 Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, then, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within 5 Business Days of the date upon which the Sale Process is terminated in accordance with the BIA SSP.
35. If a Successful Bidder breaches its obligations under the terms of the Sale Process, its Deposit plus interest shall be forfeited as liquidated damages and not as a penalty.

Approvals

36. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required pursuant to the NOI Proceedings or any statute or as otherwise required at law in order to implement a Successful Bid.

Amendment

37. The Proposal Trustee may vary or amend the BIA SSP (including, without limitation, extending the Phase 1 Bid Deadline or the Phase 2 Bid Deadline) with the consent of the Lender or the approval of the Court.
38. The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Proposal Trustee or the Debtors and any Qualified Bidder or any other person, other than as specifically set forth in a definitive agreement that may be signed with the Debtors. At any time during the Sale Process, the Proposal Trustee may apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

"As Is, Where Is"

39. Any sale of the Property by the Debtors will be on an "as is, where is" basis as at the time of closing and without surviving representations or warranties of any kind, nature, or description by the Debtors, the Proposal Trustee, the Lender or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a definitive agreement with a Successful Bidder executed and delivered by the Debtors. Neither the Proposal Trustee, the Debtors, the Lender nor any of their respective affiliates, advisors, agents or representatives makes any representation or warranty as to title, description, fitness for purpose, merchantability, quantity, conditions or quality of any of the Property or the accuracy or completeness of the information contained in any of the Teaser, Confidential Information Memorandum or in the Data Room, except to the extent otherwise provided by the Debtors under a definitive agreement with a Successful Bidder executed and delivered by the Debtors. The Debtors are not required to inspect or count, or provide any inspection or counting, of the Property or any part thereof and each Qualified Bidder shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation with respect to the Property. It shall be the Successful Bidder's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Property and shall be waived by the Successful Bidder.

Free Of Any And All Claims and Interests

40. As part of the Approval Motion, the Debtors will seek an order vesting in the Successful Bidder all of the right, title and interest of the Debtors to that part of the Property subject to the Successful Bid free and clear of all pledges, liens, security interests, encumbrances,

claims, charges, options and interests on or against the Property (collectively, the "**Claims and Interests**"). Such Claims and Interests will attach only to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a definitive agreement with a Successful Bidder.

No Obligation to Conclude a Transaction

41. The highest or any Final Bid received pursuant to the BIA SSP will not necessarily be accepted. In addition, at any time during the Sale Process, the Proposal Trustee may terminate the BIA SSP, and shall provide notice of such a decision to all Qualified Bidders.

Further Orders

42. At any time during the Sale Process, the Proposal Trustee may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Exhibit "A"

Address

FTI Consulting Inc.
TD South Tower
79 Wellington Street West
Suite 2010, PO Box 104
Toronto ON M5K 1G8

Attention: Messrs. Dean Mullett and Adam Zalev

Estate Number/Court File No: 31-458352

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

AND

Estate Number/Court File No: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

(PROCEEDING COMMENCED AT TORONTO)

ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, Ontario M5X 1G5

E. Patrick Shea (LSUC No. 39655K)
Telephone: (416) 369-7399
Facsimile: (416) 862-7661

SOLICITORS FOR DELP AND DOGL

APPENDIX “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

TUESDAY, THE 13th

JUSTICE DUNPHY

)

DAY OF FEBRUARY, 2018

)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

INITIAL ORDER

THIS APPLICATION, made by Dundee Oil and Gas Limited ("DOGL") on its behalf and as general partner on behalf of Dundee Energy Limited Partnership ("DELP", together the "Debtors"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lucie Presot sworn February 8, 2018 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Debtors, National Bank of Canada, FTI Consulting Canada Inc. ("FTI") in its capacity as the Proposed Monitor (the "Monitor"), and on reading the consent of FTI to act as the Monitor and the Fourth Report of the Proposal Trustee dated February 7, 2018,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

CONTINUANCE UNDER THE CCAA

2. THIS COURT ORDERS AND DECLARES that DOGL is a company to which the CCAA applies and DELP shall enjoy the benefits of the protection and authorizations provided to DOGL by this Order.

3. THIS COURT ORDERS AND DECLARES that effective February 13, 2018, the Debtors' restructuring proceedings (the "**Proposal Proceedings**") commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (as amended) (the "**BIA**") are hereby taken up and continued under the CCAA and that as of such date, the provisions of Part III of the BIA shall have no further application to the Debtors, save that any and all steps, agreements and procedures validly taken, done or entered into by the Debtors during the Proposal Proceedings shall remain valid and binding notwithstanding the continuation of the Proposal Proceedings and the commencement of the within CCAA proceedings, including, without limitation (a) the sale solicitation process ("**BIA SSP**") approved in the Order of Regional Senior Justice Morawetz dated August 16, 2017, as amended (the "**August 16 Order**"); (b) any assignment of leases or other agreements given or entered into by the Debtors during the Proposal Proceedings as amended from time to time; and (c) any agreements entered into with Nadro Marine Services Limited.

4. THIS COURT ORDERS AND DECLARES that all capitalized terms not otherwise defined in this Order have the meanings attributed to them in the August 16 Order.

5. THIS COURT ORDERS AND DECLARES that, subject to further order of this Court, all orders of the Court granted in the Proposal Proceedings shall continue to be in full force and effect, except to the extent that such orders are inconsistent with the terms of this Order or the CCAA.

6. THIS COURT ORDERS that the Monitor is authorized and directed to continue to carry out and fulfill each provision of the August 16 Order that pertains to the Proposal Trustee including, without limitation, the BIA SSP. The Monitor shall have the benefit of all rights and protections granted to the Proposal Trustee under the August 16 Order in carrying out its terms and, unless the context otherwise requires, all references to "Proposal Trustee" in the August 16 Order shall mean the Monitor from and after the date of this Order, except to the extent inconsistent with the terms of this Order or the CCAA.

PLAN OF ARRANGEMENT

7. THIS COURT ORDERS that the Debtors shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

8. THIS COURT ORDERS that the Debtors shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court and compliance with the terms of the Forbearance Agreement (as defined below) and Cash Flow Statements (as defined in the Forbearance Agreement), the Debtors shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Debtors are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

9. THIS COURT ORDERS that, subject to the terms of the Forbearance Agreement that require the Debtors to comply with the Cash Flow Statements, the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in

the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges.

10. THIS COURT ORDERS that, except as otherwise provided to the contrary herein and subject to the terms of the Forbearance Agreement that require the Debtors to comply with the Cash Flow Statements, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Debtors following the date of this Order.

11. THIS COURT ORDERS that the Debtors shall from and after the date of this Order remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior

to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Debtors after the date of this Order.

12. THIS COURT ORDERS that until a real property lease is assigned or disclaimed in accordance with the CCAA, the Debtors shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between either Debtor, as applicable, and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, in accordance with past practice or on the terms pursuant to the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. THIS COURT ORDERS that, except as specifically permitted herein or in the Forbearance Agreement, the Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of this date except such payments to the Lender; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

14. THIS COURT ORDERS that the Debtors shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as defined below), and with the prior written consent of the Lender, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations,
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deems appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing (for greater certainty, an assignment of the Lender's debt and security to another party shall not constitute a material refinancing requiring Court approval),

all of the foregoing to permit the Debtors to proceed with an orderly restructuring of the Business (the "**Restructuring**").

15. THIS COURT ORDERS that, except in the case of offshore mineral leases, the Debtors shall provide each of the relevant landlords with notice of either Debtor's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Debtors' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Debtors, or by further Order of this Court upon application by the Debtors on at least two (2) days notice to such landlord and any such secured creditors. If the Debtors disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtors' claim to the fixtures in dispute.

16. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Debtor and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may

have against the Debtors in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

17. THIS COURT ORDERS that, subject to paragraph 18(v) hereof, until and including March 13, 2018, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, except with the written consent of the Debtors and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

18. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) prevent the Lender from exercising any rights or remedies in accordance with the Forbearance Agreement.

19. THIS COURT ORDERS that, until further Order of this Court, DELP shall not be deemed to have made an assignment based on its failure to file a proposal with the official receiver notwithstanding s. 50.4(8) of the BIA.

NO INTERFERENCE WITH RIGHTS

20. THIS COURT ORDERS that during the Stay Period, 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, except with the written consent of the Debtors and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

21. THIS COURT ORDERS that during the Stay Period, 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 Business or 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 Debtors, and that the Debtors shall be entitled to the continued use of their current premises, 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 Debtors 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 each of the Debtors and the Monitor, or as may be ordered by this Court. Dundee Corporation shall continue to make available all computer systems and other services provided to the Debtors in accordance with normal practices.

NON-DEROGATION OF RIGHTS

22. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Debtors. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court.

APPOINTMENT OF MONITOR

24. THIS COURT ORDERS that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Debtors with the powers and obligations set out in the CCAA or set forth herein and that the Debtors and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Debtors' receipts and disbursements;
- (b) take all steps necessary to implement the BIA SSP including all steps required to close any sale transaction approved under the BIA SSP, in these proceedings or under the Proposal Proceedings;
- (c) report to the Lender on matters related to the Debtors' Business, Property or the BIA SSP;

- (d) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the BIA SSP and such other matters as may be relevant to the proceedings herein;
- (e) assist the Debtors, to the extent required by the Debtors, in their dissemination, to the Lender and its counsel as required by the Lender of financial and other information as agreed to between the Debtors and the Lender which may be used in these proceedings including reporting on a basis to be agreed with the Lender;
- (f) advise the Debtors in their preparation of the Debtors' cash flow statements and reporting required by the Lender, which information shall be reviewed with the Monitor and delivered to the Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise provided in the Forbearance Agreement or agreed to by the Lender;
- (g) subject to the prior consent of the Lender, advise the Debtors in their development of the Plan and any amendments to the Plan;
- (h) subject to the prior consent of the Lender, assist the Debtors, to the extent required by the Debtors, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (i) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

26. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder or under the BIA SSP, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

27. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Oil and Salt Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Debtors with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.

29. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the

BIA SSP, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. THIS COURT ORDERS that the Proposal Trustee, counsel to the Proposal Trustee, the Monitor, counsel to the Monitor and counsel to the Debtors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtors as part of the costs of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee, the Monitor, counsel to the Monitor and counsel for the Debtors on a weekly basis or on such other basis as agreed between the Debtors and the applicable payee, with the consent of the Lender.

31. THIS COURT ORDERS that the Proposal Trustee, counsel for the Proposal Trustee, the Monitor and counsel to the Monitor shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee, counsel for the Proposal Trustee, the Monitor and counsel to the Monitor are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

FORBEARANCE AGREEMENT

32. THIS COURT ORDERS that paragraphs 17-21 of the August 16 Order approving the Forbearance Agreement as amended by a First Amending Agreement dated as of December 5, 2017, a Second Amending Agreement dated as of December 19, 2017, a Third Amending Agreement and Waiver dated January 24, 2018, as amended and restated pursuant to a Second Amended and Restated Forbearance Agreement dated as of February 13, 2018 (collectively, the “**Forbearance Agreement**”) granting the Proposal DIP Charge (as defined below) and directing the Debtors to comply with the terms of the Forbearance Agreement continue in full force and effect.

33. DELETED

34. THIS COURT ORDERS AND DECLARES that the payments made by the Debtors pursuant to the August 16 Order, this Order, the Credit Agreement, the Forbearance Agreement, the other Credit Documents or any of the Definitive Documents, and the granting of the Proposal

DIP Charge and CCAA DIP Charge (each as defined below), do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

VALIDITY AND PRIORITY OF CHARGES CREATED IN THE PROPOSAL PROCEEDINGS

35. THIS COURT ORDERS that the Directors' Charge (the "**Proposal Directors' Charge**"), Administration Charge (the "**Proposal Administration Charge**"), and DIP Charge (the "**Proposal DIP Charge**"), each granted in the August 16 Order pursuant to paragraphs 12-16 and 20 inclusive, shall continue to be in force and effect in these proceedings pursuant to the CCAA with the priorities provided for in paragraph [44] hereof.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

36. THIS COURT ORDERS that the Debtors shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtors after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

37. THIS COURT ORDERS that the directors and officers of the Debtors shall be entitled to the benefit of and are hereby granted a charge (the "**CCAA Directors' Charge**") on the Property, which charge, together with the Proposal Directors' Charge, shall not exceed an aggregate amount of \$50,000, as security for the indemnity provided in paragraph [36] of this Order. The CCAA Directors' Charge shall have the priority set out in paragraph [44] herein.

38. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the CCAA Directors' Charge, and (b) the Debtors' directors and officers shall only be entitled to the benefit of the CCAA Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [36] of this Order.

DIP FINANCING

39. THIS COURT ORDERS that, in addition to the existing liens, charges, mortgages and encumbrances in favour of the Lender, as security for all obligations of the Debtors to the Lender relating to advances made to the Debtors under the Credit Agreement and Forbearance Agreement from and after the date of this Order, including the Proposal DIP Charge, the Lender shall be entitled to the benefit of and is hereby granted a charge (the “**CCAA DIP Charge**”) on the Property, which CCAA DIP Charge shall not secure an obligation that exists before this Order is made. The CCAA DIP Charge shall have the priority set out in paragraph [44] hereof.

40. THIS COURT ORDERS that the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**CCAA Definitive Documents**” and together with the term “**Definitive Documents**” as defined in the August 16 Order, the “**Definitive Documents**”), as are contemplated by the Credit Agreement, Forbearance Agreement or as may be reasonably required by the Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Lender under and pursuant to the Credit Agreement, Forbearance Agreement and the CCAA Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the CCAA DIP Charge or any of the Definitive Documents;
- (b) upon the earlier of the occurrence of a Termination Event or the last day of the Forbearance Period (in each case as defined in the Forbearance Agreement), the Lender may:
 - (i) immediately cease making advances to the Debtors;
 - (ii) set off and/or consolidate any amounts owing by the Lender to the Debtors against the obligations of the Debtors to the Lender under the Credit

Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents; and

(iii) apply to this Court for an order authorizing the Lender to exercise any and all of its rights and remedies against the Debtors or the Property under or pursuant to the Credit Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents, the Proposal DIP Charge, the CCAA DIP Charge, or the *Personal Property Security Act* (Ontario) (the "PPSA") or similar legislation in any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property, or for a bankruptcy order against the Debtors and for the appointment of a trustee in bankruptcy of the Debtors; and

(c) the foregoing rights and remedies of the Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtors or the Property.

42. THIS COURT ORDERS AND DECLARES that the Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA.

CCAA ADMINISTRATION CHARGE

43. THIS COURT ORDERS that the Monitor, counsel to the Monitor and the Debtors' counsel shall be entitled to the benefit of and are hereby granted a charge (the "CCAA Administration Charge") on the Property, which charge, together with the Proposal Administration Charge, shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The CCAA Administration Charge shall have the priority set out in paragraph [44] hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. THIS COURT ORDERS that the priorities of the Proposal Directors' Charge, CCAA Directors' Charge, Proposal Administration Charge, CCAA Administration Charge, Proposal DIP Charge and CCAA DIP Charge, as among them, shall be as follows:

First (*pari passu*) –the Proposal Administration Charge and the CCAA Administration Charge (to the maximum aggregate amount of \$250,000);

Second (*pari passu*) – the Proposal DIP Charge and the CCAA DIP Charge;

Third – Security granted to the Lender under or pursuant to the Credit Agreement, the Forbearance Agreement and the Credit Documents; and

Fourth (*pari passu*) –the Proposal Directors’ Charge and CCAA Directors’ Charge (to the maximum aggregate amount of \$50,000).

45. THIS COURT ORDERS that the filing, registration or perfection of the CCAA Directors’ Charge, the CCAA Administration Charge and the CCAA DIP Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. THIS COURT ORDERS that each of the CCAA Directors’ Charge, the CCAA Administration Charge and the CCAA DIP Charge (all as constituted and defined herein) shall constitute a charge on the Property and, subject to paragraph [44] of this Order, such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, except for any security that qualifies as a purchase-money security interest pursuant to the PPSA.

47. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtors shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the CCAA Directors’ Charge, the CCAA Administration Charge or the CCAA DIP Charge, unless the Debtors also obtain the prior written consent of the Monitor, the Lender and the beneficiaries of the CCAA Directors’ Charge and the CCAA Administration Charge, or further Order of this Court.

48. THIS COURT ORDERS that the CCAA Directors’ Charge, the CCAA Administration Charge, the Credit Agreement, the Forbearance Agreement, the Definitive Documents and the CCAA DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the

Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtors, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents shall create or be deemed to constitute a breach by the Debtors of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the execution, delivery or performance of the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents; and
- (c) the payments made by the Debtors pursuant to this Order, the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtors' interest in such real property leases.

SERVICE AND NOTICE

50. THIS COURT ORDERS AND DECLARES that, given the noticing procedures established and completed in the Proposal Proceedings, the Monitor shall not be required to (i) publish any notices, (ii) send any notices to known creditors, or (iii) prepare and publish a list

showing the names and addresses of those creditors and the estimated amounts of those claims. The Monitor shall upload all documents filed in connection with this Application on the Case Website listed in paragraph [50] hereof.

51. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that the Case Website (the "Case Website") established in the Proposal Proceedings shall be used in these proceedings under the CCAA in accordance with the Protocol, which is accessible at the following URL '<<http://cfcanada.fticonsulting.com/Dundee/>>’.

52. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

53. THIS COURT ORDERS that the Debtors or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtors, the Business or the Property.

55. 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 Debtors, the Monitor and their respective 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 Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

56. THIS COURT ORDERS that each of the Debtors and the Monitor 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 Monitor 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.

57. THIS COURT ORDERS that any interested party (including the Debtors, the Lender and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

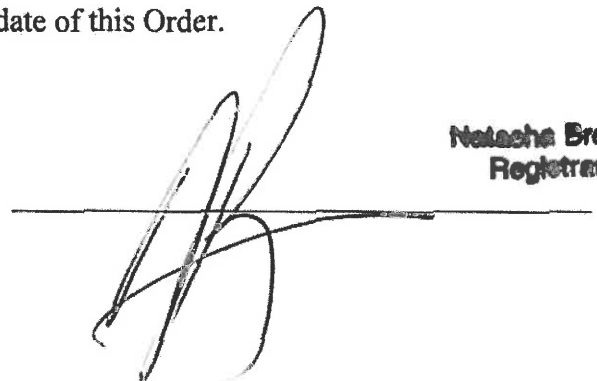
FEB 14 2018

PER / PAR:



TOR_LAW\9441131\1

Natacha Brown
Registrar



**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

INITIAL ORDER

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, Ontario M5X 1G5

E. PATRICK SHEA (LSUC. No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Applicant

APPENDIX “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) MONDAY, THE 11th
)
JUSTICE DUNPHY) DAY OF JUNE, 2018
)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

APPROVAL AND VESTING ORDER

THIS MOTION, made by Dundee Oil and Gas Limited ("DOGL") on its behalf and as general partner on behalf of Dundee Energy Limited Partnership ("DELP" and together with DOGL, the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Debtors (the "Seller") and Lagasco Inc. (the "Purchaser") dated April 4, 2018 (as amended by agreement dated May 17, 2018 and as may be further amended from time to time, the "Sale Agreement") and appended to the Third Report of the Monitor dated May 9, 2018 (the "Third Report"), and vesting in the Purchaser all of the Seller's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of FTI Consulting Canada Inc. dated May 9, 2018, in its capacity as the Court-appointed monitor (the "Monitor"), the Supplement to the Third Report of the Monitor dated May 18, 2018 (the "Supplemental Report"), the Affidavit of Jane Lowrie sworn May 9, 2018, the

Supplementary Affidavit of Jane Lowrie sworn June 5, 2018 (the “**Supplemental Lowrie Affidavit**”), the Affidavit of Jordan Zakkai sworn June 7, 2018, and on hearing the submissions of counsel for the Monitor, the Debtors, the Purchaser, National Bank of Canada (the “**Bank**”) and the Crown, no one appearing for any other person on the service list, although properly served as appears from the affidavits of Rachel Bengino sworn on May 10, 2018 and May 18, 2018, each filed:

1. **THIS COURT ORDERS AND DECLARES** that service of the Third Report, Supplemental Report, Motion Record and Supplemental Motion Record herein, either by way of the Assignment and Distribution Notice, the Newspaper Notice, the Trade Contract Assignment Notices (as each term is defined in the Third Report) or by actual service, is effective and sufficient notice of the relief sought by the Debtors in this Motion and service of the Motion Record is hereby validated and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that any capitalized term not otherwise defined herein has the meaning attributed to it in the Sale Agreement.
3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Seller is hereby ratified and approved, with such amendments as the Seller may deem necessary and as are approved by the Monitor and the Bank, including amendments to Schedules “A” and “B” to the Sale Agreement (for greater certainty, no Well may be removed from Schedule “A” without the consent of the MNRF). The Seller is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
4. **THIS COURT ORDERS** that the Monitor’s selection of the Purchaser as the Successful Bidder is hereby approved.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Seller's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Regional Senior Justice Morawetz dated August 16, 2017 in connection with the Debtors' Notices of Intention to Make a Proposal pursuant to s. 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**"); (ii) any encumbrances or charges created by the Order of the Honourable Justice Dunphy dated February 13, 2018 (the "**Initial Order**"); (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Land Titles Act* (Ontario) or any other personal or real property registry system; and (iv) those Claims listed on Schedules C-1 to C-6, inclusive, hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
6. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Elgin (#11) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-1 hereto (the "**Elgin Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Elgin Real Property all of the Claims listed in Schedule C-1 hereto.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Norfolk (#37) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-2 hereto (the “**Norfolk Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Norfolk Real Property all of the Claims listed in Schedule C-2 hereto.
8. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Essex (#12) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-3 hereto (the “**Essex Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Essex Real Property all of the Claims listed in Schedule C-3 hereto.
9. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Registry Division and/or Land Titles Division of Haldimand (#18) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-4 hereto (the “**Haldimand Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Haldimand Real Property all of the Claims listed in Schedule C-4 hereto.
10. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Niagara South (#59) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-5 hereto (the “**Niagara Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Niagara Real Property all of the Claims listed in Schedule C-5 hereto.

11. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Chatham-Kent (#24) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-6 hereto (the “**Chatham-Kent Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Chatham-Kent Real Property all of the Claims listed in Schedule C-6 hereto.
12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
13. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.
14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Seller is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Seller’s records pertaining to the Seller’s past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Seller.
15. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Seller and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Seller;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Seller and shall not be void or voidable by creditors of the Seller, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

ASSIGNMENT OF AGREEMENTS

16. **THIS COURT ORDERS** that, subject to paragraph 23 of this Order, upon delivery of the Monitor's Certificate, all of the rights and obligations of the Seller under (i) the Leases (other than (a) the MNRF Leases; and (b) those Leases under which either Whittle Farms Inc., Marilyn Whittle or Harold Whittle is the lessor (collectively with the MNRF Leases, the "**Excluded Leases**")) and (ii) the agreements set out in Schedule E hereto, which are Assumed Contracts under the Sale Agreement (together with the Leases other than the Excluded Leases, the "**Assigned Contracts**") shall be assigned to and assumed by the Purchaser, or such party as the Purchaser may designate prior to Closing (provided, however, that such designated party agrees to be bound by the terms of such Assigned Contracts and the Purchaser is not released from any obligations or liability thereunder), pursuant to section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended ("**CCAA**").
17. **THIS COURT ORDERS** that that the assumption by the Purchaser of the rights and obligations of the Seller under the Assigned Contracts and the assignment of the Assigned Contracts to the

Purchaser pursuant to the CCAA and this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition contained in any such Assigned Contract relating to the assignment thereof, including any provision requiring the consent of any party to the assignment, and any counterparty to such Assigned Contract shall be forever barred, enjoined and estopped from enforcing the same against the Purchaser or Seller.

18. **THIS COURT ORDERS** that, except as otherwise addressed herein, the Seller's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all encumbrances other than the Permitted Encumbrances.
19. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of the Seller, the commencement of the NOI Proceedings, the commencement of these CCAA proceedings, or any failure of the Sellers to perform a non-monetary obligation under the Assigned Contracts.
20. **THIS COURT ORDERS** that on Closing, the Purchaser shall pay to the Monitor the amount owing by the Debtors to the counterparty under each Assigned Contract as at March 31, 2018, together with any amounts owing by the Debtors under each such Assigned Contract from April 1, 2018 until Closing (the "**Cure Amount**"). The Cure Amount for each Assigned Contract shall be determined by the Monitor in consultation with the Debtors and held by the Monitor in trust in one non-interest bearing account (the "**Cure Amounts Reserve**") solely for the benefit of the counterparty to the Assigned Contract to which such Cure Amount relates.
21. **THIS COURT ORDERS** that the Cure Amount for each Assigned Contract (collectively, the "**Cure Amounts**") does not constitute Property or proceeds of the Property. The Monitor is authorized and directed to, within 30 days after Closing, pay from the Cure Amounts Reserve the Cure Amount (other than any Disputed Cure Amount, as defined below) with respect to each

applicable Assigned Contract, in full and final satisfaction of any Cure Amount owing to the counterparty to the applicable Assigned Contract.

22. **THIS COURT ORDERS** that, notwithstanding the foregoing, in addition to all obligations under the Assigned Contracts arising from and after the Closing Date, for which the Purchaser shall be liable, the Purchaser shall be liable for and shall timely pay to the counterparties under the Assigned Contracts any and all charges under the Assigned Contracts that may have accrued prior to Closing or are attributable or related to a period prior to Closing, but which do not come due until on or after the Closing Date by their terms.
23. **THIS COURT ORDERS** that if, on or before May 22, 2018, a counterparty to an Assigned Contract has notified the Monitor in writing in the manner set out in the Assignment and Distribution Notices or the Trade Contract Assignment and Distribution Notices, as applicable (as each such term is defined in the Third Report) (an “**Objecting Counterparty**”) that it objects to the Cure Amount payable under its Assigned Contract (a “**Disputed Assigned Contract**”), the Purchaser, in consultation with the Monitor, is authorized and empowered to elect to (a) not assume the Disputed Assigned Contract, in which case the Purchaser shall not be obligated to pay the applicable Cure Amount to the Monitor on Closing, provided that there shall be no adjustment to the Purchase Price; (b) pay to the Monitor on Closing the Cure Amount claimed by or otherwise acceptable to the Objecting Party for disbursement to the Objecting Counterparty in accordance with paragraph 21 of this Order; or (c) postpone for a period of not more than 60 days after Closing the assumption of the Disputed Assigned Contract pending the resolution of such dispute among the Objecting Counterparty and the Purchaser or by further Order of the Court, in which case the Cure Amount claimed by the Objecting Counterparty (the “**Disputed Cure Amount**”) shall be paid by the Purchaser to the Monitor on Closing and held by the Monitor as part of the Cure Amounts Reserve pending resolution of such dispute or further order of the Court. The Purchaser may, at any time after Closing, by written notice to the Monitor and the Objecting Counterparty, elect not

to assume a Disputed Assigned Contract subject to dispute as described in subparagraph (c) above, in which case the Monitor shall return the Disputed Cure Amount to the Purchaser, provided that there shall be no adjustment to the Purchase Price. Notwithstanding the dispute, the assignment and assumption of the Disputed Assigned Contract pursuant to paragraph 17 of this Order is valid and binding in all respects and the Objecting Counterparty's recourse is limited to the Disputed Cure Amount unless the Purchaser elects not to assume the Disputed Assigned Contract, in which case the assignment and assumption of the Disputed Assigned Contract shall cease to be effective, provided that there shall be no adjustment to the Purchase Price. If it is determined that, in accordance with this paragraph 23, the Objecting Counterparty is not entitled to the full amount of the Disputed Cure Amount, the Monitor is hereby directed to distribute the portion, if any, of the Disputed Cure Amount to which such Objecting Counterparty is entitled and return any excess portion of the Disputed Cure Amount to the Purchaser.

24. **THIS COURT ORDERS** the Monitor, on behalf of the Seller, to send a copy of this Order to all of the counterparties to the Assigned Contracts other than the Leases. The notice set out in the Assignment and Distribution Notice specifying that this Order, if granted, will be posted on the Monitor's Website on May 23, 2018, shall be deemed to constitute sufficient notice to the Lease counterparties pursuant to s. 11.3(5) of the CCAA.
25. **THIS COURT ORDERS AND DIRECTS** the Seller to, prior to Closing, seek a further Order of the Court directing each applicable Land Registry Office and/or Land Titles Office to enter the Purchaser as the lessee under each of the applicable Leases and to delete and expunge from the title to the freehold properties against which notices of the Leases and related instruments are registered all of the instruments registered in favour of the Bank in connection with the Leases, with all other instruments registered against the title to any one or more of such properties constituting Permitted Encumbrances.

RESERVES AND DISTRIBUTIONS TO NATIONAL BANK OF CANADA

26. **THIS COURT ORDERS** that the Purchaser is directed on Closing to pay all outstanding royalties owing with respect to the MNRF Leases to the Monitor, which the Monitor shall immediately distribute to the MNRF at the direction of the MNRF and does not constitute Property or proceeds of the Property.
27. **THIS COURT ORDERS** that the Purchaser is directed on Closing to either (a) pay up to \$235,000 (the “*Miss Libby Reserve*”), being a portion of the Purchase Price allocated to the sale of *Miss Libby*, to the Bank and/or Nadro Marine Services Limited in accordance with a written direction from the Bank and Nadro (the “**Direction**”); or (b) if the Direction has not been delivered to the Purchaser at least three Business Days prior to Closing, pay the Miss Libby Reserve to the Monitor, which shall be held by the Monitor pending receipt of a Direction or further Order of the Court.
28. **THIS COURT ORDERS** that the Purchaser is directed on Closing to pay to the Monitor \$200,000 of the Purchase Price to fund a reserve (the “**Professional Fee Reserve**”) which shall be utilized to fund the professional fees and expenses of the Debtors and their legal counsel, the Monitor and its legal counsel and the Bank and its legal counsel (collectively, the “**Professional Fees**”). The Monitor is authorized and empowered, without further Order of the Court, to disburse from the Professional Fee Reserve, from time to time, amounts owing by the Debtors in respect of Professional Fees. Any amounts remaining in the Professional Fee Reserve after the completion of these CCAA proceedings and the discharge of the Monitor shall be distributed to the Bank.
29. **THIS COURT ORDERS** that, on Closing, the Purchaser is hereby irrevocably authorized and directed to pay to the Bank the net amount of the cash portion of the Purchase Price, net of the Deposit, which amount shall be on account of first, the obligations owing by the Debtors to the Bank under and pursuant to a second amended and restated forbearance agreement dated as of February 13, 2018, as amended (the “**DIP Obligations**”) and second, the secured obligations owing

by the Debtors to the Bank under and pursuant to an amended and restated credit agreement dated as of the July 31, 2012, as amended (the “**Secured Obligations**”). The Monitor is hereby authorized and directed, without further Order of the Court, to (i) on Closing, transfer the Deposit, net of the *Miss Libby* Reserve and the Professional Fee Reserve (the “**Net Deposit Amount**”) to the Seller’s account with the Bank, and (ii) transfer any and all future receipts or proceeds (the “**Future Receipts**”) that may be received by the Monitor after Closing to the Seller’s account with the Bank. Immediately upon receipt by the Seller, the Seller is hereby irrevocably ordered and directed to transfer the Net Deposit Amount and the Future Receipts to the Bank up to the maximum aggregate amount of the DIP Obligations and the Secured Obligations without deduction or set off.

CHARGES

30. **THIS COURT ORDERS** that, upon Closing, the Proposal Administration Charge and CCAA Administration Charge (each as defined in the Initial Order) shall be reduced to an aggregate amount of \$200,000 and shall continue to charge the Property, including the Professional Fee Reserve, from and after the Closing Date.
31. **THIS COURT ORDERS** that, upon Closing, the Proposal DIP Charge, the CCAA DIP Charge, the Proposal Directors’ Charge and the CCAA Directors’ Charge (each as defined in the Initial Order) are hereby terminated, released and discharged.

STAY EXTENSION

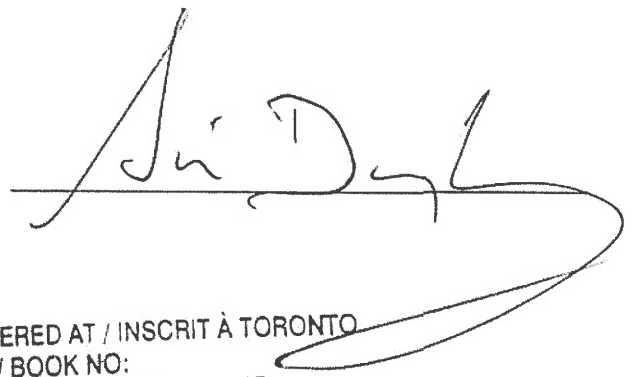
32. **THIS COURT ORDERS** that the Stay Period as ordered and defined in paragraph 17 of the Initial Order is hereby extended until and including September 28, 2018.

GENERAL

33. **THIS COURT ORDERS** that the Summary of Final Bids, attached as Confidential Appendix “A” to the Third Report, the unredacted Sale Agreement, attached as Confidential Appendix “B” to the

Third Report, and the Purchaser's balance sheet, attached as Confidential Exhibit "1" to the Supplemental Lowrie Affidavit are hereby sealed pending Closing and shall not form part of the public record.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor pertaining to the discharge of its duties under this Order, save and except any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA, any other federal or provincial applicable law, the Initial Order or any other orders in this proceeding.
35. **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 Seller and the Monitor 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 Seller and the Monitor as may be necessary or desirable to give effect to this Order or to assist the Seller and the Monitor in carrying out the terms of this Order.

A large, stylized handwritten signature in black ink, appearing to read "A. D. L.", is written over a horizontal line. The signature is fluid and cursive.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 11 2018

PER / PAR:

Handwritten initials "NB" in black ink, positioned below the date stamp.

SCHEDULE "A"

Court File No. CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of Justice Dunphy of the Ontario Superior Court of Justice (the "**Court**") dated February 13, 2018, FTI Consulting Canada Inc. was appointed as the monitor (the "**Monitor**") of Dundee Oil and Gas Limited ("**DOGL**").

B. Pursuant to an Order of the Court dated June 11, 2018, the Court approved the agreement of purchase and sale made as of April 4, 2018 (as amended by agreement dated May 17, 2018 and as may be further amended from time to time, the "**Sale Agreement**"), between Dundee Energy Limited Partnership, by its general partner, DOGL, and DOGL (together, the "**Seller**"), and Lagasco Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Seller's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in articles 11 and 12 of the Sale Agreement have been satisfied or

waived by the Seller or the Purchaser, as applicable; and (iii) the sale transaction has been completed to the satisfaction of the Seller and the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Seller has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in articles 11 and 12 of the Sale Agreement have been satisfied or waived by the Seller and the Purchaser; and
3. The sale transaction has been completed to the satisfaction of the Seller and the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____, 2018.

**FTI CONSULTING CANADA INC.,
solely in its capacity as Monitor of
Dundee Oil and Gas Limited and not in
its personal or corporate capacity**

Per: _____

Name:

Title:

SCHEDULE B-1

PIN 35151-0124 (LT)

LOTS L, M, PLAN 39 SOUTHWOLD; T/W E332030 EXCEPT THE EASEMENT THEREIN
(SECONDLY & THIRDLY & FOURTHLY DESCRIBED); SOUTHWOLD

PIN 35323-0141 (LT)

PART OF LOT 11 CON 1 BAYHAM DESIGNATED AS PART 3, 11R5136; BAYHAM

SCHEDULE B-2

PIN 50256-0253 (LT)

PT LT 18 CON 2 WOODHOUSE PT 1, 37R3413; NORFOLK COUNTY

SCHEDULE B-3

PIN 75097-0449 (LT)

PT LT 243 CON NTR MERSEA (LEAMINGTON) PT 1 & 2, 12R15539; LEAMINGTON; SUBJECT TO AN EASEMENT IN GROSS OVER PART 3 PL 12R24008 UNTIL 2020/05/28 AS IN CE425872

PIN 75119-1094 (LT)

PT LT 12 CON 1 MERSEA, DESIGNATED AS PTS 1, 2, 3 & 4 PL 12R26031; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 2 & 3 PL 12R26031 AS IN R1331689; MUNICIPALITY OF LEAMINGTON

SCHEDULE B-4

PIN 38124-0159 (R)

PT SHERBROOKE MARSH SHERBROOKE; PT RDAL BTN CON 2 AND CON 3 SHERBROOKE (CLOSED BY UNREGISTERED BYLAW #3); PT LT A PL 776; PT WATER LT IN FRONT OF LT A PL 776 PT 3 & 5 18R3978 AND PT 1 18R4368; T/W HC219461; HALDIMAND COUNTY

PIN 38126-0072 (LT)

PT LT 16 CON 2 SHERBROOKE PT 1-2 18R1610 & PT 1 18R4958 EXCEPT PT 1 18R4513; HALDIMAND COUNTY

SCHEDULE B-5

PIN 64243-0080 (LT)

PT LT 7 CON 8 NIAGARA RIVER BERTIE AS IN RO667569; FORT ERIE

SCHEDULE B-6

PIN 00834-0004 (LT)

PT LT 13, CON 3 (ROMNEY), PART 1, 24R4082 S/T 470227, TOGETHER WITH EASEMENT OVER PART LOT 13, CON. 3, ROMNEY DESIGNATED AS PART 1, 24R8264 AS IN CK32201; CHATHAM-KENT

PIN 00852-0041 (LT)

PT LTS 179 & 180, CON TALBOT RD SURVEY, & PT OF THE RD ALLOWANCE BTN LTS 179 & 180 CLOSED BY BY-LAW 79123, PTS 1, 2 & 3, 24R5141 EXCEPT ALL MINERAL RIGHTS, MINES & MINERALS WHETHER SOLID, LIQUID OR GASEOUS ALREADY FOUND OR WHICH MAY BE FOUND TO EXIST WITHIN, UPON OR UNDER PT 3, 24R5141 S/T RO12117 & RO11448; S/T INTEREST, IF ANY, IN 79124; ROMNEY

PIN 00852-0042 (LT)

PT LT 179, CON TALBOT RD SURVEY, DESIGNATED AS PART 1, 24R 5465 S/T 84979; ROMNEY

PIN 00852-0044 (LT)

PT LT 179, CON TALBOT RD SURVEY , PART 6 , 24R5141 , EXCEPT ALL MINERAL RIGHTS, MINES & MINERALS WHETHER SOLID, LIQUID OR GASEOUS ALREADY FOUND OR WHICH MAY BE FOUND TO EXIST WITHIN, UPON OR UNDER PT 6, 24R5141 S/T RO12117 ; ROMNEY ; DESCRIPTION AMENDED 1997/03/19 BY R. PINSONNEAULT

PIN 00678-0047 (LT)

PT LT 96 CON BROKEN FRONT HOWARD PT 1 & 2 24R1236; S/T 75015 PARTIALLY SURRENDERED BY 260870; CHATHAM-KENT

SCHEDULE C-1 – Claims to be deleted and expunged from title to the Elgin Real Property

PIN 35151-0124 (LT)

1. Charge in favour of National Bank of Canada (“NBC”) securing the principal amount of \$150,000,000.00 registered as Instrument No. CT58564 on June 30, 2010.

PIN 35323-0141 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CT58566 on June 30, 2010.

SCHEDULE C-2 – Claims to be deleted and expunged from title to the Norfolk Real Property

PIN 50256-0253 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. NK35252 on June 30, 2010.

SCHEDULE C-3 – Claims to be deleted and expunged from title to the Essex Real Property

PIN 75097-0449 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE430703 on June 30, 2010.

PIN 75119-1094 (LT)

1. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE442705 on September 27, 2010; and
2. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE443071 on September 29, 2010.

SCHEDULE C-4 – Claims to be deleted and expunged from title to the Haldimand Real Property

PIN 38124-0159 (R)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. HC304542 on June 30, 2010.

PIN 38126-0072 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CH25140 on June 30, 2010.

SCHEDULE C-5 – Claims to be deleted and expunged from title to the Niagara Real Property

PIN 64243-0080 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. SN285496 on June 30, 2010.

SCHEDULE C-6 – Claims to be deleted and expunged from title to the Chatham-Kent Real Property

PIN 00834-0004 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46854 on June 30, 2010; and
2. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK50969 on November 4, 2010.

PIN 00852-0041 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00852-0042 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00852-0044 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00678-0047 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. R669693 on June 30, 2010.

SCHEDULE D – Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property described in Schedules “B-1” to “B-6”, inclusive (collectively, the “Real Property”)

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Real Property means:

- (a) All of the Permitted Encumbrances affecting the Real Property set out in the Sale Agreement to the extent not otherwise set out herein;
- (b) All of the instruments set out in this Schedule “D”;
- (c) the exceptions and qualifications set out in the *Land Titles Act* (Ontario) and the *Registry Act* (Ontario), as applicable to each portion of the Real Property, as well as any other exceptions and/or qualifications set out on any of the parcel registers for the Real Property, as well as all instruments registered on title to the Real Property or any portion thereof, save and except for those instruments that are set out in Schedules “C-1” to “C-6” hereto;
- (d) The reservations, limitations, provisos and conditions expressed in any grants or transfers from the Crown and statutory exceptions to title;
- (e) Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
- (f) Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due;
- (g) Any encroachments, minor defects or irregularities indicated on any survey of the Real Property or any portion thereof or which may be disclosed on an up-to-date survey of the Real Property or any portion thereof;
- (h) Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
- (i) Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
- (j) Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
- (k) agreements and/or plans relating to pooling or unitization of any portion of the Real Property or the Debtors’ interest therein; and
- (l) Defects or irregularities in title to the Property.

Without in way limiting the generality of the foregoing, the Permitted Encumbrances shall include the following specific instruments registered against the title to the Real Property or any portion thereof:

A. THE ELGIN REAL PROPERTY

PIN 35151-0124 (LT)

None

PIN 35323-0141 (LT)

1. Notice registered on July 16, 2013 as Instrument No. CT95079 by Dundee Oil and Gas Limited (“**Dundee**”).

B. THE NORFOLK REAL PROPERTY

PIN 50256-0253 (LT)

1. Notice of Claim registered on March 29, 2000 as Instrument No. NR545686 by Glenerd Limited with respect to various gas leases.

C. THE ESSEX REAL PROPERTY

PIN 75097-0449 (LT)

1. By-law registered on April 1, 1970 as Instrument No. R465228;
2. Pooling Agreement registered on July 26, 1996 as Instrument No. R1352002 between The Lake Erie and Detroit River Railway Company (“**Railway**”) and Pembina Exploration Limited (“**Pembina**”) with respect to drilling arrangements pursuant to an oil and gas lease;
3. Unitization Agreement registered on July 26, 1996 as Instrument No. R1352003 between Railway and Pembina with respect to drilling arrangements pursuant to an oil and gas lease;
4. Application to Annex Restrictive Covenants registered on September 24, 1996 as Instrument No. R1358630Z and containing restrictions relating to fencing and drainage;
5. Notice of Determination/Surrender of Lease registered on March 30, 2004 by Talisman Energy Inc. (“**Talisman**”);
6. Application to Amend Based on Court Order registered on May 26, 2010 as Instrument No. CE425218 amending the legal owner to Talisman; and
7. Transfer of Easement registered on May 28, 2010 as Instrument No. CE425872 in favour of Cogeco Cable Canada GP Inc.

PIN 75119-1094 (LT)

1. By-law registered on August 27, 1963 as Instrument No. R286958;
2. Agreement to Lease registered on October 5, 1982 as Instrument No. R864005;
3. Order of the Ontario Energy Board registered on March 9, 1994 as Instrument No. R1265517;
4. Assignment General registered on October 18, 1994 as Instrument No. R1289597;
5. Easement Agreement registered on January 4, 1996 as Instrument No. R1331689;
6. Agreement registered on April 4, 2000 as Instrument No. 1488244 among Paul Miehl and Rose Miehl and The Municipality of Leamington;
7. Declaration registered on January 15, 2001 as Instrument No. R1506492;
8. Notice of an Agreement registered on December 9, 2004 as Instrument No. CE120335 among Paul Miehle, Rose Michl, Thomas Miehl and Talisman;
9. Notice of an Agreement registered on December 9, 2004 as Instrument No. CE120335 among Paul Miehle, Rose Miehl, Thomas Miehl and Talisman;
10. Notice of Assignment of Lessee Interest registered on July 15, 2010 as Instrument No. CE432738 between Talisman and Dundee;
11. Notice of Agreement registered on July 15, 2010 as Instrument No. CE432785 between Talisman and Dundee;
12. Notice registered on April 2, 2015 as Instrument No. CE653021 among John Miehl, Thomas Michl and Dundee; and
13. Notice registered on April 10, 2015 as Instrument No. CE653716 among John Miehl, Thomas Miehl and The Corporation of the Municipality of Leamington.

D. THE HALDIMAND REAL PROPERTY

PIN 38124-0159 (R)

None

PIN 38126-0072 (LT)

1. Notice of Lease registered on May 9, 1996 as Instrument No. HC227035 in favour of The Consumers' Gas Company Ltd. ("Consumers"); and

2. Notice of Lease registered on March 7, 2016 as Instrument No. CH65335 in favour of Enbridge Gas Distribution Inc.

E. THE NIAGARA REAL PROPERTY

PIN 64243-0080 (LT)

1. By-law registered on July 31, 1969 as Instrument No. RO106181 designating areas of subdivision control.

F. THE CHATHAM-KENT REAL PROPERTY

PIN 00834-0004 (LT)

1. Agreement of Lease registered on August 31, 1978 as Instrument No. 334572 between Robert Kenneth Renwick and Mabel Elizabeth Renwick (collectively, the "**Renwicks**"), as Lessor, and Anshutz (Canada) Exploration Ltd., as Lessee, being a petroleum and natural gas lease (the "**Oil and Gas Lease**");
2. Assignment of the Oil and Gas Lease registered on December 31, 1987 as Instrument No. 454241 between Pembina and Consumers;
3. Transfer/Deed of Land registered on January 20, 1989 as Instrument No. 470227 from the Renwicks to Consumers and containing a reservation in favour of the Renwicks, their heirs, executors, administrators and assigns all petroleum, natural gas and related hydrocarbons and all minerals, substances and other gases within, upon or under the lands;
4. Notice of Assignment of Leases registered on October 31, 1994 as Instrument No. LT4321 between Consumers and Pembina;
5. Notice registered on October 1, 2002 as Instrument No. LT39326 between the Renwicks and Talisman relating to Instrument Nos. 334572, 45421 and LT4321 described in items 1, 2 and 4 above; and
6. Notice of Assignment of Lessee Interest registered on October 28, 2010 as Instrument No. CK49588 from Talisman to Dundee and relating to Instrument No. 334572

PIN 00852-0041 (LT)

1. Indenture registered on July 8, 1954 as Instrument No. RO12117 between Union Gas Company of Canada, Limited ("**Union Gas**"), as Grantor, and Consolidated West Petroleum Ltd. ("**Consolidated West**"), as Grantee, pursuant to which Union Gas reserved all mining rights, mines and minerals, whether solid, liquid or gaseous already found or which may be found to exist within, upon or under the lands with full liberty of ingress, egress and regress in, to and upon the lands for operations thereon relating to such mines and minerals;

2. Deed of Land registered on an indeterminate date as Instrument No. RO11448 from Union Gas to an illegible grantee pursuant to which Union Gas reserved similar rights to those set out in Instrument No. RO12117 and described in item 1 above;
3. Deed of Land registered on April 26, 1956 as Instrument No. 79124 from The Corporation of the Township of Romney to Consolidated West, which deed is stipulated to be subject to any presently existing drains or drainage rights affecting the lands;
4. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by Union Gas Limited (“UGL”) in connection with a Right-of-Way Agreement from 1908;
5. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville Holdings Inc. (“Lakeville”) with respect to an assignment of various oil and gas leases; and
6. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco Inc. (“Lagasco”).

PIN 00852-0042 (LT)

1. Transfer of Easement registered on January 7, 1957 as Instrument No. 84979 in favour of Consolidated West;
2. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by UGL in connection with a Right-of-Way Agreement from 1908;
3. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville with respect to an assignment of various oil and gas leases; and
4. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco.

PIN 00852-0044 (LT)

1. Indenture registered on July 8, 1954 as Instrument No. RO12117 between Union Gas, as Grantor, and Consolidated West, as Grantee, pursuant to which Union Gas reserved all mining rights, mines and minerals, whether solid, liquid or gaseous already found or which may be found to exist within, upon or under the lands with full liberty of ingress, egress and regress in, to and upon the lands for operations thereon relating to such mines and minerals;
2. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by UGL in connection with a Right-of-Way Agreement from 1908;
3. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville with respect to an assignment of various oil and gas leases; and
4. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco.

PIN 00678-0047 (LT)

1. Right of Way Agreement registered on October 25, 1955 as Instrument No. 75015 in favour of Union Gas Co. of Canada Ltd. with respect to gas pipelines;
2. Agreement of Lease registered on November 26, 1970 as Instrument No. 221429 in favour of Leonard A. Pegg relating to natural gas production and wells ;
3. Surrender of Lease registered on September 18, 1973 as Instrument No. 260870 wherein Union Gas Ltd. partially surrenders the right of way in Instrument No. 75015 described in item 1 above;
4. Agreement registered on February 4, 1974 as Instrument No. 266197 between Union Gas Ltd. and Leonard A. Pegg relating to Instrument Nos. 75015 and 260870 described in items 1 and 3 above, respectively;
5. Assignment of Lease registered on December 19, 2002 as Instrument No. 621289 between The Estate of Leonard Arthur Pegg, Charles W. Pegg and Eriebrook Energy Ltd. relating to various oil and gas leases that are no longer registered against the title; and
6. Notice of Claim registered on December 19, 2002 as Instrument No. 621290 in favour of Eriebrook Energy Ltd. and relating to Instrument No. 221429 described in item 2 above.

SCHEDULE E

Assumed Contracts under the Sale Agreement

Vendor/Customer	Contract Name	Contract Type
American Refining Group, Inc.	American Refining Group - Crude Oil Purchase/Sale Agreement	Marketing
American Refining Group, Inc.	Marketing Agreement-2nd Amendment-377082 American Refining Group 31-01 2017	Marketing
American Refining Group, Inc.	3rd Amendment to Dundee-ARG Executed Agreement April 1 2017	Marketing
Enbridge Gas Distribution Inc.	Enbridge Gas Distribution Inc. Gas Exchange Agreement	Marketing
Enerflex	Enerflex Equipment Rental	Vendor
Quest Automotive Leasing Services	Master Lease Agreement	Vendor
Shell Chemicals Canada	NGL Shell Canada-Shell Chemicals 01-Apr-2013	Marketing
Shell Chemicals Canada	Shell Canada Energy - N.G.L Purchase Contract	Marketing
Union Gas Ltd.	Union Gas-Ontario Production Gas Purchase Agreement	Marketing
Union Gas Ltd.	Marketing Agreement-377045 Union Gas - M13 Transportation & Producer 25-Jun-2013	Vendor
Williamson Leasing (now Pattison)	Master Lease Agreement	Vendor

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

APPROVAL AND VESTING ORDER

GOWLING WLG (CANADA) LLP

Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, ON M5X 1G5

E. PATRICK SHEA (LSO# 39655K)

Email: patrick.shea@gowlingwlg.com
Tel: (416) 369-7399
Fax: (416) 862-7661

Lawyers for the Applicant

Appendix “D”

ASSET PURCHASE AGREEMENT

DATED AS OF APRIL 4, 2018

BETWEEN

**DUNDEE ENERGY LIMITED PARTNERSHIP by its general partner DUNDEE OIL AND GAS
LIMITED**

AS SELLER,

AND

LAGASCO INC.,

AS BUYER

TABLE OF CONTENTS

	Page No.
Article 1 DEFINITIONS	5
1.1 Definitions.....	5
1.2 Other Definitions and Interpretive Matters	14
Article 2 PURCHASE AND SALE.....	15
2.1 Purchase and Sale	15
2.2 Assumed Liabilities	16
2.3 Excluded Liabilities	16
2.4 Licence Transfers.....	16
2.5 Specific Conveyances	17
2.6 Consent Required Contracts, Assumed Contracts and Leases	18
2.7 Further Assurances.....	19
Article 3 PURCHASE PRICE	19
3.1 Purchase Price	19
3.2 Deposit	19
3.3 Allocation of Purchase Price.....	19
Article 4 CLOSING	20
4.1 Closing Date.....	20
4.2 Payment on the Closing Date.....	20
4.3 Buyer's Deliveries	20
4.4 Seller's Deliveries.....	21
4.5 Monitor's Certificate.....	21
Article 5 REPRESENTATIONS AND WARRANTIES OF SELLER	21
5.1 Organization and Good Standing	21
5.2 Authority; Validity; Consents	21
5.3 Residency	22
5.4 HST	22
5.5 Collective Agreement	22
5.6 No Additional Representations and Warranties by Seller; "As is, Where is"	22
Article 6 REPRESENTATIONS AND WARRANTIES OF BUYER.....	23
6.1 Organization and Good Standing	24
6.2 Authority; Validity; Consents	24
6.3 No Conflict.....	24
6.4 Availability of Funds	24
6.5 Litigation.....	25
6.6 Brokers or Finders.....	25
6.7 Business Use, Bargaining Position, Representation	25
6.8 Qualification	25
Article 7 ACTIONS PRIOR TO THE CLOSING DATE	25
7.1 Due Diligence	25
7.2 Operations Prior to the Closing Date	26
7.3 Court Approval	28
Article 8 Taxes.....	28

8.1	Transfer Taxes	28
8.2	ETA Elections	29
8.3	Joint Election – Cumulative Resource Tax Accounts	29
8.4	Other Tax Elections	29
8.5	Municipal Tax Appeals, Refunds, Reductions or Reassessments	30
Article 9 EMPLOYEES.....		30
9.1	Employee Matters	30
Article 10 ADJUSTMENTS		31
10.1	Adjustments of Purchase Price	31
10.2	Excluded Assets	31
10.3	Adjusted Liabilities	32
Article 11 CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE.....		32
11.1	Accuracy of Representations	32
11.2	Seller's Performance.....	32
11.3	No Order	32
11.4	Seller's Deliveries.....	32
11.5	Approval and Vesting Order	32
11.6	Governmental Authorizations	33
11.7	Payment Direction	33
11.8	Effective Time	33
Article 12 CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE.....		33
12.1	Accuracy of Representations	33
12.2	Approval and Vesting Order in Effect	33
12.3	Buyer's Performance	33
12.4	No Order	34
12.5	Buyer's Deliveries	34
Article 13 LIABILITIES AND INDEMNITIES		34
13.1	General Indemnity	34
13.2	Environmental Indemnity and Abandonment and Reclamation Obligations.....	34
13.3	No Merger.....	35
Article 14 TERMINATION		35
14.1	Grounds for Termination	35
14.2	Effect of Termination.....	35
14.3	Disposition of Deposit	35
Article 15 GENERAL PROVISIONS		36
15.1	Confidentiality	36
15.2	Survival	37
15.3	Notices	37
15.4	Waiver, Waiver of Damages	38
15.5	Entire Agreement; Amendment	38
15.6	Assignment	39
15.7	Severability	39
15.8	Expenses	39
15.9	Post-Closing Books and Records and Personnel	39
15.10	Successor Operator	39
15.11	Time of Essence	40
15.12	Governing Law; Consent to Jurisdiction and Venue;	40

15.13	Parties in Interest; No Third Party Beneficiaries	40
15.14	Counterparts	40
15.15	Irrevocability	40

SCHEDULES

- Schedule A – Purchased Assets
- Schedule B – Assumed Contracts and Leases
- Schedule C – Excluded Assets
- Schedule D – Consent Required Contracts
- Schedule E – Form of General Conveyance
- Schedule F – Form of Approval and Vesting Order
- Schedule G – Form of Assumption Agreement
- Schedule H – Assumed Employees

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is made as of March 15th, 2018 between Dundee Energy Limited Partnership ("**DELP**"), an Ontario limited partnership created pursuant to the *Limited Partnerships Act* (Ontario), by its general partner Dundee Oil and Gas Limited ("**DOGL**"), an Ontario corporation (the "**Seller**"), and Lagasco Inc., an Ontario corporation ("**Buyer**"). Capitalized terms used but not otherwise defined herein have the meanings set forth in Article 1. Seller and Buyer are sometimes referred to collectively herein as the "**Parties**" and each individually as a "**Party**".

RECITALS

WHEREAS DELP holds on-shore and off-shore oil and natural gas producing assets and is engaged in the business of onshore and offshore oil and natural gas exploration and production in the provinces of Ontario and Alberta (the "**Business**").

WHEREAS DOGL is the general partner of DELP and its only asset is its partnership interest in DELP.

WHEREAS on August 15, 2017 (the "**Filing Date**"), each of DELP and DOGL (together, the "**Debtors**") filed a Notice of Intention to Make a Proposal (together, the "**NOIs**") to its creditors pursuant to the BIA (the "**NOI Proceedings**").

WHEREAS FTI Consulting Canada Inc. ("**FTI**") has consented to act as the proposal trustee (the "**Proposal Trustee**") under the NOIs.

WHEREAS by order dated August 16, 2017 (the "**Sale Process Order**"), the Court, among other things, approved the sale solicitation process (the "**BIA SSP**") with respect to all of the Debtors' assets, undertakings and properties (collectively, the "**Property**").

WHEREAS on February 13, 2018 Seller obtained an order of the Court (the "**Initial Order**") authorizing the continuation of the NOI Proceedings under the CCAA (the "**CCAA Proceedings**") and appointing FTI as the Monitor (in such capacity, the "**Monitor**") under the CCAA Proceedings.

WHEREAS Buyer was selected as a Successful Bidder pursuant to the BIA SSP.

WHEREAS Seller desires to sell, and Buyer desires to purchase, the Purchased Assets and assume the Assumed Liabilities, upon the terms and conditions of this Agreement.

WHEREAS Seller's ability to consummate the Transaction is subject to, among other things, the Approval and Vesting Order being issued by the Court.

NOW THEREFORE, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
- (i) abandon, plug, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities used or previously used in respect of Petroleum Substances produced or previously produced from the Purchased Assets; and
 - (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any Lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Effective Time that were located on Lands used in respect of Petroleum Substances produced or previously produced from such Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles,
- all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Law, provided however that such obligations and liabilities do not include obligations and liabilities solely associated with the Excluded Assets.
- (b) “**Action**” means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.
- (c) “**Adjusted Liabilities**” means those liabilities identified in Schedule B attached hereto.
- (d) “**Affiliate**” means with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person where, for the purposes of this definition only, “control”, “controlling” or “controlled” means the possession, direct or indirect, of the power to direct the management and policies of such other Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means.
- (e) “**Agreement**” has the meaning set forth in the introductory paragraph.
- (f) “**Applicable Law**” means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance.
- (g) “**Approval and Vesting Order**” means an order of the Court, substantially in the form attached hereto as **Schedule F** approving, among other things, the sale by Seller to Buyer of the Purchased

Assets in accordance with the provisions of this Agreement, and vesting all of Seller's right, title and interest in and to the Purchased Assets in Buyer.

- (h) “**Assignment Order**” means an order or orders of the Court, in form and substance satisfactory to Buyer, Seller and Court Officer (each acting reasonably), (i) authorizing and approving the assignment of the Leases and any other Consent Required Contract for which a consent, approval or waiver is necessary for the assignment of such Consent Required Contract but was not obtained from the counterparty pursuant to Section 2.6, (ii) preventing any counterparty to such Consent Required Contract from exercising any right or remedy under such Consent Required Contract by reason of any defaults arising from the Insolvency Proceedings or the insolvency of Seller, and (iii) vesting in Buyer Seller’s interest in such Consent Required Contract.
- (i) "**Assumed Contracts**" means the contracts which Buyer agrees to assume from Seller, in Buyer’s sole discretion, all as more particularly listed on **Schedule B**, but excluding the Excluded Assets.
- (j) “**Assumed Contract Assignment Costs**” means in respect of any Assumed Contract which is assigned to Buyer other than pursuant to an Assignment Order, all amounts required to be paid to effect an assignment thereof from Seller to Buyer, including all administrative fees, counsel fees and any other costs of the counterparties required to be paid to effect such assignment.
- (k) “**Assumed Employees**” has the meaning set forth in section 9.1(b).
- (l) "**Assumed Liabilities**" has the meaning set forth in Section 2.2.
- (m) "**Assumption Agreement**" has the meaning set forth in Section 2.2.
- (n) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B.-3, as amended.
- (o) “**BIA SSP**” means the sale and solicitation process for the Property approved by the Court pursuant to the Sale Process Order.
- (p) “**Books and Records**” means all personnel records in respect of Assumed Employees, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, accounting records, equipment logs, operating guides and manuals, business reports and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form) relating solely to the Purchased Assets, but excluding any of the foregoing as applicable to any Excluded Assets.
- (q) “**Business**” has the meaning set forth in the Recitals.
- (r) "**Business Day**" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Toronto, Ontario.
- (s) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 cc. C-36.
- (t) “**CCAA Proceedings**” has the meaning set forth in the recitals.
- (u) "**Closing**" has the meaning set forth in Section 4.1.

- (v) "**Closing Date**" means the date and time as of which Closing actually occurs as set forth in Section 4.1.
- (w) "**Confidential Information**" means non-public, confidential, personal or proprietary information which is furnished to Buyer by Seller or the Court Officer or from Buyer to Seller, including, without limitation, information about identifiable individuals, any information relating to a Party and its Affiliates or any customer or supplier of a Party; provided that "Confidential Information" does not include information that:
- (i) is or becomes generally available to the public other than as a result of disclosure in breach of this Agreement;
 - (ii) is received by a Party from a Third Party that obtained it lawfully and was under no duty of confidentiality;
 - (iii) was lawfully in a Party's possession prior to disclosure thereof by the other Party; or
 - (iv) was independently developed by a Party without use of, or reference to, the other Party's Confidential Information.
- (x) "**Consent Required Contracts**" means (i) the Leases; and (ii) those Assumed Contracts which are not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto (other than Seller), including the Assumed Contracts listed on **Schedule D**.
- (y) "**Court**" means the Ontario Superior Court of Justice (Commercial List).
- (z) "**Court Officer**" means the Proposal Trustee or Monitor, as applicable.
- (aa) "**Credit Facility**" means the credit facility made available to Seller by National Bank of Canada pursuant to a Credit Agreement dated July 31, 2012, among Seller, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.
- (bb) "**Cure Costs**" means in respect of any Consent Required Contract in respect of which the required consent, approval or waiver of the party or parties thereto (other than Seller) has not been obtained, all monetary amounts, if any, required to be paid pursuant to the CCAA to remedy any monetary defaults thereunder in order to obtain the assignment to Buyer of such Consent Required Contract in accordance with the Assignment Order, including all administrative fees, counsel fees and any other costs of the counterparties required to be paid to obtain such Assignment Order, all of which shall be to the account of Buyer.
- (cc) "**Debtors**" means Dundee Energy Limited Partnership and Dundee Oil and Gas Limited.
- (dd) "**Deposit**" has the meaning set forth in Section 3.2.
- (ee) "**Effective Date**" means the last day of the month preceding the Effective Time at the hour of 12:01 a.m. local time.
- (ff) "**Effective Time**" means the date and time each of the Parties has executed this Agreement.
- (gg) "**Environmental Laws**" means all common law and Legal Requirements relating to the protection of the environment and related employee and public health and safety, and without restricting the

generality of the foregoing, includes those Legal Requirements relating to the discovery, development, production, gathering, use, storage, transmission, transportation, treatment and disposal of Petroleum Substances, the emission, discharge, release or threatened release of substances into or onto the air, water or land and the clean-up and remediation of contaminated sites, in each case insofar as the protection of the environment and related employee and public health and safety is concerned.

- (hh) “**Environmental Liabilities**” means all liabilities in respect of the environment which relate to the Purchased Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:
- (i) transportation, storage, use or disposal of Petroleum Substances or other toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of Petroleum Substances or other toxic or hazardous substances;
 - (iii) pollution or contamination of or damage to the environment; or
 - (iv) remediation, removal, transportation or disposal of wastes, asbestos, hazardous substances/materials, including hydrogen sulfide gas and NORM from the Purchased Assets

including, without limitation, liabilities to compensate Third Parties for damages and losses resulting from the items described in items (i) to (iv) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, “the environment” includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans).

- (ii) “**ETA**” means the *Excise Tax Act* (Canada).
- (jj) “**Excluded Assets**” means that part of the Property not included in the Purchased Assets.
- (kk) “**Excluded Liabilities**” has the meaning set forth in Section 2.3.
- (ll) “**Filing Date**” has the meaning set forth in the Recitals.
- (mm) “**Forbearance Agreement**” means the second amended restated forbearance agreement dated February 13, 2018, among Seller, DOGL, Dundee Energy Limited and Lender, as approved by the Initial Order, as amended, restated, supplemented or otherwise modified from time to time.
- (nn) “**FTI**” has the meaning set forth in the Recitals.
- (oo) “**General Conveyance**” means the general conveyance agreement in the form attached hereto as **Schedule E**.
- (pp) “**Governmental Authority**” means any federal, provincial, municipal, county or regional government or government authority or other law, regulation or rule making entity, including any

court, department, commission, bureau, board, tribunal, administrative agency or regulatory body of any of the foregoing, that exercises jurisdiction over the Purchased Assets or the Parties.

- (qq) "**Governmental Authorization**" means any approval, consent, licence, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.
- (rr) "**Hazardous Substance**" means any "pollutant," "contaminant," "hazardous waste," "hazardous material," or "hazardous substance" that is or becomes identified, listed, published, or defined under any of the Environmental Laws.
- (ss) "**Knowledge**" means (i) with respect to Seller, the actual knowledge of any senior officer, without any duty of inquiry, and (ii) with respect to Buyer, the actual knowledge of any of the senior officers of Buyer. For greater certainty, the definition of "Knowledge" does not include the actual knowledge of Court Officer under any circumstances.
- (tt) "**Initial Order**" has the meaning set forth in the recitals.
- (uu) "**Insolvency Proceedings**" means the NOI Proceedings or the CCAA Proceedings, as applicable.
- (vv) "**Lands**" means (i) all of the land in which Seller has an interest insofar as rights to the Petroleum Substances underlying those lands are granted by the Leases, and (ii) all other lands in which the Seller has an interest (including options to purchase or lease) and which are utilized in the Business.
- (ww) "**Lease Disclosure Letter**" means the document to be delivered by Seller to Buyer which describes the leases, sub-leases, easements, rights of way and other contractual rights of occupation, which are to be assigned to Buyer on Closing.
- (xx) "**Leases**" means the leases, sub-leases, easements, rights of way and other contractual rights of occupation held by Seller, including those that are described or referenced in the Lease Disclosure Letter.
- (yy) "**Legal Requirement**" means all laws, orders, statutes, rules, by-laws, decrees, regulations, directives, judgments, declarations and similar pronouncements made by the Crown or other Governmental Authority.
- (zz) "**Lender**" means National Bank of Canada, as lender and agent for the lenders under the Credit Agreement dated July 31, 2012, among Seller, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.
- (aaa) "**Liabilities**" means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which Seller, 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 Proceedings arising from the matter, regardless of whether such Proceedings 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 Legal Requirements or otherwise; whether tortious, contractual, vicarious, statutory or otherwise;

whether absolute or contingent; and whether based on fault, strict liability or otherwise) which Seller 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 Seller, 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, contribution or indemnification from Seller.

- (bbb) "**Licences**" means all governmental (whether federal, provincial or local) permits, licences, authorizations, franchises, grants, easements, variances, exceptions, consents, certificates, approvals and related instruments or rights of any Governmental Authority or other Third Party, and any writ, judgment, decree, award, order, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Authority (in each such case whether preliminary or final) required of Seller pertaining to or used in connection with, the Purchased Assets.
- (ccc) "**Licence Transfers**" means, other than the Specific Conveyances, any transfers or assignments of Licences.
- (ddd) "**Material Adverse Effect**" means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had, or would be reasonably likely to have, a material adverse change in or material adverse effect on the Purchased Assets, Transaction or Seller's businesses (excluding the Excluded Assets and the Excluded Liabilities), in each case taken as a whole, but excluding:
- (i) any change or effect to the extent that it results from or arises out of the pendency of the Insolvency Proceedings;
 - (ii) the execution and delivery of this Agreement or the announcement thereof or consummation of the Transaction;
 - (iii) changes in (or proposals to change) Legal Requirements, generally accepted accounting principles or other accounting regulations or principles;
 - (iv) acts of God, including hurricanes, storms and other natural disasters;
 - (v) any action contemplated by this Agreement or taken at the request of Buyer;
 - (vi) any change or effect generally applicable to (A) the industries and markets in which Seller operates or (B) economic or political conditions or the securities or financial markets in any country or region; and
 - (vii) any outbreak or escalation of hostilities or war or any act of terrorism.
- (eee) "**MNR**" means the Ontario Ministry of Natural Resources and Forestry.
- (fff) "**Monitor**" has the meaning set forth in the recitals.
- (ggg) "**Monitor's Certificate**" means the certificate filed with the Court by the Monitor substantially in the form attached as Schedule A to the Approval and Vesting Order certifying that the Monitor has

received written confirmation, in form and substance satisfactory to the Monitor, from Seller and Buyer that: (i) Buyer has paid, and Seller has received, the Purchase Price, (ii) all of the conditions to Closing set out in this Agreement have been satisfied or waived by Seller and Buyer, and (iii) the Transaction has been completed to the satisfaction of Seller, Buyer and the Monitor.

- (a) “**Municipal Taxes**” means any Taxes assessed or otherwise owing to a municipality in relation to the Purchased Assets as assessed under the *Assessment Act*, R.S.O. 1990, c. A. 31, the *Municipal Act, 2001*, S.O. 2001, c. 25 or otherwise, together with all interest and penalties accrued and owing thereon.
- (hhh) “**Municipal Tax Refund**” has the meaning set forth in Section 8.4.
- (iii) “**NOI Proceedings**” has the meaning set out in the Recitals.
- (jjj) “**NOIs**” has the meaning set forth in the Recitals.
- (kkk) “**NORM**” means naturally occurring radioactive materials.
- (lll) “**Order**” means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.
- (mmm) “**Party**” or “**Parties**” has the meaning set forth in the Recitals.
- (nnn) “**Permitted Encumbrances**” means
 - (i) the right reserved to or vested in any grantor or Governmental Authority by the term of any Lease or by Applicable Law to terminate any Lease (subject to the Assignment Order);
 - (ii) the exceptions and qualifications set out in the *Land Titles Act* (Ontario) and the *Registry Act* (Ontario), as applicable to each portion of the Lands, as well as any other exceptions and/or qualifications set out on any of the parcel registers for the Lands, as well as all instruments registered on title to the Lands or any portion thereof, save and except for such instruments that serve as security relating to the Credit Facility;
 - (iii) easements, rights of way, servitudes, restrictions that run with the land, or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires, or cables;
 - (iv) liens securing the payment of taxes on Petroleum Substances or the income or revenue therefrom relating to the Purchased Assets and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Purchased Assets, but excluding all such taxes incurred up to, or relating to the period prior to, the Effective Date that have not been paid;
 - (v) agreements for the sale, processing, transportation, or marketing of Petroleum Substances, which are terminable on thirty (30) days’ notice (without an early termination penalty or other cost);

- (vi) any authority under Applicable Law and any rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Purchased Assets in any manner;
 - (vii) inchoate liens for Taxes, assessments, public utility charges, governmental charges or levies not at the time due;
 - (viii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (ix) agreements and/or plans relating to pooling or unitization of any of the Lands or the Seller's interest therein; and
 - (x) liens granted in the ordinary course of business to a public utility, municipality, or Governmental Authority with respect to operations pertaining to any of the Purchased Assets;
- (ooo) **"Person"** means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.
- (ppp) **"Petroleum and Natural Gas Rights"** means, other than the Excluded Assets, all of Seller's right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of Seller at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:
- (i) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (ii) rights to a share of the production of Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (iii) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (iv) rights of Seller in Lands or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges,
 - (v) rights to any tax pools relating to the Leases and Wells; **and**
 - (vi) rights to acquire any of the above rights described in paragraphs (i) through (iv) of this definition, and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests and other economic interests.
- (qqq) **"Petroleum Substances"** means any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons) and all other substances relating to any of the foregoing, whether liquid, gaseous or

solid, and whether hydrocarbons or not, and all products derived from any of the foregoing (except coal but including sulphur).

- (rrr) "**Proceeding**" means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.
- (sss) "**Property**" has the meaning set forth in the Recitals.
- (ttt) "**Proposal Trustee**" has the meaning set forth in the Recitals.
- (uuu) "**Purchased Assets**" means Seller's Interest in the Property utilized in connection with the Business, which, for greater certainty, include the Assumed Contracts, Lands, Leases, Licences, Petroleum and Natural Gas Rights, Surface Rights, Tangibles, and Wells, including those listed on **Schedule A**, but exclude the Excluded Assets.
- (vvv) "**Purchase Price**" has the meaning set forth in Section 3.1.
- (www) "**Release**" means any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the environment (including the abandonment or discharging of barrels, containers and other closed receptacles containing any Hazardous Substance).
- (xxx) "**Representative**" means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.
- (yyy) "**Sale Approval Motion**" means the motion to be filed with the Court by the Debtors in the Insolvency Proceedings seeking the Approval and Vesting Order.
- (zzz) "**Sale Process Order**" has the meaning set forth in the Recitals.
- (aaaa) "**Security Arrangements**" has the meaning set forth in Section 2.6(f).
- (bbbb) "**Seller**" has the meaning set forth in the Recitals.
- (cccc) "**Seller's Interest**" means all of Seller's right, interest, title and estate, whether absolute or contingent, legal or beneficial.
- (dddd) "**Seller's Obligations**" has the meaning set forth in Section 2.6(f).
- (eeee) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are required by Buyer, acting reasonably, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Purchased Assets to Buyer and to novate Buyer in the place and stead of Seller with respect to the Purchased Assets, including without limitation, change of operator forms, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and provincial agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Purchased Assets; *provided however*, that no Specific Conveyance shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.

- (ffff) “**Successful Bidder**” has the meaning set forth in the BIA SSP.
- (gggg) “**Surface Rights**” means all rights of Seller to use the surface of land in connection with the Purchased Assets and the operations thereon, including rights to enter upon, use, occupy and enjoy the surface of Lands upon which the Purchased Assets are located or any lands which are or may be used to gain access to or otherwise use the Purchased Assets.
- (hhhh) “**Tangibles**” means Seller’s Interest in and to:
- (i) any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands or in water where the Purchased Assets are located and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Petroleum Substances, or any of them, and any real property;
 - (ii) all equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the Purchased Assets, including tanks, boats, off-shore rigs and barges, on-shore rig known as Discovery with associated equipment, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications equipment, field radio telemetry and associated frequencies and licences, pressure transmitters, central processing equipment, tools, spare parts, major warehouse inventory, vehicles, and all equipment used in connection with such rolling or floating stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities, to the extent such items are transferable to Buyer;
 - (iii) all pipes, casing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Purchased Assets and other Tangibles, to the extent such items are transferable to Buyer; and
 - (iv) all furniture, copiers, office equipment, phone lines, satellite services, cellular modems, cell phones, computer hardware, servers, plotters, computer software, software licenses, printers, routers and other equipment, to the extent such items are transferable to Buyer.
- (iiii) “**Tax**” or “**Taxes**” (and with correlative meaning, “Taxable” and “Taxing”) means any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental, natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, licence, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.
- (jjjj) “**Tax Act**” means the *Income Tax Act* (Canada).

- (kkkk) "**Tax Return**" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.
- (llll) "**Third Parties**" means any Person other than Seller, Buyer and their Affiliates.
- (mmmm) "**Transaction**" means the sale and purchase of the Purchased Assets by Seller to Buyer as contemplated by this Agreement.
- (nnnn) "**Transaction Documents**" means this Agreement, the General Conveyance, the Specific Conveyances, the Assumption Agreement and any other agreements, orders, instruments or documents entered into pursuant or ancillary to this Agreement.
- (oooo) "**Transfer Taxes**" has the meaning set forth in Section 8.1(a).
- (pppp) "**Wells**" means the producing, non-producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells forming part of the Property, including those described or identified in **Schedule A**.

1.2 Other Definitions and Interpretive Matters

- (a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:
- (i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.
 - (ii) Schedules. All Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.
 - (iii) Gender and Number. Any reference in this Agreement to gender includes all genders, and words importing only the singular number include the plural and vice versa.
 - (iv) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.
 - (v) Herein. Words such as "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

- (vi) **Monetary References.** Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "\$", shall mean the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.
- (vii) **Including.** The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.
- (viii) **No Strict Construction.** Buyer, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsperson shall be applied against any Person with respect to this Agreement.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Seller shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, the Purchased Assets to Buyer, and Buyer shall purchase the Purchased Assets from Seller subject to the Permitted Encumbrances.

2.2 Assumed Liabilities

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall execute and deliver to Seller the Assumption Agreement in the form attached hereto as **Schedule G** (the "**Assumption Agreement**") pursuant to which Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), only the following Liabilities (collectively, the "**Assumed Liabilities**") and no others:

- (a) subject to Section 2.2(b):
 - (i) all Liabilities for debts and other liquidated amounts under the Assumed Contracts; and
 - (ii) all other Liabilities (excluding Environmental Liabilities) in respect of the Purchased Assets or the operation, use or ownership thereto;

in each case to the extent that such Liabilities arise or accrue on or after the Effective Date; provided that, for greater certainty, nothing in this Section 2.2(a) shall affect the adjustments provided for under Article 10;

- (b) all Environmental Liabilities regardless when they arise or accrue;
- (c) all Abandonment and Reclamation Obligations;
- (d) all Assumed Contract Assignment Costs;

- (e) all Cure Costs;
- (f) all Taxes with respect to the Purchased Assets which relate only to the period of time subsequent to the Effective Date;
- (g) all Municipal Taxes;
- (h) all Transfer Taxes;
- (i) all Permitted Encumbrances; and
- (j) all obligations in respect of Assumed Employees arising on or after the Effective Date pursuant to Article 9.

2.3 Excluded Liabilities

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liabilities of Seller, and Seller shall be solely and exclusively liable with respect to all Liabilities of Seller, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the "**Excluded Liabilities**").

2.4 Licence Transfers

- (a) Buyer shall prepare and provide to Seller within thirty (30) calendar days after the date of this Agreement all applications to the applicable Government Authority for the License Transfers at Buyer's sole expense.
- (b) Within five (5) Business Days following the preparation and delivery of the applications described in Section 2.4(a), at Buyer's sole expense, Seller shall submit the applications to the applicable Governmental Authority for the Licence Transfers and Buyer or its nominee shall, where applicable, at the same time electronically ratify and sign such application.
- (c) If a Governmental Authority denies any Licence Transfers because of misdescription or other minor deficiencies in the application, Seller shall within five (5) Business Days of such denial correct the application and amend and re-submit the application for the Licence Transfers and Buyer or its nominee shall, where applicable, electronically ratify and sign such application, at Buyer's sole expense.
- (d) In the event that Buyer is required to make any deposits or furnish any other form of security or financial assurance to a Governmental Authority in order to meet the qualification requirements of Buyer as specified in Section 6.8 in relation to facilitating the approval of any Licence Transfers by the applicable Governmental Authority, Buyer shall promptly make such deposit or furnish such other form of security or financial assurance.
- (e) In the event that this Agreement is terminated in accordance with the terms of this Agreement after the applications referred to in Section 2.4(b) have been submitted, Buyer acknowledges that the applications referred to in Section 2.4(b) must be withdrawn by Seller with such assistance from Buyer as reasonably necessary.

2.5 Specific Conveyances

- (a) Buyer shall prepare the Specific Conveyances at its cost. If all Specific Conveyances are not prepared prior to the Effective Date, Buyer shall prepare them as soon as practicable, and, in any event, no later than forty five (45) days after the Effective Date. It shall not be necessary for Specific Conveyances to have been executed prior to or at Closing by Third Parties at the option of Buyer. Promptly after the Effective Date, and at Buyer's cost, Buyer shall deliver all Specific Conveyances to Third Parties and each applicable Governmental Authority in accordance with normal industry practices and the Approval and Vesting Order, and shall attend to the registration of Specific Conveyances with each applicable Governmental Authority in accordance with normal industry practices.
- (b) Buyer shall use all commercially reasonable efforts to become, as soon as reasonably practicable upon Closing, the recognized and beneficial holder of the Purchased Assets in the place and stead of Seller, and shall where Seller is the registering party, promptly take whatever steps are necessary to verify such registrations.
- (c) Buyer shall bear all out of pocket costs, fees and deposits of every nature and kind incurred (whether by Seller or Buyer) in registering any Specific Conveyances and registering any further assurances required to convey the Purchased Assets to Buyer.

2.6 Consent Required Contracts, Assumed Contracts and Leases

- (a) With respect to each Consent Required Contract other than the Leases, Seller and Buyer shall use commercially reasonable efforts to obtain the consent, approval or waiver of the party or parties to each Consent Required Contract to the assignment of such Consent Required Contract prior to the filing of the motion materials for the Sale Approval Motion. For greater certainty, Seller and Buyer shall not be required to obtain the consent, approval or waiver of the party or parties to any Lease. Neither Seller nor Buyer is under any obligation to pay any money, incur any obligations, commence any Proceeding (other than as set forth below with respect to an Assignment Order), or offer or grant any accommodation (financial or otherwise) to any Third Party in order to obtain any such consent, approval or waiver, other than the payment of any Cure Costs required to be paid by Buyer, or except as agreed to by the Parties.
- (b) To the extent that the consent, approval or waiver required to assign any Consent Required Contract is either (i) not required pursuant to 2.6(a) or; (ii) not obtained before the date the motion materials for the Sale Approval Motion are filed with the Court, Seller shall seek approval at the Sale Approval Motion, or on an earlier date as agreed to by the Parties, of the procedures to notify each counterparty to such Consent Required Contract that Seller will seek the assignment of such Consent Required Contract pursuant to the Assignment Order (which such Assignment Order shall be sought prior to Closing). Such notification procedures shall be determined by Seller and Buyer, acting reasonably. Buyer shall provide Seller evidence of its ability as required under the CCAA to perform the future obligations under each such Consent Required Contract. Buyer and Seller shall take all steps reasonably required to obtain the Assignment Order, such as furnishing timely requested and factually accurate affidavits, providing non-confidential financial information and other documents or information for filing with the Court and making Buyer's and Seller's employees and Representatives available to testify before the Court.
- (c) Once the consent, approval or waiver to the assignment of a Consent Required Contract is obtained or the assignment of such Assumed Contract has been ordered by the Court pursuant to an

Assignment Order, such Consent Required Contract shall be deemed to have been assigned to Buyer on Closing.

- (d) Subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof, or (ii) in the absence of consent, the obtaining of an Assignment Order, in addition to its other obligations under this Agreement, Buyer shall pay the applicable Assumed Contract Assignment Costs and Cure Costs related to Assumed Contracts and Leases, including Consent Required Contracts.
- (e) Buyer shall pay, perform or satisfy the Assumed Liabilities (including, if applicable, Assumed Contract Assignment Costs and Cure Costs) from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.
- (f) Buyer acknowledges that there may be various bonds, surety bonds, letters of credit, guarantees, and/or cash deposits (collectively the "**Security Arrangements**") provided by Seller and/or its Affiliates to secure the payment and/or performance of certain of Seller's obligations related to the Purchased Assets. Buyer acknowledges that Seller has no duty to maintain any Security Arrangements after the Closing. To the extent Seller and/or any of its Affiliates have any obligations pursuant to any Security Arrangement or have pledged or otherwise provided any property that secures any such Security Arrangement (collectively, "**Seller's Obligations**"), Buyer shall take such actions as are necessary to cause Seller's Obligations arising under such Security Arrangements (and such Security Arrangements) to be released and terminated, and any of Seller's property pledged or otherwise provided to secure such Security Arrangements returned to Seller, within thirty (30) days following Seller notifying Buyer (or if earlier, Buyer otherwise becoming aware) of such Security Arrangement, and Buyer shall reimburse Seller, within ten (10) days following Seller's demand therefor, the aggregate amount of any Seller's Obligations that are paid or performed by Seller under such Security Arrangements following the Closing. Notwithstanding the foregoing, any of Seller's Security Arrangements with the MNRF will be released to the Court Officer once the MNRF approves the License Transfers to Buyer.

2.7 Further Assurances

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents, each at the expense of the requesting Party; provided that nothing in this Section 2.8 shall prohibit Seller from ceasing operations or winding up its affairs (including, without limitation, through a bankruptcy) following the Closing.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

- (a) The aggregate purchase price payable by Buyer to Seller to purchase the Purchased Assets is:
 - (i) cash in an amount equal to \$ [REDACTED] inclusive of the Adjusted Liabilities; and
 - (ii) the assumption of the Assumed Liabilities,

(together, the "**Purchase Price**").

- (b) In the determination of the Purchase Price payable for the Purchased Assets, the Parties agree that the extent and value of Abandonment and Reclamation Obligations is unknown as of the Closing Date, and the Parties have not attributed a specific or agreed to value with regard to either (i) such Liabilities, or (ii) the indemnities provided for in this Agreement, nor shall there be any adjustments made to the Purchase Price in relation thereto.
- (c) The Purchase Price is exclusive of any and all Transfer Taxes, which shall be paid on Closing by Buyer in accordance with Section 8.1 herein.

3.2 Deposit

Buyer shall pay to Court Officer by wire transfer a cash deposit (the "**Deposit**") equal to 10% of the cash component of the Purchase Price on the later of the date:

- (a) Seller accepts and executes this Agreement; and
- (b) this Agreement is approved by the Lender's credit committee.

Upon Closing, the Deposit (plus any interest that has actually accrued thereon) shall be applied to the Purchase Price. If Closing does not occur, the Deposit (plus any interest that has actually accrued thereon) shall be subject to the terms of Section 14.3.

3.3 Allocation of Purchase Price

The Parties shall determine the allocation of the Purchase Price for all purposes (including for purposes of the ETA and the Tax Act) on or before the granting of the Approval and Vesting Order.

ARTICLE 4 CLOSING

4.1 Closing Date

Provided the conditions in Article 11 and Article 12 have been satisfied or, if permissible, waived, the closing of the sale of the Purchased Assets and the assumption of the Assumed Liabilities contemplated hereby (the "**Closing**") shall take place at 2:00 p.m., Eastern Standard Time, at the offices of the Court Officer's counsel, Thornton Grout Finnigan LLP, 100 Wellington Street West, TD Centre (West), Suite 3200, Toronto, Ontario or such other place as may be agreed upon in writing by the Parties, no later than July 30, 2018. The Parties will work diligently and in good faith to complete the Closing prior to June 30, 2018. The date and time at which the Closing actually occurs is hereinafter referred to as the "**Closing Date**".

4.2 Payment on the Closing Date

Subject to satisfaction or, if permissible, waiver of the conditions set forth in Article 11 and Article 12, at the Closing, Buyer shall pay, or cause to be paid, the cash portion of the Purchase Price, less the Deposit (plus any interest that has actually accrued thereon), by wire transfer of immediately available funds to an account specified in writing by the Court Officer on the Closing Date.

4.3 Buyer's Deliveries

At the Closing, Buyer shall deliver or cause to be delivered to Seller (or such other Persons where so designated):

- (a) the cash consideration referenced in Section 3.1(a)(i) (after the application of the Deposit (plus accrued interest);
- (b) the Assumption Agreement, duly executed by Buyer;
- (c) a certificate of status of Buyer;
- (d) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the General Conveyance, and those Specific Conveyances available as at the Closing Date;
- (e) the License Transfer applications referenced in Section 2.4(a);
- (f) the certificates of Buyer to be received by Seller pursuant to Sections 12.1 and 12.3;
- (g) such other assignments and other good and sufficient instruments of assumption and transfer, in a form reasonably satisfactory to Seller, as Seller may reasonably request to transfer and assign the Assumed Liabilities to Buyer;
- (h) a certificate to the Monitor, duly executed by Buyer, confirming that all of conditions in Article 11 have been satisfied or waived to Buyer's satisfaction; and
- (i) any other document(s) reasonably required by Seller to be delivered by Buyer to Seller at Closing pursuant to this Agreement.

4.4 Seller's Deliveries

At the Closing, Seller shall deliver to Buyer:

- (a) the General Conveyance, the Specific Conveyances, as available, and each other Transaction Document to which Seller is party, duly executed by Seller;
- (b) the Assumption Agreement, duly executed by Seller;
- (c) a copy of the issued Approval and Vesting Order;
- (d) the certificate of Seller to be received by Buyer pursuant to Section 11.1;
- (e) a certificate to the Monitor, duly executed by Seller, confirming that (1) Seller has received the Purchase Price, and (2) all of conditions in Article 12 have been satisfied or waived to Seller's satisfaction; and
- (f) any other document(s) reasonably required by Buyer to be delivered by Seller to Buyer at Closing pursuant to this Agreement.

4.5 Monitor's Certificate

Subject to the terms of the Approval and Vesting Order, upon receipt by the Monitor of the certificates from Buyer and Seller described in Sections 4.3(h) and 4.4(e), respectively, the Monitor shall deliver to Buyer and Seller and file with the Court the Monitor's Certificate. Buyer and Seller acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving from Buyer and Seller the certificates from Buyer and Seller described in Sections 4.3(h) and 4.4(e). The Monitor will have no liability to Seller or Buyer or any other Person as a result of filing the Monitor's Certificate or otherwise in connection with this Agreement, the Transaction Documents or the Transaction (whether based on contract, tort or any other theory).

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants the following to Buyer:

5.1 Organization and Good Standing

Seller is an entity duly organized and validly existing under the laws of the jurisdiction of its organization. Seller has the requisite corporate power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Seller is qualified or licenced to do business and is in good standing in each jurisdiction where the character of its business or the nature of its properties makes such qualification or licensing necessary, except for such failures to be so qualified or licenced or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

5.2 Authority; Validity; Consents

Seller has, subject to obtaining the Approval and Vesting Order, the requisite corporate power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which Seller is a party and to consummate the Transaction, and, subject to obtaining the Approval and Vesting Order, the execution, delivery and performance of this Agreement and such other Transaction Documents by Seller and the consummation by Seller of the Transaction has been duly and validly authorized by all requisite corporate action. This Agreement has been duly and validly executed and delivered by Seller and each other Transaction Document required to be executed and delivered by Seller at the Closing will be duly and validly executed and delivered by Seller at the Closing. Subject to obtaining the Approval and Vesting Order, this Agreement and the other Transaction Documents constitute, with respect to Seller, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as such enforceability is limited by general principles of equity. Subject to obtaining the Approval and Vesting Order, to Seller's Knowledge, except:

- (a) for entry of the Approval and Vesting Order and Assignment Order;
- (b) for notices, filings and consents required in connection with the Insolvency Proceedings; and
- (c) for any consents, approvals or waivers required for Consent Required Contracts;

Seller is not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of the Transaction, except with respect to the License Transfers contemplated in Section 2.4 herein, and except as would not, individually or in the aggregate, have a Material Adverse Effect.

5.3 Residency

Seller is not a non-resident of Canada for the purposes of the Tax Act.

5.4 HST

Seller is a registrant for purposes of the ETA, and its registration number is 818422669 RT0001.

5.5 Collective Agreement

Seller is a party to one collective agreement, being the Lake Erie Collective Agreement dated December 20, 2016 between Seller and the Carpenter's District Council of Ontario and the United Brotherhood of Carpenters and Joiners of America.

5.6 No Additional Representations and Warranties by Seller; "As is, Where is"

Save as provided for in this Agreement, the sale of the Purchased Assets by Seller is on an "as is, where is" basis as at Closing and without surviving representations or warranties of any kind, nature, or description by Seller, except as may be set forth in this Article 5. Neither Seller nor the Court Officer nor any of their respective Affiliates, advisors, agents or Representatives makes any representation or warranty as to title, description, fitness for purpose, merchantability, quantity, conditions or quality of any of the Purchased Assets. Seller disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, that 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 Buyer in any manner including any opinion, information, or advice that may have been provided to Buyer by Seller, the Court Officer, or any of their respective Affiliates or Representatives, in connection with this Agreement, the Purchased Assets or in relation to the Transaction. Seller is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and Buyer shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation with respect to the Purchased Assets. It is Buyer's sole responsibility to obtain, at its own expense, any consents to such transfer (including, without limitation, any Governmental Authorization) and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Purchased Assets and are waived by Buyer.

Save as provided for in this Agreement, Buyer acknowledges and confirms to Seller and Court Officer that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from Seller or Court Officer or their Affiliates or Representatives in connection with the Transaction. Buyer further acknowledges and agrees that it is acquiring the Purchased Assets on an "**as is, where is**" basis. Buyer acknowledges and agrees that it is familiar with the condition of the Purchased Assets, that Seller has provided Buyer with a reasonable opportunity to inspect the Purchased Assets at the sole cost, risk and expense of Buyer (insofar as Seller could reasonably provide such access) and that Buyer is not relying upon any representation or warranty of Seller or Court Officer as to the condition, environmental or otherwise, of the Purchased Assets, except as expressly contained in this Article 5.

For greater certainty, save as provided for in this Agreement, Seller does not 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 any information supplied by Seller, Court Officer, or any of their respective Affiliates or Representatives in connection with the Purchased Assets;

- (ii) the quality, quantity or recoverability of any Petroleum Substances;
- (iii) the value of the Purchased Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Purchased Assets or the Petroleum and Natural Gas Rights or any estimates of other revenues or expenses attributable to the Purchased 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 Purchased Assets; or
- (vi) the title of Seller to the Purchased Assets.

Except for its express rights under this Agreement, Buyer 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 Seller or Court Officer in respect of the Purchased Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to Buyer or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

6.1 Organization and Good Standing

Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the Province of Ontario. Buyer has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted.

6.2 Authority; Validity; Consents

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the Transaction. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the Transaction have been duly and validly authorized by all requisite corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity. Subject to obtaining the Approval and Vesting Order, to Buyer's Knowledge, except:

- (a) for entry of the Approval and Vesting Order and Assignment Order;
- (b) for notices, filings and consents required in connection with the Insolvency Proceedings; and

- (c) for any consents, approvals or waivers required for Consent Required Contracts;

Buyer is not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of the Transaction, except as would not, individually or in the aggregate, affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

6.3 No Conflict

When the consents and other actions described in Section 6.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transaction will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture, or other instrument to which it is bound, (b) the constating documents of Buyer, as applicable, (c) any Order or (d) any Legal Requirement.

6.4 Availability of Funds

As of the Closing, Buyer will have sufficient cash in immediately available funds (without giving effect to any unfunded financing, regardless of whether any such financing is committed) to pay the Purchase Price, all costs, fees and expenses to be paid by Buyer that are necessary to consummate the Transaction and the other Transaction Documents, and assume and satisfy the Assumed Liabilities.

6.5 Litigation

There are no Proceedings pending or, to the Knowledge of Buyer, threatened, that would affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

6.6 Brokers or Finders

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the Transaction for which Seller is or will become liable, and Buyer shall hold harmless and indemnify Seller from any claims with respect to any such fees or commissions.

6.7 Business Use, Bargaining Position, Representation

Buyer is purchasing the Purchased Assets for commercial or business use and has knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of a transaction such as the Transaction. Buyer is not in a significantly disparate bargaining position with Seller and is represented by legal counsel.

6.8 Qualification

Buyer meets all qualification requirements of Governmental Authorities, including the MNRF and any other applicable Governmental Authority, necessary to complete the Licence Transfers and to consummate the Transaction, and there are no regulatory approvals or rulings required to be obtained by Buyer to complete the Transaction and the Licence Transfers.

ARTICLE 7
ACTIONS PRIOR TO THE CLOSING DATE

7.1 Due Diligence

Buyer acknowledges that it has, prior to the execution hereof, been given an opportunity to conduct an environmental review of the Purchased Assets and has satisfied itself in regard to all environmental matters relating to the Purchased Assets (including, without limitation, any past, present or future Environmental Liabilities). Buyer further acknowledges that, subject to Section 7.2 hereof, it has, prior to the execution hereof, been given an opportunity to review all Leases granted to Seller including, without limitation, those Leases between Seller and the Governmental Authority and the renewal process related thereto.

Buyer acknowledges and agrees that it will purchase the Purchased Assets subject to all environmental matters affecting the Purchased Assets as of the Closing Date (including, without limitation, any past, present or future Environmental Liabilities) and the status of the Leases as of the Closing Date. .

7.2 Operations Prior to the Closing Date

Seller covenants and agrees that, except (a) as expressly contemplated by this Agreement, (b) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed) or (c) as otherwise required by Legal Requirements, after the Effective Time and prior to the Closing Date:

- (a) Seller shall:
- (i) subject to the Insolvency Proceedings, operate the Business in the ordinary course of business in all material respects and use commercially reasonable efforts to preserve the Business;
 - (ii) subject to the Insolvency Proceedings, Sale Process Order, Forbearance Agreement and the terms governing the Credit Facility, pay or cause to be paid all rentals, royalties, shut-in royalties, and minimum royalties and development and operating expenses, and other payments incurred with respect to the Purchased Assets operated by Seller referable to the period after the Filing Date except (A) royalties held in suspense as a result of title issues and that do not give any Third Party a right to cancel an interest in any Purchased Assets operated by Seller, and (B) expenses or royalties being contested in good faith, unless the nonpayment of such contested expenses or royalties could result in the termination of a Lease, in which case Seller will notify Buyer and obtain Buyer's approval prior to withholding such payment;
 - (iii) maintain its books, accounts and records in accordance with past custom and practice;
 - (iv) maintain the personal property comprising part of the Purchased Assets operated by Seller in at least as good a condition as it is on the date hereof, subject to ordinary wear and tear;
 - (v) not amend, terminate or assign any Assumed Contract that is included in the Purchased Assets and material to the Business;
 - (vi) provide to Buyer weekly internally generated production and operating statements and monthly internally generated financial statements; and

(b) Seller shall not prior to the Closing Date:

- (i) surrender or abandon any of the Purchased Assets (except any abandonment of Leases to the extent any such Leases terminate pursuant to their terms);
- (ii) terminate, cancel, or materially amend or modify any Lease that is a Purchased Asset;
- (iii) sell, lease, encumber, or otherwise dispose of all or any portion of any Purchased Assets, except sales of Petroleum Substances in the ordinary course of business;
- (iv) grant to any of Seller's employees any increase in compensation except in the ordinary course of Seller's business and consistent with past practice or pursuant to an order granted in the Insolvency Proceedings;
- (v) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Purchased Assets of which Buyer's share is in excess of \$50,000 except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety and with the exception of capital expenditures related to Abandonment and Reclamation Obligations;
- (vi) enter into any agreement or commitment to take any action prohibited by this Section 7.2(b); and
- (vii) propose or initiate the exercise of any right (including bidding rights at Crown sales, rights under area of mutual interest provisions and rights of first refusal) or option relative to, or arising as a result of, the ownership of the Purchased Assets, or propose or initiate any operations on the Lands which have not been commenced or committed to by Seller as of the Effective Time, if such exercise or option would result in either an obligation of Buyer hereunder after the Effective Date or a Material Adverse Effect on the value of any of the Purchased Assets. If an operation or the exercise of any right or option respecting the Purchased Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in an obligation of Buyer, the following paragraphs shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):
 - (A) Seller shall promptly give notice of the Proposal to Buyer, including with such notice the particulars of such Proposal in reasonable detail;
 - (B) Buyer shall, not later than forty-eight (48) hours prior to the time Seller is required to make its election with respect to the Proposal, advise Seller, by notice, whether it wishes Seller to exercise its rights with respect to the Proposal on behalf of and at the sole cost of Buyer, provided that failure of Buyer to make such election within such period shall be deemed to be an election by Buyer to participate in the Proposal;
 - (C) Seller shall make the election authorized by Buyer with respect to the Proposal within the period during which Seller may respond to the Proposal; and
 - (D) election by Buyer not to participate in any Proposal required to preserve the existence of any of the Purchased Assets shall not entitle Buyer to any reduction of the Purchase Price in the event that Seller's interest therein is terminated as a result

of such election and such termination shall not constitute a failure of Seller's representations and warranties pertaining to such Purchased Assets, notwithstanding Article 3 and Article 6.

7.3 Court Approval

- (a) Seller and Buyer acknowledge that this Agreement and the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts and Leases are subject to, among other things, the Court issuing the Approval and Vesting Order and, if applicable, all Assignment Orders required by Buyer to be obtained pursuant to Section 2.6. Seller and Buyer acknowledge that to obtain the Approval and Vesting Order, Seller must demonstrate that it and the Court Officer have taken reasonable steps to obtain the best offer possible for the Purchased Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to secured creditors and other interested parties as determined by the Parties or ordered by the Court. Seller will provide Buyer with its proposed notice list and will notify anyone else reasonably requested by Buyer. Buyer and Seller agree to cooperate and redact any commercially sensitive or confidential information from the materials set with such notices. Seller covenants to bring the motion for the Approval and Vesting Order to the Court returnable on a date mutually acceptable to Buyer and Seller and on reasonable notice, and Buyer covenants to support such motion. Seller shall provide drafts to Buyer of all above-referenced documents and take into account the reasonable comments from Buyer before finalizing them.
- (b) Buyer acknowledges that if an Assignment Order is required, Buyer must demonstrate, and the Court must be satisfied, that (i) Buyer is able to perform the obligations under the Assumed Contract that is the subject of such Assignment Order, and (ii) it is appropriate to assign such Assumed Contract to Buyer pursuant to such Assignment Order. Buyer agrees to fully cooperate with Seller and Court Officer to obtain Assignment Order(s), and shall provide Seller and Court Officer any evidence or documents requested or file any materials with the Court which are necessary or desirable in support of obtaining such Assignment Order(s).
- (c) Buyer acknowledges that the Transaction will close notwithstanding the appeal period with respect to the Approval and Vesting Order or any Assignment Order has not yet expired.

ARTICLE 8 TAXES

8.1 Transfer Taxes

All amounts payable by Buyer to Seller pursuant to this Agreement do not include any value-added, sales, goods and services, harmonized sales, use, consumption, multi-staged, personal property, customs, excise, stamp, land transfer, or similar taxes, duties, or charges, (collectively "**Transfer Taxes**") and all Transfer Taxes are the responsibility and for the account of Buyer. If Seller is required by Applicable Law or by administration thereof to collect any applicable Transfer Taxes from Buyer, then Buyer shall pay such Transfer Taxes to Seller at the Closing Time, unless Seller agrees that Buyer qualifies for an exemption from any such applicable Transfer Taxes, in which case Buyer shall, in lieu of payment of such applicable Transfer Taxes to Seller, deliver to Seller such certificates, elections, or other documentation required by Applicable Law or the administration thereof to substantiate and effect the exemption claimed by Buyer. Where Seller is not required by Applicable Law or by administration thereof to collect applicable Transfer Taxes, Buyer shall pay such Transfer Taxes directly to the appropriate taxing authority and shall provide evidence of such payment to Seller upon request. Buyer shall, at all times, indemnify and hold harmless Seller, its directors, officers, and employees against and in respect of any and

all amounts assessed by any taxing authority in respect of any failure on the part of Buyer to pay applicable Transfer Taxes, including all taxes, interest, and penalties assessed and including all reasonable legal and professional fees incurred by Seller, its directors, officers, and employees as a consequence of or in relation to any such assessment. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing in perpetuity and shall not be subject to any caps, thresholds or other restrictions. Seller and Buyer shall use commercially reasonable efforts and cooperate in good faith to reduce or eliminate any Transfer Taxes applicable to the sale and transfer of the Purchased Assets. Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by Applicable Law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

8.2 ETA Elections

If Buyer and Seller, acting reasonably, agree that the elections described herein are legally available to be made, Buyer and Seller shall, on the Closing Date, elect jointly under subsection 167(1) of the ETA and under any similar provision of any applicable provincial legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets hereunder, and Buyer shall file such elections with Canada Revenue Agency and any other applicable Governmental Authorities within the time and in the manner required by Applicable Law, and provide Seller with proof of receipt by Canada Revenue Agency or such other applicable Governmental Authority of the receipt of such elections. Buyer shall indemnify and hold Seller harmless from and against any Taxes payable under the ETA or other applicable provincial legislation and any penalty or interest in respect thereof that may be payable by or assessed against Seller as a result of or in connection with Seller's failure to collect the applicable Taxes payable under the ETA or other applicable provincial legislation on the sale of the Purchased Assets hereunder, including any such Taxes, penalties and interest arising as a result of any failure or refusal by any Governmental Authority to accept any such election or on the basis that any such election was inapplicable, invalid or not properly made. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing in perpetuity and shall not be subject to any caps, thresholds or other restrictions.

8.3 Joint Election – Cumulative Resource Tax Accounts

The Parties agree to make a joint successor election under subsection 66.7(7)(e) of the *Income Tax Act* (Canada) in respect of certain resources expenses incurred by Seller prior to the Closing Date and to the extent permitted thereunder. Buyer, acting reasonably, shall prepare, and each Party agrees to execute and file such election in the form and within the time period prescribed or specified under such *Income Tax Act* (Canada) so that Buyer may deduct such permitted expenses in computing its income derived from the Purchased Assets.

8.4 Other Tax Elections

Buyer and Seller shall execute and deliver such other Tax elections and forms as they may mutually agree upon.

Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets (including access to Books and Records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, provincial or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Purchased Assets are located; *provided*

however, that neither Buyer nor Seller shall be required to disclose the contents of its income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section shall be borne by the Party requesting it.

8.5 Municipal Tax Appeals, Refunds, Reductions or Reassessments

At Seller's request in its sole discretion, and at Seller's sole expense, Buyer shall assist Seller in taking any steps Seller directs with respect to any appeal or re-assessment with respect to any Municipal Taxes owing for the period prior to the Effective Date. Seller shall retain all right, title and benefit in and to any municipal tax refunds, reductions or re-assessments with respect to Municipal Taxes owing for the period prior to the Effective Date (such amount, a "**Municipal Tax Refund**"). Seller and Buyer shall jointly direct the municipality to pay any Municipal Tax Refund to Seller.

All right, title and benefit in and to any municipal tax refunds, reductions or re-assessments with respect to Municipal Taxes for the period on or after the Effective Date shall be transferred and assigned by Seller to Buyer on Closing.

Buyer and Seller shall readjust the amount of any such refund, reduction or re-assessment payment between them, as applicable, after the conclusion of any assessment appeal based upon the respective *pro rata* entitlements thereto, as described above provided, however, that each party shall be responsible for collecting any such refund, reduction or re-assessment payment which, through inadvertence, is made by a Municipality directly to a landowner.

ARTICLE 9 EMPLOYEES

9.1 Employee Matters

- (a) Prior to, but conditional on, Closing and with effect as of Closing Seller shall terminate all employees. Thereafter, Buyer shall make written offers of employment to certain employees of Seller. Those employees which accept such offers of employment are referred to herein as the "**Assumed Employees**".
- (b) Buyer shall be responsible for all liabilities and obligations with respect to employees between the Effective Date and Closing Date other than any severance or termination pay (required under Applicable Law or under contract). Seller shall be responsible for termination or severance pay (required under Applicable Law or under contract) with respect to all employees of Seller up to and including the Closing Date and all liabilities and obligations with respect to any employees who do not accept offers of employment from Buyer made in accordance with the terms of this Agreement, including, in both cases, liabilities and obligations related to any required notice of termination, termination or severance pay (required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, Canada Pension Plan, salary or wages, statutory holiday pay, overtime pay, payroll or employer health taxes, commissions, bonuses, employee benefit plan payments or contributions, vacation entitlements and any other claims. Buyer shall be responsible for all such liabilities and obligations to Assumed Employees for the period following the Closing Date.

**ARTICLE 10
ADJUSTMENTS**

10.1 Adjustment of Purchase Price

On or before Closing, the Parties shall attempt, in good faith, to agree on any adjustments to be made to the Purchase Price to reflect:

- (a) any expenses paid to the Effective Date by Seller, all or part of which are attributable to any period or periods commencing on or after the Effective Date, the benefit of which will be enjoyed by Buyer;
- (b) the net revenues arising from the sale of Seller's share of Petroleum and Natural Gas Rights from and after the Effective Date and prior to the Closing Date. In determining such revenues the Parties shall deduct from the gross proceeds of sale of such Petroleum and Natural Gas Rights paid or payable for production during the period, Seller's share of all lessor and other royalties if not paid, working interests and leases, including, but not limited to, lease rentals and surface lease rentals, all capital and operating costs and administration costs incurred by the relevant operator of the Well, general and administrative costs relating to the London office only and similar costs and expenses attributable to the ownership, production, transportation, gathering and sale of such Petroleum and Natural Gas Rights; and
- (c) interest on the Purchase Price for the benefit of Seller calculated at a rate of five percent (5%) per annum;

Forthwith after the execution of this Agreement by the Parties, Seller shall prepare, or cause to be prepared, its best good faith estimate of the adjustments required to be made under this Article 10 and shall provide to Buyer, Seller's estimate of the amounts so determined. If, in aggregate, the amount of such adjustments is in favour of Seller, the Purchase Price shall be increased by such amount. If in the aggregate, the amount of such adjustments is in favour of Buyer, Seller shall deduct from the Purchase Price (or alternatively pay to Buyer) the amount thereof. Seller and Buyer acknowledge that the gross revenues payable to Seller by Enbridge Gas Distribution Inc., ConocoPhillips Canada Marketing & Trading ULC, Shell Energy North America Canada Inc., Marcus Terminals Inc., American Refining Group Inc. and Union Gas Limited in respect of the sale of Petroleum and Natural Gas Rights by Seller occurring subsequent to the Effective Date (the "**Future Revenues**") may not be received by Seller before the Closing Date. On the Closing Date, Seller agrees to deliver to Buyer a direction to Enbridge Gas Distribution Inc., ConocoPhillips Canada Marketing & Trading ULC, Shell Energy North America Canada Inc., Marcus Terminals Inc., American Refining Group Inc., and to Union Gas Limited directing each of them to pay to Buyer Future Revenues effective from the Effective Date.

10.2 Excluded Assets

There is specifically excluded from the Purchased Assets to be purchased hereunder are as follows:

- (a) all cash, bank balances, moneys in the possession of the banks owned by Seller on the Effective Date;
- (b) income tax refunds due and owing to Seller as at the Effective Date;
- (c) Municipal Tax Refunds; and

(d) all accounts receivable owing to Seller prior to the Effective Date.

10.3 Adjusted Liabilities

Notwithstanding any other provision of this Agreement, Buyer agrees to assume the Adjusted Liabilities which will be included in the Purchase Price on Closing. A list of the Adjusted Liabilities and the approximate amount of such liabilities as disclosed by Seller are set out in Schedule “B” hereof.

ARTICLE 11 CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE

The obligations of Buyer to consummate the Transaction is subject to the satisfaction or, if permissible, waiver by Buyer, at or prior to the Effective Date or Closing Date, as the case may be, of each of the following conditions, failing which Buyer shall be entitled in its sole discretion to terminate this Agreement:

11.1 Accuracy of Representations

The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Effective Date and the Closing Date with the same effect as though such representations and warranties had been made on and as of the Effective Date and the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

11.2 Seller's Performance

The covenants and agreements that Seller is required to perform or to comply with pursuant to this Agreement at or prior to Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

11.3 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets or the consummation of the Transaction.

11.4 Seller's Deliveries

Each of the deliveries required to be made to Buyer pursuant to Section 4.4 shall have been so delivered.

11.5 Approval and Vesting Order

The Court shall have issued the Approval and Vesting Order approving this Agreement and the Transaction on or before May 4, 2018.

11.6 Governmental Authorizations

Buyer shall have received all Governmental Authorizations necessary to convey the Purchased Assets from Seller to Buyer including, without limitation, the consent or approval from MNRF to the transfer of the Wells and the Licence Transfers from Seller to Buyer and the replacement of any written Security Arrangements provided by Seller to MNRF with replacement Security Arrangements from Buyer.

11.7 Payment Direction

Seller shall have delivered to Buyer a direction to Marcus Terminals Inc., American Refining Group Inc., and to Union Gas Limited directing each of them to pay to Buyer Future Revenues effective from the Closing Date.

11.8 Effective Time

The Effective Time shall not be later than April 4, 2018

**ARTICLE 12
CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE**

Seller's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or, if permissible, waiver by Seller, at or prior to the Closing, of each of the following conditions, failing which Seller shall be entitled in its sole discretion to terminate this Agreement:

12.1 Accuracy of Representations

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Effective Date and the Closing Date with the same effect as though such representations and warranties had been made on and as of the Effective Date and the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

12.2 Approval and Vesting Order in Effect

The Court shall have issued the Approval and Vesting Order.

12.3 Lender Approval

The Lender shall have received credit committee approval to consent to this Agreement, which such approval shall be provided on or before April 13, 2018.

12.4 Buyer's Performance

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect similar expressions shall have been duly performed and complied with in all respects), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

12.5 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets or the consummation of the Transaction.

12.6 Buyer's Deliveries

Each of the deliveries required to be made to Seller pursuant to Section 4.2 shall have been so delivered.

ARTICLE 13 LIABILITIES AND INDEMNITY

13.1 General Indemnity

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

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

all Liabilities suffered, sustained, paid or incurred to the extent arising or accruing on or after the Effective Date or the Closing Date, as the case may be, and which relate to the Purchased Assets, the Transaction or Transaction Documents, including but not limited to all Liabilities attributable to the operation, ownership, use, construction or maintenance of the Purchased Assets arising or accruing on or after the Effective Date or Closing Date, as applicable. Buyer's indemnity obligation set forth in this Section 13.1 shall survive Closing indefinitely.

13.2 Environmental Indemnity and Abandonment and Reclamation Obligations

- (a) Buyer acknowledges that it:
 - (i) is familiar with the condition of the Purchased Assets, including the past and present use of the Purchased 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 Purchased Assets; and
 - (ii) is not relying upon any representation or warranty of Seller or Court Officer as to the condition, environmental or otherwise, of the Purchased Assets, Environmental Liabilities and Abandonment and Reclamation Obligations.

- (b) Buyer agrees that once Closing has occurred Seller and Court Officer shall have no liability whatsoever for any Environmental Liabilities and Abandonment and Reclamation Obligations. In this regard, once Closing has occurred, Buyer shall, without any further necessary action on the part of Seller, Court Officer or Buyer:
- (i) be solely liable and responsible for all of Seller's Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold Seller harmless from and against all 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 or Abandonment and Reclamation Obligations arising, however and whenever arising or occurring, and Buyer shall assume, perform, pay and discharge all Environmental Liabilities and Abandonment and Reclamation Obligations. 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 Seller or Buyer or any other Person. Buyer acknowledges and agrees that it shall not be entitled to any rights or remedies as against Seller or Court Officer under common law or statute pertaining to any Environmental Liabilities or Abandonment and Reclamation Obligations, including the right to name Seller or Court Officer as a 'third party' to any Action commenced by any Person against Buyer. Buyer's indemnity obligation set forth in this Section 13.2(b) shall survive Closing 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.

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 Seller and Buyer, with the consent of the Court Officer;
- (b) by either Seller (with the consent of the Court Officer) or Buyer pursuant to the provisions of Article 11 or Article 12, as applicable, provided the terminating party has not breached its obligations under the Agreement in such a manner as to cause a condition not to be fulfilled; or
- (c) by either Seller (with the consent of the Court Officer) or Buyer if Closing has not occurred on or before July 30, 2018.

14.2 Effect of Termination

If this Agreement is terminated by Seller or Buyer pursuant to Section 14.1, then Article 13 and Section 15.8 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 14.3.

14.3 Disposition of Deposit

If: (a) this Agreement is terminated prior to Closing for any reason other than pursuant to Sections 12.1, 12.4 or 12.6 then the Deposit (plus any interest that has actually accrued thereon) shall be returned to Buyer; and

(b) this Agreement is terminated prior to Closing pursuant to Sections 12.1, 12.4 or 12.6 then Seller shall be entitled to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Seller as a result of the failure to consummate the Transaction.

ARTICLE 15 GENERAL PROVISIONS

15.1 Confidentiality

- (a) Except to the extent otherwise specifically provided in this Section 15.1, each Party, on behalf of itself and its Affiliates and Representatives, agrees to keep the other Party's Confidential Information confidential and not to use the other Party's Confidential Information in any manner except as required to perform the obligations set out in this Agreement. Each Party agrees to be responsible for any breach of this Section 15.1 by any of its affiliates and its and their respective Affiliates and Representatives.
- (b) In addition to the obligations with respect to the Confidential Information set out herein, each of Buyer and Seller covenants and agrees that neither it nor its respective Affiliates or Representatives, will disclose the existence or terms of this Agreement or the fact of its execution and delivery to any Third Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, except (a) as and to the extent required by Applicable Law, (b) to their respective Affiliates and Representatives, (c) to the Lender under the Credit Facility, (d) in the case of Seller, as may be required under the Insolvency Proceedings in connection with filing and obtaining the Approval and Vesting Order or the Assignment Order, or (e) as otherwise may be required by the Court. The Parties will cooperate and consult with one another, to the extent reasonably practical, with respect to the issuance of any press release or other public statement regarding this Agreement and the Transaction.
- (c) Notwithstanding anything to the contrary herein, each Party maintains the right to disclose the other Party's Confidential Information if required to do so by Applicable Laws or requirement of a Governmental Authority, or to appropriate Tax authorities in order to describe the tax treatment and tax structure of the Transaction; provided that the disclosure of such Confidential Information will be limited only to that purpose and provided further that it will use reasonable efforts to cooperate with the other Party in limiting the disclosure of the Confidential Information.
- (d) At the other Party's request, a Party will destroy all of the other Party's Confidential Information, provided that it is permitted to retain one copy of any Confidential Information to the extent required by Applicable Laws or its internal record keeping policies.
- (e) Any Confidential Information of Seller that constitutes part of the Purchased Assets will cease to be Confidential Information of Seller and will become Confidential Information of Buyer on Closing.

15.2 Survival

All covenants and agreements contained herein that by their terms are to be performed in whole or in part, or that prohibit actions, subsequent to the Closing shall, solely to the extent such covenants and agreements are to be performed, or prohibit actions, subsequent to the Closing, survive the Closing in accordance with their terms. Subject to the following sentence, all other covenants and agreements contained herein, and all representations and warranties contained herein or in any certificated deliveries hereunder, shall not survive the Closing and shall thereupon terminate, including any Actions for damages in respect of any breach thereof. Notwithstanding anything to the contrary, the indemnity obligations set forth in Sections 8.1, 8.2, 13.1 and 13.2 and confidentiality obligations set out in Section 15.1 shall survive indefinitely.

15.3 Notices

All notices, consents, waivers and other communications under this Agreement must be in writing, with a copy provided to the Court Officer, and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by email (with read receipt requested, with the receiving Party being obligated to respond affirmatively to any read receipt requests delivered by the other Party), (c) received by the addressee, if sent by a delivery service (prepaid, receipt requested) or (d) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to the appropriate addresses and Representatives (if applicable) set forth below (or to such other addresses and Representatives as a Party may designate by notice to the other Parties):

(a) If to Seller, then to:

Dundee Energy Limited Partnership and
 Dundee Oil and Gas Limited
 1 Adelaide Street East, No. 2100
 Toronto, Ontario M5C 2V9
 Attention: Lucie Presot
 E-mail: lpresot@Dundeecorporation.com

with a copy (which shall not constitute notice) to:

Gowling WLG (Canada) LLP
 1 First Canadian Place
 100 King Street West, Suite 1600
 Toronto, Ontario M5X 1G5

Attention: E. Patrick Shea
 E-mail: patrick.shea@gowlingwlg.com

(b) If to Buyer, then to:

Lagasco Inc.
 2807 Woodhull Road
 London, ON N6K 4S4
 Attention: Jane Lowrie
 E-mail: jlowrie@tributerresources.com

With a copy (which shall not constitute note) to:

Harrison Pensa LLP
 450 Talbot Street
 London, ON N6G 5J6
 Attention: Tim McCullough
 E-mail: tmccullough@harrisonpensa.com

(c) If to Court Officer, then to:

FTI Consulting Canada Inc.
 TD South Tower
 79 Wellington Street West, Suite 2010
 Toronto, Ontario M5K 1G8
 Attention: Jeffrey Rosenberg
 E-mail: jeffrey.rosenberg@fticonsulting.com

with a copy (which shall not constitute notice) to:
 Thornton Grout Finnigan LLP
 TD West Tower
 P.P Box 329, 100 Wellington Street West, Suite 3200
 Toronto, Ontario M5K 1K7
 Attention: Grant Moffat / Rachel Bengino
 E-mail: gmoffat@tgf.ca / rbengino@tgf.ca

15.4 Waiver, Waiver of Damages

Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by Applicable Law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand. Notwithstanding anything to the contrary contained herein, no party shall be liable to the other for special, indirect, exemplary or punitive damages arising out of, associated with, or relating to this Agreement (including loss of profit or business interruptions, however same may be caused) and the Parties hereby waive all claims for any such damages.

15.5 Entire Agreement; Amendment

This Agreement (including the Schedules) and the other Transaction Documents supersede all prior agreements (including those relating to confidentiality) between Buyer, on the one hand, and Seller, on the other hand, with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and Seller, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties.

15.6 Assignment

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Party (which

consent may be granted or withheld in the sole discretion of such other Party); provided however, that Buyer shall be permitted, upon prior written notice to Seller (which notice shall expressly identify the name, address and contact information of any such assignee), to assign all or part of its rights or obligations hereunder to one or more of its Affiliates, provided such assignee(s) agree(s) in writing in favour of Seller to be bound by the terms of this Agreement to the same extent as if the assignee entered into this Agreement as Buyer, but no such assignment shall relieve Buyer of its obligations under this Agreement and Buyer shall remain jointly and severally liable for all such obligations with the applicable assignee(s).

15.7 Severability

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

15.8 Expenses

Whether or not the Transaction is consummated, except as otherwise provided in this Agreement, the Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the Transaction.

15.9 Post-Closing Books and Records and Personnel

All of the Book and Records delivered to Buyer on Closing pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Buyer and its Affiliates for a period of five (5) years from the Closing Date or for any longer period as may be required under applicable Legal Requirements (the "**Retention Period**"). At any time prior to the expiration of the Retention Period, Buyer may destroy or give up possession of any such Books and Records if it first delivers at least 60 days' prior notice to Seller containing a detailed listing of the Books and Records proposed to be destroyed and offering Seller the opportunity, at the expense of Seller, to obtain delivery of or a copy of such Books and Records as Seller, in its sole discretion, desire. Until the completion of the Insolvency Proceedings or the liquidation and winding up of the Debtors' estates, Seller shall preserve and keep the Books and Records delivered to Buyer pursuant to the terms hereof and, at Buyer's sole expense, shall make such Books and Records, and Seller's personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document.

15.10 Successor Operator

Seller shall use its commercially reasonable efforts to support Buyer's efforts to be appointed or to have a designee appointed as the successor operator of those Purchased Assets that Seller currently operates. Notwithstanding the foregoing, Seller makes no representations or warranties to Buyer as to the transferability of operatorship of any Purchased Assets that Seller currently operates. Rights and obligations associated with operatorship of the Purchased Assets are governed by operating agreements or similar agreements and will be determined in accordance with the terms of such agreements.

15.11 Time of Essence

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

15.12 Governing Law; Consent to Jurisdiction and Venue;

- (a) Except to the extent the mandatory provisions of the BIA apply, this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Ontario applicable hereto.
- (b) The Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Transaction and any and all claims relating to the foregoing shall be filed and maintained only in the Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 15.3) or any other manner permitted by law.

15.13 Parties in Interest; No Third Party Beneficiaries

Subject to issuance of the Approval and Vesting Order, this Agreement shall inure to the benefit of and be binding upon the Parties and the Court Officer and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Parties and the Court Officer and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable benefit, claim, cause of action, remedy or right of any kind.

15.14 Counterparts

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 15.3, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by facsimile or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

15.15 Irrevocability

This Agreement shall be irrevocably open for acceptance by Seller until April 6, 2018 at 5:00 p.m. EST and shall be conditional upon approval by the Lender's credit committee until April 13, 2018 at 5:00 p.m. EST.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized Representatives.

Executed this ____ day of April, 2018.

**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

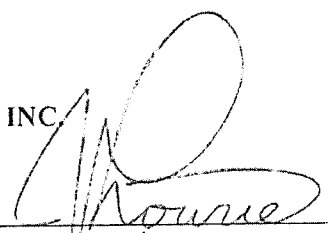
Per: _____
Name:
Title:

Per: _____
Name:
Title:

I have authority to bind the Limited Partnership

Executed this 4th day of April, 2018.

LAGASCO INC.

Per:  _____
Name: Jane Lowrie
Title: President

Per: _____
Name:
Title:

I have authority to bind the Corporation

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

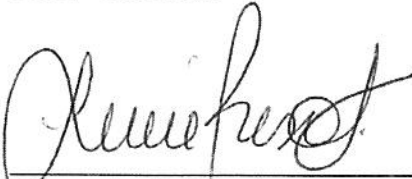
**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

Per:



Name: Bruce Sherley
Title: President

Per:



Name: Lucie Presot
Title: Chief Financial Officer

I have authority to bind the Limited Partnership

LAGASCO INC.

Per:

Name:
Title:

Per:

Name:
Title:

I have authority to bind the Corporation

AMENDING AGREEMENT

This Amending Agreement is made as of the 17th day of May, 2018 among:

DUNDEE ENERGY LIMITED PARTNERSHIP, by its general partner, **DUNDEE OIL AND GAS LIMITED**, as Seller,

- and -

DUNDEE OIL AND GAS LIMITED, as Additional Seller,

- and -

LAGASCO INC., as Buyer

WHEREAS Seller and Buyer entered into an Asset Purchase Agreement dated April 4, 2018 (the “**Purchase Agreement**”), pursuant to which Seller agreed to sell substantially all of its assets to Buyer;

AND WHEREAS Seller and Buyer have agreed to amend certain terms of the Purchase Agreement, including the addition of Additional Seller as an additional seller under the Purchase Agreement, on the terms set forth in this Amending Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Amending Agreement agree as follows:

1. All references to “Seller” in the Purchase Agreement are hereby amended to include Additional Seller.
2. The definition of “Credit Facility” as set forth in Section 1.1(aa) of the Purchase Agreement is deleted in its entirety and replaced as follows:

“**Credit Facility**” means the credit facility made available to DELP by National Bank of Canada pursuant to an Amended and Restated Credit Agreement dated July 31, 2012, among DELP, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.

3. The definition of “Forbearance Agreement” as set forth in Section 1.1(mm) of the Purchase Agreement is deleted in its entirety and replaced as follows:

“**Forbearance Agreement**” means the second amended and restated forbearance agreement dated February 13, 2018, among DELP, DOGL, Dundee Energy Limited

and Lender, as approved by the Initial Order, as amended, restated, supplemented or otherwise modified from time to time.

4. The definition of “Lender” as set forth in Section 1.1(zz) of the Purchase Agreement is deleted in its entirety and replaced as follows:

“**Lender**” means National Bank of Canada, as lender and agent for the lenders under the amended and restated Credit Agreement dated July 31, 2012, among DELP, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.

5. The following definition shall be added as new subsection 1.1(eee.1) to the Purchase Agreement:

“**MRNF Leases**” means those Leases under which the MNRF is the lessor.

6. Section 2.4(b) of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“(b) Immediately after the granting of the Approval and Vesting Order, at Buyer’s sole expense, Seller shall submit the applications described in Section 2.4(a) to the applicable Governmental Authority for the License Transfers and Buyer or its nominee shall, where applicable, at the same time electronically ratify and sign each such application.”

7. Section 2.6(a) of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“(a) Seller and Buyer shall use commercially reasonable efforts to obtain the consent, approval or waiver of the party or parties to each Consent Required Contract (including the MNRF Leases but excluding any other Leases) to the assignment of such Consent Required Contract prior to the filing of the motion materials for the Sale Approval Motion. For greater certainty, Seller and Buyer shall not be required to obtain the consent, approval or waiver of the party or parties to any Lease other than the MNRF Leases. Neither Seller nor Buyer is under any obligation to pay any money, incur any obligations, commence any Proceeding (other than as set forth below with respect to an Assignment Order), or offer or grant any accommodation (financial or otherwise) to any Third Party in order to obtain any such consent, approval or waiver, other than the payment of any Cure Costs required to be paid by Buyer, or except as agreed to by the Parties.”

8. Section 4.1 of the Purchase Agreement shall be amended as follows: (a) the reference to “July 30, 2018” shall be amended to “August 31, 2018”; and (b) the reference to “June 30, 2018” shall be amended to “July 31, 2018”.

9. Section 5.4 of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“DELP is a registrant for purposes of the ETA, and its registration number is 818422669 RT0001. DOGL is a registrant for purposes of the ETA, and its registration number is 85525 9826 RC0001.”

10. Section 11.5 of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“The Court shall have issued the Approval and Vesting Order approving this Agreement and the Transaction on or before May 30, 2018.”

11. Section 11.6 of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“Buyer shall have received all Governmental Authorizations necessary to convey the Purchased Assets from Seller to Buyer including, without limitation, the consent or approval from MNRF to the transfer of the Wells, assignment of the MRNF Leases and the Licence Transfers from Seller to Buyer and the replacement of any written Security Arrangements provided by Seller to MNRF with replacement Security Arrangements from Buyer.”

12. Section 11.8 of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“The Effective Time shall not be later than April 6, 2018.”

13. Section 13.2(b) of the Purchase Agreement shall be deleted in its entirety and replaced as follows:

“(b) Without limiting any investigation, action, suit, order or proceeding by or before a regulatory body (as defined in the CCAA) with respect to any Environmental Liabilities or Abandonment and Reclamation Obligations before or after Closing, the Buyer, Seller and Court Officer agree that, as between them, Seller and Court Officer shall have no liability or responsibility whatsoever for any Environmental Liabilities or Abandonment and Reclamation Obligations and without any further necessary action on the part of Seller, Court Officer or Buyer, Buyer shall indemnify, save and hold Seller and Court Officer harmless from and against all 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 or Abandonment and Reclamation Obligations arising, however and whenever arising or occurring, and Buyer shall assume, perform, pay and discharge all Environmental Liabilities or Abandonment and Reclamation Obligations. 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 Seller, Court Officer or Buyer or any other Person. Buyer acknowledges and agrees that it shall not be entitled to any rights or remedies as against Seller or Court Officer under common law or statute pertaining to any Environmental Liabilities or Abandonment and Reclamation Obligations, including the

right to name Seller or Court Officer as a ‘third party’ to any Action commenced by any Person against Buyer. Buyer’s indemnity obligation set forth in this Section 13.2(b) shall survive Closing indefinitely.”

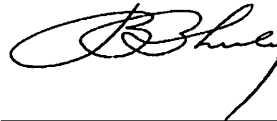
14. The reference to “July 30, 2018” in section 14.1(c) of the Purchase Agreement shall be amended to “August 31, 2018”.
15. For greater certainty, nothing in section 1.1(eeee) of the Purchase Agreement shall be taken to novate Seller’s Environmental Liabilities or Abandonment and Reclamation Obligations.
16. Schedules “B” and “D” attached to the Purchase Agreement are each hereby amended to delete reference to “CGI CS Agreement July 2010, 25-June-2010” and “CGI Master License July 2010, 25-June-2010”.
17. The Purchase Agreement is supplemented and amended only to the extent provided in this Amending Agreement. All other Sections of the Purchase Agreement not otherwise supplemented or amended shall remain in full force and effect, unamended.
18. This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
19. This Amending Agreement may be executed by the Parties in counterparts and may be delivered by electronic delivery in portable document format (PDF) and all such PDF copies together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.

**DUNDEE ENERGY LIMITED PARTNERSHIP
by its General Partner DUNDEE OIL AND GAS
LIMITED**

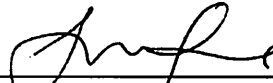
Per:



Name: Bruce Sherley

Title: President

Per:



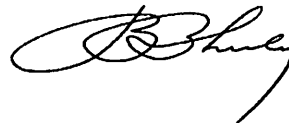
Name: Sivan Fox

Title: Vice President, Legal

I have authority to bind the Limited Partnership

DUNDEE OIL AND GAS LIMITED

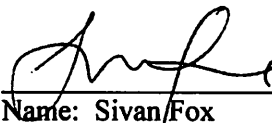
Per:



Name: Bruce Sherley

Title: President

Per:



Name: Sivan Fox

Title: Vice President, Legal

I have authority to bind the Corporation

LAGASCO INC.

Per:

Name: Jane Lowrie

Title: President

Per:

Name:

Title:

I have authority to bind the Corporation

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.

**DUNDEE ENERGY LIMITED PARTNERSHIP
by its General Partner DUNDEE OIL AND GAS
LIMITED**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I have authority to bind the Limited Partnership


DUNDEE OIL AND GAS LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I have authority to bind the Corporation

LAGASCO INC.

Per:  _____
Name: Jane Lowrie
Title: President

Per: _____
Name:
Title:

I have authority to bind the Corporation

SECOND AMENDING AGREEMENT

This Second Amending Agreement is made as of the 6th day of July, 2018 among:

DUNDEE ENERGY LIMITED PARTNERSHIP, by its general partner, **DUNDEE OIL AND GAS LIMITED**, and **DUNDEE OIL AND GAS LIMITED**, each as Seller,

- and -

LAGASCO INC., as Buyer

WHEREAS Seller and Buyer entered into an Asset Purchase Agreement dated April 4, 2018, (as amended by Amending Agreement dated May 17, 2018, the "**Purchase Agreement**"), pursuant to which Seller agreed to sell substantially all of its assets to Buyer;

AND WHEREAS Seller and Buyer have agreed to amend certain terms of the Purchase Agreement, on the terms set forth in this Second Amending Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Second Amending Agreement agree as follows:

1. The definition of "Assignment Order" as set forth in Section 1.1(h) of the Purchase Agreement is amended to include the underlined text below:

"**Assignment Order**" means an order or orders of the Court, in form and substance satisfactory to Buyer, Seller and Court Officer (each acting reasonably), (i) authorizing and approving the assignment of the Leases (other than the Whittle Leases and the MNRF Leases) and any other Consent Required Contract for which a consent, approval or waiver is necessary for the assignment of such Consent Required Contract but was not obtained from the counterparty pursuant to Section 2.6, (ii) preventing any counterparty to such Consent Required Contract from exercising any right or remedy under such Consent Required Contract by reason of any defaults arising from the Insolvency Proceedings or the insolvency of Seller, and (iii) vesting in Buyer Seller's interest in such Consent Required Contract.

2. The definition of "Consent Required Contracts" as set forth in Section 1.1(x) of the Purchase Agreement is amended to include the underlined text below:

"**Consent Required Contracts**" means (i) the Leases (other than the Whittle Leases); and (ii) those Assumed Contracts which are not assignable in whole or in

part without the consent, approval or waiver of the party or parties thereto (other than Seller), including the Assumed Contracts listed on **Schedule D**.

3. The following definition shall be added as new subsection 1.1(qqqq) to the Purchase Agreement:

“**Whittle Leases**” means those Leases under which either Whittle Farms Inc., Marilyn Whittle or Harold Whittle is the lessor.

4. The reference to “May 30, 2018” in Section 11.5 of the Purchase Agreement shall be amended to “June 30, 2018”.
5. Section 2.6(b) of the Purchase Agreement shall be amended to include the underlined text below:

“(b) To the extent that the consent, approval or waiver required to assign any Consent Required Contract (other than the Whittle Leases and the MNRF Leases) is either (i) not required pursuant to 2.6(a) or; (ii) not obtained before the date the motion materials for the Sale Approval Motion are filed with the Court, Seller shall seek approval at the Sale Approval Motion, or on an earlier date as agreed to by the Parties, of the procedures to notify each counterparty to such Consent Required Contract that Seller will seek the assignment of such Consent Required Contract pursuant to the Assignment Order (which such Assignment Order shall be sought prior to Closing). Such notification procedures shall be determined by Seller and Buyer, acting reasonably. Buyer shall provide Seller evidence of its ability as required under the CCAA to perform the future obligations under each such Consent Required Contract. Buyer and Seller shall take all steps reasonably required to obtain the Assignment Order, such as furnishing timely requested and factually accurate affidavits, providing non-confidential financial information and other documents or information for filing with the Court and making Buyer's and Seller's employees and Representatives available to testify before the Court.”

6. Section 4.1 of the Purchase Agreement shall be amended as follows: (a) the reference to “August 31, 2018” shall be amended to “September 21, 2018”; and (b) the reference to “July 31, 2018” shall be amended to “August 21, 2018”.
7. Section 10.1 of the Purchase Agreement shall be amended to include new subsections 10.1(d)-(i):

“(d) any unpaid Municipal Taxes applicable to the period prior to the Effective Date plus all penalties and interest arising from or related to the non-payment of Municipal Taxes applicable to the period between the Effective Date and the Closing Date, which shall be credited to Buyer;

(e) any Municipal Taxes which have been paid by Seller applicable to the period between the Effective Date and the Closing Date, which shall be credited to Seller;

(f) the amount of Cure Costs for all Leases (other than the Whittle Leases and the MNRF Leases) for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(g) the amount of Assumed Contract Assignment Costs for the MNRF Leases for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(h) the amount of Assumed Contract Assignment Costs for all Consent Required Contracts which are joint venture contracts for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(i) to the extent not included in the adjustment under section 10.1(b) above, the amounts paid by Seller under all Assumed Contracts (including all Leases and other Consent Required Contracts), in each case for the period from the Effective Date to the Closing Date, shall be credited to Seller.”


8. The reference in section 10.3 to “Schedule B” shall be replaced with “Schedule B-1” and a new Schedule B-1 shall be added to the Purchase Agreement in the form attached to the Second Amending Agreement.
9. Schedule “A” Part 19 of the Purchase Agreement is hereby deleted in its entirety and replaced with the Schedule “A” Part 19 attached to this Second Amending Agreement.
10. Schedule “D” attached to the Purchase Agreement is hereby amended to add reference to “Marketing Agreement - 377045 Union Gas – M13 Transportation & Producer 25-Jun-2013” among Union Gas Ltd. and Seller.
11. The reference in Schedule “D” attached to the Purchase Agreement to “All Leases as defined in the APA” is hereby amended as follows: “All Leases as defined in the APA (other than the Whittle Leases)”.
12. Buyer acknowledges and agrees that the rights to any tax pools or tax losses relating to the Leases, the Wells or otherwise relating to the Business may be held or owned by a Person other than Seller and may not be included in the Purchased Assets.

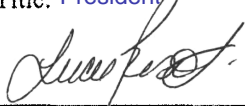
13. The Purchase Agreement is supplemented and amended only to the extent provided in this Second Amending Agreement. All other Sections of the Purchase Agreement not otherwise supplemented or amended shall remain in full force and effect, unamended.
14. This Second Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
15. This Second Amending Agreement may be executed by the Parties in counterparts and may be delivered by electronic delivery in portable document format (PDF) and all such PDF copies together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Second Amending Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.


**DUNDEE ENERGY LIMITED PARTNERSHIP
by its General Partner DUNDEE OIL AND GAS
LIMITED**

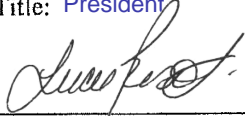
Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Limited Partnership

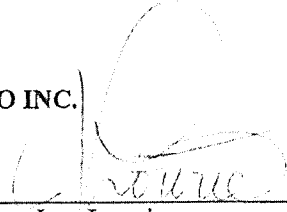
DUNDEE OIL AND GAS LIMITED

Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Corporation

LAGASCO INC.

Per: 
Name: Jane Lowrie
Title: President

THIRD AMENDING AGREEMENT

This Third Amending Agreement is made as of the 10th day of October, 2018 among:

DUNDEE ENERGY LIMITED PARTNERSHIP, by its general partner, **DUNDEE OIL AND GAS LIMITED**, and **DUNDEE OIL AND GAS LIMITED**, each as Seller,

- and -

LAGASCO INC., as Buyer

WHEREAS Seller and Buyer entered into an Asset Purchase Agreement dated April 4, 2018 (as amended by Amending Agreements dated May 17, 2018 and July 6, 2018, the “**Purchase Agreement**”), pursuant to which Seller agreed to sell substantially all of its assets to Buyer;

AND WHEREAS the outside date for Closing under the Purchase Agreement has been extended at the request of Buyer from (i) July 30, 2018 to August 31, 2018, (ii) August 31, 2018 to September 21, 2018 (iii) September 21, 2018 to September 26, 2018; and (iv) September 26, 2018 to October 12, 2018;

AND WHEREAS pursuant to section 4.2 of the Purchase Agreement, Buyer is required to pay the cash portion of the Purchase Price, less the Deposit, on the Closing Date and Buyer has confirmed that it is very likely that it will be unable to pay such amount on or before October 12, 2018;

AND WHEREAS Seller and Buyer have agreed to extend the outside date for Closing under the Purchase Agreement on the terms set forth in this Third Amending Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties to this Third Amending Agreement agree as follows:


1. Unless otherwise defined, capitalized terms used herein are as defined in the Purchase Agreement.
2. Section 4.1 of the Purchase Agreement shall be amended as follows: (a) the reference to “July 21, 2018” shall be amended to “October 26, 2018”; and (b) the reference to “August 21, 2018” shall be amended to “October 26, 2018”.
3. The reference to “August 31, 2018” in Section 14.1(c) of the Purchase Agreement shall be amended to “October 26, 2018”.

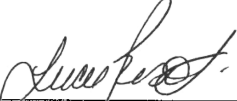
4. In consideration of Seller agreeing to extend the outside date for Closing on the terms hereof, Buyer shall pay to Seller (i) a non-refundable extension fee in the amount of \$300,000 (the “**Extension Fee**”); and (ii) a non-refundable fee in the amount of \$150,000 (the “**Professional Costs Fee**”), which shall be applied in partial satisfaction of the legal fees and disbursements of Seller and its counsel, the Court Officer and its counsel and the Lender and its counsel that have been incurred in connection with the Purchase Agreement and the Insolvency Proceedings. The Extension Fee and the Professional Costs Fee shall be fully earned by Seller upon execution of this Third Amending Agreement and paid by way of wire transfer to Seller’s current account with the Lender on or before October 12, 2018. The amount of the Extension Fee paid to Seller will be credited to Buyer against the Purchase Price payable on Closing. The amount of the Professional Costs Fee will not be credited to Buyer against the Purchase Price payable on Closing. If Buyer fails to pay either the Extension Fee or Professional Costs Fee when due, Seller shall be entitled to terminate the Purchase Agreement, to require payment by Buyer of the unpaid amount of the Extension Fee or Professional Costs Fee and to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Seller as a result of the failure to consummate the Transaction.
5. The amendments to the Purchase Agreement set out herein do not constitute a waiver by Seller of any of its rights and remedies under the Purchase Agreement, including, without limitation, the right to retain the Deposit if the transaction is terminated or not completed by reason of a default by Buyer under the Purchase Agreement.
6. The Parties acknowledge that there is no agreement or obligation to extend the outside date for Closing beyond October 26, 2018 and that, notwithstanding the terms of this Agreement, each of Seller, the Monitor and the Lender has the sole and unfettered discretion to consent, or to withhold its consent, to any further requests by Buyer to extend the outside date for Closing beyond October 26, 2018.
7. The Purchase Agreement is supplemented and amended only to the extent provided in this Third Amending Agreement. All other Sections of the Purchase Agreement not otherwise supplemented or amended shall remain in full force and effect, unamended.
8. This Third Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
9. This Third Amending Agreement may be executed by the Parties in counterparts and may be delivered by electronic delivery in portable document format (PDF) and all such PDF copies together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Third Amending Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.


**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

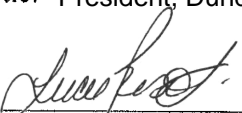
Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Limited Partnership

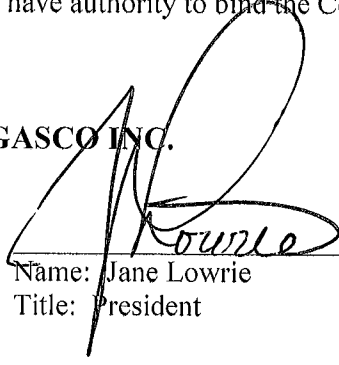
DUNDEE OIL AND GAS LIMITED

Per: 
Name: Bruce Sherley
Title: President, Dundee Oil & Gas Limited GP for DELP

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Corporation

LAGASCO INC.

Per: 
Name: Jane Lowrie
Title: President

Appendix “E”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) WEDNESDAY, THE 26th
JUSTICE DUNPHY)
) DAY OF SEPTEMBER, 2018

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED



KEY EMPLOYEE INCENTIVE PROGRAM AND STAY EXTENSION ORDER

THIS MOTION, made by Dundee Oil and Gas Limited (“**DOGL**”) on its behalf and as general partner on behalf of Dundee Energy Limited Partnership (“**DELP**” and together with DOGL, the “**Debtors**”): for an order (i) approving the key employee incentive program (the “**Key Employee Incentive Program**”) as described in the fourth report (the “**Fourth Report**”) of FTI Consulting Canada Inc., in its capacity as the Court-appointed monitor (the “**Monitor**”); (ii) extending the stay of proceedings; (iii) extending the outside date for Closing of the Transaction under the APA (as defined below) until October 10, 2018, and (iv) authorizing the Monitor to communicate with interested parties in connection with the possible sale or other transaction involving the Property in the event that the APA (as each term is defined below) is terminated, was heard this day at 330 University Avenue, Toronto, Ontario.

DD

12

ON READING the Fourth Report and on hearing the submissions of counsel for the Monitor, the Debtors, National Bank of Canada, Lagasco Inc., Ministry of Natural Resources of Forestry, Canadian

*AND
ADD*

Overseas Petroleum Limited, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Rachel Bengino sworn on September 25, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that service of the Fourth Report and Motion Record is hereby validated and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meaning set forth in the Approval and Vesting Order granted by the Court on June 11, 2018 (the “**Approval and Vesting Order**”) or the Asset Purchase Agreement dated April 4, 2018 between Lagasco Inc. (the “**Buyer**”) and the Debtors (as amended, the “**APA**”).

KEY EMPLOYEE INCENTIVE PROGRAM

3. **THIS COURT ORDERS** that the Key Employee Incentive Program, as described in the Fourth Report, is hereby approved and the Debtors are authorized and directed to make payments in accordance with the terms thereof.
4. **THIS COURT ORDERS** that payments made by the Debtors pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, or other challengeable or voidable transactions under any applicable law.
5. **THIS COURT ORDERS** that the unredacted version of Confidential Appendix “A” to the Fourth Report be sealed in its entirety, kept confidential and not form part of the public record, unless otherwise ordered by the Court.

until six months from the date of this order
A.P.D.

STAY EXTENSION

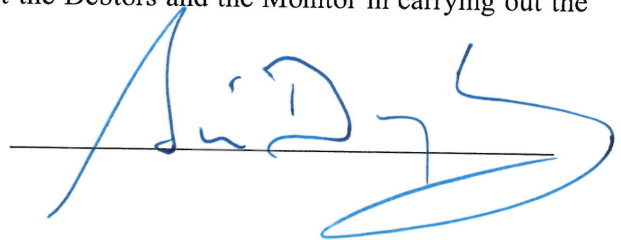
6. **THIS COURT ORDERS** that the Stay Period as ordered and defined in paragraph 17 of the Initial Order is hereby extended until and including November 30, 2018.

APA

7. **THIS COURT ORDERS** that the Debtors and the Monitor are hereby authorized to consent to a further extension of the outside date for Closing under the APA until October 10, 2018. ¹² *AD*
8. **THIS COURT ORDERS** that in the event that, on or before October 10, 2018, the Buyer fails to pay the Purchase Price in accordance with the APA and the Approval and Vesting Order, the Debtors are authorized to terminate the APA without prejudice to any of the Debtors' rights and remedies thereunder and the Monitor shall retain the Deposit pending further order of the Court. ¹² ^{1 PD}

GENERAL

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 Debtors and the Monitor 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 Debtors and the Monitor as may be necessary or desirable to give effect to this Order or to assist the Debtors and the Monitor in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 26 2018

PER / PAR: *mlh*

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**KEY EMPLOYEE INCENTIVE PROGRAM AND STAY
EXTENSION ORDER**

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, ON M5X 1G5

E. PATRICK SHEA (LSO# 39655K)
Email: patrick.shea@gowlingwlg.com
Tel: (416) 369-7399
Fax: (416) 862-7661

Lawyers for the Applicant

Appendix “F”

THIRD AMENDING AGREEMENT

This Third Amending Agreement is made as of the 10th day of October, 2018 among:

DUNDEE ENERGY LIMITED PARTNERSHIP, by its general partner, **DUNDEE OIL AND GAS LIMITED**, and **DUNDEE OIL AND GAS LIMITED**, each as Seller,

- and -

LAGASCO INC., as Buyer

WHEREAS Seller and Buyer entered into an Asset Purchase Agreement dated April 4, 2018 (as amended by Amending Agreements dated May 17, 2018 and July 6, 2018, the “**Purchase Agreement**”), pursuant to which Seller agreed to sell substantially all of its assets to Buyer;

AND WHEREAS the outside date for Closing under the Purchase Agreement has been extended at the request of Buyer from (i) July 30, 2018 to August 31, 2018, (ii) August 31, 2018 to September 21, 2018 (iii) September 21, 2018 to September 26, 2018; and (iv) September 26, 2018 to October 12, 2018;

AND WHEREAS pursuant to section 4.2 of the Purchase Agreement, Buyer is required to pay the cash portion of the Purchase Price, less the Deposit, on the Closing Date and Buyer has confirmed that it is very likely that it will be unable to pay such amount on or before October 12, 2018;

AND WHEREAS Seller and Buyer have agreed to extend the outside date for Closing under the Purchase Agreement on the terms set forth in this Third Amending Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties to this Third Amending Agreement agree as follows:


1. Unless otherwise defined, capitalized terms used herein are as defined in the Purchase Agreement.
2. Section 4.1 of the Purchase Agreement shall be amended as follows: (a) the reference to “July 21, 2018” shall be amended to “October 26, 2018”; and (b) the reference to “August 21, 2018” shall be amended to “October 26, 2018”.
3. The reference to “August 31, 2018” in Section 14.1(c) of the Purchase Agreement shall be amended to “October 26, 2018”.

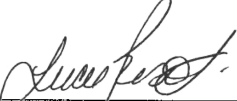
4. In consideration of Seller agreeing to extend the outside date for Closing on the terms hereof, Buyer shall pay to Seller (i) a non-refundable extension fee in the amount of \$300,000 (the “**Extension Fee**”); and (ii) a non-refundable fee in the amount of \$150,000 (the “**Professional Costs Fee**”), which shall be applied in partial satisfaction of the legal fees and disbursements of Seller and its counsel, the Court Officer and its counsel and the Lender and its counsel that have been incurred in connection with the Purchase Agreement and the Insolvency Proceedings. The Extension Fee and the Professional Costs Fee shall be fully earned by Seller upon execution of this Third Amending Agreement and paid by way of wire transfer to Seller’s current account with the Lender on or before October 12, 2018. The amount of the Extension Fee paid to Seller will be credited to Buyer against the Purchase Price payable on Closing. The amount of the Professional Costs Fee will not be credited to Buyer against the Purchase Price payable on Closing. If Buyer fails to pay either the Extension Fee or Professional Costs Fee when due, Seller shall be entitled to terminate the Purchase Agreement, to require payment by Buyer of the unpaid amount of the Extension Fee or Professional Costs Fee and to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties’ genuine pre-estimate of the minimum quantum of damages that will have been sustained by Seller as a result of the failure to consummate the Transaction.
5. The amendments to the Purchase Agreement set out herein do not constitute a waiver by Seller of any of its rights and remedies under the Purchase Agreement, including, without limitation, the right to retain the Deposit if the transaction is terminated or not completed by reason of a default by Buyer under the Purchase Agreement.
6. The Parties acknowledge that there is no agreement or obligation to extend the outside date for Closing beyond October 26, 2018 and that, notwithstanding the terms of this Agreement, each of Seller, the Monitor and the Lender has the sole and unfettered discretion to consent, or to withhold its consent, to any further requests by Buyer to extend the outside date for Closing beyond October 26, 2018.
7. The Purchase Agreement is supplemented and amended only to the extent provided in this Third Amending Agreement. All other Sections of the Purchase Agreement not otherwise supplemented or amended shall remain in full force and effect, unamended.
8. This Third Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
9. This Third Amending Agreement may be executed by the Parties in counterparts and may be delivered by electronic delivery in portable document format (PDF) and all such PDF copies together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Third Amending Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.


**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

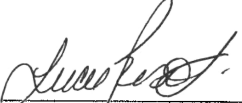
Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Limited Partnership

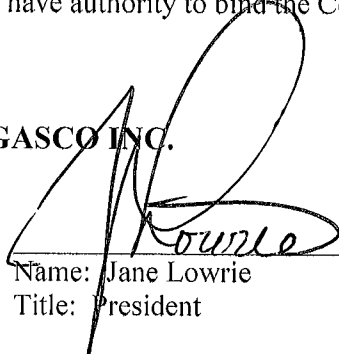
DUNDEE OIL AND GAS LIMITED

Per: 
Name: Bruce Sherley
Title: President, Dundee Oil & Gas Limited GP for DELP

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Corporation

LAGASCO INC.

Per: 
Name: Jane Lowrie
Title: President

Appendix “G”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

Applicants

SECOND SUPPLEMENTARY AFFIDAVIT OF JANE LOWRIE
(Sworn September 26th, 2018)

I, Jane Lowrie, of the City of London, in the Province of Ontario, MAKE OATH AND
SAY:

1. I am the President and Chief Executive Officer of Lagasco Inc. ("**Lagasco**").
Unless otherwise stated herein, all facts set forth in this Affidavit are based upon:
(a) my personal knowledge; (b) my experience as President and Chief Executive
Officer of Lagasco; and (c) information provided to me by employees and
authorized representatives and professionals of Lagasco. If called upon to testify,
I would testify competently to the facts set forth in this Affidavit. I am authorized
to swear this Affidavit on behalf of Lagasco. I swear this Supplementary Affidavit
to provide additional evidence and information with respect to issues raised by the
Monitor with respect to the ability of Lagasco to complete the purchase of the
assets of Dundee Oil and Gas Limited and Dundee Limited Partnership (together
"Dundee").

Ready, Willing and Able to Close on September 26, 2018

2. Notwithstanding any information given to the monitor previously, Lagasco now
has adequate financing in place to permit it to close this transaction as early as

Wednesday, September 26, 2018 and thereafter operate the Dundee Assets.
Details of the financing include:

- a. \$17 million from Pace Credit Union ("Pace"). Attached as Exhibit "A" to this affidavit are two commitment letters addressed to Lagasco and Forbes Resources Corp. amended as of Sept. 11, 2018 making available \$6 million and \$11 million respectively to fund the purchase and subsequent operations of the Dundee assets. \$3 million has been advanced by Pace to date which comprises the deposit held by the monitor. A letter from Pace confirming they are ready to advance subject only the consent of MNRF to the transfer of the well licenses to Lagasco (which is also a condition precedent to closing) is attached as Exhibit "B" hereto.
- b. \$5.5 million from Crich Holdings an ongoing partner of mine in various oil and gas ventures to be advanced through Clearbeach Resources Inc. as a shareholder loan. Attached as Exhibit "C" hereto is an email from Jim Elsley of Mackenzie Lake LLP solicitor for Crich Holdings confirming that he holds the \$5.5 million in his trust account and is ready to advance those funds to Lagasco without condition at the time of closing.
- c. \$3.6 million from the following investors pursuant to the subscription agreements attached as Exhibit "D". Pursuant to the subscription agreements the subscribers subscribed for common shares and a promissory note. The promissory note is for a period of 36 months and bears interest at the rate of 10% per annum. Details of the subscription are as follows:
 - i Watson Family Wealth Corporation \$1,000,000
 - ii Warren Bury \$500,000
 - iii Jerry Hendrikx \$100,000
 - iv 2654666 Ontario Inc. \$1,000,000

v John Doe \$1,000,000 (investor did not give permission to release name), attached as Exhibit "E" is a letter from Tim McCullough of Harrison Pensa LLP confirming the \$3.6 million relating to the above subscriptions are in the trust account of Harrison Pensa LLP or have been sent by the subscriber and are available to be released without condition upon closing to fund the Lagasco purchase of the Dundee Assets.

- d. \$6.0 million from Pace Credit Union by way of loan to Forbes Resources Corp. an unconditional term sheet dated September 26th, 2018 providing for a \$6 million loan repayable with principal payments of \$250,000 per month for 24 months with interest at the rate of 16% paid monthly is attached as Exhibit "F".

Post Purchase Cash Flow of Lagasco and Forbes Resources

3. Lagasco has prepared a revised post closing cash flow relating to its consolidated operations including assets transferred to Forbes Resources Corp. after the Dundee Assets are incorporated into the business commencing in 2018 through to 2032, the expected life of the purchased assets. This cash flow is revised to take into account on a consolidated basis the subsequent transfer of various purchased interests to Forbes Resources Corp. and includes abandonment and reclamation obligations set out in the petroleum and natural gas leases. The cash flow which is attached as Exhibit "G" to this affidavit (the "Lagasco Revised Cash Flow") demonstrates that:
 - a) The operations of Lagasco will be cash positive in every year of operations, and
 - b) Lagasco will be able to perform the obligations relating to the agreements assigned to it under section 11.3 of the *Companies Creditors Arrangement Act*.

4. The Lagasco Revised Cash Flow relies in part on the Statement of Reserves Data and Other Oil and Gas Information of Dundee Energy Limited Partnership prepared by Deloitte dated February 28, 2018 (hereinafter the "Deloitte Statement") on the same basis as set out in my Supplementary Affidavit sworn June 5th in this proceeding.
5. As stated in my June 5th affidavit there is a positive cash flow from 2018 to 2032 after payment of all operating costs, royalties and abandonment and salvage costs (including well plugging and remediation).

The net operating income is positive in each and every year. The Lagasco Revised Cash Flow incorporates in addition to the Deloitte Confirmation Report net operating income amount, its general and administrative expenses, its lease expenses and debt repayment. After payment of all of those expenses Lagasco remains cash flow positive in each and every year from 2018 to 2032.

6. I remain completely confident in stating that Lagasco has now and will have in the future, adequate capitalization to assume the operation of the Dundee Assets and to pay all liabilities, plugging, abandonment and salvage costs associated with the assumption of leases and contracts which are part of the Dundee Assets.

Forbes Resources Corp.

7. Forbes Resources Corp. ("Forbes") is owned by Jarvis Holdings Inc., a company owned by my four children. Forbes became involved in the transaction for succession planning purposes. Immediately after closing of the purchase of the Dundee Assets, Lagasco will transfer certain of the onshore assets to Forbes. Pace advised that this arrangement is acceptable and is reflected in the term sheets in Exhibit "A".
8. The Monitor and the MNRF were advised of the proposed Forbes involvement on or before July 25, 2018. Lagasco presently intends to transfer the well licenses with respect to certain of the onshore assets after the closing of the purchase of the Dundee Assets.
9. It is Lagasco's intent to remain liable for all liabilities of Forbes including the payment of all liabilities, plugging, abandonment and salvage costs associated with the leases and

contracts transferred to Forbes. The consolidated cash flows of Lagasco and Forbes confirm that the overall effect of the transfer of certain onshore assets acquired from the Dundee Assets is neutral and does not impair the consolidated cash flow or the payment of liabilities such as plugging, abandonment and salvage costs.

The Ability of Lagasco to Obtain Funding

10. My affidavit of June 5th, 2018 remains correct regarding the ability of Lagasco to obtain adequate financing. The shareholders of Lagasco and its associated companies have the means and intent to provide backstop financing when required and this has been our method of operating for 29 years.
11. Several factors have given rise to the transition over the summer months to different forms of funding through different investors. One of these factors was the litigation commenced by Canadian Overseas Petroleum Limited which deterred many potential investors.

MacLeod Energy Limited

12. In early July, 2018 MacLeod Energy Limited (“MacLeod”) approached Scott Lewis of Forbes regarding taking an assignment of certain of the onshore well licenses and leases that were to be transferred to Forbes subsequent closing. In order to avoid two assignments of the assets being acquired by MacLeod, it was agreed that Lagasco would sell certain onshore well licenses and leases directly to MacLeod rather than to Forbes and then to MacLeod.
13. Scott Lewis conducted the negotiations and in due course an asset purchase agreement was arranged between the two parties. This arrangement, if completed would reduce the amount of money required from Lagasco to complete the Dundee Asset purchase transaction.
14. After the purchase agreement was arranged with MacLeod, Canadian Overseas Petroleum Limited brought an injunction application against MacLeod which clearly meant that


MacLeod would not be able to complete its asset purchase arrangement with Lagasco as contemplated.

15. We immediately began looking for lenders and investors to make up the balance of the funds needed for closing the Lagasco transaction for the Dundee Assets.
16. Alternative funding has been arranged and MacLeod is no longer part of the closing of the Lagasco transaction relating to the Dundee assets. Lagasco and Forbes may or may not give consideration in the future to involving MacLeod in the Dundee Assets depending on various factors including the outcome of the injunction application.

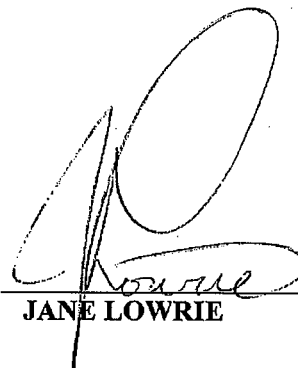
MNRF

17. I am advised by Tim McCullough of Harrison Pensa LLP that he has caused \$500 to be sent to the MNRF with respect to fees relating to the surrender of exploration licenses and has provided satisfactory evidence to the MNRF that security in the total amount of \$270,000 has been established by the buyer for the benefit of the MNRF. There does not appear anything further is required to obtain the consent of the MNRF to the transaction.
18. The transaction is conditional upon receipt of consent of the MNRF to the transfer of the well licenses and the transaction cannot close until that happens.
19. Lagasco remains willing and able to close this transaction at the earliest opportunity.

SWORN before me at the City of London,
in the Province of Ontario, this 26th day of
September, 2018.



Commissioner for Taking Affidavits



JANE LOWRIE

THESE ARE EXHIBITS A TO G

REFERRED TO IN THE AFFIDAVIT OF JANE LOWRIE

SWORN BEFORE ME THIS 26TH DAY OF SEPTEMBER, 2018

A handwritten signature in black ink, consisting of a series of loops and a vertical stroke at the end.

A Commissioner, etc.

A

PACE CREDIT UNION Well beyond a bank.

Via email: jlowrie@tributeresources.com

PRIVATE & CONFIDENTIAL

February 8, 2018 – Amended September 11, 2018

Lagasco Inc.
2807 Woodhull Road
London Ont. N6K 4S4

Dear Members:

RE: NEW LINE OF CREDIT AND BUSINESS TERM LOAN

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

Lagasco Inc.

GUARANTORS

Brookwood Resources Inc.

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

1/ Corporate Line of Credit Facility \$1,000,000

2/ Corporate Variable Rate Loan \$5,000,000

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

PURPOSE

Line of Credit \$1,000,000

- (a) - This facility will be used in part to initially assist with closing costs to acquiring production assets of Dundee Energy, and later to assist with cash flow needs.

Term Loan \$ 5,000,000

- (a) - To pay out an existing loan # 46486 of On Energy Corp. that was advance back in December 18, 2017. These proceeds were used as the initial security deposit towards Asset Purchase and Sale Agreement of Dundee Energy Limited Partnership assets dated December 11, 2017 and revised April 4, 2018.
- (b) - To assist with purchasing off-shore assets related to the above purchase.

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM/AMORTIZATION

LOC

Due on demand and subject to annual review.

Term Loan

12 Month Term Amortization 8 Years

INTEREST RATE

LOC

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

Term Loan

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

INTEREST CALCULATION AND PAYMENT

"PACE Base Rate" shall mean the annual rate of interest which PSCU establishes as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian Dollars and which it refers to as its special rate of interest, such rate to be adjusted automatically and without the necessity of any notice to the Borrower upon each change to such rate. Interest is payable both before and after maturity or demand, default and judgement

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

REPAYMENT

LOC

1. The line of credit must exhibit wide and frequent fluctuations of the outstanding balance satisfactory to PSCU.
2. The member agrees to pay all accrued interest outstanding up to and including the last business day of each month, payable on the first day of the following month.

Term Loan

1. Based on the interest rate offered, the required monthly blended payment of principal and interest is \$69,466.91

The member Lagasco Inc. together with the corporate guarantor Brookwood Resources Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all outstanding debts.

PREPAYMENT

Both facilities fully open for prepayment at any time without notice or bonus.

DATE OF ADVANCE:

No later than September 18, 2018 or such future date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee	\$ 50,000.00 (due on closing)
The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.	
Monthly Consultant/Review Fee	\$3,000.00
Annual Review Fee	\$5,000.00
Loan Renewal Fee	\$ 350.00
NSF Payment Fee	\$ 60.00
Administration Fee	\$ 50.00

An administration fee will be charged beginning 30 days after the annual review date if all annual review documentation is not received as required under the "General Conditions" Section of this term sheet. The annual review date based on the Borrower's financial year end reporting date of (To be determined)

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or available credit being made under the Credit Facilities:

1. Credit Agreement in the amount of \$6,000,000 prepared by PACE's Solicitors to be executed by the Borrower, Lagasco Inc., the Guarantor, Brookwood Resources Inc.
2. Fixed and Floating Charge Demand Debenture in the sum of \$6,000,000 in first position to be registered on title in favour of the Lender securing the Borrower's interest in all off-shore natural gas assets in which Lagasco Inc. has any legal or beneficial interest after acquiring all of the underwater natural gas wells from Dundee Energy Limited Partnership under the Asset Purchase And Sale Agreement dated December 11, 2017 and then revised on April 4, 2018.
3. Lagasco Inc. to provide a continuing all-purpose collateral mortgage in the amount of \$6,000,000.00 to be registered in first position over but not limited to the properties legally described (to be obtained by the lawyer) and all lands located thereon and known as :

1/ Port Maitland gas/plant	7.44 acres in	Haldman with compressor station
2/ Port Alma (surplus)	5.7 acres in	Chatham Kent which is industrial vacant land
3/ Port Alma	6.6472 acres in	Chatham Kent with compressor station
4/ Morpeth	3.331 acres in	Chatham Kent with compressor station
5/ Port Stanley	10.674 acres in	Southwold with gas plant
6/ Port Burwell harbour	4.02 acres in	Bayham which is a commercial vacant lot
7/ Naticoke	2.41 acres in	Norfolk with compressor station
4. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Lagasco Inc. in first position to be registered under *Personal Property Security Act*.
5. Corporate Guarantee and Postponement of Claim in the amount of \$6,000,000 to be executed by Brookwood Resources Inc. with all relevant corporate resolutions and Solicitor's Letter of Opinion to be registered under the *Personal Property Security Act*.
6. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Brookwood Resources Inc. in first position to be registered under *Personal Property Security Act*.
7. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
8. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include, without limitation, the following:

1. Letter of Opinion to be obtained from a Third party must be received by the Lender prior to the drawdown date. This report will provide the lender with an opinion of value of the reserve reports that the borrower has submitted on pools of all the natural gas assets and are to be entirely satisfactory to the Lender. All costs associated with the reports are for the account of the Borrower [Received and on file]
2. Executed and accepted copy of Asset Purchase and Sales Agreement of Dundee Energy Limited Partnership dated December 11, 2017, for assets to be purchased and included as security in this term sheet. [Received and on file]
3. Executed copies of any Investor Agreements for all sources of monies as in #3 above providing the amount, terms and conditions of the agreement other than those invested by the Purchaser/Borrower or under the loan provided by PACE.
4. Updated cash flow projections to be provided including payments under Investor Agreements as in #4 above proving satisfactory debt service ability at 1.25:1.
5. Logasco Inc. will open and operate their business account with PACE where all receivables shall be deposited automatically and all payables made from this account. No other business accounts are to be opened and operated by the Borrower other than those with PSCU.
6. The Borrower shall agree to the appointment of a consultant, selected and approved by PSCU to provide ongoing supervision, monthly reporting, etc. An amount of \$3,000.00 will be directed to PACE by automated payment on the same day as the loan payment is due. This fee will be paid to the consultant upon satisfactory review and written report to PACE by PSCU.
7. The Corporate Borrower and Corporate Guarantor to provide a copy of the Articles of Incorporation and any copies of any valid name registrations.
8. The Borrower and Corporate Guarantor to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure.
9. The Corporate Borrower and Corporate Guarantor to provide a copy of the Shareholder register.
10. The Corporate Borrower and Corporate Guarantor to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction.
11. The 9 digit Business BN identifier number to be provided for each Corporate Borrower and Corporate Guarantor.

Lagasco Inc.

February 8, 2018 as amended September 11, 2018

12. The Borrower and Guarantor to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments as applicable and are paid and current. [Received and on file]
13. The Borrower and Guarantor to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable. [Received and on file]
14. The Borrower and Corporate Guarantor to provide interim in-house financial statements for any periods longer than six months since the company's last year end reporting period. [Projections provided].
15. **Dundee summary production reports to be provided to PACE for the period April to August 2018.**
16. The Borrower shall establish a Membership account with shares in the amount of \$175.00 with the Credit Union and execute all required documentation as required. If the Borrowers are a General Partnership, then a Membership must be established as above for each individual partner.
17. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.
18. All individuals not limited to non-corporate Borrowers, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:
 - I. Valid Ontario Driver's License, or valid Passport
 - II. Valid Citizenship document or Birth Certificate with Government identity number
19. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
20. The Borrower/Guarantor to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.
21. There shall not exist any judgment, compliance or other order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction, and if any compliance or other orders are issued or known, the Borrower shall have a positive obligation to promptly advise the Lender of same.
22. The Borrower and Guarantor authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and Guarantor acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.
23. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantor.

Lugasco Inc.

February 8, 2018 as amended September 11, 2018

24. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
25. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

POST CLOSING

1. **The Borrower to provide copy of the final statement of adjustments from the Monitor within 180 days of closing of the purchase transaction.**

SPECIFIC CONDITIONS/COVENANTS

1. The Borrower undertakes to provide signed and aged accounts receivable/accounts payable listings on a monthly basis, no later than 20 working days after the previous month end.
2. The Borrower undertakes to provide signed inventory listings of material fleet vehicle and other equipment and inventory on a quarterly basis reflecting the wholesale value, to be provided no later than 20 days after each previous quarter end.
3. The Borrower undertakes to provide in-house prepared financial reporting to include aged lists of accounts payable, aged lists of accounts receivable, balance sheet and profit & loss statement on a monthly basis.
4. Borrower and Guarantor to satisfy an annual Debt Service test confirming minimum coverage of 125% defined as: EBITDA/P + I (Earnings before Interest and Taxes + Depreciation/Amortization divided by Principal and Interest).
5. Production and revenue reports together with Lease Operating Data be provided to PSCU on a monthly basis.
6. **Schedule to be provided quarterly for set aside funding account (to be held at PACE) evidencing funds to pay for ongoing well plugging obligations.**
7. Quarterly unaudited financial statements, including balance sheet, income statement, and cash flow statement to be provided within 60 days of each fiscal quarter end for the first three fiscal quarters of each fiscal year end.
8. Independent engineering report in form and substance satisfactory to the Pace Credit Union on the petroleum and natural gas reserves of the Borrower to be provided every six months and prepared by a firm acceptable to the Credit Union.
9. **There shall be no dividends, cash distributions to shareholders or loan payments to shareholders without the consent of Pace Credit Union**
10. The Borrower covenants that no sale or transfer of assets will be completed without the consent of Pace Credit Union.
11. The Borrower and Guarantor will provide any additional reports required by PACE or it's Consultant upon request.

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

GENERAL CONDITIONS/COVENANTS

1. The Borrower will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
2. The Corporate Guarantor will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
3. The Borrower, Lagasco Inc. together with the corporate Guarantor, Brookwood Resources Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25:1. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all outstanding debts.
4. The Borrower/Guarantor covenant to maintain general business liability insurance and fire insurance coverage over the assets charged adequate to protect the facility at all times, with loss payable to PSCU as First Loss Payee. A copy of the insurance policy is to be provided to PSCU at each policy renewal date and/or at each annual review date as requested by PSCU.
5. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantor undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.
6. The Borrower and Guarantor to provide to the Credit Union 30 days prior written notice of any intended change in the ownership of its shares and shall not to consent to, or facilitate a change in the ownership of its shares without the prior written consent of the Credit Union.
7. The Borrower shall not without prior written consent of the Credit Union merge, amalgamate, or otherwise enter into any other form of business combination with any other Person.
8. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
9. The Credit Facilities provided by the Credit Union are non-transferable.

SOLICITOR

Face Savings & Credit Union

McMillanLLP
Brookfield Place,
181 Bay Street, Suite 4400
Toronto Ont. M5J 2T3
Attn: Mike Richmond

Member's Representation

Harrison Pensa LLP
450 Talbot St.
London Ont. N6A 5J6
Attn: Tim McCullough

LEGAL REQUIREMENTS

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

It is understood and agreed that PSCU's solicitor will be the lead counsel and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders counsel.

All legal expenses are the sole responsibility of the Borrower.

As indicated by title, the facility has been provisionally approved only, and as such, does not constitute an offer of financing. All figures and conditions are subject to change. Your concurrence will be signified by your signing and returning a copy of this term sheet together with the articles of incorporation for the Borrower and Corporate Guarantors, completed Incumbency Certificates, and personal identification items as noted under Section 3.17 (I & II) and a cheque payable to PACE Savings & Credit Union Limited in the amount of \$50,000,00 (to be paid on closing of the transaction).

No due diligence will be undertaken until the afore-noted has been received by this office.

Immediately upon receipt of your concurrence we will proceed with a formal application. Please be advised that the due diligence period to the approval stage for this loan is estimated to be a maximum of 10 business days after receipt of all of the information required under Section 3 of this term sheet. This estimation is based on the assumption that this transaction is to close substantially in the form contemplated.

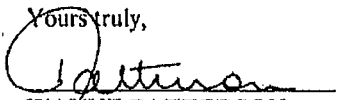
In the event that substantive changes occur, the due diligence period will be affected accordingly.

Upon formal approval, the terms herein together with any additional terms and/or additional documentation required will govern the terms of the facilities therein and will be further accepted upon execution by all parties of an amended term sheet.

This Term Sheet and any documents delivered pursuant thereto may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. This Term Sheet and any documents delivered pursuant thereto may also be executed and delivered by facsimile or email transmission and each of the Parties may rely on such facsimile or email signature as though that facsimile or email signature were an original hand-written signature.

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

Yours truly,



WAYNE PATTERSON
On behalf of Credit Committee

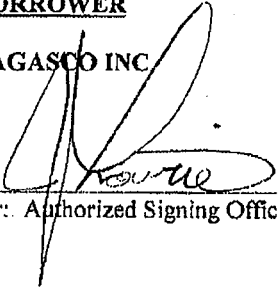
Telephone (289) 459-0995
wpatterson@pacecu.com

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

Acknowledged this 24th day of September 2018

BORROWER

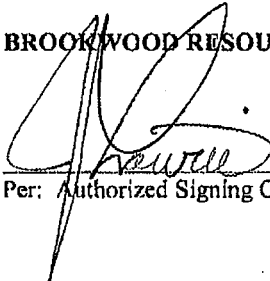
LAGASCO INC


Per: Authorized Signing Officer

Per: Authorized Signing Officer

GUARANTORS

BROOKWOOD RESOURCES INC.


Per: Authorized Signing Officer

Per: Authorized Signing Officer

Lagasco Inc.
 February 8, 2018 as amended September 11, 2018

**CERTIFICATE OF INCUMBENCY
 LAGASCO INC.**

NOTE: PLEASE RETURN WITH THE TERM SHEET, COPIES OF THE DIRECTOR REGISTER, SHAREHOLDER REGISTER, AND SIGNING RESOLUTION AND COMPLETE THE INFORMATION BELOW.

Business Number (BN) _____

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited – _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control 25% or more of the Corporation)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

CERTIFICATE OF INCUMBENCY

(CORPORATION NAME)

As at the date hereof, the parties indicated below are the Shareholders of the Corporation. If any of the named Shareholders are a Corporation, complete an additional Schedule A for each additional corporate Shareholder.

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited: Number to Sign: _____ of _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (If Corporate ownership complete Schedule A)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

Dated at _____, this _____ day of _____, 2018

Authorized Signing Officer

Authorized Signing Officer

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

**SCHEDULE A
CERTIFICATE OF INCUMBENCY
FOR EACH CORPORATE SHAREHOLDER WHO OWN SHARES OF THE CORPORATION ON PAGE 1**

(CORPORATE SHAREHOLDER NAME)

At the date hereof, the persons indicated below are the Shareholders of the Corporation. If any of the Shareholders are a Corporation, complete additional Schedule A each additional corporate Shareholder.

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control the Corporation)

PERSONAL OR CORPORATE NAME	%	RESIDENCE OR BUSINESS ADDRESS (as applicable)

Dated at _____, this _____ day of _____, 2018

Authorized Signing Officer

Authorized Signing Officer

PACE CREDIT UNION Well beyond a bank.

Via email: jlowrie@tributeresources.com

PRIVATE & CONFIDENTIAL

February 8, 2018 – Amended September 11, 2018

Forbes Resources Corp.
2807 Woodhull Road
London Ont. N6K 4S4

Dear Members:

RE: NEW LINE OF CREDIT AND BUSINESS TERM LOAN

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

Forbes Resources Corp.

GUARANTORS

Jarvis Holdings Inc.

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

1/ Corporate Line of Credit Facility \$1,000,000

2/ Corporate Variable Rate Loan \$10,000,000

PURPOSE

Line of Credit \$1,000,000

This facility will be used in part to initially assist with closing costs to acquiring production assets of Dundee Energy, and later to assist with cash flow needs.

Term Loan \$10,000,000

- a) To pay out existing Loan #47169 in the principal amount of \$500,000 plus interest with PSCU
- b) Balance of funds to assist with the purchase of onshore production oil & gas assets of Dundee Energy. The company will generate income from oil & gas production which will provide the cash flow that is necessary to service the new Pace loan payment.

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM/ AMORTIZATION

LOC

Due on demand and subject to annual review.

Term Loan

12 Month Term Amortization 8 Years

INTEREST RATE

LOC

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

Term Loan

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

INTEREST CALCULATION AND PAYMENT

“PACE Base Rate” shall mean the annual rate of interest which PSCU establishes as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian Dollars and which it refers to as its special rate of interest, such rate to be adjusted automatically and without the necessity of any notice to the Borrower upon each change to such rate. Interest is payable both before and after maturity or demand, default and judgement

REPAYMENT

LOC

1. The line of credit must exhibit wide and frequent fluctuations of the outstanding balance satisfactory to PSCU.
2. The member agrees to pay all accrued interest outstanding up to and including the last business day of each month, payable on the first day of the following month.

Term Loan

Based on the interest rate offered, the required monthly blended payment of principal and interest is \$138,933.81

The member Forbes Resources Corp. together with the corporate guarantor Jarvis Holdings Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25:1 Debt service coverage ratio is defined as EBITDA (earnings before interest)

PREPAYMENT

Both facilities fully open for prepayment at any time without notice or bonus.

DATE OF ADVANCE:

No later than September 25, 2018 or such other future date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee \$100,000.00 (due on closing)

The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.

Monthly Consultant/Review Fee \$ 3,000.00

Annual Review Fee \$10,000.00

Loan Renewal Fee \$ 350.00

NSF Payment Fee \$ 60.00

Administration Fee \$ 50.00

An administration fee will be charged beginning 30 days after the annual review date if all annual review documentation is not received as required under the "General Conditions" Section of this term sheet. The annual review date based on the Borrower's financial year end reporting date of (To be determined)

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or available credit being made under the Credit Facilities:

1. Credit Agreement in the amount of \$11,000,000 prepared by PACE's Solicitors to be executed by the Borrower, Forbes Resources Corp., and the Guarantor, Jarvis Holdings Inc.
2. Fixed and Floating Charge Demand Debenture in the sum of \$11,000,000 in first position to be registered on title in favour of the Lender securing the Borrower's interest in all on-shore oil & natural gas assets in which Forbes Resources Corp. has any legal or beneficial interest after acquiring all of the oil & natural gas wells and related facilities from Dundee Energy Limited Partnership under the Asset Purchase And Sale Agreement dated December 11, 2017 and revised April 4, 2018.
3. Forbes Resources Corp. to provide a continuing all-purpose collateral mortgage in the amount of \$11,000,000.00 to be registered in first position over, but not limited to, the properties legally described (to be obtained by the lawyer)and in the respective municipalities and all lands located thereon and known as ;

1/ Hillman	5.288 acres	Leamington with compressor station
2/ Dunnville Meter	0.813 acres	-----
3/ Bertic	0.097 acres	Fort Eric whic is industrial vacant land
4/ Renwick	25.00 acres	Chatham Kent with compressor station
5/ Port Maitland	11.757 acres	Haldimand with warehouse / industrial
6/ Mersia	0.444 acres	Leamington which is industrial vacant land
4. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Forbes Resources Corp. in first position to be registered under *Personal Property Security Act*.
5. Corporate Guarantee and Postponement of Claim in the amount of \$11,000,000 to be executed by Jarvis Holdings Inc. with all relevant corporate resolutions and Solicitor's Letter of Opinion to be registered under the *Personal Property Security Act*.
6. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Jarvis Holdings Inc. in first position to be registered under *Personal Property Security Act*.
7. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
8. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include without limitation, the following:

1. Letter of Opinion to be obtained from a Third party must be received by the Lender prior to the drawdown date. This report will provide the lender with an opinion of value as to the oil and gas reserves in the reports that the borrower has submitted on all the Dundee oil & natural gas pools and assets, which shall be entirely satisfactory to the Lender. All costs associated with the reports are for the account of the Borrower [Received and on file]
2. Executed and accepted copy of Asset Purchase and Sales Agreement of Dundee Energy Limited Partnership dated December 11, 2017, for assets to be purchased and included as security in this term sheet. [Received and on file]
3. Executed copies of any Investor Agreements for all sources of monies as in #3 above providing the amount, terms and conditions of the agreement other than those invested by the Purchaser/Borrower or under the loan provided by PACE.
4. Updated cash flow projections to be provided including payments under Investor Agreements as in #4 above proving satisfactory debt service ability at 1.25:1.
5. Forbes Resources Corp. will open and operate their business account with PACE where all receivables shall be deposited automatically and all payables made from this account. No other business accounts are to be opened and operated by the Borrower other than those with PSCU.
6. The Borrower shall agree to the appointment of a consultant, selected and approved by PSCU to provide ongoing supervision, monthly reporting, etc. An amount of \$3,000.00 will be directed to PACE by automated payment on the same day as the loan payment is due. This fee will be paid to the consultant upon satisfactory review and written report to PACE by PSCU.
7. The Corporate Borrower and Corporate Guarantor to provide a copy of the Articles of Incorporation and any copies of any valid name registrations. [Received and on file]
8. The Borrower and Corporate Guarantor to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure. [Received and on file]
9. The Corporate Borrower and Corporate Guarantor to provide a copy of the Shareholder register. [Received and on file]
10. The Corporate Borrower and Corporate Guarantor to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction. [Received and on file]

11. The 9 digit Business BN identifier number to be provided for each Corporate Borrower and Corporate Guarantor.
12. The Borrower and Guarantor to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments, as applicable, and are paid and current. [Received and on file]
13. The Borrower and a Guarantor to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable. [Received and on file]
14. The Borrower and Corporate Guarantor to provide interim in-house financial statements for any periods longer than six months since the company's last year end reporting period. [Projections on file]
15. **Dundee summary production reports to be provided to PACE for the period April to August 2018.**
16. The Borrower shall establish a Membership account with shares in the amount of \$175.00 with the Credit Union and execute all required documentation as required. If the Borrowers are a General Partnership, then a Membership must be established as above for each individual partner.
17. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.
18. All individuals not limited to non-corporate Borrowers, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:
 - I. Valid Ontario Driver's License, or valid Passport
 - II. Valid Citizenship document or Birth Certificate with Government identity number
19. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
20. The Borrower/Guarantor to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.
21. There shall not exist any judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction.
22. The Borrower and Guarantor authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and all Guarantors acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.

23. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantor.
24. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
25. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

POST CLOSING

1. **The Borrower to provide copy of the final statement of adjustments from the Monitor within 180 days of closing of the purchase transaction.**

SPECIFIC CONDITIONS/COVENANTS

1. The Borrower undertakes to provide signed and aged accounts receivable/accounts payable listings on a monthly basis, no later than 20 working days after the previous month end.
2. The Borrower undertakes to provide signed inventory listings on a monthly basis reflecting the wholesale value, to be provided no later than 20 days after each previous month end.
3. The Borrower undertakes to provide In-house prepared financial reporting to include aged lists of accounts payable, aged lists of accounts receivable, balance sheet and profit & loss statement on a monthly basis.
4. Borrower and Guarantor to satisfy an annual Debt Service test confirming minimum coverage of 125% defined as: EBITDA/P + I (Earnings before Interest and Taxes + Depreciation/Amortization divided by Principal and Interest).
5. Production and revenue reports together with Lease operating Data to be provided to PSCU on a monthly basis.
6. **Schedule to be provided quarterly for set aside funding account (to be held at PACE) evidencing funds to pay for ongoing well plugging obligations.**
7. Quarterly unaudited consolidated financial statements, including balance sheet, income statement, and cash flow statement to be provided within 60 days of each fiscal quarter end for the first three fiscal quarters of each fiscal year end.
8. Independent engineering report(s) in form and substance satisfactory to the Pace Credit Union on the petroleum and natural gas reserves of the Borrower to be provided every six months and prepared by a firm acceptable to the Credit Union.
9. **There shall be no dividends, cash distributions to shareholders or loan payments to shareholders without the consent of Pace Credit Union**

10. No dividends, cash distributions to shareholders or loan pay back to shareholders will be made without the consent of Pace Credit Union
11. The Borrower covenants that no sale or transfer of assets will be completed without the consent of Pace Credit Union.
12. The Borrower and Guarantor will provide any additional reports required by PACE or it's Consultant upon request.

GENERAL CONDITIONS/COVENANTS

1. The Borrower will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
2. The Corporate Guarantor will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
3. The Borrower/Guarantor covenant to maintain general business liability insurance and fire insurance coverage over the assets charged adequate to protect the facility at all times, with loss payable to PSCU as First Loss Payee. A copy of the insurance policy is to be provided to PSCU at each policy renewal date and/or at each annual review date as requested by PSCU.
4. The Borrower together with the Corporate Guarantor must maintain a debt service coverage ratio minimum of 1.25:1 at all times. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.
5. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantors undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.
6. The Borrower and Guarantor to provide to the Credit Union 30 days prior written notice of any intended change in the ownership of its shares and shall not to consent to, or facilitate a change in the ownership of its shares without the prior written consent of the Credit Union.
7. The Borrower shall not without prior written consent of the Credit Union merge, amalgamate, or otherwise enter into any other form of business combination with any other Person.
8. The Borrower and Guarantor(s) covenant to provide any additional information requested and deemed reasonable by the Lender.
9. The Credit Facilities provided by the Credit Union are non-transferable.

Forbes Resources Corp.
February 8, 2018 – Amended September 11, 2018

Pace Savings & Credit Union

McMillanLLP
Brookfield Place,
181 Bay Street, Suite 4400
Toronto Ont. M5J 2T3
Attn: Mike Richmond

Member's Representatton

Harrison Pensa LLP
450 Talbot St.
London Ont. N6A 5J6
Attn: Tim McCullough

LEGAL REQUIREMENTS

It is understood and agreed that **PSCU's solicitor will be the lead counsel** and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders counsel. All legal expenses are the sole responsibility of the Borrower.

As indicated by title, the facility has been provisionally approved only, and as such, does not constitute an offer of financing. All figures and conditions are subject to change. Your concurrence will be signified by your signing and returning a copy of this term sheet together with the articles of incorporation for the Borrower and Corporate Guarantors, completed Incumbency Certificates, and personal identification items as noted under Section 3.17 (I & II) and a cheque payable to PACE Savings & Credit Union Limited in the amount of \$100,000.00 (due on closing).

No due diligence will be undertaken until the afore-noted has been received by this office.

Immediately upon receipt of your concurrence we will proceed with a formal application. Please be advised that the due diligence period to the approval stage for this loan is estimated to be a maximum of 10 business days after receipt of all of the information required under Section 3 of this term sheet. This estimation is based on the assumption that this transaction is to close substantially in the form contemplated.

In the event that substantive changes occur, the due diligence period will be affected accordingly.

Upon formal approval, the terms herein together with any additional terms and/or additional documentation required will govern the terms of the facilities therein and will be further accepted upon execution by all parties of an amended term sheet.

This Term Sheet and any documents delivered pursuant thereto may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. This Term Sheet and any documents delivered pursuant thereto may also be executed and delivered by facsimile or email transmission and each of the Parties may rely on such facsimile or email signature as though that facsimile or email signature were an original hand-written signature.

Forbes Resources Corp.
February 8, 2018 -- Amended September 11, 2018

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

Yours truly,



WAYNE PATTERSON
On behalf of Credit Committee

Telephone: (289) 459-0995
wpatterson@pacecu.com

Acknowledged this 24th day of September 2018

BORROWER


FORBES RESOURCES CORP.

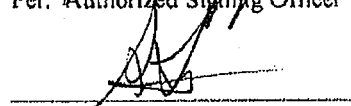

Per: Authorized Signing Officer


Per: Authorized Signing Officer

GUARANTORS

JARVIS HOLDINGS INC.


Per: Authorized Signing Officer


Per: Authorized Signing Officer

CERTIFICATE OF INCUMBENCY

NOTE: PLEASE RETURN WITH THE TERM SHEET, COPIES OF THE DIRECTOR REGISTER, SHAREHOLDER REGISTER, AND SIGNING RESOLUTION AND COMPLETE THE INFORMATION BELOW.

Business Number (BN) _____

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited – _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control 25% or more of the Corporation)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

B

PACE CREDIT UNION Well beyond a bank.

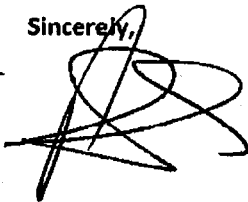
Sept. 26th, 2018

To whom it may concern,

As confirmation and attention to the honorable Justice Dunphy,

PACE has available for immediate delivery the amount of \$17 million in order for Lagasco Inc. to purchase the Dundee assets, subject only to MNR approval to transfer the well licences to Lagasco Inc.

Sincerely,



Phillip Smith
Chief Executive Officer

PACE CREDIT UNION - Well beyond a bank.

8111 Jane Street Unit 1
Vaughan, Ontario, L4K 4L7
Tel. 905.738.8900 x1000
Fax. 905.738.8283
psmith@pacecu.com
www.pacecu.com

c

From: James Elsley (McKenzie Lake Lawyers) <elsley@mckenzielake.com>
Sent: Wednesday, September 26, 2018 3:08 PM
To: Tim McCullough <tmccullough@harrisonpensa.com>
Subject: Crich/Clearbeach/Lagasco/Dundee - Crich Funds [IWOV-Client.FID480179]

Hi Tim;

I am emailing to confirm that my client, Crich Holdings and Buildings Limited, has funded me with \$5,500,000.00, which funds are in my trust account and are available to be released, unconditionally, to Harrison Pensa for the purposes of facilitating the Lagasco Inc. purchase of assets from Dundee Oil and Gas Limited and Dundee Limited Partnership transaction, which your office is working on.

Best regards,
Jim

JAMES ELSLEY

We invite you to visit our new site: www.mckenzielake.com

519-672-5666 ext.7350 1-800-261-4844 F:519-672-2674
elsley@mckenzielake.com www.mckenzielake.com

McKenzie Lake Lawyers LLP, 140 Fullarton Street, Suite 1800
London, ON, N6A 5P2

Important: This communication (including any attachments) may contain confidential information and any rights to privilege have not been waived. If you have received this communication in error, please immediately notify the sender and do not retain a copy.

You may unsubscribe from certain types of emails sent by our Firm including promotional e-mails and newsletters. To unsubscribe, send an email to unsubscribe@mckenzielake.com.

D

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 5,460 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$999,945.40 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

<p><i>in trust and</i> (Name of Subscriber - please print) By: <i>in trust</i> (Authorized Signatory)</p>	<p>Subscription Amount <u>\$1,000,000.00</u></p>
<p>(Official Capacity of Signatory - please print) (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.) (Subscriber's Address)</p>	<p><i>in trust</i> SIN/BIN of Subscriber</p>
<p>(Telephone Number) (E-Mail Address)</p>	

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: *Jane Lowrie*
Name: Jane Lowrie
Position: President

** subject to completing acquisition of Dundee assets*

**LAGASCO INC.
SUBSCRIPTION**

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of [546] common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of [\$100,000.00] (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

Jerry A. Hendriks
 (Name of Subscriber - please print)

By: Jerry Hendriks
 (Authorized Signatory)

(Official Capacity of Signatory - please print)

(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

2283 Bornish Drive, Parkhill, ON N0M 2K0
 (Subscriber's Address)

519-317-4377
 (Telephone Number)

dalgetta@isp.ca
 (E-Mail Address)

Subscription Amount

\$100,000.00

448 134 122
 SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

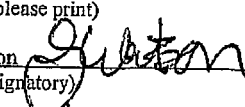
LAGASCO INC.

By: Jane Lowrie
 Name: Jane Lowrie
 Position: President

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 5,460 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$994,540.00 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.


<u>Watson Family Wealth Corporation</u> (Name of Subscriber - please print)	
By: <u>Geordie Watson</u> (Authorized Signatory)	
<u>President</u> (Official Capacity of Signatory - please print)	
<u>Geordie Watson</u> (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)	
<u>497 Elizabeth Street, Burlington, ON L7R 2M4</u> (Subscriber's Address)	
<u>905-719-6199</u> (Telephone Number)	<u>geordie@wpfinancial.ca</u> (E-Mail Address)

<u>Subscription Amount</u>
<u>\$1,000,000.00</u>
<u>82356 5726 RC0001</u> SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: 
Name: Jane Lowrie
Position: President

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of [.] common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of [.] (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

AMAREN BURY
(Name of Subscriber - please print)

By: *AMAREN BURY*
(Authorized Signatory)

(Official Capacity of Signatory - please print)

(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

14 WINTERBERRY DR.
(Subscriber's Address)

MARKHAM, ONT., L3S4G3

647-924-6471 Wbury12@gmail.com
(Telephone Number) (E-Mail Address)

Subscription Amount

\$ 500,000.-

469319636
SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this day of , 2018.

LAGASCO INC.

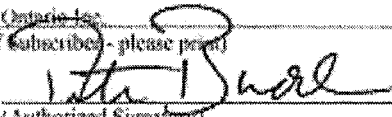
By: _____
Name:
Position:

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 10,920 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$989,080.00 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

2654666 Ontario Inc.
(Name of Subscriber - please print)

By: 
(Authorized Signatory)

President
(Official Capacity of Signatory - please print)

Peter Badd
(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

166 High Park Ave., Toronto, ON M6P 2S4
(Subscriber's Address)

416-948-1334 peterbadd@rogers.com
(Telephone Number) (E-Mail Address)

Subscription Amount

\$1,000,000.00

444 707 967
SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: 
Name: Jane Lowrie
Position: President

E



HARRISON PENSA

September 26, 2018

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P. O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Attention: Grant B. Moffat

Dear Mr. Moffat:

RE: Dundee Oil and Gas Limited sale of assets to Lagasco Inc.

I confirm that we have received from the investors the amount of \$3,600,000 which we are presently holding in trust in order to complete the above referenced transaction. These monies are available to Lagasco Inc. for release without conditions.

Yours truly,

HARRISON PENSA LLP

Tim McCullough
Direct Line: 519-661-6718
Email: tmccullough@harrisonpensa.com

TTM/jst
Encl.

4341434_1

HARRISON PENSA LLP
Lawyers

11



The Power of PACE

8111 Jane Street, Unit 1
Vaughan, ON
L4K 4L7

905.738.8900
T. 905.738.8283
F. 905.738.8265
www.pacecu.com

To whom it may concern

Forbes Resources Corp. (Forbes) will purchase the on-shore assets of Dundee Energy Limited Partnership (Dundee) on or about September 26, 2018 (Closing). Dundee produces 450 BOE per day in Southwestern Ontario.

Forbes negotiated a sale of two of the oil pools totally 60 BOPD for \$8 million to MacLeod Energy. MacLeod is unable to close due to an injunction proceeding.

LENDER - PACE Savings & Credit Union Limited (PSCU)

BORROWER - Forbes Resources Corp.

TERMS - Binding term sheet

Mezzanine financing/investment for \$6 million to bridge the transaction

Fee of 5% or \$300,000 paid to Pace by Forbes within 30 days of Closing

Principal payment of \$250,000 monthly for 24 months


Interest at the rate of 16% paid monthly plus other terms as agreed to per discussions with the principals and Pace investors

FUNDING - September 26, 2018 or upon receipt of the MNR approval for the purchase of the Dundee assets.

Agreed and accepted on September 26th, 2018


Pace Savings & Credit Union

-- Per L. Smith, President


Forbes Resources Corp.

- Per H. Gilpin, Secretary/Treasurer

G

Dundee

Prices

Costs

Capital:
Fixed Op Costs: \$100,000 /mo.
\$600 /well/mo.
\$0.00 /bb
\$0.70 /mcf.
Inflation: 2.0% costs

Production

Initial Volumes: 0 bbl/d CR
0 cfbbl GOR
9927 mcf/d gas well
Production Scenario 0% downtime
6.0% decline rate
16.40% royalty
100% W.J.

plugging costs 465 wells 75000 \$ 34,875,000 per boe cost

Dundee

Year		Prices		No. of Wells	Production Rates			Annual Production		Gross Revenue			Costs			
Year	Year	Oil (\$/bbl)	Gas (\$/mcf)		Oil (bbl/d)	Solution Gas (mcf/d)	Non Associated Gas (mcf/d)	Oil (bbl)	Gas (mmcf)	Oil	Gas	Total	Royalty	Operating Costs		
														Fixed	variable	
0																
1	2018	\$ 68.75	\$ 4.07	415	0	0	9,927	0	3623.98	0	14,747,055	\$14,747,055	\$2,271,046	\$4,228,673	\$2,536,348	
2	2019	\$ 79.27	\$ 4.15	395	0	0	9,331	0	3405.95	0	14,139,476	\$14,139,476	\$2,177,479	\$4,185,925	\$2,384,188	
3	2020	\$ 82.35	\$ 4.23	375	0	0	8,771	0	3201.80	0	13,958,930	\$13,958,930	\$2,067,767	\$4,087,935	\$2,241,118	
4	2021	\$ 85.88	\$ 4.32	355	0	0	8,245	0	3008.50	0	12,998,384	\$12,998,384	\$2,001,751	\$4,025,558	\$2,106,650	
5	2022	\$ 87.60	\$ 4.41	335	0	0	7,750	0	2828.93	0	12,462,851	\$12,462,851	\$1,919,278	\$3,948,849	\$1,980,251	
6	2023	\$ 89.35	\$ 4.49	315	0	0	7,285	0	2659.19	0	11,949,381	\$11,949,381	\$1,840,205	\$3,881,052	\$1,881,436	
7	2024	\$ 91.14	\$ 4.58	295	0	0	6,848	0	2499.64	0	11,457,067	\$11,457,067	\$1,764,388	\$3,780,612	\$1,749,750	
8	2025	\$ 92.96	\$ 4.68	275	0	0	6,437	0	2349.88	0	10,985,036	\$10,985,036	\$1,691,395	\$3,689,168	\$1,644,765	
9	2026	\$ 94.82	\$ 4.77	255	0	0	6,051	0	2208.66	0	10,532,452	\$10,532,452	\$1,621,998	\$3,592,553	\$1,548,079	
10	2027	\$ 96.72	\$ 4.86	235	0	0	5,688	0	2078.18	0	10,098,515	\$10,098,515	\$1,555,171	\$3,490,599	\$1,453,315	
11	2028	\$ 98.65	\$ 4.96	215	0	0	5,347	0	1951.59	0	9,682,458	\$9,682,458	\$1,491,098	\$3,383,129	\$1,366,116	
12	2029	\$ 100.62	\$ 5.06	195	0	0	5,028	0	1834.50	0	9,283,539	\$9,283,539	\$1,428,665	\$3,289,984	\$1,284,149	
13	2030	\$ 102.64	\$ 5.16	175	0	0	4,724	0	1724.43	0	8,901,057	\$8,901,057	\$1,370,783	\$3,190,919	\$1,207,100	
14	2031	\$ 104.69	\$ 5.26	150	0	0	4,441	0	1620.96	0	8,534,334	\$8,534,334	\$1,314,287	\$3,078,771	\$1,134,674	
15	2032	\$ 106.78	\$ 5.37	125	0	0	4,175	0	1523.70	0	8,182,719	\$8,182,719	\$1,260,139	\$2,988,477	\$1,068,593	
16	2033	\$ 108.92	\$ 5.48	100	0	0	3,924	0	1432.28	0	7,845,591	\$7,845,591	\$1,208,221	\$2,899,780	\$1,002,599	
17	2034	\$ 111.10	\$ 5.59	75	0	0	3,689	0	1346.35	0	7,522,353	\$7,522,353	\$1,168,442	\$2,812,415	\$942,442	
18	2035	\$ 113.32	\$ 5.70	50	0	0	3,467	0	1265.56	0	7,212,432	\$7,212,432	\$1,110,715	\$2,705,112	\$885,885	
19	2036	\$ 115.59	\$ 5.81	25	0	0	3,259	0	1189.63	0	6,915,280	\$6,915,280	\$1,064,953	\$1,980,592	\$832,742	
20	2037	\$ 117.90	\$ 5.93	0	0	0	3,084	0	1118.25	0	6,630,370	\$6,630,370	\$1,021,077	\$1,765,568	\$782,777	
											\$203,637,279	\$31,360,141	\$85,453,453	\$30,905,868		

20 Year Reserves (Gross) ---->	0	42,870
10 Year Reserves (Gross) ---->	0	27,863
5 Year Reserves (Gross) ---->	0	100,362
20 Year Reserves (Company) ---->	0	36,288
10 Year Reserves (Company) ---->	0	23,572
5 Year Reserves (Company) ---->	0	84,906

S1.87

Company															
TOTAL	Field Level Income (\$M)	Capital Costs (\$M)	W.I.	Net Income (\$M)	Net Production		Net Present Value							payout	wells
					(bbl)	(mmc)	0%	5.00%	7.00%	10.00%	15.00%	20.00%	25.00%		
58,788,021	\$5,709,987	\$3,750,000	100%	\$1,959,987	0	12,476,008	\$1,959,987	\$1,912,752	\$1,864,701	\$1,826,775	\$1,827,698	\$1,789,215	\$1,753,068	\$1,959,987	50
35,550,092	\$5,411,803	\$1,580,600	100%	\$3,831,203	0	11,981,997	\$3,851,205	\$3,570,513	\$3,479,623	\$3,338,250	\$3,122,922	\$2,929,787	\$2,755,769	\$5,811,292	20
33,338,052	\$5,130,110	\$1,591,812	100%	\$3,538,298	0	11,468,183	\$3,538,298	\$3,131,996	\$2,987,888	\$2,788,123	\$2,458,881	\$2,243,082	\$2,025,440	\$16,252,002	20
35,132,209	\$4,864,424	\$1,623,848	100%	\$3,240,576	0	10,996,633	\$3,240,775	\$2,732,028	\$2,557,442	\$2,321,531	\$1,987,040	\$1,712,043	\$1,484,103	\$9,349,590	20
55,028,900	\$4,614,871	\$1,659,121	100%	\$2,955,750	0	10,543,572	\$2,955,550	\$2,375,347	\$2,181,998	\$1,926,690	\$1,577,389	\$1,302,457	\$1,063,887	\$25,731,097	20
55,728,469	\$4,380,868	\$1,859,344	100%	\$2,521,524	0	10,109,177	\$2,691,444	\$2,057,995	\$1,855,131	\$1,593,403	\$1,247,807	\$987,390	\$788,824	\$30,111,786	20
86,830,282	\$4,182,316	\$1,723,020	100%	\$2,459,296	0	9,092,879	\$2,435,200	\$1,778,367	\$1,571,334	\$1,312,636	\$983,393	\$745,736	\$591,937	\$15,548,918	20
55,333,933	\$3,959,407	\$1,757,489	100%	\$2,201,918	0	8,293,340	\$2,435,200	\$1,778,367	\$1,571,334	\$1,312,636	\$983,393	\$745,736	\$591,937	\$34,274,102	20
56,138,833	\$3,771,822	\$1,792,838	100%	\$1,979,013	0	8,191,358	\$1,979,013	\$1,577,052	\$1,325,632	\$1,077,348	\$771,911	\$560,973	\$413,025	\$38,233,509	20
54,943,413	\$3,694,431	\$1,828,492	100%	\$1,865,939	0	8,543,344	\$1,770,939	\$1,314,052	\$1,113,566	\$860,335	\$603,329	\$420,190	\$295,999	\$20,879,948	20
54,749,244	\$3,442,114	\$1,885,081	100%	\$1,557,033	0	7,530,205	\$1,557,033	\$1,144,052	\$981,232	\$716,099	\$469,434	\$313,315	\$212,998	\$18,240,360	20
54,554,113	\$3,299,762	\$1,902,383	100%	\$1,397,379	0	7,853,874	\$1,397,379	\$787,340	\$681,811	\$468,587	\$260,066	\$171,668	\$107,363	\$22,881,566	20
54,358,019	\$3,172,278	\$1,940,410	100%	\$1,231,868	0	7,220,048	\$1,231,868	\$899,418	\$728,769	\$528,769	\$374,244	\$214,704	\$128,124	\$18,240,360	20
54,113,445	\$3,106,801	\$2,474,023	100%	\$832,779	0	6,522,580	\$832,779	\$327,385	\$253,788	\$174,703	\$95,872	\$53,972	\$31,105	\$18,240,360	20
53,865,071	\$3,057,510	\$2,523,900	100%	\$834,007	0	6,822,580	\$834,007	\$283,210	\$200,208	\$134,077	\$70,377	\$37,568	\$21,008	\$18,240,360	25
53,612,378	\$3,024,992	\$2,573,873	100%	\$451,019	0	6,837,370	\$451,019	\$211,720	\$158,033	\$102,946	\$51,687	\$26,723	\$14,194	\$18,240,360	25
53,354,857	\$3,009,953	\$2,625,450	100%	\$383,601	0	6,363,911	\$383,601	\$171,497	\$125,617	\$78,598	\$38,227	\$18,940	\$9,857	\$18,240,360	25
53,092,008	\$3,009,710	\$2,877,662	100%	\$331,748	0	6,101,717	\$331,748	\$141,252	\$101,530	\$52,580	\$28,747	\$13,850	\$6,882	\$18,240,360	25
52,823,334	\$3,028,993	\$2,731,521	100%	\$295,472	0	5,850,327	\$295,472	\$119,816	\$84,512	\$50,870	\$22,284	\$10,131	\$4,761	\$18,240,360	25
52,549,345	\$3,060,947	\$2,786,151	100%	\$274,798	0	5,609,293	\$274,798	\$106,195	\$73,458	\$42,840	\$18,005	\$7,852	\$3,542	\$18,240,360	30
\$95,482,419	\$76,814,719	\$43,073,493			0	172,277,138									

(\$M) \$ 10,000,000

20 year NPV ----->	\$33,741,227	\$29,287,113	\$22,841,189	\$19,891,771	\$16,268,286	\$13,703,725	\$11,811,120
10 year NPV ----->	\$28,834,888	\$21,514,511	\$18,898,443	\$17,523,366	\$16,088,802	\$13,004,187	\$11,395,844
5 year NPV ----->	\$15,548,816	\$13,731,644	\$13,101,528	\$12,243,374	\$11,809,928	\$9,876,564	\$9,102,265
	0%	5%	7%	10%	15%	20%	25%
Value per Barrel (20yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Value per Barrel (10yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Value per Barrel (5yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Appendix “H”



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Grant B. Moffat
T: 416-304-0599
E: gmoffat@tgf.ca
File No. 1522-007

October 15, 2018

VIA EMAIL

Harrison Pensa LLP
450 Talbot St.
PO Box 3237
London, ON N6A 4K3

Attention: Ian Wallace

Dear Sir:

Re: In the Matter of Dundee Oil and Gas Limited
Court File No.: CV-18-591908-00CL

We refer to the Agreement of Purchase and Sale between Dundee Energy Limited Partnership (“**DEL P**”) and Dundee Oil and Gas Limited (together, “**Dundee**”) and Lagasco Inc. (“**Lagasco**”) dated April 4, 2018 (as amended on May 17, 2018, July 6, 2018 and October 12, 2018, and as may be further amended from time to time, the “**APA**”). We also refer to the Non-Disclosure Agreement between ON-Energy Corp. (“**ON-Energy**”) and DELP dated September 15, 2017 (the “**ON-Energy NDA**”). We also refer to the SSP, as approved by the Court by order dated August 15, 2017, which among other things, directed the Proposal Trustee to prepare the Confidential Information Memorandum describing the opportunity to acquire all or a portion of the Property and to distribute it to those parties that have executed a NDA.

Unless otherwise specified, capitalized terms used herein are as defined in the APA, ON-Energy NDA or SSP, as applicable.

Under the terms of the ON-Energy NDA, ON-Energy is permitted to grant access to the Confidential Information only to its agents, representatives (including lawyers, accountants and financial advisors), directors, officers and employees who require access for the purpose of evaluating, negotiating and consummating the sale transaction, are informed about the confidential nature of such information, are directed to hold such Confidential Information in the strictest confidence and agree to act in accordance with the terms and conditions of the ON-Energy NDA. The ON-Energy NDA requires that all Confidential Information shall be kept confidential by ON-Energy and its affiliates and Representatives and shall not, without the prior written consent of Dundee, be disclosed in any manner whatsoever.

Pursuant to section 15.1 of the APA, Lagasco, on behalf of itself and its Affiliates and Representatives, agrees to keep Dundee’s Confidential Information confidential and not to use

Dundee's Confidential Information in any manner except as required to perform the obligations set out in the APA. Lagasco agrees to be responsible for any breach of section 15.1 by any of its Affiliates and its and their respective Affiliates and Representatives.

Paragraph 22 of the SSP, which addresses the conduct of due diligence as part of Phase 2 of the SSP, provides that, at the request of a Qualified Bidder, its "Qualified Advisors" will be granted further access to due diligence materials and information relating to the Property and the Business. "Qualified Advisors" is defined to include a Qualified Bidder's legal and financial advisors and lenders, provided that, in each case, such advisor or lender is reasonably acceptable to the Proposal Trustee and has executed or is bound by the NDA applicable to the Qualified Bidder.

Counsel to Canadian Overseas Petroleum Limited ("COPL") has provided to us certain documents, described in more detail below and attached hereto, which contain Confidential Information as defined under both the ON-Energy NDA and the APA (the "**Confidential Documents**"). We have been advised that the Confidential Documents were provided to COPL by a third party that in turn received the Confidential Documents from Lagasco in connection with a request for funding of the purchase price under the APA.

The Confidential Documents consist of the following:

1. File labelled "2018 05 09 Dundee Lagasco SZC_CIM Final] which is the Confidential Information Memorandum, modified to include the names and logos of Lagasco and Szymon Zephan Capital on the first page.
2. File labelled "2018 Final Property Boiler BI SOV (INCLUDING OFFSHORE)" and file labelled "2018 Hull Machinery Values Final", which includes information that was used for Dundee's insurance policy renewal.
3. File labelled "2018-04-23 Lagasco Dundee Purchase" which includes:
 - a. a map indicating where Dundee producing properties and pipelines are located; and
 - b. the Purchase Price under the APA.
4. File labelled "2018-10-04 Dundee presentation for prime debt" which includes:
 - a. yearly production information as at September 30, 2018, which is not yet publically disclosed;
 - b. proven plus Probable Reserves and Reserve Life;
 - c. acres of owned fee simple land;
 - d. acres under lease;
 - e. seismic data information;
 - f. projected EBITDA as set out in the Confidential Information Memorandum;
 - g. net book value for equipment, pipeline and land and building;
 - h. a map indicating where Dundee producing properties are located;
 - i. slides that were used by Dundee to market its assets in a prior sale process that formed part of a document prepared by Eight Capital; and
 - j. the Purchase Price.

5. File labelled “Deloitte Reserve Summary Dec 31 17” which references balances in the 2017 reserve report prepared by Deloitte that are not publicly disclosed and was prepared for Dundee’s use.
6. File labelled “DELP Executive Summary (Deloitte) as at 2017Dec31 (1)” which is the executive summary of the 2017 reserve report prepared by Deloitte that is not publicly disclosed and was prepared for Dundee’s use.

We note that the amount of the Purchase Price, which is disclosed in multiple Confidential Documents, has been sealed from the public record pending Closing of the APA pursuant to the Approval and Vesting Order dated June 11, 2018.

Neither ON-Energy nor Lagasco sought Dundee’s consent to disclosure of any of the Confidential Documents to prospective lenders to Lagasco and Dundee has not provided its consent to such disclosure. We are not aware if Lagasco has disclosed the Confidential Documents to any prospective lenders other than the party that provided the Confidential Documents to COPL and, if so, if Lagasco obtained a NDA from the prospective lenders on terms that conform to the ON-Energy NDA or APA. The disclosure by Lagasco of Confidential Information without the prior written consent of Dundee constitutes a breach of Lagasco’s obligations as set out in the ON-Energy NDA, the APA and the SSP.

Accordingly, we require Lagasco to complete the following on or before 5:00 p.m. on Monday, October 15, 2018:

- (a) Provide us with a list of every party that received the Confidential Documents;
- (b) Prepare and deliver a letter to each of those parties that received the Confidential Documents, with a copy to Dundee and the Monitor, setting out the following:
 - a. advising the recipient that the Confidential Documents provided to that party are subject to a confidentiality restriction and that the amount of the Purchase Price has been sealed from the public record pursuant to the Approval and Vesting Order;
 - b. requiring that such Confidential Documents and the Confidential Information contained therein not be communicated by the recipient to any other party;
 - c. requiring that the Confidential Documents be immediately returned directly to the Monitor with no copies to be retained by that party;
 - d. advising that the Confidential Documents were distributed without the consent or knowledge of Dundee or the Monitor (notwithstanding that the CIM contains both Dundee’s and the Monitor’s logos and the Monitor’s contact information) and may not be relied upon by the recipient or any other party for any purpose and no representation or warranty is made by the Monitor or Dundee with respect to the Confidential Documents; and
 - e. if the Confidential Documents or any of the Confidential Information contained therein has been communicated by the recipient to another party, the identity and contact details of the party must be obtained and a letter incorporating the foregoing requirements shall be delivered by Lagasco to that recipient.

The Monitor and Dundee do not waive the breach by ON-Energy and Lagasco of the confidentiality requirements set out in the ON-Energy NDA, the APA or the SSP and explicitly reserve and preserve all of their rights and remedies against ON-Energy and Lagasco in connection with such breaches, including, without limitation, the right to seek injunctive relief and specific performance and to terminate the APA and retain the Deposit.

Yours truly,

Thornton Grout Finnigan LLP



Grant B. Moffat

GBM/RAB

cc: *Richard Swan, Bennett Jones LLP*
cc: *Patrick Shea, Gowling WLG LLP*
cc: *Jeff Rosenberg and Jordan Zakkai, FTI Consulting Canada Inc.*
cc: *Aubrey Kauffman, Fasken Martineau LLP*
cc: *Rachel Bengino, Thornton Grout Finnigan LLP*

[Enclosures]

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

SIXTH REPORT OF THE MONITOR
October 22, 2018

Thornton Grout Finnigan LLP
Barristers and Solicitors
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON M5K 1K7

Grant B. Moffat (LSO# 32380L)
Tel: 416-304-0599
Email: gmoffat@tgf.ca

Rachel A. Bengino (LSO# 68348V)
Tel: 416-304-1153
Email: rbengino@tgf.ca
Fax: 416-304-1313

Lawyers for the Monitor, FTI Consulting Canada Inc.