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File No. 1522-007

September 20, 2018

VIA EMAIL, REGULAR MAIL AND/OR FACSIMILE

To the Service List

Dear Sir/Madam:

Re: In the Matter of the *Companies' Creditors Arrangement Act* (Canada) and a Plan of Compromise or Arrangement of Dundee Oil and Gas Limited (Court File No.: CV-18-591908-00CL)

We are the lawyers for FTI Consulting Canada Inc. in its capacity as the Court-appointed Monitor in these proceedings (the “**Monitor**”).

We refer to the 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 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 “**Seller**”) agreed to sell substantially all of their assets to Lagasco Inc. (the “**Buyer**”). The Purchase Agreement was approved by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated June 11, 2018 (the “**Approval and Vesting Order**”). A copy of the Purchase Agreement, as well as the Approval and Vesting Order, can be accessed on the Monitor’s website for this proceeding at: <http://cfcanada.fticonsulting.com/Dundee/>.

The following is an update regarding the court attendance today as well as the next scheduled court attendance in this matter on **Wednesday, September 26, 2018 at 3:00 p.m. in Courtroom 2-1, 361 University Avenue, Toronto.**

Under the terms of the Purchase Agreement, the outside date for closing is September 21, 2018. The Buyer has advised the Monitor that it will not have sufficient financing available by September 21, 2018 to fund the purchase price under the Purchase Agreement, and has requested that the Seller consent to an extension of the outside date for closing under the Purchase Agreement to October 22, 2018. Under the terms of the Approval and Vesting Order, any amendment to the Purchase Agreement, including any extension of the outside date for closing thereunder, is subject to approval of both the Monitor and National Bank of Canada (the “**Bank**”).

The Seller, the Monitor and the Bank are considering that request, but additional time is required by the parties to address the Buyer’s extension request. Accordingly, at the motion today, the

Court authorized the Monitor to consent to an extension of the outside date for closing under the Purchase Agreement to 11:59 p.m. on September 26, 2018. The Court also scheduled a motion on Wednesday, September 26, 2018 at 3:00 p.m. to address approval of any further extension of the outside date for closing (and any agreement providing for same) which may be sought by Seller.

A copy of the Endorsement of Justice Dunphy in connection with today's motion is enclosed.

The stay of proceedings in this matter is currently scheduled to expire on September 28, 2018. DOGL and DELP will seek an extension of the stay period at the motion taking place on September 26, 2018, as well as Court approval of an employee incentive program. Both of these issues will be addressed by the Monitor in its next report to the Court, which will be provided to the Service List on Monday, September 24, 2018.

Yours truly,

Thornton Grout Finnigan LLP

per: 

Grant B. Moffat
GBM/RAB

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COUNSEL SLIP (COMMERCIAL MOTIONS)

No On List: 1

Court File No CV-18-591908 - CL DATE: _____

SEP 20 2018

Title of Proceeding:

Dundee Oil and Gas Limited

COUNSEL FOR

Plaintiff(s):

Applicant(s):

Petitioner(s):

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Monitor will develop a monitor's report for Monday. Mrs Lowrie to be cross-examined on Trust for inj. application. Hearing of motion to possibly (i) extend closing of Lagasco for 30 days; ^(and approve agreement provided for same) (ii) extend stay of proceedings and (iii) a keep.
If no agreement on extension is reached the monitor may need to revise the intended relief after discussions with the parties. This court approves the monitor's request to extend closing of Lagasco until 26 September subject to further order. Hearing of intended motion is booked for 2-1 @ 361 University at 3:00 pm on 26 September 2018.

