

COURT FILE NUMBER 1201-07521

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF NATIONAL BANK OF CANADA

DEFENDANT TRAFINA ENERGY LTD.

DOCUMENT **SECOND REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF TRAFINA ENERGY LTD.**

October 17, 2012

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER

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INTRODUCTION

1. FTI Consulting Canada Inc. was appointed Receiver and Manager (the “Receiver”) of the property, assets and undertakings (the “Assets”) of Trafina Energy Ltd. (“Trafina” or the “Company”) pursuant to an Order of this Honourable Court granted on June 13, 2012, as amended and restated by an Order of this Honourable Court granted on July 16, 2012 (the “Receivership Order”).
2. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to market and solicit offers to purchase the Assets of the Company, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. The purpose of this second report (the “Second Report”) of the Receiver is to advise this Honourable Court with respect to:
 - a) the activities of the Receiver since the Receiver’s First Report dated July 11, 2012, including an update with respect to the closing of the sale of certain of Trafina’s oil and gas assets as approved by Order of this Honourable Court dated July 16, 2012;
 - b) the Receiver’s statement of receipts and disbursements since its appointment to October 1, 2012;
 - c) the Receiver’s comments on the marketing efforts to solicit offers to purchase Trafina’s Remaining Assets, as defined below;
 - d) an offer to purchase (the “Quattro Remaining Assets Offer”) all of Trafina’s remaining oil and natural gas properties (“Remaining Assets”) received on August 29, 2012 from Quattro Exploration and Production Ltd. (“Quattro”);

- e) the Receiver's analysis and recommendations with respect to the Quattro Remaining Assets Offer;
 - f) the Receiver's analysis of certain liens and priority payments;
 - g) the Receiver's estimated recovery analysis; and
 - h) the Receiver's recommended distribution of the estimated recoveries.
4. All references to currency in the Second Report are in Canadian Dollars.
5. Capitalized terms not otherwise defined herein have the meanings set out in the First Report of the Receiver or the Receivership Order.

BACKGROUND

6. Trafina is an oil and gas company engaged in the production, exploration, development and acquisition of petroleum and natural gas properties in the Provinces of Alberta and Saskatchewan. Trafina is a public company listed on the TSX Venture Exchange with its head office located in Calgary, Alberta.
7. Trafina's operations included the following three core oil and gas exploration and production areas:
- a) operated and non-operated oil and natural gas properties located in central Alberta near Wetaskiwin (the "Wetaskiwin Properties");
 - b) a heavy oil play known as McMullen located in northeast Alberta ("McMullen"); and

- c) certain properties which comprise operated oil and natural gas properties in Rangeview, Divide and Katherine located in southwest Saskatchewan (the “SW Saskatchewan Properties”).
- 8. Trafina’s unaudited March 31, 2012 financial statements indicated the following:
 - a) Book value of oil and gas assets totaling approximately \$13.4 million;
 - b) Secured debt of approximately \$3.2 million primarily owed to the National Bank of Canada (“National Bank”). National Bank provided Trafina with an operating line of credit and is the most significant secured creditor with respect to this Receivership; and
 - c) Unsecured creditors totaling \$4.5 million.
- 9. At the date of the granting of the Receivership Order, all of Trafina’s oil and natural gas wells had been shut-in with the exception of the Wetaskiwin Properties non-operated wells which currently produce approximately 200 barrels of oil equivalent (“BOE”) per day of natural gas.
- 10. On July 16, 2012 the Receiver obtained an order approving the sale of all of Trafina’s SW Saskatchewan Properties.

ACTIVITIES OF THE RECEIVER SINCE JULY 11, 2012

OIL AND GAS OPERATIONS

- 11. The Receiver has continued to produce natural gas from the non-operated Wetaskiwin properties. Production throughout July and August averaged approximately 155 BOE per day.
- 12. Production from all other oil and gas properties remained shut-in.

CLOSING OF THE SW SASKATCHEWAN PROPERTIES

13. On July 20, 2012, the Receiver closed the sale of the SW Saskatchewan Properties to Quattro and received the net remaining funds of \$950,000 as set out in the asset purchase agreement (total purchase price of \$1,000,000, including a \$50,000 deposit amount). Since closing, the Receiver has worked with Quattro and the relevant government agencies to facilitate the transfer of titles to Quattro.

EMPLOYEES AND CONTRACTORS

14. The Receiver has reduced office staffing and currently has retained one employee to assist with accounting, administrative functions and to assist in preparing materials to sell the Remaining Assets. In addition the Receiver reduced consulting services and currently has retained two consultants to assist with production accounting and land administration and one contract field operator on an hourly rate and on an as-needed basis.

OFFICE LEASE AGREEMENT

15. The Receiver's arrangement with the current landlord expired August 31, 2012. Upon expiry the Receiver reduced the leased office space significantly and negotiated a new sub-lease agreement to the end of December 31, 2012 comprising two individual offices located in Trafina's original office space.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

16. The table below summarizes the receipts and disbursements of the Receiver from July 16, 2012 to October 1, 2012.

Schedule of Receipts and Disbursements		
July 16, 2012 to October 1, 2012		Notes
Sale of assets	1,000,000	a
Oil and gas revenues	391,754	b
Deposits received (asset sale)	150,000	s
GST collected	43,736	d
Opening cash	30,583	e
Other collections/interest	5,900	
Total receipts	<u>1,621,973</u>	
Operating expenses	204,664	f
Contractors / employees	116,252	g
Receiver and legal fees	84,746	h
Commission - asset sale	30,000	i
Property taxes	27,668	j
Other misc. expenses	19,178	
Insurance	15,741	
Rent and utilities	15,141	
GST paid	14,663	
Total disbursements	<u>1,093,920</u>	
Interim distributions - National Bank	600,000	k
Net cash on hand	<u>493,920</u>	l

17. The following is a description of the major cash receipts and disbursements in the above table:

- a) Sale of assets – comprise the gross proceeds relating to the sale of the SW Saskatchewan Properties as approved by this Honourable Court on July 16, 2012;
- b) Oil and gas revenues – receipts received by the Receiver from Trafina’s operating oil and gas assets;
- c) Deposits received – \$150,000 in deposits have been received by the Receiver relating to the Quattro Remaining Assets Offer;
- d) GST collected – relates to GST received on oil and gas revenues and GST collected on the tangible assets included in the sale of the SW Saskatchewan Properties;
- e) Opening cash – upon the Receiver’s appointment, Trafina’s bank account had \$30,583 in opening cash;
- f) Operating expenses – to date, the Receiver has disbursed \$204,664 in operating expenses relating to Trafina’s Assets;
- g) Contractors / employees - \$116,252 has been disbursed by the Receiver relating to payments to contractors and Trafina employees;
- h) Receiver and legal fees - \$84,746 in receiver and legal fees have been incurred to date;
- i) Commissions – relate to commissions paid to NRG with respect to the closing of the sale of the SW Saskatchewan Properties;
- j) Property taxes - \$27,668 in property taxes have been paid by the Receiver;

- k) Interim Distribution – upon completion of the sale of the SW Saskatchewan Properties, the Receiver made an interim distribution to National Bank in the amount of \$600,000; and
- l) As at October 1, 2012, the Receiver currently holds \$493,920 in funds.

SOLICITATION PROCESS OF REMAINING ASSETS

18. On July 17, 2012, the Receiver in consultation with its selling agent, NRG Divestitures Inc. (“NRG”), initiated a formal marketing process to sell the Remaining Assets. The Remaining Assets comprised the Wetaskiwin Properties, McMullen and other miscellaneous properties owned by Trafina. The marketing process for the Remaining Assets included:
- (a) NRG distributed a marketing brochure by e-mail to 1,674 recipients;
 - (b) The marketing brochure was posted on NRG’s website;
 - (c) The marketing brochure was posted on the Receiver’s website;
 - (d) NRG published an advertisement in the Daily Oil Bulletin on seven separate occasions (July 19th, 24th, and 26th and August 1st, 8th, 14th and 16th, 2012); and
 - (e) NRG placed targeted phone calls to known strategic buyers.
19. Interested buyers were required to sign a confidentiality agreement in order to gain access to the electronic data room which included financial, technical, operational and administrative details about the Remaining Assets. A total of 19 interested buyers signed confidentiality agreements.

20. A bid deadline was set requesting that offers to purchase be submitted in the form of a letter of intent (“LOI”) by August 22, 2012. A total of 8 LOIs were received relating to the Remaining Assets.

21. The Receiver reviewed and assessed the LOIs received in order to determine the offer that would maximize value to the stakeholders. The Receiver used the following criteria to assess the offers:
 - (a) Purchase price;
 - (b) Assets included in the LOI;
 - (c) Financing conditions;
 - (d) Due diligence period and timing of closing;
 - (e) Initial deposit contemplated; and
 - (f) Closing risk.

22. After reviewing the LOIs, the Receiver, in consultation with NRG and National Bank, determined that the offer from Quattro was the superior offer as discussed in further detail below.

QUATTRO REMAINING ASSETS OFFER

23. The Quattro Remaining Assets Offer included the following terms:
 - (a) Purchase price of \$3,325,000;
 - (b) Included all of the Remaining Assets;

- (c) Non-refundable deposit of \$50,000 advanced upon signing a letter of intent;
- (d) Additional non-refundable deposit of \$100,000 advanced upon the completion of due diligence;
- (e) Due diligence period to September 21, 2012; and
- (f) Anticipated closing by mid October 2012.

24. The Receiver has the following comments with respect to the Quattro Remaining Assets Offer;

- (a) the Quattro Remaining Assets Offer presented the highest purchase price of all offers submitted;
- (b) the Quattro Remaining Assets Offer included all of the Remaining Assets, therefore the Receiver would not be left with less desirable, lower value assets that may be difficult to dispose of or cause potential issues with regulatory authorities;
- (c) the Quattro Remaining Assets Offer included a non-refundable deposit which reduced the risk of the potential buyer cancelling the offer throughout the due diligence period;
- (d) the Quattro Remaining Assets Offer contemplated a reasonable due diligence period; and
- (e) the Quattro Remaining Assets Offer contemplated Quattro providing comfort to the Receiver of its ability to finance and close the transaction.

25. For the reasons discussed above, the Receiver, in consultation with NRG and National Bank, determined that the Quattro Remaining Assets Offer was the superior offer and as such accepted the Quattro Remaining Assets Offer, subject to Court approval, and proceeded with due diligence.

QUATTRO DUE DILIGENCE FINDINGS

26. Upon completing its due diligence, Quattro advised the Receiver that in order to move forward with the sale they would require a reduction to the purchase price resulting from the following concerns:
- (a) The additional costs associated with bringing certain Wetaskiwin Properties back on production due to a pipeline that had been shut down prior to the receivership;
 - (b) Certain additional abandonment liabilities that were identified during the due diligence period;
 - (c) Potential settlements and/or arrangements that may be required with certain critical suppliers over unpaid pre-receivership debts; and
 - (d) Prior to the Receivership Order, Trafina elected not to fund nor participate with its joint venture partner relating to certain drilling programs. The result of Trafina not participating in the drilling program of certain wells was that future revenues associated with the drilling program would accrue to the joint venture partner and not Trafina until the joint venture partner had recouped its original drilling costs and a penalty amount triggered by Trafina's non-participation. The economics of the penalty relating to these specific wells were not clearly disclosed in the marketing materials.

27. The Receiver assessed these due diligence findings and, in considering the overall transaction contemplated by the Quattro Remaining Assets Offer, determined that the purchase price adjustment was appropriate. The Receiver has negotiated a purchase price reduction of \$250,000 with Quattro in order to satisfy the above issues, which it feels is reasonable in the circumstances. The Receiver also discussed the purchase price adjustment with NRG and National Bank, who both agreed with the Receiver's position.
28. The Receiver contemplated re-opening the marketing and sales process rather than reducing the purchase price and determined that this would not likely be the best alternative for the stakeholders as:
- (a) the sale of the Remaining Assets would be delayed increasing operating costs, professional fees and prolonging any distribution to stakeholders;
 - (b) a new potential purchaser would likely encounter the same issues when completing its due diligence; and
 - (c) a new buyer may have additional closing risk.
29. Subsequent to negotiating the price reduction, the Receiver entered into an asset sale agreement with Quattro for the Remaining Assets (the "Quattro Remaining Assets ASA"), attached as Appendix A. The revised purchase price of \$3,075,000 plus GST has been reflected in the Quattro Remaining Assets ASA. The main terms of the Quattro Remaining Assets ASA are:
- a) Purchase price of \$3,075,000;
 - b) Deposit of \$150,000 has been received of which \$100,000 is only refundable to Quattro if Court approval is not obtained. The remaining \$50,000 is non-refundable;

- c) No remaining conditions of sale, other than the approval of this Honourable Court;
 - d) Effective date of October 1, 2012; and
 - e) Closing to occur by October 31, 2012.
30. For the reasons identified, above, the Receiver recommends that the Quattro Remaining Assets ASA be approved by this Honourable Court.

ANALYSIS OF SECURED AND/OR PRIORITY CLAIMS

VALIDITY AND ENFORCEABILITY OF NATIONAL BANK'S SECURITY

31. National Bank's security has been reviewed by the Receiver's counsel who have advised that the security creates a valid security interest in favour of National Bank in the right, title and interest of Trafina in its real and personal property.

LIENS AND PRIORITY CLAIMS

32. The Receiver, in consultation with its counsel, has performed a review of liens and priority claims relating to the Assets. The Receiver has determined that there are two claims that may have priority over National Bank's security as discussed below:

Creditor	Claim Amount	
Ensign Driling Partnership	\$ 80,920.64	includes accrued interest to October 1, 2012
Nexen Inc.	\$ 237,000.00	
Total	\$ 317,920.64	

Ensign Drilling Partnership

33. On February 17, 2012 Ensign Drilling Partnership (“Ensign”) registered a builder's lien (the “Ensign Lien”) against mineral lease #7409100435. The Receiver’s counsel reviewed the Ensign Lien and determined that it was registered in priority to National Bank's security with respect to mineral lease #7409100435 and that Ensign has met all of its filing limitation requirements.
34. The Receiver has reviewed the value of mineral lease #7409100435 and determined that there would be sufficient value associated with mineral lease #7409100435 to pay the full amount of the Ensign claim.
35. As the Receiver is continuing its review of the supporting documentation and reasonableness of the individual items included in the Ensign Lien, it is recommending that the full amount of the Ensign Lien be reserved pending final determination of the quantum of the lien.

Nexen Inc.

36. Nexen Inc. (“Nexen”) is a joint venture partner with Trafina in approximately 52 wells (“Nexen Operated Wells”) in the Wetaskwin area. Nexen is the operator of these Nexen Operated Wells and had entered into several agreements with Trafina including various Farm-out agreements, Joint Operating Agreements and a Transportation Agreement (the “Agreements”).
37. The Receiver, in consultation with its counsel, reviewed the various relevant Agreements between Nexen and Trafina and has concluded that Nexen could claim an operator’s lien (the “Operator’s Lien”) for amounts owed by Trafina to Nexen as at the date of the Receivership Order. At June 13, 2012 Trafina owed Nexen approximately \$237,000 (“Nexen Claim”) for operating and transportation costs.

38. Based on the Receiver's legal counsel's review of the Agreements, Nexen has a claim that ranks in priority to National Bank's security on certain properties. In addition to the claim relating to the Agreements, Nexen owns the pipeline that is the only economical route to transport Trafina's natural gas production from the Nexen Operated Wells to the processing facility and ultimately the sales market. The Receiver has determined that the Nexen Operated Wells would have significantly less value without the assignment of the joint operating agreement in good standing and ability to utilize Nexen's transportation pipeline and, as such, Nexen's claim may have a practical priority over National Bank's security with respect to the Nexen Operated Wells. Lastly, addressing the Nexen Claim was a requirement of Quattro and the closing of the Quattro Remaining Assets Offer.
39. The Receiver has reviewed and discussed the Nexen claim with Nexen and has negotiated a settlement of the Nexen Claim for \$220,000 ("Nexen Settlement"). The Receiver has discussed the Nexen Settlement with National Bank and advises that National Bank is in agreement with the Nexen Settlement. Based on the above analysis the Receiver recommends the Nexen Settlement be accepted and payment be made upon closing the Quattro Remaining Asset ASA.

Canada Revenue Agency

40. The Receiver is not aware of any source deductions or deemed trust claims owed to the Canada Revenue Agency ("CRA").

Other liens

41. The Receiver is aware of certain other liens, however all other liens are subordinate to National Bank's security. Payments to any such lien claimants would only be made if sufficient funds exist after payment in full of the prior ranking creditors.

PROPOSED INTERIM DISTRIBUTION OF PROCEEDS FROM REALIZATION

42. The Receiver proposes the distribution of the proceeds from realization as follows:

Proposed Distribution	Amount	Note
Cash on hand	493,920	a
Proceeds from Quattro Remaining Asset ASA	<u>2,925,000</u>	b
Total Estimated Recoveris	<u>3,418,920</u>	
Holdback - Ensign Lien	80,921	c
Holdback - Nexen Settlement	220,000	d
Holdback operating expenses	<u>567,999</u>	e
Interim Distribution to National Bank	<u>2,550,000</u>	

- (a) Cash on hand per summary of receipts and disbursements above;
- (b) Net proceeds from the Quattro Remaining Assets ASA attached as Appendix A (note that \$150,000 of deposits has been received by the Receiver as set out the summary of receipts and disbursements above);
- (c) Full amount claimed by Ensign relating to the Ensign Lien as discussed above;
- (d) Amount owing for the Nexen Settlement as discussed above; and
- (e) Amounts held back by the Receiver to pay for final closing adjustments, remaining operating costs, administrative costs and professional fees.

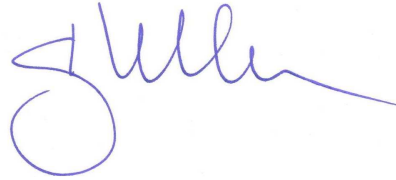
43. Per the schedule above the Receiver recommends an interim distribution to National Bank in the amount of \$2,550,000 (“National Bank Interim Distribution”). The Receiver understands that this would repay the remaining principal balance owing to National Bank, excluding a letter of credit currently outstanding with the Energy Resource and Conservation Board in the amount of \$138,609, accrued interest and related costs. Further distributions would only be made to National Bank after addressing the Ensign Lien, Nexen Claim and finalizing all remaining operating and administrative costs.

RECEIVER’S RECOMMENDATIONS

44. The Receiver recommends that this Honourable Court approve the following:
- a) the Quattro Remaining Assets ASA;
 - b) payment of the Nexen Settlement; and
 - c) the National Bank Interim Distribution.
45. The Receiver anticipates seeking a further Order from this Honourable Court in the near future seeking the Receiver’s discharge and a final distribution Order upon the completion of the following:
- a) the closing of the Quattro Remaining Assets ASA;
 - b) settlement and payment of the Ensign Lien; and
 - c) finalization and payment of the remaining operational items.

All of which is respectfully submitted this 17th day of October, 2012.

FTI Consulting Canada Inc.
in its capacity as Receiver of
the assets, property and undertaking of Trafina
Energy Ltd.



Name: Deryck Helkaa
Title: Senior Managing Director,
FTI Consulting Canada Inc.

Appendix A

Quattro Remaining Assets ASA

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 15th day of October, 2012

BETWEEN:

FTI CONSULTING CANADA INC., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd. and not in its personal capacity (hereinafter called the "**Vendor**")

OF THE FIRST PART

- and -

QUATTRO EXPLORATION AND PRODUCTION LTD., a body corporate having an office in the City of Calgary, in the Province of Alberta (hereinafter called the "**Purchaser**" or "**Quattro**")

OF THE SECOND PART

WHEREAS pursuant to an order of Justice K.M. Eidsvik of the Alberta Court of Queen's Bench granted on June 13, 2012, as amended and restated by order of Justice J. Strekaf of the Alberta Court of Queen's Bench granted on July 16, 2012, the Vendor was appointed receiver and manager of Trafina Energy Ltd.;

AND WHEREAS the Vendor has agreed to the sale of the Assets to the Purchaser and the Purchaser has agreed to purchase the Assets from the Vendor on the terms and conditions set forth herein;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals the Schedules and this Article 1, the following terms shall have the respective meanings hereby assigned to them:

- (a) "**AFE**s" means the authorities for expenditure, operations' notices, amounts budgeted pursuant to the Unit Agreements and mail ballots, if any, governing the conduct of, or payment for, any activity or operation on or with respect to any of the Assets;
- (b) "**Affiliate**" has the meaning attributed thereto in the *Business Corporations Act* (Alberta);

- (c) "**Agreement**" means this document, together with the Schedules attached hereto and made a part hereof;
- (d) "**Approval Order**" means an order to be granted by the Court which authorizes Vendor's execution and performance of this Agreement, substantially in the form contained in Schedule C of this Agreement;
- (e) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests;
- (f) "**Claims**" means all claims against Trafina or its Affiliates or against the Assets of every nature of kind whatsoever and howsoever arising including, without limiting the generality of the foregoing, all encumbrances, liens, charges, pledges, mortgages and security interests, but excluding Permitted Encumbrances and any security for borrowings made by the Receiver;
- (g) "**Closing**" means the exchange of the General Conveyance and Specific Conveyances on the Closing Date, the delivery by Purchaser of the Purchase Price, and the transfer for the Assets to the Purchaser; the Closing shall occur at the offices of Blake, Cassels & Graydon LLP at 3500, 855-2nd Street S.W. in the City of Calgary in the Province of Alberta;
- (h) "**Closing Date**" means October 30, 2012 at the hour of 11:00 a.m. (local time) at which Closing is to occur as the same may be extended by agreement of the Parties, acting reasonably;
- (i) "**Court**" means the Court of Queen's Bench of Alberta;
- (j) "**Effective Date**" means October 1, 2012 at the hour of 12:01 A.M. local time;
- (k) "**Facilities**" means Trafina's interest in and to all production facilities (downstream of the wellhead of any Well) including flow lines, and any dehydration or other field processing or storage facilities used in connection with the transportation, processing or storage of Petroleum Substances as set forth in Schedule A.3;
- (l) "**General Conveyance**" means a general conveyance of the Assets from the Vendor to the Purchaser substantially in the form of agreement attached hereto as Schedule D;
- (m) "**Governmental Authority**" means any government or political subdivision thereof, any agency of government appointed pursuant to the Regulations and any other body or agency having, or purporting to have, authority over the Assets or any operation or activity thereon or with respect thereto;
- (n) "**GST**" means the goods and services tax payable pursuant to the *Excise Tax Act*, 1985 R.S.C., c.E-15, as amended, and the Regulations thereunder;

- (o) "**Lands**" means Trafina's interest in and to the lands set forth and described in Schedule A.1, insofar as rights to the Petroleum Substances underlying those lands are granted by the Leases;
- (p) "**Leases**" means Trafina's interest in and to the leases, licenses, permits and other documents of title set forth and described in Schedule A.1, by virtue of which the holder thereof is entitled to drill for, win, take, own or remove the Petroleum Substances within, upon or under the Lands or by virtue of which the holder thereof is deemed to be entitled to share of Petroleum Substances removed from the Lands or any lands with which the Lands are pooled or unitized and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefore;
- (q) "**Major Agreements**" means those Title and Operating Agreements respecting the processing, treating, marketing or transmission of Petroleum Substances and the Unit Agreements identified in Schedule A.5;
- (r) "**Miscellaneous Interests**" means Trafina's interest in and to all property, assets and rights on or with respect to the Lands, other than the Petroleum and Natural Gas Rights and the Tangibles, to the extent such property, assets and rights pertain to the Petroleum and Natural Gas Rights or the Tangibles, or any rights relating thereto, including, without limitation of the generality of the foregoing, the entire interest of Trafina in:
 - (i) all contracts, agreements and documents, to the extent that they relate to the Petroleum and Natural Gas Rights or the Tangibles, including agreements for the sale, processing or transportation of Petroleum Substances;
 - (ii) all rights to enter upon, use and occupy the surface of any lands overlying the Lands or any lands upon which any Tangibles are located or of any lands to be crossed in order to gain access to any of the Lands or the Tangibles;
 - (iii) copies of engineering records, files, reports and data that, in the Vendor's reasonable judgment, relate directly to the Petroleum and Natural Gas Rights, any Well or the Tangibles, but excluding the Vendor's tax and financial records economic evaluations; and
 - (iv) access to the non-proprietary Seismic detailed in Schedule A.6

Unless otherwise agreed in writing by the Parties, however, the Miscellaneous Interests shall not include agreements, documents or data to the extent that: (i) they pertain to Trafina's proprietary technology or interpretations; or (ii) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Trafina to any assignee which is not an Affiliate of Trafina;

- (s) "**Non-Refundable Deposit**" means the deposit pursuant to Article 2.6;

- (t) **"Party"** means any Person bound by this Agreement.
- (u) **"Permitted Encumbrances"** means:
 - (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule A.1;
 - (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
 - (iii) the terms and provisions of the Title and Operating Documents;
 - (iv) any deed or agreement under which Trafina holds any interest relating to the Lands or the Leases in trust for any Person;
 - (v) all obligations under the AFEs and the Major Agreements outstanding on, as and from the Effective Date;
 - (vi) the terms and conditions of the Leases, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Leases in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantee's interest in any of the Leases;
 - (vii) the right reserved to or vested in any grantor, government or other public authority by the term of any Lease or by the Regulations to terminate any Lease;
 - (viii) easements, rights of way, servitudes or other similar rights in land, including without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
 - (ix) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded 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 Assets, but excluding all such taxes incurred up to the Effective Date that have not been paid;
 - (x) 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);
 - (xi) any authority under the Regulations and any rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Assets in any manner;

- (xii) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Trafina's share of the costs and expenses thereof which are not due or delinquent on the Effective Date or, if then due or delinquent, are being contested in good faith by the Vendor on the Effective Date;
- (xiii) 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;
- (xiv) agreements and plans relating to pooling or unitization of any of the Lands;
- (xv) the Major Agreements or agreements respecting the operation of Wells by contract field operators;
- (xvi) provisions for penalties and forfeitures under agreements as a consequence of nonparticipation in operations; and
- (xvii) 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 Assets;
- (v) "**Person**" includes individuals, executors, administrators, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities;
- (w) "**Petroleum and Natural Gas Rights**" means the entire interest of Trafina in and to the Lands and, insofar as they pertain to the Lands and Leases, lands with which the Lands are pooled or unitized;
- (x) "**Petroleum Substances**" means Trafina's interest in and to petroleum, natural gas, and related hydrocarbons and every other mineral or substance whether hydrocarbon or not, produced in association therewith, or any of them, the right to explore for which, or an interest in which, is granted pursuant to the Leases, but only insofar as they pertain to the Lands;
- (y) "**Pipelines**" means Trafina's interest in the pipelines identified in Schedule A.4;
- (z) "**Purchase Price**" means the amount payable by the Purchaser to the Vendor for the Assets pursuant to Article 2, as adjusted, as provided for herein;
- (aa) "**Receiver**" means FTI Consulting Canada Inc. in its capacity as receiver and manager of the assets, undertakings and properties of Trafina appointed by order of the Court under action number 1201-07521 on June 13, 2012, as amended and restated by order of the Court on July 16, 2012 (the "**Receivership Order**");

- (bb) "**Regulations**" means all statutes, laws, rules, orders and regulations in effect from time to time and made by any Governmental Authority;
- (cc) "**Right of First Refusal**" means any preferential right to purchase any of the Assets, held by a Third Party and by virtue of which, the Third Party has the right to acquire any portion of the Vendor's interest in any of the Assets pursuant to, or as a consequence of, the transactions proposed in this Agreement;
- (dd) "**Specific Conveyances**" means all conveyances, assignments, transfers, registerable transfers, novations, notice of assignments and other documents and instruments that are reasonably required or desirable to convey, assign and transfer the Assets of the Purchaser and to novate the Purchaser in the place and stead of Trafina with respect to the Assets. It shall be the responsibility of the Purchaser to prepare (at its sole cost and expense) and present at Closing for execution by Vendor (in form and substance satisfactory to Vendor, acting reasonably), all of the Specific Conveyances deemed necessary by Purchaser to transfer Trafina's interest in and to the Assets after Closing;
- (ee) "**Tangibles**" means the entire interest of Trafina whether leased or owned, in and to all tangible depreciable property, real property (other than the Leases) and assets that are:
 - (i) located in or on the Lands and used, or intended for use, in connection with production, processing, gathering, storage, treatment or transportation operations respecting the Petroleum Substances, including, without limitation, the Facilities and the Pipelines;
 - (ii) all Wells including the wellbores, casing, production tubing and wellheads located on the Lands which may be used to product Petroleum Substances from the Lands or otherwise serve the Lands; and
 - (iii) any additional items or equipment, whether located on or off the Lands that are related to the Assets including any rental equipment (but, with respect to rental equipment, limited to Trafina's right to convey its lessee's interest therein and, in any event, excluding any proprietary information technology owned by Third Parties and licensed to Trafina.
- (ff) "**Third Party**" means a Person other than the Vendor and Purchaser;
- (gg) "**Title and Operating Documents**" means, in respect of the Assets, all documents of title (including the Leases, any permits, operating agreements, pooling agreements, royalty agreements, overriding royalty agreements, gross overriding royalty agreements, participation agreements, farmin and farmout agreements, purchase and sale agreements, trust agreements and declarations, agreements for the construction, ownership and operation of Tangibles, and gathering, transportation and processing agreements) or other agreements that relate to the Assets, and the ownership or operation thereof;

- (hh) "**Trafina**" means Trafina Energy Ltd.;
- (ii) "**Unit Agreements**" means any and all unit agreements and unit operating agreements, including any and all amendments thereto, pertaining to the unit or units, any, set out in Schedule A.5 under the heading "Units";
- (jj) "**Wells**" means Trafina's interest in and to all producing, suspended, abandoned, shut-in, injection, disposal and other wells located on the Lands or any lands pooled or unitized therewith, including, without limitation, the wells listed under the heading Wells in Schedule A.1.

1.2 Schedules

The following Schedules are attached hereto and made part of this Agreement:

- (a) Schedule A comprises:
 - Schedule A.1 - Lands, Leases and Wells
 - Schedule A.2 - AFEs
 - Schedule A.3 - Facilities
 - Schedule A.4 - Pipelines
 - Schedule A.5 - Major Agreements
 - Schedule A.6 - Non-proprietary Seismic
- (b) Schedule B - certificate to be provided by Purchaser pursuant to Clause 4.2(b)(iv)
- (c) Schedule C - Approval Order
- (d) Schedule D - General Conveyance

1.3 References

The references "hereunder", "herein" and "hereof" refer to the provisions of this Agreement, and references to Articles, Clauses, Subclauses, Paragraphs or Subparagraphs herein refer to Articles, Clauses, Subclauses, Paragraphs or Subparagraphs of this Agreement. Any reference to time shall refer to Mountain Standard Time or Mountain Daylight Savings Time during the respective intervals in which each is in force.

1.4 Headings

The headings of the Articles, Clauses, Subclauses, Schedules and any other headings, captions or indices herein are inserted for convenience of reference only and shall not be used in any way in construing or interpreting any provisions hereof.

1.5 Singular/Plural

Whenever the singular or masculine or neuter is used in this Agreement or in the schedules, it shall be interpreted as meaning the plural or feminine or body politic or corporate, and vice versa, as the context requires.

1.6 Use of Canadian Funds

All references to "dollars" or "\$" herein shall refer to lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.

1.7 Derivatives

Where a term is defined herein, a capitalized derivative of such terms shall have a corresponding meaning unless the context otherwise requires.

1.8 Interpretation If Closing Does Not Occur

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

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or a Specific Conveyance, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of a Lease or the Regulations, the term or condition of such Lease or the Regulations shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

Vendor hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from the Vendor, all of the right, title, estate and interest (whether absolute or contingent, legal or beneficial), if any, of Trafina in and to the Assets, subject to and in accordance with the terms of this Agreement. Effective as and from the Effective Date, the Purchaser shall assume and bear all obligations associated with the Assets, including but not limited to the Permitted Encumbrances.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for the Assets shall be Three Million Seventy-Five Thousand (\$3,075,000) Canadian dollars. At Closing, Purchaser shall pay to Vendor: (i) the Purchase Price; and (ii) the GST payable in respect

of the Assets, which Vendor shall remit according to law. The Parties agree that the value of the interest of Vendor in and to the Tangibles and in and to the Miscellaneous Interests is Six Hundred Fifteen Thousand (\$615,000) Canadian dollars. The GST registration number of Trafina is 13210 1692 RT0001 and the GST registration number of Quattro is 88599 2966 RT0001. At Closing, Purchaser shall be solely responsible for all sales taxes, transfer taxes, fees, charges, levies or similar assessments which may be imposed by any governmental authority and pertaining to its acquisition of the Assets or to the circulation and registration of the Specific Conveyance and shall remit any such amounts to the applicable governmental authority according to law.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights	\$2,460,000.00
Tangibles	614,999.00
Miscellaneous Interests	1.00
Total	\$3,075,000.00

2.4 Adjustment of Purchase Price

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

- (a) any expenses paid prior to the Effective Date by Trafina or the Vendor, all or part of which are attributable to any period or periods commencing on the Effective Date, the benefit of which will be enjoyed by the Purchaser; and
- (b) the net revenues arising from the sale of the Vendor's share of Petroleum Substances 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 Substances paid or payable for production during the period, the Vendor's share of all lessor and other royalties, lease rentals and surface lease rentals, all capital and operating costs incurred by the relevant operator and similar costs and expenses attributable to the ownership and operation of the Assets and the production, transportation, gathering and sale of such Petroleum Substances.

Forthwith after the execution of this Agreement by the Parties, the Vendor shall prepare, or cause to be prepared, its best good faith estimate of the adjustments required to be made under this Clause 2.3 and shall, by notice, provide to Purchaser, Vendor's estimate of the amounts so determined. If, in aggregate, the amount of such adjustments is in favour of the Vendor, the Base Amount shall be increased by such amount. If in the aggregate, the amount of such adjustments is in favour of the Purchaser, Vendor shall deduct from the Purchase Price (or alternatively pay to Purchaser) the amount thereof.

2.5 Joint Election

The Parties agree to make a joint successor election under section 66.7 of the *Income Tax Act* (Canada) in respect of all of the cumulative resource tax accounts of Trafina as permitted thereunder. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file such elections in the form and within the time periods prescribed or specified under such Act so as to transfer such cumulative resource tax pools from Trafina to Purchaser to the maximum extent permitted under such Act.

2.6 Non-Refundable Deposit

Vendor has received from Purchaser the Non-Refundable Deposit, in the amount of One Hundred Fifty Thousand (\$150,000) Canadian dollars which was paid to Vendor in two instalments on September 4, 2012 and October 1, 2012, as outlined in the Letter of Intent dated August 29, 2012. The Non-Refundable Deposit shall become part of the Purchase Price and the Purchase Price shall be adjusted accordingly. Under no circumstances is this deposit refundable to Purchaser, except as set out in the Letter of Intent.

ARTICLE 3 CONDITIONS OF CLOSING

3.1 Required Consents

Except as provided in Clause 3.2, it is a condition precedent to Closing for the benefit of both of the Parties that the Court has granted the Approval Order on or prior to the Closing Date. Each of the Parties shall fully cooperate in all reasonable efforts to obtain the Approval Order. The Parties acknowledge that the consent of Third Parties to the Material Agreements may not be obtainable until after Closing and that the acquisition of such consents shall not be a condition precedent to Closing.

3.2 Well License Transfers

Notwithstanding Clause 3.1 hereof, the Parties acknowledge that the Purchaser will be required to satisfy the requirements of Governmental Authorities to permit transfer of the licenses to the Wells from the Vendor to the Purchaser. It shall be the sole responsibility of the Purchaser to obtain all such approvals, and to provide such deposits or other financial assurances that may be required by such Governmental Authority, within forty-five (45) days from the Closing Date (or such later date as the Parties may agree). Purchaser shall use its best efforts to satisfy any such requirement. If licenses to the Wells are not transferred by the relevant Governmental Authority to Purchaser on or prior to expiry of such period, on written notice from Vendor to Purchaser, Vendor may terminate this Agreement and thereafter neither Party shall have any further right or obligation to the other hereunder.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

- (a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and as of the Closing Date;
- (b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been duly and timely performed in all material respects; and
- (c) Vendor shall have performed or complied in all material respects with each of the terms, covenants and conditions of this Agreement to be performed or complied with by the Vendor at or prior to the Closing Date;

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, the Purchaser may rescind this Agreement by written notice to Vendor. If Purchaser rescinds this Agreement in accordance with this Clause 3.3 each of Purchaser and Vendor shall be released and discharged from all obligations hereunder except as provided in Article 9.

3.4 Efforts to Fulfil Conditions of Closing

The Parties shall proceed diligently and in good faith and use diligent commercial efforts to satisfy and comply with, or assist the other Party in, the satisfaction and compliance with the conditions precedent specified in Clause 3.3. If there is a condition precedent that is to be satisfied or complied with prior to the Closing Date, and if, by the time the condition precedent is to be satisfied or complied with by Vendor, the Purchaser has failed to advise Vendor that the condition precedent has not been satisfied or complied with, the condition precedent shall be conclusively deemed to have been waived by the Purchaser.

3.5 Waiver of Conditions

The conditions in Clause 3.3 are for the sole benefit of the Purchaser. The Purchaser may waive any of them, in whole or in part, by written notice to the Vendor, without prejudice to any of the rights of the Purchaser, including, without limitation, reliance on or enforcement of the representations, warranties or covenants which are preserved and pertain to conditions similar to the condition so waived. However, the Purchaser may not waive the existence and operation of any Right of First Refusal or, without the concurrence of the Vendor, any required consent of a Third Party to the Vendor's disposition of any of the Assets.

3.6 Failure to Satisfy Conditions

In the event any of the conditions in Clause 3.3 has not been satisfied at or before the Closing Date and such condition has not been waived by the Party for the benefit of

which such condition has been included, such Party may terminate this Agreement by written notice to the other Party. However a Party may not terminate this Agreement in such manner after Closing and its remedies thereafter, if any, with respect to the failure to satisfy such condition shall be limited to damages.

ARTICLE 4 CLOSING

4.1 Closing Date

Unless otherwise agreed by the Parties, Closing of the transactions contemplated in this Agreement shall occur on the Closing Date.

4.2 At Closing

- (a) Vendor shall execute and deliver to the Purchaser:
 - (i) the Specific Conveyances; and
 - (ii) the General Conveyance.
- (b) Purchaser shall have prepared and executed the Specific Conveyances and shall deliver to the Vendor:
 - (i) payment of the Purchaser Price, as adjusted herein;
 - (ii) a certificate of status evidencing the due registration and good standing of the Purchaser in the jurisdiction in which the Lands are located;
 - (iii) the General Conveyance and the Specific Conveyances duly executed by the Purchaser; and
 - (iv) an executed copy of a Certificate, substantially in the form annexed as Schedule B, with respect to Purchaser's representations and warranties under this Agreement.

ARTICLE 5 MAINTENANCE OF BUSINESS

5.1 Assets To Be Maintained In Proper Manner

The Vendor shall maintain insurance respecting the Assets during the period between the Effective Date and the Closing Date, and provided Closing occurs, the proceeds of any such insurance shall be the property of the Purchaser.

5.2 Material Commitments

- (a) Until Closing, the Vendor shall not (except as otherwise contemplated in this Agreement), without the prior written consent of the Purchaser:

- (i) voluntarily assume any obligation or commitment with respect to the Assets, where the Vendor's share of the expenditure associated with such obligation or commitment is estimated to exceed \$25,000.00;
- (ii) surrender or abandon any of the Assets;
- (iii) amend any agreement or enter into any new agreement respecting the Assets other than renewals, in the ordinary course of business, of agreements in effect on the Effective Date;
- (iv) 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 Assets, or propose or initiate any operations on the Lands which have not been commenced or committed to by the Vendor as of the earlier of the date of this Agreement or the Effective Date, if such exercise or option would result in either an obligation of the Purchaser hereunder after the Effective Date or a Material Adverse Effect on the value of any of the Assets;
- (v) sell, transfer or otherwise dispose of the Assets, or any of them, unless such sale or transfer results from any term or provision of the Title and Operating Documents; or
- (vi) grant a security interest or any encumbrance with respect to any of the Assets other than as permitted by the Receivership Order to secure Receiver's borrowings.

However, the Vendor may assume such obligations or commitments and propose or initiate such operations or exercise any such right or option without the prior consent of the Purchaser, if the Vendor reasonably determines that such expenditures or actions are necessary for the protection of life or property, in which case the Vendor shall promptly notify the Purchaser of such intention or actions and the Vendor's estimate of the costs and expenses associated therewith.

- (b) If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in an obligation of the Purchaser pursuant to Subclause 5.2(a), the following Paragraphs shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):
 - (i) the Vendor shall promptly give notice of the Proposal to the Purchaser, including with such notice the particulars of such Proposal in reasonable detail;
 - (ii) the Purchaser shall, not later than forty-eight (48) hours prior to the time the Vendor is required to make its election with respect to the Proposal, advise the Vendor, by notice, whether it wishes the Vendor to exercise its

rights with respect to the Proposal on behalf of and at the sole cost of the Purchaser, provided that failure of the Purchaser to make such election within such period shall be deemed to be an election by the Purchaser to participate in the Proposal;

- (iii) the Vendor shall make the election authorized by the Purchaser with respect to the Proposal within the period during which the Vendor may respond to the Proposal; and;
- (iv) election by the Purchaser not to participate in any Proposal required to preserve the existence of any of the Assets shall not entitle the Purchaser to any reduction of the Purchase Price in the event that the Vendor's interest therein is terminated as a result of such election, and such termination shall not constitute a failure of the Vendor's representations and warranties pertaining to such Assets, notwithstanding Article 3 and Article 6.

5.3 Maintenance Of Assets Until Novations Completed

Following Closing and to the extent that the Purchaser must be, and has not then been, novated into any of the Title and Operating Documents governing any of the Assets, the following provisions shall apply with respect to such Assets from the Closing Date until the novation has been effected:

- (a) the Vendor shall not initiate any operation with respect to the Assets, except upon the written instruction of the Purchaser or if the Vendor reasonably determines that it is required for the protection of life or property, in which case the Vendor may take such actions as it reasonably determines are required without the written instruction of the Purchaser and shall promptly notify the Purchaser of such intention or actions and the Vendor's estimate of the costs and expenses associated therewith;
- (b) the Vendor shall forthwith provide to the Purchaser all authorizations for expenditure, notices, specific information and other documents the Vendor received with respect to the Assets, and shall respond to such authorizations for expenditure, notices, information and other documents pursuant to the written instruction of the Purchaser, if received on a timely basis, provided that the Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with an applicable contract; and
- (c) the Vendor shall forthwith deliver to the Purchaser all revenues, proceeds and other benefits received by the Vendor with respect to the Assets, less the share of the applicable lessor royalties, operating costs, treating, processing and transportation expenses and those other costs and expenses directly associated with the Assets and the production of Petroleum Substances, provided that the Vendor shall not be permitted to deduct from such revenues, proceeds and other

benefits any other costs and expenses it incurs as a result of such delivery to the Purchaser.

5.4 Vendor Deemed Agent Of Purchaser

- (a) Insofar as the Vendor maintains the Assets and takes actions with respect thereto on behalf of the Purchaser pursuant to this Article, the Vendor shall be deemed to have been the duly authorized agent of the Purchaser hereunder. The Purchaser ratifies all actions taken by the Vendor or refrained from being taken by the Vendor pursuant to the terms of this Article 5 in such capacity during such period, with the intention that all such actions shall be deemed to be those of the Purchaser.
- (b) Insofar as the Vendor participates in either operations or the exercise of rights or options as the agent of the Purchaser pursuant to this Article, the Vendor may require the Purchaser to secure the costs to be incurred by the Vendor on behalf of the Purchaser pursuant to such election in such manner as may be reasonably appropriate in the circumstances.
- (c) The Purchaser shall indemnify the Vendor and its directors, officers, servants, agents or employees against all liabilities, losses, costs (including legal costs on a solicitor client basis), claims or damages which the Vendor or its directors, officers, servants, agents or employees may suffer or incur as a result of maintaining the Assets as the agent of the Purchaser pursuant to this Article, insofar as such liabilities, losses, costs, claims or damages are not a direct result to the gross negligence or wilful misconduct of the Vendor or its directors, officers, servants, agents or employees. An action or omission of the Vendor or its directors, officers, servants, agents or employees shall not be regarded as gross negligence or wilful misconduct if it was done or omitted to be done in accordance with the instructions of or with the concurrence of the Purchaser.

5.5 Restriction On Purchaser's Proposal Of Operations

Prior to Closing, the Purchaser shall not, without the written consent of the Vendor, propose to the Vendor, or request the Vendor to propose to Third Parties, the conduct of any operations on the Lands or the exercise of any right or option respecting the Assets.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PARTIES

6.1 Vendor's Representations and Warranties

The Vendor represents and warrants to the Purchaser that:

- (a) **Standing:** The Vendor is the duly appointed Receiver of the assets, undertakings and properties of Trafina.

- (b) **Requisite Authority:** The Vendor has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject, provided that Vendor shall have no liability for the discharge by it of any obligation hereunder unless and until the Approval Order is granted;
- (c) **Execution and Enforceability:** This Agreement has been validly executed and delivered by the Vendor, and this Agreement and all other documents executed and delivered on behalf of the Vendor hereunder shall, subject to the jurisdiction of the Court in respect of insolvency, bankruptcy, reorganization and other laws of general application limiting the enforcement of creditor's rights generally, and to the fact that specific performance is an equitable remedy available only in the discretion of the court, constitute valid and binding obligations of the Vendor enforceable in accordance with their respective terms and conditions;
- (d) **Residency for Tax Purposes:** Trafina is not a non resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (e) **No Finders' Fees:** The Purchaser shall not have any responsibility for any obligation or liability, contingent or otherwise, for brokers' or finders' fees, if any, incurred by the Vendor with respect to the transactions herein;

6.2 Purchaser's Representation and Warranties

The Purchaser represents and warrants to the Vendor that:

- (a) **Standing:** The Purchaser is a corporation, duly organized, valid and substituting under the laws of its jurisdiction of incorporation, and duly registered and authorized to carry on business in each jurisdiction in which the Lands are located;
- (b) **Requisite Authority:** The Purchaser has the requisite capacity, power and authority to execute this Agreement and the Specific Conveyances and to perform the obligations to which it thereby becomes subject;
- (c) **No Conflict:** The execution and delivery of this Agreement and the completion of the purchase of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:
 - (i) any term or provision of the charter, by-laws or other governing documents of the Purchaser; or
 - (ii) the Regulations or any judicial order, award, judgement or decree applicable to the Purchaser;
- (d) **Execution and Enforceability:** The Purchaser has taken all actions necessary to authorize the execution and delivery of this Agreement and, as of the Closing Date, the Purchaser shall have taken all actions necessary to authorize and complete the purchase of the Assets in accordance with the provisions of this

Agreement. This Agreement has been validly executed and delivered by the Purchaser, and this Agreement and all other documents executed and delivered on behalf of the Purchaser hereunder shall constitute valid and binding obligations of the Purchaser enforceable in accordance with their respective terms and conditions, subject to the jurisdiction of the court in respect of insolvency, bankruptcy, reorganization and other laws of general application limiting the enforcement of creditor's rights generally, and to the fact that specific performance is an equitable remedy available only in the discretion of the court;

- (e) **Residency for Tax Purposes:** The Purchaser is not a non resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (f) **No Sales Commissions:** The Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees with respect to the transactions herein for which the Vendor shall have any responsibility;
- (g) **Purchaser As Principal:** The Purchaser is acquiring the Assets in its capacity as a principal, and is not purchasing the Assets for the purpose of resale or distribution to a Third Party; and
- (h) **Well Licenses:** Subject only to Section 3.2, the Purchaser satisfies all qualification requirements of all Governmental Authorities to purchase, to take a transfer of and to hold the Assets, including without limitation, the requirements of Governmental Authorities to have any Leases, and the licences for the Wells and Facilities to be transferred to Purchaser.

6.3 Survival Of Representations and Warranties

Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to Clause 6.1 or 6.2, as the case may be. Subject to Subclause 5.2(b)(iv), the representations and warranties in Clauses 6.1 and 6.2 shall be true on the Effective Date and on the Closing Date, and such representations and warranties shall continue in full force and effect and shall survive the Closing Date for a period of three (3) months, for the benefit of the Party to which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation or warranty, unless, within such period, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty.

6.4 No Merger

The representations and warranties in Clauses 6.1 and 6.2 shall be deemed to apply to all Specific Conveyances conveying any of the Assets from Trafina to the Purchaser. There shall not be any merger of any such representations or warranties in such Specific Conveyances, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

6.5 No Additional Representations or Warranties by Vendor

- (a) The Vendor expressly negates any representations or warranties, whether written or verbal, made by the Vendor, its agents, servants or employees except as expressly stated in Clause 6.1 and in particular, without limiting the generality of the foregoing, the Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated (orally or in writing) to the Purchaser or any of its employees, agents, consultants or representatives. The Assets shall be purchased on a strictly "as is, where is", "without recourse", basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by the Vendor, express or implied, arising at law, by statute or in equity or otherwise with respect to:
- (i) Trafina's right, title and interest in and to the Assets or any of them;
 - (ii) the value of the Assets;
 - (iii) the quality, condition, fitness, merchantability or serviceability of the Assets;
 - (iv) the suitability of the Assets use for any purpose; or
 - (v) compliance with Regulations.
- (b) Without restricting the generality of the foregoing, the Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of the Vendor's interests in the Assets and the state and condition thereof and that it has relied solely on such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.
- (c) Except with respect to the representations and warranties in Clause 6.1 or in the event of fraud, the Purchaser forever releases and discharges the Vendor and its directors, officers, servants, agents and employees from any claims and all liability to the Purchaser or the Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to the Purchaser by the Vendor or its directors, officers, servants, agents or employees prior to or pursuant to this Agreement, including, without limitation, any evaluations, projections, reports and interpretive or non factual materials prepared by or for the Vendor, or otherwise in the Vendor's possession.

ARTICLE 7
LIABILITY AND INDEMNIFICATION

7.1 Responsibility of Purchaser

Provided that Closing has occurred, the Purchaser shall:

- (a) be liable to the Vendor for all losses, costs, damages and expenses whatsoever which the Vendor may suffer, sustain, pay or incur; and
- (b) indemnify and save the Vendor and its directors, officers, servants, agents and employees harmless from and against all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which they may sustain, pay or incur;

as a result of any matter or thing arising out of, resulting from, attributable to or connection with the Assets and occurring or accruing subsequent to the Effective Date or arising from the breach of any representation, warranty or covenant of the Purchaser contained in this Agreement, except any losses, costs, damages, expense, claims, liabilities, actions, proceedings and demands to the extent that the same either are reimbursable by insurance maintained by the Vendor or are caused by the gross negligence or wilful misconduct of the Vendor, its directors, officers, servants, agents, employees or assigns. The responsibility prescribed by this Clause, however, does not constitute an additional remedy for the Purchaser's breach of such a representation or warranty.

7.2 Assets Acquired On "As Is" Basis

Notwithstanding the foregoing provisions of this Article, the Purchaser acknowledges that it is acquiring the Assets on an "as is, where is" and "without recourse" basis, as of the Effective Date. The Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as is specifically made pursuant to Clause 6.1. Provided that Closing has occurred, the Purchaser further agrees that, as of the Effective Date, it shall:

- (a) be solely liable and responsible for any and all losses, costs, damages and expenses which the Vendor may suffer, sustain, pay or incur; and
- (b) indemnify and save the Vendor and its directors, officers, servants, agents and employees harmless from any and all claims, liabilities, actions, proceedings, demands, losses, costs damages and expenses whatsoever which may be brought against or suffered by the Vendor, its directors, officers, servants, agents or employees or which they may sustain pay or incur;

as a direct result of any matter or thing arising out of, resulting from, attributable to or connected with acts or omissions pertaining to environmental damage or contamination or other environmental problems pertaining to the Assets, however or by whomever the same occurred, whether such claims, demands, losses, costs, risks or expenses arose prior or subsequent to the Effective Date including any matters relating to:

- (i) surface, underground, air, groundwater or surface contamination;
- (ii) the abandonment or plugging of any Wells;
- (iii) the Abandonment and Reclamation Costs of any part of the Assets;
- (iv) the breach of any Regulations, as the same relate to the environment, in effect at any time; or
- (v) the removal of or failure to remove any foundations, structure or equipment from the Lands.

Once Closing has occurred, the Purchaser shall be solely responsible for all of the foregoing environmental liabilities respecting the Lands, the Abandonment and Reclamation of the Wells and the reclamation of the Lands as between the Vendor and the Purchaser, and hereby releases the Vendor from any claims the Purchaser may have against the Vendor with respect to all such liabilities and responsibilities. Subsection (i) above shall not apply to environmental continuation which commenced to accrue from and after the date of grant of the Receivership Order and which has attributable to the wilful neglect of the Receiver, its agents and employees.

7.3 No Merger Of Legal Responsibilities

The liabilities and indemnities created in this Article shall be deemed to apply to, and shall not merge in, all and any Specific Conveyances conveying any of the Assets from Trafina to the Purchaser, notwithstanding the terms of such Specific Conveyances, the Regulations or any rule of law or equity to the contrary, and all such rules are hereby waived.

7.4 Substitution and Subrogation

Insofar as is possible, each Party shall have full rights or substitution and subrogation in and to all covenants, representations and warranties by others previously given or made in respect of the Assets or any of them.

7.5 Responsibility Extends to Legal Costs

Notwithstanding any provision to the contrary contained in this Article, references to costs in the liability and indemnification obligations prescribed by Clauses 7.1 and 7.2 shall be deemed to include reasonable legal costs on a solicitor and his own client, full indemnity basis.

ARTICLE 8 PURCHASER'S REVIEW

8.1 Vendor To Provide Access

The Vendor shall, subject to the Regulations and all contractual and fiduciary obligations and limits:

- (a) provide the Purchaser and its nominees with reasonable access to Trafina's records, files and documents directly relating to the Assets, for the purpose of the Purchaser's review of the Assets and Trafina's title thereto, including, without limitation, the Leases and applicable operating agreements, unit agreements, overriding royalty agreements and production, sale transaction and processing contracts; and
- (b) provide the Purchase and its nominees with a reasonable opportunity to inspect the Assets at the Purchaser's sole cost, risk and expense, insofar as the Vendor can reasonably provide such access to the Assets.

ARTICLE 9 CONFIDENTIALITY

9.1 Purchaser's Obligation To Maintain Information as Confidential

Information respecting the Assets shall be retained in confidence and used only for the purposes of this Agreement and shall not be disclosed, used, dealt with or exploited by Purchaser for any other purpose, provided that upon Closing, the Purchaser's rights to use or disclose such information shall be subject only to any operating, unit or other agreements that may apply thereto. Any additional information obtained as a result of such access which does not relate to the Assets shall continue to be treated as confidential and shall not be disclosed, used, dealt with or exploited by the Purchaser without the prior written consent of the Vendor. However, the restrictions on disclosure and use of information in this Agreement shall not apply to information to the extent it:

- (a) is or becomes publicly available through no act or omission of the Purchaser or its consultants or advisors;
- (b) is subsequently obtained lawfully from a Third party, which, after reasonably inquiry, the Purchaser does not know to be bound to the Vendor to restrict the use or disclosure of such information; or
- (c) is already in the Purchaser's possession at the time of disclosure, without restriction on disclosure.

However, specific items of information shall not be considered to be in the public domain merely because more general information respecting the Assets is in the public domain.

9.2 Consultations and Advisors Bound

If the Purchaser employs consultants, advisors or agents to assist in its review of the Assets, the Purchaser shall be responsible to the Vendor for ensuring that such consultants, advisors and agents comply with the restrictions on the use and disclosure of information set forth in this Article 9.

ARTICLE 10 WAIVER

10.1 Waiver Must be in Writing

No waiver by any Party of any breach (whether actual or anticipated) or any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other future breach.

ARTICLE 11 ASSIGNMENT

11.1 Assignments Before Closing

Prior to Closing, neither Party may assign its interest in or under this Agreement or to the Assets without the prior written consent of the other Party, except as may be required by the Vendor to comply with its obligations respecting any Right of First Refusal.

11.2 Assignments By Purchaser After Closing

No assignment, transfer or other disposition of this Agreement or all or any portion of the Assets by the Purchaser after Closing shall relieve the Purchaser from its obligations to the Vendor herein. The Vendor shall have the option to claim payment or performance of such obligations from the Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendor to receive duplicate payment or performance of the same obligation.

ARTICLE 12 NOTICE

12.1 Service Of Notice

Notwithstanding anything to the contrary contained herein, all notices required or permitted hereunder shall be in writing. Any notice to be given hereunder shall be deemed to be served properly if served in any of the following modes:

- (a) personally, by delivering the notice to the Party on which it is to be served at that Party's address for service. Personally served notices shall be deemed to be received by the addressee when actually delivered as aforesaid, provided that such

delivery shall be during normal business hours on any day other than a Saturday, Sunday or statutory holiday in Alberta. If a notice is not delivered on such a day or is delivered after the addressee's normal business hours, such notice shall be deemed to have been received by such Party at the commencement of the addressee's first business day next following the time of the delivery;

- (b) by telecopier or facsimile (or by any other like method by which a written message may be sent) directed to the Party on which it is to be served at that Party's address for service. A notice so served shall be deemed to be received by the addressee when actually received by it, if received within normal business hours on any day other than a Saturday, Sunday or statutory holiday in Alberta or at the commencement of the next ensuing business day following transmission if such notice is not received during such normal business hours; or
- (c) by mailing its first class (air mail if to or from a location outside of Canada) registered post, postage prepaid, directed to the Party on which it is to be served at that Party's address for service. Notices so served shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt of the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays in Alberta) following the mailing thereof. However, if postal service is (or is reasonably anticipated to be) interrupted or operating with unusual delay, notice shall not be served by such means during such interruption or period of delay.

12.2 Addresses For Notices

The address for service of notices hereunder of each of the Parties shall be as follows:

Vendor: FTI Consulting Canada Inc.
1000, 888 – 3rd Street SW
Calgary, AB T2P 5C5

Attn: Deryck Helkaa
Tel: (403) 444-5372
Fax: (403) 444-6699
Email: deryck.helkaa@fticonsulting.com

with a copy to: Blake, Cassels & Graydon LLP
3500, 855 – 2nd Street SW
Calgary, AB T2P 4J8

Attn: Kelly J. Bourassa
Tel: (403) 260-9697
Fax: (403) 260-9700
Email: Kelly.bourassa@blakes.com

Purchaser: Quattro Exploration and Production Ltd.
4110, 825 – 8th Avenue S.W.
Calgary, AB T2P 2T3

Attn: Leonard B. Van Betuw
Tel: (403) 984-3917
Fax: (403) 984-3972
Email: Leonard@qxp-petro.com

with a copy to: Tingle Merritt LLP
1250, 639 – 5th Avenue S.W.
Calgary, Alberta T2P 0M9

Attn: Scott M. Reeves
Tel: (403) 571-8015
Fax: (403) 571-8008
Email: sreeves@tinglemerritt.com

12.3 Right to Change Address

A Party may change its address for service by notice to the other Party, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

ARTICLE 13 PUBLIC ANNOUNCEMENTS

13.1 Approval Required for Press Releases

- (a) The Parties shall cooperate with each other in relaying to Third Parties information concerning this Agreement and shall receive written approval from the other Party of all press releases and other releases of information prior to publication which approval may not be unreasonably withheld. However, nothing in this Clause shall prevent a Party from furnishing any information to any Governmental Authority or to the public, insofar only as is required by the Regulations or securities laws applicable to such Party, provided that a Party which proposes to make such a public disclosure shall, to the extent reasonably possible, provide an officer of the other Party with a draft of such statement a sufficient time prior to its release to enable such other Party to review such draft and advise that Party of any comments it may have with respect thereto.
- (b) Notwithstanding Subclause 13.1(a), the Vendor shall be permitted to disclose information pertaining to this Agreement and the identity of the Purchaser, to the extent required to enable the Vendor to fulfil its obligations pertaining to Rights of First Refusal and such disclosure as Vendor believes is necessary or advisable to obtain the Approval Order and the Vesting Order.

13.2 Signs And Notification To Governmental Authorities

Following Closing, the Vendor may remove any signs which indicate Trafina's ownership or operation of the Assets. If the Purchaser will be the operator of the Assets, it shall be the responsibility of the Purchaser to erect or install any signs required by Governmental Authorities, contracts, suppliers and other affected Third Parties of the Purchaser's interest in the Assets.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1 Further Assurances

At the Closing Date and thereafter as may be necessary, the Parties shall execute, acknowledge and deliver such instruments and take such other actions as may be reasonably necessary to fulfil their respective obligations under this Agreement.

Purchaser shall provide Vendor with reasonably access to, and Vendor may retain or subsequently obtain from Purchaser copies or photocopies of, any of the documents comprised in Miscellaneous Interests that Vendor considers necessary to enable it to comply with any laws or the requirements of any authority or to conduct audits relating to the period prior to the Closing Date. Such right of access shall terminate twenty-four (24) months after the Closing Date.

14.2 Governing Law

This Agreement shall be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each Party accepts the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

14.3 Time

Time shall be of the essence in this Agreement.

14.4 No Amendment Except In Writing

This Agreement may be amended only by written instrument executed by the Vendor and the Purchaser.

14.5 Consequences Of Termination

If this Agreement is Terminated in accordance with its terms prior to Closing, then except for the provisions of Article 10 and the covenants, warranties, representations or other obligations breached prior to the time at which such termination occurs, the Parties shall be released from all of their obligations under this Agreement. If this Agreement is so terminated, the Purchaser shall promptly return to the Vendor all materials delivered to the Purchaser by the Vendor hereunder, together with all copies of them that may have been made by or for the Purchaser.

14.6 Supersedes Earlier Agreements

This Agreement supersedes all other agreements between the Parties with respect to the Assets and expresses the entire agreement of the Parties with respect to the transactions contained herein.

14.7 Enurement

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

WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of **Trafina Energy Ltd.** and not in its personal capacity

Quattro Exploration and Production Ltd.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

This is SCHEDULE A to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Lands", "Leases", "Wells",

"AFEs"

"Facilities"

"Pipelines"

"Major Agreements"

"Seismic"

This is SCHEDULE A.1 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Lands", "Leases", "Wells"

(see attached)

This is SCHEDULE A.2 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"AFEs"

This is SCHEDULE A.3 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Facilities"

This is SCHEDULE A.4 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Pipelines"

This is SCHEDULE A.5 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Major Agreements"

This is SCHEDULE A.6 to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Seismic"

This is SCHEDULE B to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

PURCHASER'S OFFICER'S CERTIFICATE

RE: Article 6 of the Agreement of Purchase and Sale ("Agreement") dated October 15th, 2012

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

I, **[Name]**, **[Position]** of Quattro Exploration and Production Ltd. (the "Purchaser") hereby certify that as of the date of this Certificate:

1. Each of the covenants, representations and warranties of the Purchaser contained in Clause 6.2 of the Agreement was true and correct in all material respects as of the Effective Date and is true and correct in all material respects as of the Closing Date.
2. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
3. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the transactions contemplated by the Agreement

IN WITNESS WHEREOF I have executed this Certificate this ___ day of _____, 2012

Quattro Exploration and Production Ltd.

Per: _____

This is SCHEDULE C to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"Approval Order"

This is SCHEDULE D to an Agreement of Purchase and Sale dated October 15th, 2012 between FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of Trafina Energy Ltd., as Vendor, and Quattro Exploration and Production Ltd., as Purchaser

"General Conveyance"

14.6 Supersedes Earlier Agreements

This Agreement supersedes all other agreements between the Parties with respect to the Assets and expresses the entire agreement of the Parties with respect to the transactions contained herein.

14.7 Enurement

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

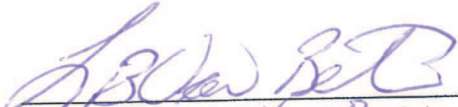
WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

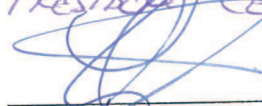
FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of **Trafina Energy Ltd.** and not in its personal capacity

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Quattro Exploration and Production Ltd.

Per: 
Name: LEONARD B. VAN BETUW
Title: PRESIDENT/CEO

Per: 
Name: STACEY LEPLA-MARTIN
Title: CFO

14.6 Supersedes Earlier Agreements

This Agreement supersedes all other agreements between the Parties with respect to the Assets and expresses the entire agreement of the Parties with respect to the transactions contained herein.

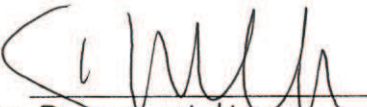
14.7 Enurement

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

WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

FTI Consulting Canada Inc., in its capacity as receiver and manager of the assets, undertakings and properties of **Trafina Energy Ltd.** and not in its personal capacity

Quattro Exploration and Production Ltd.

Per: 
Name: Deryck Helkaa
Title: Senior Managing Director

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____