

COURT FILE NUMBER 1501-09424
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT NATIONAL BANK OF CANADA
RESPONDENTS WALDRON ENERGY CORPORATION
DOCUMENT **FIRST REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF WALDRON ENERGY CORPORATION**

March 29, 2016

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
Suite 720, 440 – 2nd Avenue S.W.
Calgary, AB T2P 5E9
Deryck Helkaa
Telephone: (403) 454-6031
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com

COUNSEL

Blake, Cassels & Graydon LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Ryan Zahara / James Reid
Telephone: (403) 260-9628 / 9731
Fax: (403) 260-9700
Email: ryan.zahara@blakes.com
james.reid@blakes.com

INTRODUCTION

1. On August 17, 2015 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Waldron Energy Corporation (“**Waldron**” or the “**Company**”) pursuant to an Order of the Honourable Mr. Justice K.D. Yamauchi (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 (as defined below), and to make such arrangements or agreements as deemed necessary by the Receiver.
3. The Receiver’s reports and other publically available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/waldron> (the “**Receiver’s Website**”).
4. The purpose of this report (“**First Report**”) is to inform the Court as to the following:
 - (a) the status of various aspects of the Receivership Proceedings;
 - (b) the Receiver’s receipts and disbursements from the Date of Appointment to March 28, 2016;
 - (c) the Receiver’s summary and comments with respect to its efforts to solicit offers to purchase the Assets (as defined below); and
 - (d) the details of the charges, security interests, encumbrances and liens registered against the Property.

5. The Receiver is requesting the following relief from this Honourable Court:
 - (a) approval of the activities of the Receiver since the Date of Appointment including its receipts and disbursements; and
 - (b) approval of the Capital Oil APA (as defined below) and related relief.

TERMS OF REFERENCE

6. In preparing this First Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
7. Except as described in this First Report:
 - (a) the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
8. Future oriented financial information reported or relied on in preparing this First Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.

9. The Receiver has prepared this First Report in connection with the Receiver's Application dated March 29, 2016. This First Report should not be relied on for other purposes.
10. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, Blake, Cassels & Graydon LLP (the "**Receiver's Counsel**"), was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

CURRENT STATUS OF THE RECEIVERSHIP PROCEEDINGS

Background

12. Waldron is a public entity incorporated under the laws of the Province of Alberta and was formally listed on the Toronto Stock Exchange and its shares traded under the ticker symbol "WDN". The Company's principal line of business is the acquisition of, exploration for, and development and production of petroleum and natural gas reserves in Western Canada. The Company's operations include high working interest and operatorship in multi-zone oil and liquids rich natural gas and associated infrastructure in the Sullivan Lake, Ferrybank, Crystal, Newton and Giroux Lake areas of Alberta (collectively, the "**PNG Assets**").
13. The Company also has ownership or joint ownership in five 3D surveys with coverage totaling approximately 114 km² and in six projects with 49 lines of 2D totaling approximately 260 km (the "**Seismic Data**" and together with the PNG Assets collectively, the "**Assets**").

14. Prior to the Date of Appointment, Waldron had divested some of its core properties in order to reduce its indebtedness. However, the Company continued to experience financial challenges and cash flow issues due to the continued decline in the commodity price environment through 2015, a high percentage of fixed operating costs and the inability to fund capital programs to replace its declining production base.
15. As at June 30, 2015, Waldron's unaudited consolidated financial statements indicated the following:
 - (a) book value of property and equipment of approximately \$32.0 million;
 - (b) credit facilities of \$12.8 million consisting of the following:
 - (i). \$6.8 million in bank debt (\$7.6 million as at August 6, 2015) owed to the National Bank of Canada (the "**National Bank**"); and
 - (ii). \$6.0 million in secured subordinated debenture financing (\$6.3 million as at August 6, 2015) owed to Toscana Capital Corporation ("**Toscana**"); and
 - (c) \$5.8 million in accounts payable and accrued liabilities.
16. On August 6, 2015, Toscana issued a demand for payment and a notice of intention to enforce security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**") as described in the Affidavit of Karen Koury sworn August 14, 2015 (the "**Koury Affidavit**").
17. On August 7, 2015, the National Bank issued a demand for payment and a notice of intention to enforce security pursuant to section 244(1) of the BIA as described in the Koury Affidavit.

Custody and Control

18. On the Date of Appointment, the Receiver attended the Company's leased premises at 600, 510 – 5th Avenue SW, Calgary, Alberta to meet with Waldron's employees and consultants and advise that the Receivership Order had been granted and to take possession of the Company's Property in accordance with the terms of the Receivership Order. The Receiver indicated its intent to continue the Company's operations in order to facilitate an orderly sale of the Assets to maximize the return for all stakeholders.
19. Prior to the Date of Appointment, Waldron had reduced its office staff and as a result, the Receiver did not terminate any of the Company's employees until a further evaluation of the staffing needs was completed.
20. At the Date of Appointment, all employee related obligations and statutory deductions were current and employees had been paid via the Company's payroll service on August 15, 2015. The Receiver made arrangements to continue the Company's payroll service during the Receivership Proceedings.
21. On the Date of Appointment, the Receiver met with Waldron's President and CEO, its COO, and its Vice President of Finance and CFO (collectively, the "**Management**") in order to ensure the continued service of the Company's critical suppliers and contract operators. With the assistance of the Management, the Receiver was able to successfully maintain the services of the Company's critical suppliers and as a result, Waldron's operations have continued without any material disruptions since the Date of Appointment.
22. Throughout the Receivership Proceedings, the Receiver has worked with the Management and instituted minor work-overs and maintenance programs which had been neglected prior to the Date of Appointment due to limited cash flow in an effort to maintain production and maximize the potential recoveries for stakeholders.

23. In order to complete the foregoing and other administrative costs associated with the Receivership Proceedings, the Receiver has drawn \$750,000 in Receiver Certificate's in accordance with the terms of the Receivership Order. None of those amounts have been repaid as of the date of this First Report.
24. On or around the Date of Appointment, the Receiver also completed the following administrative tasks:
- (a) prepared the notice and statement of the receiver as required under section 245 and 246 of the BIA and mailed the notice to all known creditors as well as posting all relevant documents to the Receiver's website;
 - (b) in accordance with the Receivership Order, froze the Company's bank accounts and transferred the remaining balance to the Receiver's account;
 - (c) notified the Company's oil and gas marketers to facilitate the payment of the Company's oil and gas revenue to the Receiver's trust account going forward;
 - (d) investigated the status of the Company's insurance coverage;
 - (e) contacted the Company's landlord to facilitate discussions about extending the lease term beyond the current September 30, 2015 expiry date; and
 - (f) communicated with numerous creditors and stakeholders regarding the Receivership Proceedings.

Statutory Compliance

25. On August 25, 2015, the Receiver mailed the notice and statement of receiver in accordance with subsection 245(1) and 246(1) of the BIA to the Superintendent of Bankruptcy and to all known creditors of the Company.

26. The Receiver established the Receiver's Website, where it has posted periodic updates on the progress of the Receivership Proceedings, materials filed in connection with the Receivership Proceedings and other relevant information.
27. The Receiver notified Canada Revenue Agency (the “**CRA**”) of the Receiver’s appointment and to establish new remittance accounts for the goods and sales tax and employee related obligations arising subsequent to the Date of Appointment.

Insurance

28. The Receiver contacted the Company’s insurance provider, First Insurance Funding of Canada, to amend the Company’s existing insurance policies to reflect the Receiver’s interest in the Assets, to review the adequacy of the insurance and to discuss the current status of the insurance coverage.
29. The Company’s’ insurance policy is valid until June 19, 2016. The Receiver has continued to remit the monthly installments throughout the Receivership Proceedings.

Office Lease Agreement

30. The term of the Company’s office lease expired on September 30, 2015, and the Receiver has subsequently extended the lease as required on a month to month basis.

Employees

31. On Date of Appointment, Waldron had nine employees (the “**Employees**”), two of which were on long term disability and not receiving their regular salary, and one contractor paid via the Company’s payroll service. The services of the Employees were deemed necessary to assist the Receiver through the Receivership Proceedings, and each Employee agreed to continue his or her employment under the existing terms and conditions.

32. Subsequent to the Date of Appointment, the Receiver terminated the employment of the Company's President and CEO and accepted the resignation tendered by its Vice President of Finance & CFO.
33. As at the date of this First Report, five employees and one contractor paid via the Company's payroll service, remain with the Company on a full-time basis to assist the Receiver with the Company's operations, maintaining the books and records and to assist with the sales process.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

34. Receipts and Disbursements from the Date of Appointment to March 28, 2016, are summarized in the Schedule of Receipts and Disbursements below:

Schedule of Receipts and Disbursements	
As of March 28, 2016	
Receipts	
Oil & Gas Revenue	2,192,687
Receiver's Certificate	750,000
Other Receipts	509,727
GST Collected	100,325
Total - Receipts	3,552,739
Disbursements	
Operating Expenses	1,695,498
Royalty and Lease Payments	608,006
Employee Costs	511,293
Interest	234,728
Rent and Utilities	141,663
GST Remitted	94,197
Legal Fees	44,125
Other Professional Fees	36,010
Insurance	21,554
Other Miscellaneous Expenses	16,616
Receiver's Fees	-
Total - Disbursements	3,403,691
Net Cash on Hand	149,048

35. The amounts set out in the Schedule of Receipts and Disbursements are as follows:

- (a) Oil and Gas Revenue – revenue collected by the Receiver in respect of the sale of petroleum and natural gas;
- (b) Receiver's Certificate – amounts advanced by the National Bank under the terms of the Receivership Order;
- (c) Other Receipts – receipts from joint venture partners, GST refunds and other miscellaneous collections;
- (d) GST Collected – amounts collected in relation to Oil and Gas Revenue;
- (e) Operating Expenses – operating expenses relating to the Assets;
- (f) Royalty and Lease Payments – amounts disbursed in respect of Waldron's petroleum and natural gas leases;
- (g) Employee Costs – amounts disbursed by the Receiver relating to Employee related obligations, benefits and consultants;
- (h) Interest – amounts disbursed in respect of interest on amounts borrowed under the Receiver Certificate, interest on the Company's credit facility with the National Bank, wire payment fees, overdraft and other miscellaneous charges;
- (i) Rent and Utilities – amounts disbursed relating to occupation rent and utilities;
- (j) GST Paid – amounts paid relating to disbursements subject to GST;

- (k) Legal Fees – Legal fees and disbursements incurred by the Receiver’s Counsel;
 - (l) Other Professional Fees – pre-receivership fees and disbursements relating to certain advisory and legal services pursuant to National Bank’s credit agreement;
 - (m) Insurance – amounts disbursed relating to the Company’s corporate insurance policy;
 - (n) Other Miscellaneous Expenses – amounts disbursed including filing fees paid to the Official Receiver, off-site storage; and
 - (o) Receiver’s Fees – fees and disbursements incurred by the Receiver have not been paid to date.
36. As at March 28, 2016, the Receiver holds \$149,048 in cash on hand as summarized in the Schedule of Receipts and Disbursements above.

MARKETING PROCESS AND OFFERS TO PURCHASE

37. The Receiver, in consultation with the National Bank and Toscana, determined that a selling agent should be retained to market the Assets in order to maximize the return for all stakeholders.
38. The Receiver contacted four marketing agents for requests for proposals in connection with marketing the Assets. A total of three proposals were received and on September 9, 2015, the Receiver engaged Sayer Energy Advisors (“**Sayer**”) for the following reasons:
- (a) general industry knowledge and experience;
 - (b) familiarity with the Assets;

- (c) its proposed timeline for the marketing process (the “**Marketing Process**”); and
 - (d) its fee structure.
39. A summary of the Marketing Process conducted by the Receiver and Sayer is summarized as follows:
- (a) the Marketing Process commenced on September 25, 2015. An information brochure summarizing the Assets was mailed to approximately 1,100 industry contacts and a copy of the information brochure along with corresponding summary information was placed on both Sayer’s website and the Receiver’s Website;
 - (b) on October 1, 2015, an advertisement was placed in the Daily Oil Bulletin announcing the divestiture and a data room containing well files and a seismic workstation was set up at Sayer’s office. Four parties reviewed the well files and associated seismic;
 - (c) on October 6, 2015, approximately 1,800 parties from a different distribution list received an electronic copy of the brochure by email;
 - (d) targeted phone calls to industry contacts were made throughout the Marketing Process;
 - (e) a bid deadline of October 29, 2015 was established for offers to be submitted to Sayer in the form of non-binding letters of intent;
 - (f) throughout the Marketing Process, 37 confidentiality agreements (“**CAs**”) were signed; and
 - (g) three parties requested technical presentations with the Management.

40. On October 29, 2015, Sayer received a total 14 offers for all or individual properties. A total of Six 'en bloc' offers were received for the Company's PNG Assets
41. Also on October 29, 2015, Divestco Inc. ("**Divestco**") submitted an offer to purchase the Seismic Data.
42. In consultation with the National Bank and Sayer, the Receiver asked that the four top bidders (the "**Potential Purchasers**") to complete their respective due diligence, remove financing conditions by November 27, 2015, and to sign a form of purchase and sale agreement along with a non-refundable deposit, subject only to Court Approval. The Potential Purchasers were advised that the Marketing Process was still competitive and offers may be revised to reflect their best and final offer.
43. On or around November 27, 2015, three of the Potential Purchasers submitted revised offers to Sayer after completing standard due diligence and one of the Potential Purchasers indicated that it would not be pursuing the acquisition further. The purchase price of all three offers was reduced based on the further decline in commodity prices in addition to concerns with the extent of the environmental and abandonment liabilities associated with the PNG Assets.
44. In consultation with the National Bank and Sayer, the Receiver determined that the offer to purchase the PNG Assets submitted by Capital Oil Ltd. ("**Capital Oil**") was the best offer in the current circumstances.

Divestco Seismic Data Acquisition Agreement

45. The Receiver signed an asset purchase agreement with Divestco (the "**Seismic Data Acquisition Agreement**") made effective January 27, 2016. A copy of the Seismic Data Acquisition Agreement is attached hereto as Appendix A.

46. A summary of the key commercial terms of the Seismic Data Acquisition Agreement are follows:
- (a) effective date of January 27, 2016;
 - (b) a licensed copy of the Seismic Data is to be made available to the ultimate purchaser of the PNG Assets; and
 - (c) purchase price of \$50,000 exclusive of GST payable in full on closing.
47. In accordance with paragraph 3(l)(i) of the Receivership Order, the Receiver did not require Court approval to complete the transaction for the Seismic Data.

Capital Oil Offer to Purchase

48. The Receiver has entered into an asset purchase agreement with Capital Oil (the “**Capital Oil APA**”) made effective February 1, 2016. A redacted copy of the Capital Oil APA is attached hereto as Appendix B, excluding Schedules A, Part 1, Part 2 and Part 4, Schedule D and Schedule E. A full non-redacted copy of the Capital Oil APA is provided to the Court as Confidential Appendix I, but is not attached to this Second Report due to the confidential and commercially sensitive nature of its contents. A summary of the key non-commercial terms of the Capital Oil APA are follows:
- (a) effective date of February 1, 2016;
 - (b) the Capital Oil APA is subject to the approval of, and the granting of a vesting Order by this Honourable Court. The Capital Oil APA has no other closing conditions that have not been satisfied or that will not be satisfied at closing;
 - (c) non-refundable deposit of 7% of the purchase price subject only to Court Approval;

- (d) a closing date of the business day following the day Court Approval is obtained, or such other business day that may be agreed to; and
- (e) the adjusted purchase price as set forth in the interim statement of adjustments payable in full at closing.

Receiver's Analysis of the Offers to Purchase

49. The Receiver has concluded that the Seismic Data Acquisition Agreement and the Capital Oil APA (the “**Transactions**”) represent the best realizable value that could reasonably be obtained for those Assets in the present circumstances for all stakeholders based on the following:

- (a) those Assets have been adequately exposed to the market through the Marketing Process;
- (b) the Transactions are fair and commercially reasonable in the circumstances; and
- (c) the National Bank, the Company's largest secured creditor and the primary significant stakeholder in these Receivership Proceedings, supports the Receiver completing the Transactions.

DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS

50. The Receiver is aware of the following secured claims, charges and liens against the Property, either pursuant to statute, or which have been registered against the Property.

National Bank Secured Claim

51. As described in the Koury Affidavit, as at August 6, 2015, the indebtedness of the Company to the National Bank was approximately \$7.6 million in principal, plus interest, associated costs, fees and disbursements, with additional interest and other charges accrued and accruing thereon.

Toscana Subordinated Secured Claim

52. As described in the Koury Affidavit, as at August 6, 2015, the indebtedness of the Company to Toscana was approximately \$6.0 million in principal, plus interest, associated costs, fees and disbursements, with additional interest and other charges accrued and accruing thereon.

Property Taxes

53. Waldron has amounts owing for 2015 property taxes to a number of different municipalities. Waldron has provided the Receiver with a summary of the amounts due to each municipality based on its 2015 assessments, which is presented in the table below. The Receiver has not contacted the municipalities to verify the amounts owing or to discuss potential penalties or interest that may apply due to non-payment.

Waldron Energy Corporation - 2015 Property Tax Assessments			
Municipality	Linear Assessment	Building & Machinery Assessment	Total Assessment
Ponoka County	\$ 333,219.08	\$ 107,550.16	\$ 440,769.24
County of Barrhead No. 11	\$ 29,135.96	\$ 6,017.40	\$ 35,153.36
County of Paintearth No. 18	\$ 19,805.32	\$ 15,220.43	\$ 35,025.75
Kneehill County	\$ 6,378.52	\$ -	\$ 6,378.52
Red Deer County	\$ 2,181.24	\$ 532.41	\$ 2,713.65
Municipal District of Greenview No. 16	\$ 757.43	\$ 1,233.86	\$ 1,991.29
County of Wetaskiwin No. 10	\$ 1,003.03	\$ 981.40	\$ 1,984.43
Mountain View County	\$ 1,914.00	\$ -	\$ 1,914.00
Special Areas Board	\$ -	\$ 1,900.91	\$ 1,900.91
Paul First Nation	\$ 1,420.06	\$ -	\$ 1,420.06
Camrose County	\$ 94.44	\$ -	\$ 94.44
TOTAL	\$ 395,909.08	\$ 133,436.57	\$ 529,345.65

Royalties

54. On October 26, 2015, Prairie Sky Royalty Ltd. (“**Prairie Sky**”), as lessor and as a freehold royalty recipient, submitted an unsecured claim for unpaid or incorrectly paid royalties in the amount of \$39,128.26 for the period of April 2014 to May 2015.
55. Given the claim has been submitted as unsecured, the Receiver does not anticipate a distribution to Prairie Sky in these Receivership Proceedings.

Lien Claims

56. A number of liens have been registered against the Property (the “**Liens**”). A summary of liens that the Receiver has been made aware of by date of registration and amount is set out in the table below.

Lienholder	Claimed Amount	Registration Date
Techmation Electric & Controls Ltd.	\$ 3,282.68	13-Feb-15
Techmation Electric & Controls Ltd.	\$ 892.50	13-Feb-15
Techmation Electric & Controls Ltd.	\$ 1,710.29	13-Feb-15
Precision Directional Services Ltd.	\$ 32,039.28	9-Mar-15
PureChem, a Division of Canadian Energy Services L.P.	\$ 30,296.22	21-Aug-15
PureChem, a Division of Canadian Energy Services L.P.	\$ 4,377.67	21-Aug-15
PureChem, a Division of Canadian Energy Services L.P.	\$ 4,377.67	21-Aug-15
Foremost Brahma Ltd.	\$ 60,874.71	26-Aug-15
Pressure Services Inc.	\$ 2,328.39	17-Sep-15
Pressure Services Inc.	\$ 5,341.35	22-Sep-15
Pressure Services Inc.	\$ 1,630.13	22-Sep-15
Pressure Services Inc.	\$ 941.85	22-Sep-15
Pressure Services Inc.	\$ 1,303.05	22-Sep-15
Pressure Services Inc.	\$ 1,130.85	22-Sep-15
Pressure Services Inc.	\$ 2,047.51	22-Sep-15
Pressure Services Inc.	\$ 2,328.39	22-Sep-15
Total	\$ 154,902.54	

57. The sum of the Liens claimed as due is \$154,902.54. A summary of the amounts claimed as due by each lienholder (the “**Lienholders**”) is presented in the table below. As of the date of this Report the Receiver has not independently verified that the amounts claimed as due by the Lienholders reconciles to the Company records. If the Receiver’s Counsel determines that the Liens create a valid and enforceable security interest in favour of the Lienholders, the Receiver would reconcile the claimed amounts against the Company records.

Lienholder	Claimed Amount
Foremost Brahma Ltd.	\$ 60,874.71
PureChem, a Division of Canadian Energy Services L.P.	\$ 39,051.56
Precision Directional Services Ltd.	\$ 32,039.28
Pressure Services Inc.	\$ 17,051.52
Techmation Electric & Controls Ltd.	\$ 5,885.47
Total	\$ 154,902.54

58. On or around February 24, 2014, the National Bank registered its fixed charge security against the PNG Assets and as a result, the Receiver’s preliminary view is that the National Bank security is in priority to the amount claimed as due by the Lienholders. However, further review is required by the Receiver and the Receiver’s Counsel and the validity and priority of all claims, charges and liens against the Property will be addressed at a subsequent application and prior to any distribution by the Receiver.

CONCLUSION AND RECOMMENDATIONS

59. The Receiver, through the Marketing Process, has undertaken a broad and extensive process in an effort to solicit offers to purchase the Assets.
60. The Receiver is of the view that the Capital Oil APA commercially reasonable and represents the best offer for the PNG Assets in the circumstances.

61. Based on the foregoing, the Receiver respectfully requests that this Honourable Court make the following orders:

- (a) approving the Capital Oil APA made effective February 1, 2016, and authorizing and directing the Receiver to take such additional steps and execute such additional documents as may be necessary or desirable to close the sale contemplated in the Capital Oil APA;
- (b) vesting title to the Assets in and to the perspective purchasers free and clear of all liens, charges, security interests and other encumbrances, subject only to certain permitted encumbrances;
- (c) providing for the registration of the Orders with Alberta Land Titles Registry, Alberta Energy, and the Alberta Personal Property Registry;
- (d) granting any other related relief; and
- (e) approving the Receiver's actions, conduct and activities since the Date of Appointment, including its receipts and disbursements, as set out in this First Report.

All of which is respectfully submitted this 29th day of March, 2016.

FTI Consulting Canada Inc.,
in its capacity as receiver and manager
of the assets, undertakings and properties of
Waldron Energy Corporation



Deryck Helkaa
Senior Managing Director, CIRP

Appendix A

Seismic Data Acquisition Agreement

SEISMIC DATA ACQUISITION AGREEMENT

AGREEMENT DATE: January 27, 2016

BETWEEN:

DIVESTCO SEISMIC LIMITED PARTNERSHIP, by its general partner, **DIVESTCO SEISMIC GP LTD.**

("Buyer")

- and -

WALDRON ENERGY CORPORATION ("Waldron") by and through its court-appointed receiver FTI Consulting Canada Inc. (the "**Receiver**"), in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron and not in its personal capacity

("Seller")

RECITALS:

1. Seller owns the Assets in Schedule A.
2. The Parties executed an Offer to Purchase dated November 26, 2016.
3. Seller has agreed to sell the Assets to Buyer, and Buyer has agreed to purchase the Assets from Seller on the terms and conditions described in this Agreement.
4. Buyer has agreed to license the Assets back to Seller on a non-exclusive basis pursuant to the Seismic Data License Agreement attached hereto as Schedule B.
5. In consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "**Act**" means the *Income Tax Act* (Canada).
- (b) "**Agreement**" means this agreement, all its schedules, and all written amendments to it signed by all parties, and "**herein**", "**hereto**" and "**hereof**" and similar expressions referred to herein mean this Agreement.
- (c) "**Assets**" means:
 - (i) the Interests, and

- (ii) the Records,
as described in more detail in Schedule A to this Agreement.
- (d) **"Data"** means:
 - (i) the 2D and 3D seismic survey datasets described in more detail in Schedule A to this Agreement, and will include but not be limited to surveying data, SEGP1 survey files, surveyor's notes, driller's notes and observer's notes, raw shot records, cell centre bin map, all final processed volumes and other processing outputs.
- (e) **"GST"** means Goods and Services Tax leviable pursuant to the *Excise Tax Act* (Canada).
- (f) **"Effective Date"** means the date of this Agreement as first written above.
- (g) **"Governmental Authority"** means any domestic government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government having jurisdiction over the Assets or the Parties.
- (h) **"Interests"** means the beneficial ownership interests in the Data, as described in Schedules A to this Agreement.
- (i) **"License"** means a seismic data license in the form attached as Schedule B to this Agreement.
- (j) **"Party"** means Seller or Buyer and **"Parties"** means both of them.
- (k) **"Person"** means any individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative or any unincorporated organization.
- (l) **"Purchase Price"** has the meaning assigned to that term in section 2.2.
- (m) **"Records"** means all business books and records relating to the Assets, and includes:
 - (i) all media containing the Data, and
 - (ii) all correspondence and files and other items of similar character relating to the Assets (except Seller's corporate records).

1.2 Schedules

Schedules A and B to this Agreement form part of this Agreement, as if each were incorporated into and repeated in the body of this Agreement. Whenever any term or condition, whether express or implied, of any Schedule conflicts with or is at variance with any term or condition of the body of this Agreement, the latter shall prevail.

1.3 Headings

The headings to articles, sections and subsections of this Agreement are for ease of reference only, but are deemed to not form part of the Agreement and must not be used to interpret any part of this Agreement.

1.4 Drafting

The parties acknowledge that their respective legal counsel have each reviewed and participated in the drafting of this Agreement, and as a result any rule of contractual interpretation to the effect that any ambiguity is to be resolved against the drafting party does not apply to the interpretation of this Agreement.

1.5 References

- (a) A reference to "**this Agreement**" is a reference to the entire agreement and not only one particular article or section, a reference to an "**article**" is a reference to the contents of only that article of this Agreement, and a reference to "**section**" is a reference to the contents of only that section.
- (b) A reference to "**will**" or "**shall**" means that the party must perform the matter so described; a reference to "**may**" means that the party has the option, but not the obligation, to perform the matter so described.
- (c) Where the context requires, a reference to one gender means the other or neuter gender, and a reference to a single number means the plural, and vice-versa.
- (d) Any reference herein to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made to such statute or any such regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

1.6 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and applicable laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. Each Party irrevocably attorns and submits to the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

1.7 Currency

All payments required under this Agreement must be paid in Canadian dollars.

1.8 Severable Provisions

If any section is illegal, invalid or unenforceable, then that section of this Agreement is deemed deleted from this Agreement. That deletion does not affect the legality, validity or enforceability

of the rest of this Agreement, and the parties acknowledge that they each would have signed this Agreement in the absence of the deleted section.

1.9 Entire Agreement

This is the entire agreement between the parties with respect to the Assets and related matters addressed in this Agreement. This Agreement may not be amended or modified in any respect except by a written instrument signed by the parties.

2. TRANSFER OF ASSETS

2.1 Sale and Purchase of Assets

Upon and subject to the terms and conditions of this Agreement, Seller will sell, assign, transfer, convey and set over unto Buyer, and Buyer hereby accepts directly from Seller, the Assets, as of the Effective Date.

2.2 Purchase Price

The Purchase Price for the Assets is \$50,000, exclusive of GST. The Purchase Price shall be paid by Buyer in the following manner:

- (a) \$50,000 plus GST on the Effective Date.

2.3 GST

- (a) Subject to subsection 2.3(b), Buyer shall be solely responsible for any GST, provincial sales tax, harmonized sales tax and similar taxes pertaining to its acquisition of the Assets and shall remit any such taxes to the applicable Governmental Authority.
- (b) the Purchase Price does not include GST. Concurrent with the signing of this Agreement, Buyer shall pay to Seller the applicable GST. Seller shall remit such amount to the appropriate taxation authorities in accordance with the *Excise Tax Act* (Canada).
- (c) Waldron represents and warrants that its GST registration number is 87371 1170 RT0002. Buyer represents and warrants that its GST registration number is 87367 5524 RT0001.

2.4 Method of Payment

All payments to be made by Buyer pursuant to this Agreement may be made by the delivery by Buyer to Seller of a solicitor's trust cheque from Buyer's Counsel, bank draught or certified cheque, or by way of inter-bank wire transfer received by and deposited into the account of Seller.

2.5 Assumption of Liabilities

Buyer shall assume no obligations or liabilities of Seller with respect to the Assets (other than the obligations of Seller as licensor in the Licenses) prior to the date of this agreement. Seller agrees to pay and discharge all other liabilities and obligations of Seller, including without

limitation, the payment of any debt, obligation, liability, claim or demand of whatsoever nature of or against Seller.

2.6 Seller's Deliveries

Concurrent with the signing of this Agreement, Seller shall deliver to the Buyer: (i) a copy of the Records, and (ii) the License, signed by the Seller.

2.7 Buyer's Deliveries

Concurrent with the signing of this Agreement, Buyer shall deliver to Seller: (i) payment of the Purchase Price, and (ii) the License, signed by the Buyer.

3. SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants as follows and acknowledges that Buyer is relying upon such representations and warranties in connection with the purchase of the Assets:

3.1 Incorporation

Seller has been duly incorporated and continued and otherwise organized and is validly subsisting under the laws of Alberta and has made all necessary filings and registrations in Alberta.

3.2 Corporate Authority

Seller has the corporate power and authority to own the Assets and sell them in the manner contemplated by this Agreement.

3.3 Corporate Authorization

The execution and delivery of this Agreement, the agreements and instruments relating hereto and the consummation of the transactions contemplated hereby have been approved by the Board of Directors of Seller.

3.4 Execution and Delivery

This Agreement has been duly executed and delivered by Seller and is a legal, valid and binding obligation of Seller enforceable in accordance with its terms.

3.5 Right to Sell

No person, firm or corporation has any agreement or option or any right or privilege, whether by law or contractual, capable of becoming an agreement or option for the purchase, lease or possession from Seller of any of the Assets.

3.6 No Breach

The entering of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents, by-laws or resolutions of Seller or of any security agreement, mortgage, note, contract, indenture or other agreement, written or oral, to which Seller may be a party.

3.7 Accuracy of Records

The Records:

- (a) accurately and fully disclose all material information with respect to the subject matter of the Records, and
- (b) contain all the Data.

3.8 Compliance with Law

The entering into of this Agreement and the transactions contemplated hereby will not result in the violation by Seller of any law or regulation of Alberta or the Dominion of Canada applicable therein.

3.9 Assets

- (a) Seller is the sole beneficial owner of the Interests.
- (b) Seller has not conveyed any interest in the Assets.
- (c) Seller owns, possesses and has a good and marketable title to the Assets, free and clear of any and all mortgages, liens, pledges, charges, security interests, encumbrances, actions, claims or demands of any nature whatsoever or howsoever arising.
- (d) Seller is exclusively entitled to possess and dispose of the Assets.

3.10 Litigation

- (a) There are no actions, lawsuits or proceedings against or affecting or, to the best of Seller's knowledge, after diligent inquiry, pending or threatened against it with respect to the Assets at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.
- (b) Seller's officers are not now aware of any existing ground on which any such claim, action, suit or proceeding might be commenced with any reasonable likelihood of success.

3.11 Consents

There are no consents, authorizations, licenses, franchise agreements, permits, approvals or orders of any person or government authority required to permit Seller to complete the sale of the Assets to Buyer.

3.12 Licenses and Permits

To the Sellers knowledge, no governmental or regulatory authorizations, consents, approvals, filings or notices are required to be obtained or given or waiting period is required to expire in order that the purchase and sale of the Assets may be consummated.

3.13 Brokers, Agents

Seller has not dealt with any agent, finder, broker or other representative in any manner that could result in Buyer being liable for any fee or commission in the nature of finder's fee or originator's fee in connection with the subject matter of this Agreement.

3.14 Canadian Residency

Seller is not a non-resident of Canada within the meaning of the Act.

3.15 Excise Tax Act (Canada)

Seller is a registrant under the *Excise Tax Act* (Canada) for the purposes of the GST payable under that Act.

3.16 Completeness of Representations

- (a) Seller has no information or knowledge of any facts relating to the Assets which, if known to Buyer, might reasonably be expected to deter Buyer from completing the transaction of purchase and sale herein contemplated.
- (b) Seller is not aware of any untrue statement of material fact herein or any omission to state any fact necessary to make the statements herein not misleading in light of the circumstances in which they are made.

4. BUYER'S REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants as follows and acknowledges that Seller is relying upon such representations and warranties in connection with the purchase of the Assets:

4.1 Incorporation

Buyer has been duly incorporated and otherwise organized and is validly subsisting under the laws of Alberta and has made all necessary filings and registrations in Alberta.

4.2 Corporate Authority

Buyer has the corporate power and authority to purchase the Assets.

4.3 No Corporate Breach

The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents, resolutions or by-laws of Buyer or of any indenture or other agreement, written or oral, to which Buyer may be a party.

4.4 Corporate Authorization

The execution and delivery of this Agreement, the agreements and instruments relating hereto and the consummation of the transactions contemplated hereby have been approved by Buyer.

4.5 Execution and Delivery

This Agreement has been duly executed and delivered by Buyer and is a legal, valid and binding obligation of Buyer enforceable in accordance with its terms.

4.6 Excise Tax Act (Canada)

Buyer is a registrant under the *Excise Tax Act* (Canada) for the purposes of the GST payable under that Act.

5. SURVIVAL AND INDEMNIFICATION

5.1 Survival of Representations and Warranties

The representations and warranties contained in this Agreement and contained in any document or certificate given pursuant hereto shall survive the closing of the purchase and sale of the Assets herein provided for an indefinite period after the date of this Agreement, despite the closing of this purchase and sale of the Assets, and despite any investigation made by or on behalf of the Party to whom the representation and warranty is made shall continue in full force and effect for the benefit that Party. Any independent investigation made by or on behalf of that Party shall not affect or mitigate the representations and warranties which shall continue in full force and effect in accordance with this section.

5.2 Seller's Indemnities

Seller is liable to Buyer for, and shall in addition, indemnify Buyer from and against all losses, costs, claims, damages, expenses and liabilities suffered, sustained, paid or incurred by Buyer which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in Article 3 above been accurate and truthful.

5.3 Buyer's Indemnities

Buyer is liable to Seller for, and shall in addition, indemnify Seller from and against all losses, costs, claims, damages, expenses and liabilities suffered, sustained, paid or incurred by Seller which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in article 4 above been accurate and truthful.

6. GENERAL

6.1 No waivers

Each Party must perform every one of its obligations in this Agreement, except to the extent that the other Party has given a written waiver of performance. A Party's failure to fully enforce this agreement is not a waiver.

6.2 Further Assurances

The Parties will sign further documents and do further things necessary to fully carry out the intent of this Agreement.

6.3 Deadlines

Time is of the essence for the performance of obligations in this Agreement.

6.4 Costs and Commissions

Each Party acknowledges that no commissions are payable to any Person with respect to the transactions contemplated in this Agreement.

6.5 Expenses

Each of Seller and Buyer covenant and agree that each of them shall be responsible for their own expenses incurred in connection with the preparation and execution of this Agreement and the completion of the transactions contemplated by this Agreement including, but not limited to, all compensation and expenses of counsel, financial advisors, consultants and independent accountants.

6.6 Binding Effect

This Agreement is binding upon the Parties, and is binding upon and enures to the benefit of their respective successors and assigns.

6.7 Counterpart Execution

This Agreement may be executed in as many counterparts as are necessary, no one copy of which need be executed by the Parties. A valid and binding contract shall arise if and when all execution pages have been both executed and delivered by the Parties in the manner provided herein.

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

**DIVESTCO SEISMIC LIMITED
PARTNERSHIP, by its general partner,
DIVESTCO SEISMIC GP LTD.**

**FTI CONSULTING CANADA INC., in its
capacity as court-appointed receiver of the
assets, properties and undertakings of
WALDRON ENERGY CORPORATION and
not in its personal capacity**

By: _____

Lonn Hornsby

Senior Vice President

By: _____

Brett Wilson

Senior Consultant



Divestco

Exhibit A

Waldron 3D Data

SEIS LINE ID	PROSPECT	SEIS LINE NAME	FSP	USP	LINE LEN
422524120	RICINUS	RICINUS 2011 3D	101	621	31
422524108	RICINUS	VETCH CR 2010 3D	101	461	26.96
419192469	SULLIVAN LAKE S 3D	SULLIVAN LK S 3D	101	161	24.43
423832831	SULLIVAN LAKE S 3D	SULLIVAN LK S.09 3D	101	231	11.91
423832783	WILLESSEN GREEN NORTH	WILL GREEN N 3D	101	691	19.88

Waldron 2D Data

SEIS LINE ID	PROSPECT	SEIS LINE NAME	FSP	USP	LINE LEN
423832855		4T52-16-0.8	101	182	1.61
419192378	BRUCE	BRUCE-07-01	98	242	2.88
419192386	BRUCE	BRUCE-07-02	95	356	5.22
419192394	CESSFORD	CESS-07-001	103	773	10.06
419192402	CESSFORD	CESS-07-002	101	789	10.32
419192410	CESSFORD	CESS-07-003	101	549	6.72
419192418	CESSFORD	CESS-07-004	101	557	6.84
419192426	CESSFORD	CESS-07-005	101	421	4.8
419192434	CESSFORD	CESS-07-006	101	561	6.9
419192442	GIROUX LAKE	GL-06-06	101	597	7.48
419192451	GIROUX LAKE	GL-06-07	101	377	4.16
419192459	GIROUX LAKE	GL-06-08	101	509	6.15
420020349	INLAND	INLAND 07-01	101	371	4.06
420020360	INLAND	INLAND 07-02	101	376	4.13
420020371	INLAND	INLAND 07-03	101	416	4.72
420020382	INLAND	INLAND 07-04	101	401	4.5
420020395	INLAND	INLAND 07-05	101	526	6.38
420020407	INLAND	INLAND-06-01	101	470	5.53
420020419	INLAND	INLAND-06-02	101	551	6.76
420020430	INLAND	INLAND-06-03	101	532	6.46
420020441	INLAND	INLAND-06-04	101	532	6.51
420020452	INLAND	INLAND-06-05	101	473	5.58
420020465	INLAND	INLAND-11-06-01	101	531	6.45
420783960	NEWTON	NEWT-06-01	129	553	6.38
420783971	NEWTON	NEWT-06-02	101	382	4.23
420783979	NEWTON	NEWT-06-03	101	553	6.78
420783987	NEWTON	NEWT-06-04	101	313	3.18
420783995	NEWTON	NEWT-07-01	101	377	4.14
420784003	NEWTON	NEWT-07-02	101	297	2.94
420784011	NEWTON	NEWT-07-03	101	401	4.5
420784021	NEWTON	NEWT-07-04	101	261	2.42
420784029	NEWTON	NEWT-07-06	101	313	3.18
420784037	NEWTON	NEWT-08-01	106	425	4.79
420784045	NEWTON	NEWT-08-02	109	457	5.22
420784053	NEWTON	NEWT-08-03	106	426	4.78
420784061	NEWTON	NEWT-08-07	110	321	3.18
420784069	NEWTON	NEWT-08-08	106	369	3.95
420784077	NEWTON WEST	NW08-001	106	477	5.56
420784085	NEWTON WEST	NW08-002	106	469	5.43
420784093	NEWTON WEST	NW08-003	106	513	6.08
419192482	SULLIVAN LAKE	SUL-LK-06-01	101	477	5.64



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419192490 SULLIVAN LAKE	SUL-LK-05-02	101	433	4.98
419192498 SULLIVAN LAKE	SUL-LK-05-03	101	617	7.74
419192506 SULLIVAN LAKE	SUL-LK-05-04	105	537	6.48
419192514 SULLIVAN LAKE	SUL-LK-05-05	101	429	4.92
419192522 SULLIVAN LAKE	SUL-LK-05-06	101	417	4.74
419192530 SULLIVAN LAKE	SUL-LK-05-07	101	469	5.52
419192538 SULLIVAN LAKE	SUL-LK-05-08	101	341	3.6
419192548 SULLIVAN LAKE	SULLLKII-06-001	101	709	6.08



Schedule B

SEISMIC DATA LICENSING AGREEMENT

This Agreement ("**Agreement**") dated as of the 27th day of January, 2016 and made effective as of January 27, 2016.

BETWEEN:

DIVESTCO INC., an Alberta corporation ("**Licensor**")

- and -

WALDRON ENERGY CORPORATION ("**Waldron**") by and through its court-appointed receiver FTI Consulting Canada Inc. (the "**Receiver**"), in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation and not in its personal capacity and any permitted assignee or successor of Waldron ("**Licensee**").

RECITALS:

- A. Licensee and Licensor are parties to a purchase and sale agreement dated January 27, 2016 (the "**Purchase Agreement**") pursuant to which the Licensee has agreed to sell to the Licensor and the Licensor has agreed to purchase from the Licensee the Seismic Data, on the terms and conditions as contained in the Purchase Agreement.
- B. Under the terms of the Purchase Agreement, the Licensor agreed to grant the Licensee a license to allow the Licensee the right to obtain a copy of and use the Seismic Data, subject to and in accordance with this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements herein set forth, the Parties covenant and agree as follows;

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

"**Affiliate**" means any wholly owned subsidiary of the Licensee, or any entity that wholly owns the Licensee.

"**Agreement**" means this Seismic Data Licencing Agreement and the schedules attached hereto.

"**Change in Control**" means any of:

- (a) the sale of all or substantially all of the assets of Licensee;
- (b) any merger, reorganization, consolidation or amalgamation of Licensee with any other entity besides an Affiliate, or
- (c) the direct or indirect acquisition of at least 50% of the outstanding equity interests in the Licensee.



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"**Court**" means the Court of Queen's Bench of Alberta.

"**Effective Date**" means January 27, 2016.

"**Exploration Group**" means those individuals, companies or other entities that have an understanding or agreement, formal or informal, with the Licensee to explore, lease, participate in (including by option, royalty or other means) or develop areas of mutual interest, operating units or otherwise join together to acquire or utilize petroleum, natural gas, or hydrocarbon properties or working interests in petroleum, natural gas, or hydrocarbon properties by making use of the Seismic Data.

"**Party**" means a party to this Agreement.

"**Receivership Proceedings**" means the proceedings before the Court and identified as Court File No. 1501-09424.

"**Seismic Data**" means the certain geophysical data 100% owned by Licensor and described in Exhibit "A" attached hereto, as well as related support documentation including: surveying data, surveyor's notes, driller's notes and observer's notes.

"**User**" means an individual who is entitled to access and use the Seismic Data pursuant to this Agreement. Users shall include personnel who are providing services to Licensee, or on its behalf, as consultants or contractors, for the sole purpose of interpreting the Seismic Data for use in the Licensee's own business operations.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into articles, Sections, Subsections, and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the meaning, interpretation or construction of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto" and "hereunder" and similar expressions refer to in this Agreement as may be amended, supplemented or modified, and not to any particular article, section or other portion hereof.

1.3 Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders. The words "includes" or "including" shall be deemed to mean "including, without limitation".

1.4 Headings

The expressions "Article", "Section", "Subsection" and "paragraph" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection and paragraph of or to this Agreement.

1.5 Invalidity of Provisions

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



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ARTICLE 2 GRANT OF LICENSE

Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee a non-exclusive license (the "License") to use the Seismic Data for an unlimited number of Users on a corporate license basis for the term and on the terms and conditions set forth and described herein. Nothing in this Agreement grants Licensee any additional interest in the Seismic Data except as stated in this Agreement and the Seismic Data is and shall remain the property of Licensor. The Licensee shall be authorized to utilize the License in accordance with the terms of this Agreement free of charge and Licensor shall not charge a fee or otherwise seek payment for the use of the License.

ARTICLE 3 WARRANTY REGARDING OWNERSHIP

Licensor hereby represents and warrants that it has the exclusive right and authority to provide Licensee with the Seismic Data, and that it will in no way breach any obligation it has to any other person or entity by providing the Seismic Data to Licensee.

ARTICLE 4 RIGHTS AND OBLIGATIONS OF LICENSEE

Licensee acknowledges that the Seismic Data is a valuable copyright and trade secret of Licensor and that title to and ownership rights in the Seismic Data at all times shall remain vested in Licensor. Licensee agrees to take any and all action necessary to insure that its employees, representatives or agents do not violate the terms and conditions of this Agreement including, but not limited to the limitations on access to the Seismic Data provided below. Licensee recognizes that Licensor, as owner of the Seismic Data, may enter into agreements with other parties to license the Seismic Data provided to Licensee, and that Licensor is free to license, use, sell or in any other manner dispose of the Seismic Data upon such terms and conditions as Licensor may elect.

ARTICLE 5 LIMITATION OF LIABILITY AND DISCLAIMER

Licensee recognizes that this license transaction is made on an "as is, where is" basis. Licensor does not warrant the accuracy or quality of the Seismic Data, and any actions taken or expenditures made by Licensee as a result of examination, evaluation or interpretation of the Seismic Data shall be at the sole risk, responsibility and liability of Licensee, without any recourse to Licensor. Licensor agrees to defend, indemnify and hold harmless Licensee from and against all claims, damages, liabilities, judgments and/or infringement based upon or arising out of Licensee's enjoyment of the rights and benefits granted to it by this Agreement.

ARTICLE 6 CONFIDENTIALITY

Licensee agrees that the Seismic Data, and any copies thereof, shall be for Licensee's internal use only, and that the Seismic Data shall not be shown, scanned, sold, traded, disposed of, or otherwise made available to any other person or entity except under the following conditions:

- (a) the Seismic Data may be used by any Affiliate of the Licensee provided the Affiliate agrees to be bound by the terms of this agreement;



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- (b) the Seismic Data may be made available and/or shown to, but not copied for or by, a consultant engaged by Licensee, but only for the purposes of analysis and interpretation and only if such consultant agrees, in writing, either generally or specifically, that Data is confidential and will not be divulged or disclosed to any person or entity other than Licensee;
- (c) such portions of the Seismic Data as are directly related, in the reasonable opinion of Licensee, to a specific drilling prospect generated by, or to specific oil and gas properties owned by, Licensee may be shown by Licensee to any person or entity, but not copied by such person or entity, on order to interest such person or entity to enter into an agreement with Licensee to explore, operate, develop or buy all or a portion of such drilling prospect or oil and gas properties, or for purposes of a Change in Control, but only if such person or entity acknowledges and agrees in writing, either generally or specifically that the Seismic Data is the confidential, proprietary property of Licensor and will not be disclosed, described to or shown to any other person or entity. Licensor and Licensee intend that Licensee may make the applicable portions of the Seismic Data available to any person or entity for the limited purpose described above only in connection with a specific drilling prospect of limited area but not to permit such person or entity to make a regional interpretation of the Seismic Data or any portion thereof;
- (d) no work product derived from the Seismic Data will be provided to partners without a data license including but not limited to horizon maps, amplitude maps, time slices, depth conversion maps and seismic sections depicting locations;
- (e) where the Licensee forms, acquires or becomes part of or participates in an Exploration Group by any means whatsoever in a geographical area covered by any of the Seismic Data, each member of that group that has not previously been granted a license to use the relevant Data shall, if such member wishes to view or use such Data, obtain a license from Licensor at the lower of Licensor's then current published rates for group members, such member's current licensing rates or the Licensee's current licensing rates. Except as provided for herein, Exploration Group members are not permitted hereunder to view or to use any of the relevant Data without first obtaining a use-license. It is agreed and understood that the existence of Exploration Groups does not automatically result in the creation of separate use-licenses for each group member, there being but one initial use-license to the Licensee with the rights of the other group members to use the Seismic Data arising only by acquiring separate use-licenses. Further, where a member of the Exploration Group does not wish to view or to use the Seismic Data themselves, they are not required to obtain a use-license to participate in the Exploration Group;
- (f) the Seismic Data may be disclosed to any person or entity for the purpose of reprocessing the Seismic Data;
- (g) the Seismic Data may be conveyed to a service company for reprocessing or storage; and
- (h) the Seismic Data may be disclosed to *bona fide* prospective purchasers of the assets of Waldron Energy Corporation as part of such corporation's Receivership Proceedings.

The intent of this Agreement is to allow Licensee to use the Seismic Data for the purposes of analysis and interpretation in Licensee's search for hydrocarbon reserves, solely for Licensee's own account. Other than as set out above, the Seismic Data shall remain in the physical possession of Licensee and will not be made available to any person or entity. At no time, under any circumstances shall Licensee receive any fee from any person or entity for any use of the Seismic Data.



ARTICLE 7 TAX

Licensor has taken the position that the licensing of geophysical Data pursuant to this agreement does not constitute a transaction on which federal, provincial or local transaction taxes, excluding GST, are imposed, including, but not limited to sales tax, use tax, or transfer tax. However if any type of federal, provincial or local transaction taxes are imposed on this transaction at any time, Licensee hereby agrees to indemnify, reimburse and hold harmless Licensor from any liability for such tax including any interest thereon, which is determined to be due and owing.

ARTICLE 8 TERM AND TERMINATION

8.1 Term

The term of the Seismic Data license shall be indefinite, unless terminated by Licensor in accordance with Section 8.2.

8.2 Licensor's Right to Terminate

Licensor shall have the right to terminate this Agreement with immediate effect upon written notice to the Licensee if the Licensee breaches or fails to observe or perform any of the obligations set out in this Agreement.

8.3 Effect of Termination

Upon termination of this Agreement the Licensee will immediately cease to use the Seismic Data and return all copies of the Seismic Data to Licensor, or ensure that all copies of the Seismic Data have been properly destroyed, and will provide Licensor with a certificate of senior officer of the Licensee certifying such action and that no copies of the Seismic Data, or any part thereof, in any form remain in the possession or control of the Licensee, its employees, consultants, third parties acting on behalf of the Licensee or prospective joint participants.

ARTICLE 9 GENERAL

9.1 Entire Agreement

This Agreement, the Purchase Agreement and the agreements and other documents required to be delivered pursuant to this Agreement and the Purchase Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and set out all the covenants, promises, warranties, representation, conditions, understandings and agreements between the Parties pertaining thereto and supersede all prior agreements, understandings, negotiations and discussions relating to that subject matter, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understanding or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchase Agreement and any document required to be delivered pursuant to this Agreement and the Purchase Agreement

9.2 Amendment

No amendment, supplement, modification or waiver of this Agreement and, unless otherwise specified, no consent or approval by any Party shall be binding unless executed in writing by the Party to be bound thereby.



9.3 Assignment

- (a) Except as expressly provided herein, Licensee may not sell, assign or otherwise transfer this Agreement, the Seismic Data, or any other rights or obligations hereunder, in whole or in part, without the prior written consent of Licensor, of which the consent shall not be unreasonably withheld.
- (b) Notwithstanding Section 9.3(a), Licensee may transfer the Seismic Data and assign Licensee's rights and obligations under this Agreement, in whole or in part, without the consent of Licensor, to:
 - (i) an Affiliate of the Licensee, or
 - (ii) a purchaser of the assets of Waldron Energy Corporation as part of such corporation's Receivership Proceedings,

provided that:

- (iii) the Licensee does not retain any copies of the Seismic Data; and
 - (iv) once assigned, the Licence, the Seismic Data, or any portion thereof so assigned, may not be reassigned under Section 9.3(b)(ii).
- (c) If the Licensee experiences a Change in Control as defined below, a transfer fee of 30% of the current retail asking price, for the Seismic Data may be due to Licensor to the extent that the controlling entity, which results from such Change in Control, does not own rights to the Seismic Data made the subject of this agreement and only if the controlling entity desires to retain such Seismic Data not owned by it at the time of the Change in Control.
 - (d) If the Licensee experiences a Change in Control and the controlling entity does not wish to retain the Seismic Data, then all derivative products including but not limited to horizon maps, amplitude maps, time slices, depth conversion maps and seismic sections or maps depicting locations shall be returned to Licensor within 10 business days, deleted from computer storage and certified by a member of the board.

9.4 Notice

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

To Licensor:

DIVESTCO INC.
300, 520 – 3rd Avenue SW
Calgary, AB T2P 0R3
Attention: Lonn Hornsby
Fax: (587) 952-8379
Telephone (587) 952-8078

To Licensee

WALDRON ENERGY CORPORATION c/o.
FTI Consulting Canada Inc.
Suite 720, 440 – 2nd Avenue SW



Divestco

Calgary, AB T2P 5E9
Attention: Brett Wilson
Fax: (403) 232-6116
Telephone: (403) 454-6033

All notices, communications and statement required, permitted or contemplated hereunder shall be in writing, and shall be delivered and received if:

- (a) personally served on the other Party by hand delivery or courier delivery during the normal business hours of the recipient at the applicable address set forth above (personally served notices shall be deemed received by the addressee when actually delivered if delivered within the normal working hours of the Business Day, or, if delivered outside the normal working hours of the business day, at the commencement of the next ensuing business day following delivery thereof); or
- (b) by facsimile transmission directed to the Party on whom they are to be served at the Party's fax number set forth above and such notices so served shall be deemed to have been received by the addressee thereof when actually received by it if received within the normal working hours of a business day, or, if received outside the normal working hours of a business day, at the commencement of the next ensuing business day following the transmission thereof.

A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party.

9.5 Governing Law

This agreement shall be construed in accordance with the laws of the Province of Alberta, without giving effect to principles of conflicts of law and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

9.6 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

9.7 No Waiver

A waiver by a Party of the strict performance by the other Party of any term, covenant or agreement herein contained shall not itself constitute a waiver or the term, covenant or agreement or of any subsequent breach of that or any other term, covenant or agreement herein contained.

9.8 Further Assurances

Each Party shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to perform its obligation contemplated by this Agreement, and each Party shall provide such further documents or instruments reasonably required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

9.9 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.



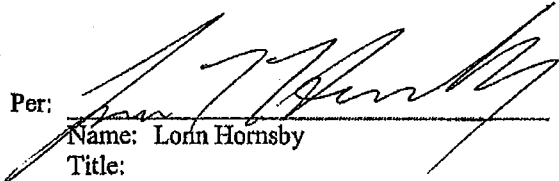
Divestco

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

DIVESTCO INC.

WALDRON ENERGY CORPORATION by and through its court-appointed receiver **FTI CONSULTING CANADA INC.**, in its capacity as court-appointed receiver of the assets, properties and undertaking of Waldron Energy Corporation, and not in its personal capacity

Per:


Name: Lorin Hornsby
Title:

Per:

Lorin Hornsby
Name:
Title: Sr. v.p. operations

Per:


Name: Brett Wilson
Title: Senior Consultant

Appendix B

**Redacted Capital Oil APA with Schedules A, Part 1, Part 2 and Part 4,
Schedule D and Schedule E removed**

ASSET PURCHASE AGREEMENT

BETWEEN:

**WALDRON ENERGY CORPORATION by and through its court-appointed receiver
FTI CONSULTING CANADA INC., in its capacity as court-appointed receiver of the assets,
properties and undertaking of Waldron Energy Corporation, and not in its personal
capacity**

- AND -

CAPITAL OIL LTD.

Effective February 1, 2016

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT made effective as of the 1st day of February, 2016.

BETWEEN:

WALDRON ENERGY CORPORATION ("Waldron" or the "Debtor") by and through its court-appointed receiver **FTI CONSULTING CANADA INC.** (the "**Receiver**"), in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation and not in its personal capacity (the "**Vendor**")

- and -

CAPITAL OIL LTD., a body corporate, having an office in the City of Calgary in the Province of Alberta (the "**Purchaser**")

WHEREAS the Receiver was appointed as receiver of the Property of Waldron pursuant to the terms of the Receivership Order granted on August 17, 2015;

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

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

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

- (a) "**Abandonment and Reclamation Liabilities**" means all past, present and future obligations and liabilities to:
 - (i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings,

pipelines, seismic lines, equipment, tanks and other facilities which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to any of them;

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

- (b) "**Affiliate**" means any Person that controls, is controlled by or is under common control with a Party, or which controls, is controlled by or under common control with a Person which controls such Party; for the purposes of this definition, the term "**controls**" and "**controlled by**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact, provided that direct or indirect ownership of shares of a corporation carrying not less than fifty (50%) percent of the voting rights shall constitute control of such corporation. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (c) "**Agreement**" means this Asset Purchase Agreement including the recitals hereto and the Schedules attached hereto.
- (d) "**Applicable Laws**" means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations;which are applicable to such Person, asset, transaction, event or circumstance.
- (e) "**Assets**" means all of the Debtor's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Miscellaneous Interests and the Tangibles.
- (f) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
- (g) "**Claim**" means any claim, actions, causes of action, demand, lawsuit, proceeding, judgment, awards, decrees, determinations, adjudications, writs, orders, pronouncements, audits, arbitration, mediation, hearings, investigations, governmental investigation or actions of every kind, nature or description, in each case, whether asserted, threatened, pending, contingent or existing, and whether based on contract, tort, statute or other legal or equitable theory of recovery.

- (h) **"Closing"** means the transfer of possession, risk, beneficial and legal ownership of the Assets from the Vendor to the Purchaser, the exchange of Conveyance Documents and payment of the Purchase Price by the Purchaser to the Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
- (i) **"Closing Date"** has the meaning provided in Section 5.1.
- (j) **"Closing Payment"** has the meaning provided in Section 3.4.
- (k) **"Conveyance Documents"** means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required or desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of the Debtor to the Purchaser and to novate the Purchaser or its Affiliates in the place and stead of the Debtor or its Affiliates with respect to the Assets.
- (l) **"Court"** means the Court of Queen's Bench of Alberta.
- (m) **"Court Approval"** means the approval of the Transaction by the Court and the vesting of the Assets in the name of the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances, and providing for the sealing of the terms of this Agreement, substantially in the form attached hereto as Schedule "D".
- (n) **"Data Room Information"** means all information provided to the Purchaser in electronic form in relation to the Debtor and/or the Assets.
- (o) **"Debtor"** is as defined in the preamble.
- (p) **"Deposit"** has the meaning provided in Section 3.3(a).
- (q) **"dollar"** and **"\$"** mean a dollar of the lawful money of Canada.
- (r) **"Effective Time"** means 12:01 a.m. on February 1, 2016.
- (s) **"Encumbrance"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, pledges, options, privilege, interests, assignments, actions, executions, levies, taxes, judgments, writs of execution, lease, reservation of ownership, rights of pre-emption, claims (whether financial, monetary or otherwise) or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, and encumbrances or charges created by the Receivership Order or any other order in the Receivership Proceedings and all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;

- (t) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (u) **"Environmental Law"** means all Applicable Laws respecting the protection of, or the control, remediation or reclamation of contamination or pollution of, the Environment or any part thereof.
- (v) **"Environmental Liabilities"** means all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:
 - (i) Environmental Matters;
 - (ii) past, present and future non-compliance with, violation of or liability under Environmental Laws relating to or arising in connection with the ownership or control of the Assets; or
 - (iii) Abandonment and Reclamation Liabilities,whenever occurring or arising.
- (w) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to:
 - (i) the storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances;
 - (ii) the protection of the Environment; or
 - (iii) pollution, reclamation, remediation or restoration of the Environment;in each case relating to or arising in connection with the ownership or control of the Lands or the Assets or that has or have arisen or hereafter arise from or in respect of past, present or future Operations, activities or omissions in or on the Lands or in respect of the Assets, including obligations to compensate Third Parties for Losses and Liabilities.
- (x) **"Facilities"** means the Debtor's entire interest in the facilities related to the Assets including the facilities described in Schedule "A", Part 4 and all discontinued facilities.
- (y) **"Final Statement of Adjustments"** has the meaning provided in Section 4.2(b).
- (z) **"General Conveyance"** means the general conveyance in the form attached as Schedule "B".

- (aa) "**Government Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction.
- (bb) "**GST**" the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 3.5(a).
- (cc) "**Hazardous Substances**" means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (dd) "**Interim Statement of Adjustments**" has the meaning provided in Section 4.2(a).
- (ee) "**Land Schedule**" means the lands listed in Schedule "A", Part 1.
- (ff) "**Lands**" means the entire interest of Debtor as of the Effective Time in and to the lands set forth and described in the Land Schedule, and includes (i) unless the context otherwise requires, the surface of such lands and (ii) the Petroleum Substances within, upon or under such lands, together with the rights to mine for, drill for, explore for, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (gg) "**Leases**" means the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the Lands and include, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (hh) "**Licensee**" has the meaning ascribed thereto in the Seismic Data License;
- (ii) "**Licensor**" has the meaning ascribed thereto in the Seismic Data License;
- (jj) "**Losses and Liabilities**" means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which the Vendor suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and
 - (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether

based on fault, strict liability or otherwise) which the Vendor suffers, sustains, pays or incurs as a result of or in connection with such matter;

but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by the Vendor.

- (kk) **"Miscellaneous Interests"** means all of the right, title, interest and estate of the Debtor in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Tangibles), to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, and to which the Debtor is entitled at the Effective Time, including the following property, rights and assets:
- (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or the Lands, including the Title and Operating Documents and any rights of the Debtor in relation thereto;
 - (ii) the Surface Interests and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Surface Interests, including the Title and Operating Documents and any rights of the Debtor in relation thereto;
 - (iii) geological, geochemical and mineralogical data, reports and findings and archive samples, and all core or liquid samples and cuttings;
 - (iv) all engineering and technical information, to the extent relating to the Petroleum and Natural Gas Rights, the Tangibles or the Lands which the Debtor has in its custody or has access, excluding any such information which is subject to confidentiality restrictions;
 - (v) all permits, licenses, approvals, orders and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands and any lands upon which the Tangibles or Wells are located, including well and pipeline licenses and other permits, licenses, approvals, orders and other authorizations relating to the Petroleum and Natural Gas Rights, the Tangibles, the Wells or the Lands;
 - (vi) the Wells, including the entire wellbores and casings, and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Wells, including the Title and Operating Documents and any rights of the Debtor in relation thereto; and
 - (vii) the limited rights to the Seismic Data, as a licensee granted pursuant to the Seismic Data License.
- (ll) **"Operations"** means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.

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

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

- (oo) "**Person**" means any individual, company, corporation, limited or unlimited liability company, sole proprietorship, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or other entity.
- (pp) "**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Debtor in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances, as more particularly set out in Schedule "A", Part 3.
- (qq) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and hydrogen sulphide.
- (rr) "**Place of Closing**" means the offices of Blake, Cassels & Graydon LLP at 3500, 855 – 2nd Street S.W. in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (ss) "**Prime Rate**" means the rate of interest (expressed as a rate per annum) used by the main branch of the National Bank in Calgary, Alberta from time to time as the reference rate used in determining the rates of interest payable on Canadian dollar commercial demand loans made by such bank in Canada and which is announced by such bank, from time to time, as its "prime rate".
- (tt) "**Property**" has the meaning given to it in the Receivership Order.
- (uu) "**Purchase Price**" has the meaning given in Section 3.1.
- (vv) "**Receivership Order**" means the order issued by the Court in the Receivership Proceedings on August 17, 2015, as amended, modified or supplemented from time to time.
- (ww) "**Receivership Proceedings**" means the proceedings before the Court and identified as Court File No. 1501-09424.
- (xx) "**Release**" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (yy) "**Representatives**" means, with respect to any Party, the respective directors, officers, servants, agents, advisors, employees, consultants and representatives of that Party.
- (zz) "**Seismic Data**" has the meaning ascribed thereto in the Seismic Data License;
- (aaa) "**Seismic Data License**" means a non-exclusive, irrevocable, worldwide royalty and fee free, license granted to Vendor by Divestco Inc. pursuant to a Seismic

Data Licensing Agreement between Vendor and Divestco Inc., dated January 27, 2016 and attached hereto as Schedule "E".

- (bbb) "**Surface Interests**" means all right, title, interest and estate of the Debtor to enter upon, use, occupy and enjoy the surface of the Lands, and any lands with which the same have been pooled or unitized, and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto or egress therefrom, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or Wells or Operations, whether the same are held in fee simple, under a surface lease, by right of way, easement, license of occupation or otherwise.
- (ccc) "**Tangibles**" means, collectively, (i) all of the right, title, interest and estate of the Debtor in the Facilities; and (ii) all right, title, interest and estate of the Debtor and whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within, upon, to the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, or make marketable Petroleum Substances or in connection with water condensate, injection or removal operations or other *in situ* operations that pertain to the Petroleum and Natural Gas Rights, and including those assets listed in Schedule "A", Part 5.
- (ddd) "**Third Party**" means any Person other than the Parties, their Affiliates or their respective Representatives.
- (eee) "**Title and Operating Documents**" means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created, (ii) permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, production allocation agreements, trust declarations, participation agreements, joint venture agreements, farm-in agreements, farm-out agreements and royalty agreements, (iv) agreements that create or relate to Surface Interests, including surface rights documentation and road use agreements, (v) agreements for the construction, ownership and/or operation of the Tangibles and the Wells, (vi) trust declarations and other documents and instruments that evidence the Debtor's interests in the Assets; and (vii) trust declarations pursuant to which the Debtor hold interests in the Lands in trust for other Persons.
- (fff) "**Transaction**" means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.
- (ggg) "**Vendor Consents**" has the meaning provided in Section 8.1.
- (hhh) "**Vendor Entity**" means the Vendor and its Representatives, and each of their respective successors and assigns.
- (iii) "**Wells**" means all wells located on the Lands, including all producing, shut in, abandoned, suspended, capped, water source, service, observation, delineation,

injection and disposal wells, and includes, but is not limited to, any well set out in Schedule A, Part 2.

1.2 Interpretation

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

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict; and
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.3 Schedules

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

SCHEDULE "A"	
Part 1	Lands, Leases and Permits
Part 2	Wells
Part 3	Petroleum and Natural Gas Rights
Part 4	Facilities
Part 5	Other Assets
SCHEDULE "B"	Form of General Conveyance
SCHEDULE "C"	Form of Officer's Certificate
SCHEDULE "D"	Form of Court Approval Order
SCHEDULE "E"	Seismic Data License

1.4 Interpretation If Closing Does Not Occur

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

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in Sections 10.1 and 10.3 mean the actual knowledge or awareness, as the case may be, of the officers of such Party who are primarily responsible for the matters in question, and does not include knowledge and awareness of any other Person or any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

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

2.2 Transfer of Assets

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

2.3 Excluded Liabilities

The Purchaser shall not assume any liabilities or obligations of the Vendor other than as may be specifically provided in this Agreement.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

3.1 Purchase Price

The purchase price to be paid by the Purchaser to the Vendor for the Assets shall be subject to adjustment only as set forth in Section 4.1 and Section 4.2 (the "Purchase Price").

3.2 Allocation of the Purchase Price

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

- (a) to the Petroleum and Natural Gas Rights

- (b) to the Tangibles
- (c) to the Miscellaneous Interests

3.3 Deposit

- (a) The Purchaser shall pay to the Vendor, by certified cheque, bank draft or electronic transfer of funds, a deposit of _____ totalling 7% of the Purchase Price, on the date that it executes this Agreement (referred to hereinafter as the "**Deposit**"). The Deposit received by the Vendor pursuant to this Section 3.3(a) shall be held in trust by the Receiver or the Receiver's counsel and shall be releasable in accordance with this Agreement.
- (b) If Closing occurs in accordance with the terms and conditions of this Agreement, the Deposit received by the Vendor shall be paid to the Vendor and credited against the Purchase Price, in partial satisfaction of the Purchaser's obligation to pay the Purchase Price at Closing.
- (c) If Closing does not occur:
 - (i) due to the conditions precedent in favour of the Purchaser set forth in Section 9.2 of this Agreement not having been satisfied or waived in accordance with the terms of this Agreement, the Deposit received by the Vendor shall be returned by the Receiver or the Receiver's counsel, as applicable, to the Purchaser, this Agreement shall thereupon terminate, and each Party shall be released from all obligations and liabilities under or in connection with this Agreement; or
 - (ii) due to the Purchaser being in default of its obligations pursuant to Sections 9.1(a), (b) or (c) of this Agreement, and such default not having been waived in accordance with the terms of this Agreement, the Vendor shall be entitled to the Deposit, the Deposit shall be forfeited to the Vendor, and the Vendor shall be entitled to terminate this Agreement.
- (d) The Purchaser and the Vendor hereby acknowledge and agree that, should Closing not occur for any reason provided in Section 3.3(c)(ii), the Vendor will suffer and incur damages that cannot be precisely calculated, and will therefore be entitled to retain the Deposit pursuant to Section 3.3(c)(ii) as liquidated damages, and not as a penalty, the Deposit being a genuine pre-estimate of the damages that will be suffered by the Vendor as contemplated by this Section 3.3(d) and the Vendor shall not be entitled to recover from the Purchaser any amounts that are in excess of the Deposit as a result of Closing not occurring.

3.4 Closing Payment

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

3.5 Taxes and Fees

- (a) The Purchase Price does not include GST. At Closing, the Purchaser shall pay to the Vendor an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply. The Purchaser shall be liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless the Vendor in respect thereof. The GST Registration Number of Waldron is 87371 1170 RT0002. The GST Registration Number of the Purchaser is 82412 9027 RT0001.
- (b) The Purchaser shall also be liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendor to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith.

3.6 Tax Election

The Purchaser and Vendor each acknowledge and agree that the purchase and sale of the Assets is to be carried out in accordance with section 66.7 of the *Income Tax Act* (Canada) (the "Tax Act") and that the parties will jointly elect pursuant to paragraphs 66.7(7) and 66.7(8) of the Tax Act in the prescribed form and within the time referred to in the Tax Act.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustments

- (a) All costs and revenues accruing, payable, paid, received or receivable in respect of the Assets, including rentals, maintenance, development, capital and operating costs, advances, and payments with respect to Permitted Encumbrances shall be apportioned between the Vendor and the Purchaser as of the Effective Time, on and subject to the following:
 - (i) except as otherwise provided in this Section 4.1, all such costs and revenues accruing up to the Effective Time shall be for the account of the Vendor and all such costs and revenues accruing after the Effective Time shall be for the account of the Purchaser;
 - (ii) all such revenues accruing up to the Effective Time shall be for the Vendor's account, regardless of whether such revenues are received or receivable prior to or after the Effective Date, and Purchaser shall hold in trust for, on behalf of and pay to the Vendor any such revenues received by the Purchaser, and all such revenues accruing after the Effective Time shall be for the Purchaser's account, regardless of whether such revenues are received or receivable prior to or after the Effective Date,

and Vendor shall hold in trust for, on behalf of and pay to the Purchaser any such revenues received by the Vendor;

- (iii) all costs of whatever nature that pertain to work performed or goods or services provided with respect to the Assets prior to the Effective Time, shall be borne by the Vendor, and all costs of whatever nature that pertain to work performed or goods or services provided with respect to the Assets after the Effective Time, shall be borne by the Purchaser;
 - (iv) all rentals, property taxes and other periodic payments (other than income taxes) shall be apportioned between the Vendor and the Purchaser on a *per diem* basis as of the Effective Time, provided that (a) all such rentals, property taxes and other periodic payments accruing up to the Effective Time shall be for the Vendor's account (it being expressly understood and agreed that any rentals, property taxes and other periodic payments vested off title to the Assets in accordance with the Court Approval shall not be adjusted), and (b) all such rentals, property taxes and other periodic payments accruing after the Effective Time shall be for the Purchaser's account; and
 - (v) there shall not be any adjustment on account of income taxes.
- (b) The effective time for income tax purposes shall be the Effective Time.
 - (c) All adjustments to be made pursuant to this Section 4.1 shall be allocated to the Petroleum and Natural Gas Rights.

4.2 Statement of Adjustments

- (a) The Vendor shall carry out an accounting and adjustment and prepare and deliver to the Purchaser at least three (3) Business Days prior to the Closing Date a statement setting forth the Vendor's good faith estimate of all adjustments to be made for the Transaction (the "**Interim Statement of Adjustments**") in accordance with the foregoing Section 4.1. Vendor shall make available to Purchaser all information reasonably necessary for Purchaser to understand and confirm the calculations in that statement.
- (b) Within ninety (90) days following the Closing Date, the Vendor shall prepare and deliver, and the Purchaser shall cooperate in preparing, a final statement of all adjustments and payments ("**Final Statement of Adjustments**"), on the basis of the information available within that period, to be made pursuant to Section 4.1 including any settlement payment required to be made by either Party as a result of differences between the Final Statement of Adjustments and the Interim Statement of Adjustments.
- (c) During the thirty (30) days following receipt by the Purchaser of the Final Statement of Adjustments, either Party may audit the books, records and accounts of the other Party and their successors and assigns respecting the Assets and Final Statement of Adjustments, for the purpose of confirming settlement payments pursuant to this Section. Such audit shall be conducted upon reasonable notice to the other Party at the non-auditing Party's offices

during normal business hours, and shall be conducted at the sole expense of the auditing Party. Any claims of discrepancies disclosed by such audit shall be made in writing to the other Party within thirty (30) days following the receipt by the Purchaser of the Final Statement of Adjustments, and either Party shall respond in writing to any claims of discrepancies within ten (10) days of the receipt of such claims. If the Vendor and Purchaser are unable to agree on any matter relating to the Final Statement of Adjustments after Closing then either party may seek the advice and direction of the Court. Notwithstanding the foregoing, the Vendor shall have no right to any of the Purchaser's documentation relating to the determination of the Deposit, Purchase Price, or the Purchase Price allocation.

- (d) All adjustments shall be settled by the prompt payment by any Party obliged to make payment pursuant to this Agreement. Interest at the Prime Rate plus one percent per annum shall be paid on any settlement payment which remains unpaid by one Party to the other Party when due, with such interest accruing from the date such amount is due to the date payment is made.
- (e) Subject only to this Section 4.2, the Final Statement of Adjustments shall constitute the final accounting between the Parties in respect of costs and revenues accruing, payable, paid, received or receivable in respect of the Assets, shall be binding on the Parties and shall not be subject to dispute. For certainty, notwithstanding any other provision in this Agreement, save pursuant to the Final Statement of Adjustments, there shall be no further adjustments made between the Parties in respect of any costs or revenues accruing, payable, paid, received or receivable in respect of the Assets, including rentals, maintenance, development, capital and operating costs, advances, and payments with respect to Permitted Encumbrances, including, but not limited to, any costs or revenues that are disclosed or adjusted as a consequence of any subsequent joint venture audits, royalty adjustments or similar audit or adjustment procedures pursuant to the Title and Operating Documents or Applicable Law.
- (f) The Purchaser and the Vendor will each bear their own fees and expenses, including the fees and expenses of their respective accountants and auditors, in preparing or reviewing, as the case may be, the Final Statement of Adjustments.

ARTICLE 5 CLOSING

5.1 Closing

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

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

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

**ARTICLE 6
INTERIM PROVISIONS**

6.1 Assets to be Maintained

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

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

6.2 Restrictions on Conduct of Business

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

- (a) make any commitment or propose, initiate or authorize any capital expenditure out of the ordinary course of business with respect to the Assets, of which the Debtor's share is in excess of \$25,000, except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets (including Lease rental payments) or in respect of amounts which the Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) other than in the ordinary course of business, materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets;
- (c) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and the Purchaser does not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (d) sell, encumber or otherwise dispose of any of the Assets or any interest therein;
or
- (e) exercise any right or option of the Debtor relative to or arising as a result of the ownership of the Assets.

6.3 Following Closing

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

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

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

ARTICLE 7 ACCESS TO INFORMATION AND RECORDS

7.1 Technical and Operating Information

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

7.2 No Right to Reduction in Purchase Price

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

7.3 Access to Records

The Vendor may, at its sole expense, for a period of two (2) years after Closing, request from the Purchaser copies or photocopies of any Title and Operating Documents, correspondence, documents, records, policies, manuals, reports, or other proprietary, confidential business or technical information which were delivered to the Purchaser at Closing by the Vendor and which the Vendor reasonably requires. The Purchaser shall use reasonable commercial efforts to provide the Vendor with the requested documentation.

ARTICLE 8 THIRD PARTY CONSENTS

8.1 Consents

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

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

ARTICLE 9 CONDITIONS PRECEDENT TO CLOSING

9.1 Vendor's Closing Conditions

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

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

- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (f) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of the Vendor and may, without prejudice to any of the rights of the Vendor hereunder excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that the Vendor is not entitled to waive the Court Approval condition contained in Section 9.1(f). The Vendor shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions in case any of the said conditions shall not be complied with, or waived by the Vendor, at or before the Closing Date, the Vendor may terminate this Agreement by written notice to the Purchaser and the Deposit shall be governed by Section 3.3.

9.2 Purchaser's Closing Conditions

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

- (a) **Representations and Warranties True:** All representations and warranties of the Vendor contained in this Agreement shall be true in all material respects on the Closing Date;
- (b) **Vendor's Obligations:** The Vendor shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Vendor (and shall have caused the Debtor to perform and satisfy in a timely manner all of its obligations hereunder) on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Vendor shall have executed and delivered to the Purchaser all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **Restrictions:** All Vendor Consents, as well as all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions;
- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (f) **Court Approval:** The Court Approval shall have been obtained.

The foregoing conditions shall be for the benefit of the Purchaser and may, without prejudice to any of the rights of the Purchaser hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to the Vendor in writing, in whole or in part, at any time, provided that the Purchaser is not entitled to waive the Court Approval condition contained in Section 9.2(f). The Purchaser shall proceed diligently and in good faith and use all

commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by the Purchaser at or before the Closing Date, the Purchaser may terminate this Agreement by written notice to the Vendor and the Deposit shall be governed by Section 3.3.

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

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 9.1 and 9.2.

ARTICLE 10 REPRESENTATIONS AND WARRANTIES

10.1 Vendor's Representations and Warranties

The Vendor hereby represents and warrants to the Purchaser that:

- (a) the Receiver has been appointed by the Court as receiver of the assets, properties and undertakings of the Debtor and such appointment is valid and subsists;
- (b) the Receiver, in its capacity as court-appointed receiver of the assets, properties and undertaking of the Debtor and not in its personal capacity, has good right, full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and to sell, assign, transfer, convey and set over the interest of the Debtor in and to the Assets, subject to the terms and conditions of the Receivership Order and the Court Approval;
- (c) neither the Receiver, the Vendor or the Debtor has incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Purchaser shall have any obligations or liability;
- (d) neither the Receiver, the Vendor or the Debtor have, as at the date hereof, received notice of any Claims in existence, contemplated, pending or threatened against them seeking to prevent the consummation of the Transaction;
- (e) provided the Court Approval is obtained:
 - (i) this Agreement has been and all documents and agreements to be executed and delivered by the Vendor at Closing pursuant to this Agreement shall be, duly executed and delivered by it; and
 - (ii) upon execution by the Purchaser and the Vendor, this Agreement constitutes, and all documents and agreements required to be executed and delivered by the Vendor at Closing will constitute, legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their respective terms, subject to the provisions of the Receivership Order and any other orders of the Court in the Receivership Proceedings, bankruptcy, insolvency, preference, reorganization,

moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;

- (f) provided the Court Approval is obtained, the Receiver, without making any inquiries, and excluding the Alberta Energy Regulator with respect to approval of the transfer of applicable well licences and permits, is not aware that any authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by them or on their behalf for the due execution and delivery of this Agreement;
- (g) provided the Court Approval is obtained, the Receiver, without making any inquiries, is not aware that consummation of the Transaction will constitute or result in a material violation, breach or default by the Debtor under any provision of any agreement or instrument to which the Debtor is a party or by which the Debtor is bound or any judgment, law, decree, order or ruling applicable to the Debtor; and
- (h) the Debtor is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

10.2 No Additional Representations and Warranties by the Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, the Vendor makes no representations or warranties except as expressly set forth in Section 10.1 and in particular, and without limiting the generality of the foregoing, the Vendor disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchaser in any manner including any opinion, information, or advice which may have been provided to the Purchaser by the Debtor, the Receiver or their Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, the Vendor makes no representation or warranty, express or implied, of any kind, at law or in equity, with respect to:
 - (i) the accuracy or completeness of the Data Room Information or any other data or information supplied by the Vendor or the Debtor or any of its Representatives in connection with the Assets;
 - (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
 - (iii) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;
 - (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;

- (v) the ability of the Purchaser to obtain any necessary approval from any Governmental Authority in order for the Purchaser to operate the Assets;
- (vi) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or
- (vii) the title of the Debtor to the Assets.

The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Assets and it has not relied on advice from the Vendor or any of its Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Assets pursuant hereto. The Purchaser further acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis. The Purchaser acknowledges and agrees that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as expressly contained in Section 10.1 of this Agreement.

- (b) Except for its express rights under this Agreement and as expressly contained in Section 10.1 of this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against the Vendor or Vendor Entity in respect of the Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to the Purchaser or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

10.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor that:

- (a) it is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;
- (b) except for the Court Approval, it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendor or the Debtor shall have any obligations or liability;

- (d) it has not received notice of any Claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction;
- (e) provided the Court Approval is obtained, this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (f) to its knowledge, and provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by it or on its behalf for the due execution and delivery of this Agreement;
- (g) provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which it is bound or any judgment, law, decree, order or ruling applicable to it;
- (h) it is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party within the next sixty (60) Business Days;
- (i) it has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and otherwise to fully perform its obligations under this Agreement;
- (j) to the Purchaser's knowledge, having made due enquiry, no Insider of the Purchaser is also an Insider of the Vendor or the Debtor
- (k) the Purchaser is not a non-resident of Canada for the purposes of the *Investment Canada Act* (Canada).

10.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the representations and warranties set forth in Article 10 and all certificates, documents and agreements delivered pursuant to this Agreement shall survive Closing, provided that no Claim in respect of such representations and warranties shall be made or be enforceable unless written notice of such Claim, if provided by the Vendor to the Purchaser, is given within twelve (12) months of the Closing Date, and if provided by the Purchaser to the Vendor, is given within twelve (12) months of the Closing Date or before the Receiver is discharged by order of the Court, whichever occurs earlier. In respect of the Purchaser, effective on the expiry of such twelve (12) month period, the Vendor

hereby releases and forever discharges the Purchaser from any breach of any representations and warranties set forth in Article 10 hereof and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance with this Section 10.4. In respect of the Vendor, effective on the expiry of such twelve (12) month period, or shorter period should the Receiver be discharged by order of the Court, the Purchaser hereby releases and forever discharges the Vendor from any breach of any representations and warranties set forth in Article 10 hereof and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance with this Section 10.4. No Claim shall be made against a Party in respect of the representations and warranties in this Agreement made by the other Party except pursuant to and in accordance with this Section 10.4;

- (b) There shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived; and
- (c) The representations and warranties of the Vendor and the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Purchaser or the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 11 CLOSING DELIVERIES

11.1 Vendor Closing Deliveries

At Closing, the Vendor shall table the following:

- (a) a certified copy of the Court Approval;
- (b) a copy of the Interim Statement of Adjustments;
- (c) a receipt for the Closing Payment duly executed by the Vendor;
- (d) the General Conveyance, fully executed by the Vendor;
- (e) the Conveyance Documents, to the extent delivered by the Purchaser on or by the Closing Date in accordance with Section 12.1(a), fully executed by the Vendor; and
- (f) a joint election (CRA form T2010) under section 66.7 of the *Income Tax Act* (Canada) executed by the Vendor.

11.2 Purchaser's Closing Deliveries

At Closing, Purchaser shall table the following:

- (a) the Closing Payment;

- (b) a duly executed certificate of a senior officer of Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;
- (c) the General Conveyance, fully executed by Purchaser;
- (d) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 12.1(a), fully executed by the Purchaser; and
- (e) a joint election (CRA for T2010) under section 66.7 of the *Income Tax Act* (Canada).

11.3 Deliveries

Vendor shall deliver or cause to be delivered to Purchaser within a reasonable period of time, but in any event, no later than 30 days following Closing, the original copies of the Title and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to a greater degree to interests other than the Assets, at Vendor's expense, photocopies or other copies may be provided to Purchaser in lieu of original copies.

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

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

that Vendor has incurred any Third Party or out of pocket expenses or fees as a result of the cost of distribution and registration of any Conveyances, or in any way related to the conveyance, assignment or transfer of the Assets to Purchaser, such amounts shall be adjusted between the Parties in the Final Statement of Adjustments.

12.2 License and Authorization Transfers

- (a) On or before the Closing Date, the Purchaser shall communicate with the relevant Government Authority to determine all conditions and deposits which the relevant Government Authority will require in order for the relevant Government Authority to approve the transfer by the Vendor to the Purchaser of any and all licenses and authorizations for the Wells and any Tangibles licensed to the Vendor, and shall advise the Vendor in writing of such conditions and required deposits. In such case, on or before Closing, the Purchaser shall satisfy the deposit requirements of the relevant Government Authority in order to approve any of those license and authorization transfers to the Purchaser. The Purchaser further covenants to comply with all conditions imposed by the relevant Government Authority in respect of such transfers;
- (b) Within five (5) Business Days following Closing, the Vendor shall prepare and electronically submit an application to the relevant Government Authority for the transfer of any Wells and any Tangibles held in the name of the Debtor and the Purchaser shall promptly execute and return such applications to such Vendor for registration in accordance with Section 12.1(b);
- (c) Should the relevant Government Authority deny any license transfer because of misdescription or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days, correct the application and amend and re-submit an application for the license transfers and the Purchaser shall electronically ratify and sign such application; and
- (d) After Closing, whether or not the Purchaser requested prior determination of the relevant Government Authority transfer conditions under Section 12.2, if for any reason the relevant Government Authority requires the Purchaser to make a deposit in order to approve the license or authorization transfer, the Purchaser shall and covenants to immediately make such deposit.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 General Indemnity

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

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

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

13.2 Environmental Indemnity

- (a) The Purchaser acknowledges that it:
- (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
 - (ii) is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets except as outlined in Section 10.1.
- (b) The Purchaser agrees that once Closing has occurred the Vendor shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing has occurred, the Purchaser shall, without any further necessary action on the part of the Vendor or the Purchaser:
- (i) be solely liable and responsible for all of the Vendor's Losses and Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold the Vendor, the Debtor and each other Vendor Entity, harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

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

13.3 No Merger

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

13.4 Holding of Indemnities

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

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

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

- (a) by mutual written agreement of the Vendor and the Purchaser;
- (b) by either the Vendor or the Purchaser pursuant to the provisions of Articles 9.1 or 9.2, as applicable; or
- (c) in accordance with Section 3.3(c).

14.2 Effect of Termination

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

ARTICLE 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Confidentiality

Each Party agrees to keep in strict confidence:

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

provided that, except as otherwise agreed by the Parties, a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval.

The Parties agree that this Agreement shall be filed with the Court on a confidential basis such that the Deposit, Purchase Price, Purchase Price allocation and such other sensitive terms as the Parties may agree shall be sealed, kept confidential and not form part of the public record, and that the Receiver shall seek a sealing order to that effect in respect of this Agreement. If this Agreement is terminated, each Party upon request will promptly return to the other Party all documents, contracts, records or other information received by it that disclose or embody confidential information of the other Party.

In addition to the foregoing, the Purchaser shall continue to be bound by the Non-disclosure Agreement dated July 23, 2015 in accordance with the terms thereof.

15.2 Public Announcements

- (a) If a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction post-Closing, the disclosing Party shall provide the other Party with an advance copy of any such press release or other public disclosure with sufficient time to enable the other Party to review such press release or other public disclosure and provide its written consent to such press release or other public disclosure, not to be unreasonably withheld.
- (b) Notwithstanding Section 15.1 or 15.2(a), a Party may release or provide information about the Transaction insofar as is required by Applicable Laws (including as may be required to obtain Court Approval) or stock exchange requirements applicable to the disclosing Party; provided that such disclosing Party shall make reasonable commercial efforts to provide the other Party with the details of the nature and substance of such required disclosure as soon as practicable and in any event prior to such disclosure. A Party may provide information about the Transaction to a bank or other financial institution to obtain financing on any required consent of the bank or other financial lender of such Party. A Party may also disclose such information pertaining to this Agreement, including the identity of the Parties, insofar as is required to enable such Party to fulfil its obligations under this Agreement, including obtaining any approvals or consents to the Transaction required from Governmental Authorities (including Court Approval) or Third Parties.

15.3 Signs

Within one hundred and eighty (180) days following the Closing Date, the Purchaser shall remove the names of the Vendor, the Debtor and predecessors from all signs located at or near the Wells or any Tangibles. If the Purchaser fails to comply with the foregoing, the Vendor shall have the right, at its discretion, to remove its name as aforesaid and the Purchaser shall be responsible for and shall reimburse such Vendor for all reasonable costs incurred by such Vendor in so doing.

**ARTICLE 16
GOVERNING LAW AND DISPUTE RESOLUTION**

16.1 Governing Law

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

16.2 Resolution of Disputes

- (a) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined by the Court.

- (b) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party in any court of competent jurisdiction in the Province of Alberta. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

**ARTICLE 17
NOTICES**

17.1 Service of Notices

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

the Purchaser: CAPITAL OIL LTD.
Suite 202, 214 – 11th Avenue SE
Calgary, Alberta T2G 0X8

Attention: Christopher Hynes
Email: Capitaloilchris@gmail.com

the Vendor: FTI CONSULTING CANADA INC., in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation, and not in its personal capacity:

Suite 720, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9

Attention: Deryck Helkaa/Brett Wilson
Email: Deryck.Helkaa@fticonsulting.com /
Brett.Wilson@fticonsulting.com
Fax: (403) 232-6116

with a copy to: Ryan Zahara
Legal counsel to the Receiver
Blake, Cassels & Graydon LLP
#3500, 855 - 2nd Street SW
Calgary, AB T2P 4J8

Email: ryan.zahara@blakes.com
Fax: (403) 260-9700

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

ARTICLE 18 PERSONAL INFORMATION

18.1 Personal Information

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

**ARTICLE 19
ASSIGNMENT**

19.1 Assignment

- (a) Neither Party may assign their interest in or under this Agreement or to the Assets prior to Closing without the prior written consent of the other Party, which consent may be withheld in such other Party's sole and unfettered discretion.
- (b) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve the Purchaser from its obligations to the Vendor herein. The Vendor shall have the option to claim performance or payment of the 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 performance or payment of the same obligation.

**ARTICLE 20
MISCELLANEOUS**

20.1 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

20.2 Costs

Except as otherwise specified in this Agreement, each Party shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

20.3 No Waiver

No waiver by any Party of any breach of any of the terms, conditions, representations or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and 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 or future breach.

20.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, but expressly excluding the Non-disclosure Agreement dated July 23rd, 2015 and the Receiver's confidentiality terms set forth in the letter dated September 28, 2015 from Osler, Hoskin & Harcourt LLP and accepted by Blake, Cassels & Graydon LLP, as solicitors for the Receiver, which shall continue to apply in accordance with their terms. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

20.5 Further Assurances

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

20.6 Time of the Essence

Time shall be of the essence in this Agreement.

20.7 Enurement

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

20.8 Severability

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

20.9 Counterpart Execution

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

20.10 Electronic Execution

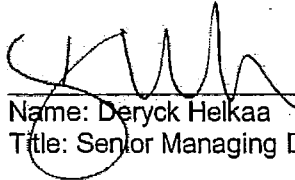
Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by any Party.


[Remainder of page intentionally left blank]

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

WALDRON ENERGY CORPORATION by and through its court-appointed receiver **FTI CONSULTING CANADA INC.**, in its capacity as court-appointed receiver of the assets, properties and undertaking of **Waldron Energy Corporation**, and not in its personal capacity

CAPITAL OIL LTD.

Per: 
Name: Deryck Helkaa
Title: Senior Managing Director

Per: 
Name: Christopher Hynes
Title: President

Per: _____
Name:
Title:

This is the execution page to the Asset Purchase Agreement dated effective February 1, 2016 between Waldron Energy Corporation, by and through its court-appointed receiver FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation, and not in its personal capacity, and Capital Oil Ltd.

SCHEDULE "A"

Attached to and made a part of that Asset Purchase Agreement dated effective February 1, 2016.

Part 1 - Lands, Leases and Permits

(see attached)

Part 2 –Wells

(see attached)

Part 3 – Petroleum and Natural Gas Rights
(refer to Part 1 – Lands, Leases and Permits)

Part 4 – Facilities

(see attached)

Part 5 – Other Assets

Nil

SCHEDULE "B"
GENERAL CONVEYANCE

Attached to and made part of that Asset Purchase Agreement dated effective February 1, 2016.

GENERAL CONVEYANCE

This General Conveyance made this • day of •, 2016.

BETWEEN:

WALDRON ENERGY CORPORATION ("**Waldron**" or the "**Debtor**") by and through its court-appointed receiver, **FTI CONSULTING CANADA INC.**, (the "**Receiver**") in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation, and not in its personal capacity (the "**Vendor**")

- and -

CAPITAL OIL LTD., a body corporate, having an office in the City of Calgary in the Province of Alberta (the "**Purchaser**")

WHEREAS the Vendor and the Purchaser entered into that Asset Purchase Agreement dated [INSERT DATE] (the "**Agreement**");

AND WHEREAS the Vendor has agreed to sell and convey the Debtor's entire right, title, estate and interest in the Assets to the Purchaser and the Purchaser has agreed to purchase and accept all of the Debtor's rights, title, estate and interest in and to the Assets in accordance with the terms and conditions contained in the Agreement;

NOW THEREFORE in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties hereto covenant and agree as follows:

1. Definitions

All capitalized terms not defined herein shall have the same meaning as set out in the Agreement.

2. Closing

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

3. "As is, Where is" Basis

The Assets are being purchased by the Purchaser on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by the Vendor or its directors, officers, employees, agents or counsel other than provided for in the Agreement. Without limiting the generality of the foregoing, the Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets or (c) the Debtor's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

4. Conveyance

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Debtor (whether absolute or contingent, legal or beneficial) in and to the Assets to the Purchaser, its successors and assigns, and the Purchaser purchases and accepts such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

5. Effective Time

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

6. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

7. Enurement

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

8. Further Assurances

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

9. Governing Law

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

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

WALDRON ENERGY CORPORATION by and through its court-appointed receiver **FTI CONSULTING CANADA INC.**, in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation, and not in its personal capacity

CAPITAL OIL LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "C"
PURCHASER'S OFFICER'S CERTIFICATE

Attached to and made part of that Asset Purchase Agreement dated effective February 1, 2016

Re: Section 9.1(a) of the Asset Purchase Agreement ("**Agreement**") dated effective February 1, 2016, between FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, properties and undertakings of Waldron Energy Corporation, and not in its personal capacity as the Vendor and Capital Oil Ltd. as the Purchaser.

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

I, [●], [Insert Position], hereby certify on behalf of the Purchaser and not in any personal capacity that:

1. Each of the representations and warranties of the Purchaser contained in Section 10.3 of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the Purchaser, pursuant to Section 9.2 of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the Purchaser and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the Transaction.

Dated this [●] day of [●], 2016.

CAPITAL OIL LTD.

Per: _____
Name:
Title:

**SCHEDULE "D"
FORM OF COURT ORDER**

(see attached)

SCHEDULE "E"

Attached to and made part of that Asset Purchase Agreement dated effective February 1, 2016

SEISMIC DATA LICENSE

(see attached)

Confidential Appendix I

Capital Oil APA