

COURT FILE NUMBER 1701-02184
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFFS THE BANK OF NOVA SCOTIA and ALBERTA TREASURY BRANCHES
DEFENDANTS VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY INC.



AND IN THE MATTER OF THE
RECEIVERSHIP OF VIRGINIA HILLS
OIL CORP. and DOLOMITE ENERGY
INC.

APPLICANT ALVAREZ & MARSAL CANADA INC.
in its capacity as Court-appointed Receiver
and Manager of the assets, undertakings
and properties of VIRGINIA HILLS OIL
CORP. and DOLOMITE ENERGY INC.

DOCUMENT **AMENDED APPROVAL AND**
VESTING ORDER (Sale by Receiver)

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT
Torys LLP
4600 Eighth Avenue Place East
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Attention: Kyle Kashuba
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Email: kkashuba@torys.com
File No. 39108-2002

I hereby certify this to be a true copy of
the original order

Dated this 20 day of June 2017


for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: June 20, 2017
NAME OF JUSTICE WHO MADE THIS ORDER: Mr. Justice K.D. Yamauchi
LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the assets, undertakings and properties of Virginia Hills Oil Corp. (“**Virginia Hills**”) and Dolomite Energy Inc. (“**Dolomite**”, and together with Virginia Hills, the “**Debtors**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**PSA**”, included and described in Confidential Appendices B and C to the First Report) between the Receiver and the Purchaser (as that term is defined in the PSA), dated February 13, 2017 and appended to the First Report of the Receiver dated and filed March 15, 2017 (the “**First Report**”), and vesting in the Purchaser (or its nominee) the Debtors’ right, title and interest in and to the assets described in the PSA (the “**Assets**”);

AND UPON HAVING READ the Receivership Order dated February 13, 2017 (the “**Receivership Order**”), the First Report and the Affidavit of Service, to be filed (the “**Affidavit of Service**”); **AND UPON HEARING** the submissions of counsel for the Receiver, counsel for The Bank of Nova Scotia (“**BNS**”), counsel for Alberta Treasury Branches (“**ATB**”), counsel to the Purchaser, and from any other interested parties who may be present, with no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

RECEIVER’S ACTIVITIES

2. The actions, conduct and activities of the Receiver as reported in the First Report, are hereby authorized and approved.
3. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the First Report.

APPROVAL OF TRANSACTIONS

4. The Transaction is hereby approved, and the execution of the PSA by the Receiver is hereby authorized and approved, and is deemed to be commercially reasonable and in the best interests of the receivership estate and the stakeholders affected thereby, with such minor amendments as the Receiver may deem necessary and as may be agreed upon by the Receiver and the Purchaser. The Receiver is hereby authorized and directed, subject to the terms and conditions of this Order and the PSA, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

5. Subject only to approval of the transfer of applicable leases, rights of way or easements, licenses (including, without limitation, licences of occupation), permits, and approvals by the Alberta Energy Regulator under section 23 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), effective immediately upon the delivery by the Receiver of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**") confirming the closing of the Transaction contemplated by the PSA, all of the Debtors' right, title and interest in and to the Assets described in the PSA attached as Confidential Appendix B to the First Report, including without limitation the lands attached hereto as **Schedule "B"**, shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**", which term shall explicitly not include the Permitted Encumbrances (as defined below)) including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the Receivership Order or any further orders granted in these proceedings; and

- (b) all charges, security interests or claims evidenced by registration, filing, or publication pursuant to any or all of the following: (a) the *Personal Property Security Act* (Alberta); (b) the *Personal Property Security Act* (British Columbia); (c) the *Land Titles Act* (Alberta); (d) the *Land Title Act* (British Columbia); (e) the *Mines and Minerals Act* (Alberta); or (f) any other personal property, mineral, or real property registry system (collectively, the “**Registries**”);

for greater certainty, this Court orders that all of the Claims, other than the permitted encumbrances described in the PSA and listed on **Schedule “BC”** hereto (the “**Permitted Encumbrances**”), affecting or relating to the Assets are hereby expunged and discharged as against the Assets.

6. Upon the delivery of the Receiver’s Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar or Registrars under the *Land Titles Act* (Alberta), the *Land Title Act* (British Columbia), the British Columbia Ministry of Natural Gas Development, Upstream Development Division, Tenure and Geoscience Branch, the British Columbia Ministry of Agriculture and Lands, FrontCounterBC, the British Columbia Oil and Gas Commission, the Department of Energy and the Minister of Energy Alberta, the Registries, and all other government ministries and authorities in Alberta and British Columbia, respectively, exercising jurisdiction with respect to or over the Assets (collectively, the “**Governmental Authorities**”), as applicable, are hereby authorized, requested and directed to (in each case as applicable):

- (a) enter the Purchaser as the owner, lessee, and/or licensee of the Assets;
- (b) cancel the existing Certificates of Title to the Assets and issue new Certificates of Title for the Assets, in the name of the Purchaser (or its nominee);
- (c) cancel, delete or expunge from the existing title documents concerning the Assets all applicable Claims, including all Encumbrances other than the Permitted Encumbrances; and

- (d) register such transfers, discharge statements, or conveyances, as may be required to convey clear title to the Assets to the Purchaser, subject only to the Permitted Encumbrances.
7. This Order shall be registered and the steps set out in paragraph 6 shall be carried out by the applicable Registrar and/or Governmental Authorities notwithstanding the requirements of section 191(1) of the *Land Titles Act* (Alberta) and the requirements of the *Land Title Act* (British Columbia) and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
8. The Receiver is authorized to discharge from the Registries any claim or encumbrance registered against any of the personal property being purchased by the Purchaser, to the extent the security interest is registered against the interest of the Debtors.
9. The sale of the Assets to the Purchaser does not trigger any rights of first refusal and no Person may object or subsequently challenge the sale of the Assets to the Purchaser on the basis that it has a right of first refusal.

CLOSING OF THE SALE TRANSACTION

10. The closing of the transaction shall be effected in accordance with the terms of the PSA and such amendments to the PSA as may be agreed to in writing between the Purchaser and the Receiver.
11. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and shall be allocated to the separate accounts of each of Virginia Hills and Dolomite in accordance with the terms of the PSA, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Assets, as against Virginia Hills and Dolomite as the case may be, with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

12. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtors.
13. The Debtors and all persons who claim by, through or under the Debtors in respect of the Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such persons remains in possession or control of any of the Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
14. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtors, or any person claiming by or through or against the Debtors.
15. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtors.
16. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
17. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees, including personal information of those employees listed in the PSA. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.
18. Notwithstanding:
 - (a) The pendency of these proceedings;

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

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

- 19. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
- 20. The Receiver's statement of receipts and disbursements, as attached to the First Report, is hereby approved.

DISTRIBUTION

- 21. The Receiver is hereby authorized and directed to make the following distributions following the closing of the Transaction contemplated by the PSA:
 - (a) to BNS as Agent for a syndicate of secured lenders (collectively, the "**Virginia Hills Lenders**") on account of amounts owing by Virginia Hills to the Virginia Hills Lenders, the net sale proceeds derived from the Virginia Hills Property (as that term is defined in the Receivership Order); and
 - (b) to ATB on account of amounts owing by Dolomite to ATB, the net sale proceeds derived from the Dolomite Property (as that term is defined in the Receivership Order);

in each case less amounts to be determined at the Receiver's sole discretion, to be retained to cover any Claims as described in paragraph 9 of this Order, the Receiver's professional fees and those of its counsel, future Receiver's professional fees and those of its counsel, and other costs related to the administration of the estate of the Debtors.

AMENDMENT TO THE RECEIVERSHIP ORDER

22. Paragraph 16 of the Receivership Order is hereby deleted and replaced with the following:

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

MISCELLANEOUS MATTERS

23. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, and in particular in the Province of British Columbia, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
24. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery

or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

25. Service of this Order on any party not attending this Application is hereby dispensed with.

"K.D. Yamavchi"

Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1701-02184	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFFS	THE BANK OF NOVA SCOTIA and ALBERTA TREASURY BRANCHES	
DEFENDANTS	VIRGINIA HILLS OIL CORP. and DOLOMITE ENERGY INC.	

AND IN THE MATTER OF THE
RECEIVERSHIP OF VIRGINIA HILLS OIL
CORP. and DOLOMITE ENERGY INC.

DOCUMENT RECEIVER'S CERTIFICATE

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Torys LLP 4600 Eighth Avenue Place East 525 - Eighth Ave SW Calgary, AB T2P 1G1
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Attention: Kyle Kashuba
Telephone: + 1 403.776.3744
Fax: +1 403.776.3800
Email: kkashuba@torys.com
File No. 39108-2002

RECITALS

- A. Pursuant to an Order of the Honourable Justice C.M. Jones of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated March 13, 2017, Alvarez & Marsal Canada Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Virginia Hills Oil Corp. ("**Virginia Hills**") and Dolomite Energy Inc. ("**Dolomite**" and together with Virginia Hills, the "**Debtors**").

- B. Pursuant to an Order of the Court dated March 21, 2017, the Court approved the agreement of purchase and sale made as of February 13, 2017 (the “**PSA**”) between the Receiver and the Purchaser (the “**Purchaser**”, as that term is described and defined in the PSA and Confidential Appendices B and C to the First Report) and provided for the vesting in the Purchaser of the Debtors’ right, title and interest in and to the Assets, which vesting is to be effective with respect to the Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Assets; (ii) that the conditions to Closing as set out in Article 3 of the PSA have been satisfied or waived by the Receiver and the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the PSA.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Assets payable on the Closing Date pursuant to the PSA;
2. The conditions to Closing as set out in Article 3 of the PSA have been satisfied or waived by the Receiver and the Purchaser (or its nominee), as applicable; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

Alvarez & Marsal Canada Inc., in its capacity as Receiver of the undertaking, property and assets of Virginia Hills Oil Corp. and Dolomite Energy Inc., and not in its personal capacity.

Per: _____

Name:

Title:

Schedule "B"

Lands:

including Alberta Crown Leases, British Columbia Crown Leases, Alberta Freehold Leases,
Alberta Fee Simple Titles, and Indian Oil and Gas Leases

VHO and Dolomite Alberta Crown Leases		
<u>File Number</u>	<u>Lease Type</u>	<u>Agreement Number</u>
M0001	PNG	0510060141
M0020	PNG	0504080251
M0021	PNG	0504080252
M0022	PNG	0598020272
M0023	PNG	0582030105
M0024	PNG	106046
M0025	PNG	0595040404
M0026	PNG	0503051153
M0027	PNG	0594020682
M0028	PNG	0582040074
M0029	PNG	0504060526
M0031	PNG	0594020689
M0032	PNG	39579
M0033	PNG	0588110511
M0034	PNG	0597030864
M0036	PNG	0504070858
M0039	PNG LICENC	5497100156
M0047	PNG	0584120238
M0048	PNG	0585020302
M0049	PNG	118852
M0050	PNG	118853A
M0051	PNG	1507
M0052	PNG	10578
M0053	PNG	9972A
M0054	PNG	10612
M0055	PNG	0577010139
M0056	PNG	13852
M0064	PNG	0509080480
M0065	PNG	0509080481
M0066	PNG	0501070777
M0067	PNG	0506031145
M0073	PNG	0598120126
M0074	PNG	0506050251
M0075	PNG	0506050255
M0076	PNG	0509080199
M0077	PNG LICENC	5409070247
M0078	PNG	0509080201
M0089	PNG	0510080286
M0090	PNG	0510080287
M0091	PNG	0510080288

VHO and Dolomite Alberta Crown Leases		
<u>File Number</u>	<u>Lease Type</u>	<u>Agreement Number</u>
M0095	PNG	0510080304
M0096	PNG	0510080305
M0098	PNG	0510080314
M0099	PNG	0510080315
M0100	PNG	0510080316
M0101	PNG	0510080317
M0102	PNG	0510080318
M0103	PNG	0510080319
M0107	PNG LICENC	5410080590
M0134	PNG	0595100524
M0135	PNG LICENC	5497080095
M0136	PNG LICENC	5497080096
M0139	PNG	0178120003
M0141	PNG	0510100404
M0142	PNG	0510100405
M0143	PNG	0510100406
M0144	PNG	0510100407
M0145	PNG LICENC	5410100511
M0146	PNG LICENC	5410100512
M0148	PNG LICENC	5410100514
M0149	PNG LICENC	5410100515
M0152	PNG LICENC	5410100521
M0160	PNG	0585050111
M0161	PNG	0585120161
M0162	PNG	0181060001
M0163	PNG	0586050469
M0164	PNG	0590040472
M0165	PNG	0581010091
M0166	PNG	0584110447
M0167	PNG	0587050153
M0168	PNG	0587050154
M0168	PNG	0587050154
M0169	PNG	0579040192
M0170	PNG	0580030189
M0171	PNG	0584010146
M0172	PNG	0587100249
M0173	PNG	0583110250
M0174	PNG	0587090454
M0181	PNG	115792
M0183	PNG	0585100590
M0189	PNG	0511040210
M0191	PNG	0511050150
M0192	PNG	0511050378
M0197	PNG	0511050387
M0198	PNG	0511050388
M0199	PNG	0511050389

VHO and Dolomite Alberta Crown Leases		
File Number	Lease Type	Agreement Number
M0200	PNG	0511050390
M0201	PNG	0511050391
M0202	PNG	0511050398
M0205	PNG	0580030187
M0206	PNG	0596060511
M0207	PNG	0592110147
M0208	PNG	0511060776
M0210	PNG	0597070327
M0211	PNG	39617
M0212	PNG	0591110142
M0213	PNG LICENC	5411080190
M0214	PNG	0511090455
M0219	PNG	0511120475
M0220	PNG LICENC	5411120514
M0223	PNG	0512010218
M0224	PNG	0512010219
M0225	PNG	0512010220
M0226	PNG	0512010236
M0227	PNG	0512010237
M0228	PNG	0512010238
M0229	PNG	0512010239
M0230	PNG	0512010240
M0235	PNG	113408A
M0236	PNG	0581030229
M0237	PNG	058103B229
M0238	PNG	118797
M0239	PNG	118797A
M0240	PNG	017804A105
M0241	PNG	0178040105
M0242	PNG	0506020322
M0244	PNG	0512030575
M0245	PNG	0512030577
M0246	PNG	0512030578
M0248	PNG	0512040176
M0249	PNG	0512040177
M0250	PNG	0512040178
M0252	PNG	0512040181
M0253	PNG	0512040182
M0254	PNG	0512040183
M0255	PNG	0512040184
M0256	PNG	0512040185
M0257	PNG	0512040186
M0258	PNG	0512040188
M0259	PNG	0512040189
M0260	PNG	0512040190
M0261	PNG	0512040191

VHO and Dolomite Alberta Crown Leases		
File Number	Lease Type	Agreement Number
M0263	PNG	0512060063
M0264	PNG	0512070140
M0265	PNG	0512070418
M0272	PNG	0510060135
M0273	PNG	0513010150
M0274	PNG	0513010151
M0276	PNG	0514080233
M0277	PNG	0597110187
M0278	PNG	0507050649
M0279	PNG	0515050044
M0502	PNG	0503120253
M0503	PNG	0506090681
M0504	PNG	0506090682
M0505	PNG	0511050399
M0506	PNG	0511060781
M0507	PNG	0511040217
M0508	PNG	0511070493
M0509	PNG	0507020260
M0510	PNG	0506040287
M0515	PNG	0404040020
M0516	PNG	0412030148
M0519	PNG LICENC	5402020006
M0520	PNG LICENC	5402020008
M0521	PNG LICENC	5402020009
M0522	PNG	0506100562
M0523	PNG	0511060774
M0524	PNG	0511070216
M0525	PNG	0598120126
M0526	PNG	0511010196
M0527	PNG	0511060779
M0528	PNG	0511050149
M0533	PNG	0512080381
M0534	PNG	0511040216
M0535	PNG	0506090684
M0536	PNG	0506090685
M0537	PNG	0511010203
M0538	PNG	0511050400
M0539	PNG	0511040221
M0540	PNG	0511040220
M0541	PNG	0507020261
M0542	PNG	0507020262
M0561	PNG	0506090683
M0562	PNG	0415070012
M0563	PNG	0515090125
M0564	PNG	0515100060
M0565	PNG	0514050185

VHO and Dolomite Alberta Crown Leases		
<u>File Number</u>	<u>Lease Type</u>	<u>Agreement Number</u>
M0567	PNG	0516040061
M0568	PNG	0516050030
M0569	PNG	0516050031
M0570	PNG LICENC	5416100296
M0571	PNG	0516110078

British Columbia Crown Leases

<u>VHO and Dolomite British Columbia Crown Leases</u>		
<u>File Number</u>	<u>Lease Type</u>	<u>Agreement Number</u>
<u>M0549</u>	<u>PNG</u>	<u>57370</u>
<u>M0550</u>	<u>PNG</u>	<u>57371</u>
<u>M0551</u>	<u>PNG</u>	<u>60047</u>
<u>M0557</u>	<u>PNG</u>	<u>60046</u>
<u>M0566</u>	<u>PNG</u>	<u>57493</u>

Alberta Freehold Leases

<u>VHO and Dolomite Alberta Freehold Leases</u>				
<u>File Number</u>	<u>Lease Type</u>	<u>Lessor</u>	<u>Certificate of Title Number</u>	<u>Security Registration</u>
<u>M0517</u>	<u>NG</u>	<u>ENCANA</u> <u>M083973</u>	<u>142 200 282 +13</u>	<u>Caveat No. 152 123 262 registered</u> <u>April 27, 2015 by Alberta Treasury</u> <u>Branches in respect of Dolomite</u> <u>Energy Inc. interest in TWP 52, Rge 16</u> <u>W4M: NE 33</u>
<u>M0518</u>	<u>NG</u>	<u>PERPETUAL</u>	<u>142 204 972 +4</u>	

Alberta Fee Simple Titles

<u>File Number</u>	<u>Registered Owner</u>	<u>Certificate of Title Number</u>	<u>Security Registration</u>
<u>PS00569</u>	<u>Virginia Hills Oil Corp.</u>	<u>152 141 556 +4</u>	<u>Mortgage No. 152 130 071 registered May 4, 2015 by The Bank of Nova Scotia in respect of Virginia Hills Oil Corp. interest in the subject lands</u>

Indian Oil and Gas Leases

<u>VHO Indian Oil and Gas Leases</u>				
<u>File Number</u>	<u>Lease Type</u>	<u>Land Description</u>	<u>Agreement Number</u>	<u>Security Registration</u>
<u>M0063</u>	<u>PNG</u>	<u>TWP 86 RGE 9</u> <u>W5M SE 9</u> <u>(LYING</u> <u>WITHIN THE</u> <u>SWAMPY</u> <u>LAKE INDIAN</u> <u>RESERVE #236)</u>	<u>OL-6252</u>	<u>Security Registration IOGC-344070</u> <u>dated effective April 15, 2015 by</u> <u>the Bank of Nova Scotia (as</u> <u>Creditor) in respect of Virginia</u> <u>Hills Oil Corp. (as Debtor) interest</u> <u>in the subject lands</u>
<u>M0072</u>	<u>PNG</u>	<u>TWP 87 RGE 9</u> <u>W5M SE 33</u> <u>(EXCLUDING 1-33-</u> <u>87-9 WELLBORE)</u>	<u>OL-6253</u>	<u>Security Registration IOGC-344070 dated</u> <u>effective April 15, 2015 by the Bank of</u> <u>Nova Scotia (as Creditor) in respect of</u> <u>Virginia Hills Oil Corp. (as Debtor)</u> <u>interest in the subject lands</u>

Schedule "BC"

Permitted Encumbrances

"Permitted Encumbrances" means:

- (i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule "A";
- (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents; provided that royalties, net profit interests and net carried interests and similar burdens will only constitute "Permitted Encumbrances" to the extent they are referenced in a schedule hereto or are available through a public search;
- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom;
- (vii) governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other cost);
- (ix) any obligation of VHO and Dolomite or either of them or Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (x) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or VHO's or Dolomite's share of the costs and expenses thereof;

- (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiv) agreements respecting the operation of Wells by contract field operators;
- (xv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
- (xvi) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets.