

COURT FILE NUMBER 1701-05131

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS PRIVATE EQUITY OAK LP by its General Partner
PE12PXPE(OAK) GP LTD.

RESPONDENTS OAK POINT ENERGY LTD., KEMEX LTD., KEMEX
TECHNOLOGIES LTD., INSITE TECHNOLOGIES LTD.

AND IN THE MATTER OF THE RECEIVERSHIP OF OAK
POINT ENERGY LTD., KEMEX LTD., KEMEX
TECHNOLOGIES LTD., INSITE TECHNOLOGIES LTD.

DOCUMENT **FIRST REPORT OF THE RECEIVER**

November 22, 2017

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER
ALVAREZ & MARSAL CANADA INC.
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Calgary, Alberta T2P 3H7
Attention: Orest Konowalchuk/Tim Reid
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Email: treid@alvarezandmarsal.com

COUNSEL
Osler, Hoskin & Harcourt LLP
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Calgary, Alberta, Canada T2P 5H1

Attention: Randal Van de Mosselaer
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File: 1182059

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INTRODUCTION

1. Effective April 13, 2017 (the “Receivership Date”), pursuant to an order (the “Receivership Order”) of the Court of Queen’s Bench of Alberta (the “Court”) granted in these proceedings in Action No. 1701-05131 (the “Receivership Proceedings”), Alvarez & Marsal Canada Inc. was appointed receiver and manager (the “Receiver”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, including but not limited to real property and wherever situate including all proceeds thereof (the “Property”) of Oak Point Energy Ltd. (“Energy”) and Kemex Ltd., Kemex Technologies Ltd. and Insite Technologies Ltd. (collectively the “IP Companies” and the IP Companies together with Energy referred to as “Oak Point” or the “Company”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, (the “BIA”) and section 13(2) of the *Judicature Act*, RSA 2000, c J-2, in the within action.
2. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Company and to take possession and control of its Property and of any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.
3. The purpose of this first report of the Receiver (the “First Report” or “this Report”) is to provide this Honourable Court with information in respect of the following:
 - a) an overview and an operational update of the Company since the Receivership Date;
 - b) the activities, generally, of the Receiver since the Receivership Date;
 - c) the Receiver’s dealings with the Alberta Energy Regulator (the “AER”);

- d) the opinion prepared by the Receiver's counsel with respect to security interests of the Plaintiff Private Equity Oak LP ("Oak Equity");
 - e) the sales process initiated by the Receiver to sell the collective Property of Oak Point;
 - f) the Purchase and Sale Agreement (the "APA") entered into between the Receiver and the final successful bidder (the "Final Successful Bidder") dated November 22, 2017, along with the proposed Sale Approval and Vesting Order;
 - g) a sealing of the confidential summary of offers for the purchase of the Property, an analysis of the APA, as well as the APA with respect to the Property (the "Restricted Court Access Order"), as contained in Confidential Appendices "B" and "C" to the First Report;
 - h) the actual cash flow results for the period from April 13, 2017 to November 17, 2017 (the "Reporting Period");
 - i) the proposed distribution of funds (the "Proposed Interim Distribution");
 - j) the Receiver's request to amend paragraph 16 of the Receivership Order;
 - k) the Receiver's future course of action; and
 - l) the Receiver's recommendations.
4. Capitalized words or terms not defined or ascribed a meaning in the First Report are as defined or ascribed a meaning in the Receivership Order.
 5. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

6. Prior to the Receivership Date, Alvarez & Marsal Canada ULC ("A&M ULC"), an affiliate of the Receiver, was engaged as a financial advisor to Oak Equity and this engagement was consented to by Oak Point. The engagement commenced on March 9, 2017 and terminated immediately prior to the Receivership Date. In that role, A&M ULC from time to time reviewed, assessed and reported to Oak Equity on the operations and ongoing viability of Oak Point.
7. In preparing this First Report, the Receiver has relied primarily upon information obtained prior to the Receivership Proceedings in its role as financial advisor, the representations of certain former management and employees of Oak Point and financial and other information contained in the Company's books and records. The Receiver has not performed an audit, review or other verification of such information.

BACKGROUND AND OVERVIEW

Location and Property

8. Oak Point's head office was in Calgary, Alberta. The Receiver retained the office lease for three months to allow it to organize records and commence a process for the sale of the Property. The office lease has now been terminated.
9. Energy is a small private oil sands company whose core assets are undeveloped lands in the Athabasca area of Northern Alberta. Energy holds a 100% working interest in Alberta Crown leases covering 17 sections of land.
10. The land records of Energy contained Overriding Royalty Agreements between Diamond Head Investments Ltd. (the "Royalty Owner") and Bounty Developments Ltd. (the "Grantor") dated May 30, 2007 and October 18, 2007 (the "ORR"). The ORR grants to the Royalty Owner a 1% interest in certain lands. A copy of the agreement is attached as Appendix G. Energy is the successor in interest to the Grantor. In the view of the Receiver, in consultation with its counsel, the 1% royalty is not an interest in land and may be a financial charge,

however, the Receiver has not considered the validity, enforceability or priority of the ORR.

11. The IP Companies hold various US and Canadian patents and other intellectual property ("IP") related to the development of steam facilities for oil sands extraction using SAGD operations. The IP was not being utilized by the Company and the Company was attempting to license or sell the IP prior to the Receivership.
12. The Company had no operations and no other material assets.
13. Further background to the Company and its financial circumstances is contained in the materials filed in support of and relating to the Receivership Order. These documents and other relevant information have been posted by the Receiver on its website at: www.alvarezandmarsal.com/Oakpoint (the "Receiver's Website").

Liabilities

14. As at the Receivership Date, Oak Point owed its creditors approximately \$32.5 million broken down as follows:
 - a. secured creditors are owed approximately \$32.4 million; and
 - b. unsecured creditors are owed approximately \$0.14 million and are generally made up of trade creditors.
15. It is unlikely the expected realization from the Property will be sufficient to repay the senior secured creditor in full and it is therefore expected that no distributions will be made to unsecured creditors. Oak Equity is therefore the fulcrum creditor in these Receivership Proceedings.

Employees and Consultants

16. As at the Receivership Date all of the Company's employees had resigned or had been terminated by the Company. The Receiver did not engage any of the former employees.

INITIAL ACTIVITIES OF THE RECEIVER

17. Since the Receivership Date, the Receiver's activities have included, but are not limited to, the following:

- a) attending the head office location of Oak Point and taking possession and control of the Property, which included obtaining the electronic card passes to the premises, restricting computer access and codes as appropriate, and generally securing and safeguarding the Property;
- b) obtaining proposals from sales agents to assist with a sales Process and engaging Peter's & Co. to undertake that process;
- c) redirecting Oak Point's mail to the office of the Receiver;
- d) confirming all known corporate bank accounts of Oak Point and providing the respective bank representatives with notices to freeze all accounts (for deposit only) and remit net balances to the Receiver, if net balances existed;
- e) completing a filing index and organizing the various files of the Company located at its head office;
- f) notifying the Company's insurance brokers of the Receivership Order and making arrangements for continuation of the corporate insurance policy and adding the Receiver as a named insured and loss payee, as discussed further below;
- g) assessing eligibility of employee claims under the *Wage Earner Protection Program Act*;
- h) arranging and attending at initial meetings with Oak Point's former employees and contractors to explain the powers and duties of the Receiver, its role as an Officer of the Court, and to discuss any required assistance during the Receivership Proceedings, as necessary

for the administration of the receivership and the Receiver's possible further course of action;

- i) engaging the services of the former IT consultant to ensure that the electronic records of the Company are preserved, protected and operating appropriately;
- j) attending various calls with the senior secured creditor concerning operational and financial updates of the Company and other matters involving the Receivership Proceedings, generally;
- k) retaining and providing instructions to the Receiver's independent legal counsel, Osler, Hoskin & Harcourt LLP ("Osler"), in respect of the Receivership Proceedings, generally;
- l) reviewing and updating the land and patent records of Oak Point and engaging contract land administrators to assist with that review and preparation of conveyance documents for the sale and transfer of the assets in cooperation with the Final Successful Bidder;
- m) undertaking day to day management of operations of the Company, including contractor supervision and monitoring cash flow to ensure timely payment of trade creditors for services rendered and approved by the Receiver;
- n) attending numerous and on-going meetings and discussions with the Final Successful Bidder to ensure matters pertaining to the closing of the APA (specific conveyancing, etc.), subject to Court approval, are completed in advance; and
- o) attending numerous and on-going meetings and discussions with various creditors (or their representatives), legal counsel to the Receiver, interested parties, and other stakeholders regarding the Receivership Proceedings, generally.

Statutory Mailing By Receiver

18. The Receiver mailed the notices required by sections 245 and 246 of the BIA to Oak Point's creditors and the Office of the Superintendent of Bankruptcy on April 24, 2017 (the "Receiver's Notice"). A copy of the Receiver's Notice can be found on the Receiver's Website.

OPERATIONAL UPDATE

19. As noted the Company had no active operations and the Receiver's operations have consisted of making the necessary payments to preserve oil sands leases and IP.

Corporate Insurance coverage

20. Oak Point comprehensive corporate insurance policy was continued by the Receiver and remains in place. The insurance includes blanket property coverage and commercial general. The total premium was approximately \$20,000 and was paid by the Receiver.
21. The Receiver is the beneficiary and the loss-payee of the Corporate Insurance Policy.

ALBERTA OIL AND GAS REGULATORS

22. On October 23, 2017, the AER delivered a letter (the "AER Letter") to the Receiver confirming their receipt of the Receivership Order and informing the Receiver of certain requirements expected of the Receiver with respect to a "licensee's" obligation under the *Responsible Energy Development Act* and the *Oil and Gas Conservation Act* ("OGCA").
23. As requested by the AER, on November 22, 2017, the Receiver delivered a letter to the AER (the "Response Letter") in response to the AER Letter. Amongst other matters, the Receiver advised the AER that the Receiver had executed the APA with the Final Successful Bidder, subject to court approval, and that the Receiver anticipates bringing forward an application with the Court to seek an approval and

vesting order of all of the Company's oil and gas assets and licenses (in Alberta) on or around November 27, 2017. Copies of the AER Letter and the Response Letter are attached together as Appendix A to this Report.

24. The Receiver continues to communicate and consult with the AER on the APA and the expected license transfers, in general.

SECURITY OPINION

25. The Receiver has received a written opinion from Osler, confirming the validity and enforceability of the security interests held by Oak Equity over the Property of the Company. The opinion of Osler is subject to the customary assumptions, none of which to the best of the Receiver's knowledge effect the validity or enforceability of the security.
26. A copy of the opinion is available from the Receiver.

THE SALES PROCESS AND ASSET PURCHASE AGREEMENT

Overview

27. Pursuant to paragraph 3(k) of the Receivership Order, the Receiver is empowered and authorized to market the Property, including advertising and soliciting offers in respect of the Property or any parts thereof, and negotiating such terms and conditions for the sale of the Property as the Receiver in its discretion may deem appropriate.
28. Immediately following its appointment as Receiver on April 13, 2017, the Receiver undertook a process to seek proposals from various Investment Banks and other sales agents to assist in ensuring a fulsome broad-based marketing process. On May 12, 2017, the Receiver engaged Peters & Co as its sales agent to undertake a solicitation process to sell the Property.
29. The sales process commenced immediately thereafter and concluded with the receipt of final expressions of interest from prospective purchasers on September

28, 2017. Details of the marketing process that was employed is discussed more fully below.

30. Negotiations were taken up with the best offeror and a binding Asset Purchase Agreement for the oil sands assets owned by Energy (“APA”), which is subject to court approval, was executed on November 22, 2017. The unredacted APA is attached as Confidential Appendix B to this Report on a confidential basis as its terms includes confidentiality provisions, as discussed in paragraph 39. A redacted version of the APA (with commercially sensitive matters redacted) is attached as Appendix F.
31. The Receiver’s analysis of the APA is also considered confidential, as discussed in paragraph 39, and is attached on that basis in Confidential Appendix C to this Report.
32. The APA is the highest and best offer received by the Receiver during sales process. Based on the sales process conducted by the Receiver and its financial advisor, Peters & Co., the Receiver is of the view that a fulsome marketing process that adequately canvassed the market for potential purchasers during the Receivership and, accordingly the Receiver is of the view it has received and is supporting the highest and best offer.
33. No acceptable offer was received for the Property owned by the IP Companies and the Receiver is retaining that property and considering its options.
34. A summary of the extensive, broad-based Receivership marketing process is discussed below.

The Receivership Marketing Process

35. Immediately after its appointment the Receiver sought proposals from three parties to act as its financial advisor to undertake a marketing process of all of the Property. Based on the proposals submitted Peters & Co was engaged. Peters & Co is a well know investment bank with extensive experience in the energy industry and is very qualified to act as the Receiver’s financial advisor.

36. After assisting the Receiver with preparation of marketing and due diligence material, Peters & Co, commencing in mid-June, 2017, conducted a broad-based solicitation process to effectively and thoroughly canvass the market for offers. During the process, Peters & Co. contacted 634 companies across Canada, the United States and internationally and included strategic as well as financial counterparties. A copy of the initial information sent to prospective purchasers is attached as Appendix D.
37. A comprehensive presentation and other information on the Property was assembled and made available a virtual data room ("VDR").
38. Proposal submission guidelines were distributed in mid-June, 2017 to all interested parties advising of relevant terms and that all bids should be submitted by August 17, 2016 ("Initial Bid Deadline"). At the request of certain interested parties, the bid deadline was extended to September 28, 2017 ("Final Bid Deadline"). The following developments resulted, in the months leading up to the Final Bid Deadline:
 - a) Eleven (11) confidentiality agreements were signed and the parties all accessed the VDR;
 - b) Written proposals were received and analyzed by the Receiver and the best two proposals were contacted by Peters & Co and asked to provide certain details and a final offer by October 19, 2017. A summary of the final two proposal submissions is contained in Confidential Appendix C.
39. Subsequently, a binding agreement was finalized with the highest and best offer (the Final Successful Bidder), subject to the Court granting a Sale Approval and Vesting Order.

The APA

40. The Final Successful Bidder specifically required the APA to include a provision requiring that the Receiver and the Final Successful Bidder will keep confidential

any or all information pertaining to the purchaser, the purchase price and certain other terms unless required to be disclosed to any governmental authority or regulatory authority or the public if required by law and/or in connection with obtaining an approval and vesting order from this Honourable Court.

41. Due to the Final Successful Bidder's requirement of confidentiality and the sensitive business nature of the information provided in the offers received for the Property during the marketing process and the confidentiality provisions in the APA, the Receiver is of the view that if the information is disclosed to third parties prior to the closing of the sale of the Property, the disclosure would materially jeopardize the sale or, if the sale does not close, could materially jeopardize the value that the Receiver could subsequently obtain from a future sale of the Property. As such, the Receiver is respectfully of the view that it is appropriate that the Court grant the Receiver's request for an Order sealing the following appendices to this First Report:

- a) the APA (Confidential Appendix B); and
- b) the Receiver's analysis of the APA, which includes a summary of the offers received for the Property in the marketing process (Confidential Appendix C);

Considerations to Accepting and Executing the APA

42. The Receiver considered the following when evaluating and immediately accepting the APA:
- a) the Receiver was authorized to market and sell the Company's Property pursuant to section 3(k) and 3(l) of the Receivership Order;
 - b) the collective Property was adequately exposed to the market by the Receiver through Peters & Co. in the marketing process and the Final Successful Bidder, along with all other participants in the sales process, complied with the marketing process;

- c) the highest and best unconditional offer received by the Company;
- d) the next highest unconditional offer received by the Company;
- e) the size of the non-refundable deposit;
- f) the number and nature of the representation, warranties and conditions, if any, in the offers received;
- g) the expected closing date of the transaction if approved by the Court;
- h) the overall execution risk associated with closing; and
- i) the overall recovery to the stakeholders.

Receiver's Analysis and Recommendations

43. The Receiver believes that approval of the APA is in the best interest of all stakeholders for the following reasons:

- a) The Receiver was authorized to market and sell the Company's Property pursuant to section 3(k) and 3(l) of the Receivership Order and acted in good faith and with due diligence in the sale of the assets and in accepting and executing the APA;
- b) There was an extensive broad marketing process for the assets conducted by Peters & Co, an experienced marketing consultant and sales agent, to a large number of prospective purchasers over a reasonable timeframe;
- c) Oak Equity is the fulcrum creditor in these proceedings and are supportive of the transaction;
- d) The APA was negotiated between parties at arm's length and in good faith and is commercially reasonable under the circumstances; and

- e) The Receiver is satisfied that the APA is the highest and best unconditional offer received, with a sizeable non-refundable deposit, and was an offer with the least amount of closing risk, in the circumstances.
44. The Receiver notes that the APA is subject to conditions that certain portions of it remain confidential and that the ORR be vested off title. There are no other material conditions other than approval by this Court and the granting of an order to vest the Assets and seal the unredacted version of the APA (“Approval Order”). The Receiver believes that the APA is the highest and best offer and it is in the best interest of its stakeholders to complete this sale. The Receiver considers the closing risk associated with the APA to be minimal. There was no other unconditional offer received by the Company or Receiver that was “better” or “higher” as at the date of this First Report.
45. As a result, the Receiver respectfully recommends that the Court approve the APA and grant the Approval Order in the form attached as Schedule “D” to the APA. Any claim that the Royalty Owner may have arising as a result of the Approval Order may be a claim against the sale proceeds.

RECEIPTS AND DISBURSMENTS – APRIL 13, 2017 TO NOVEMBER 17, 2017

46. The following is a statement of the Receiver's consolidated receipts and disbursements of the Company during the Reporting Period:

Oak Point Energy Ltd. - In Receivership	
Interim Statement of Receipts & Disbursements	
April 13 to November 17, 2017	
	Total
Receipts	
Opening cash balance	121,301
Receiver's Certificate (borrowings)	325,000
Sale of office furniture	500
Miscellaneous refunds	978
	<u>447,779</u>
Disbursements	
Professional remuneration	
Receiver fees	\$ 143,610
Pre-receivership advisory fees	53,435
Legal Fees	21,743
General & Administrative Expenses	
IT Services	10,502
Patent agent services	32,202
Marketing consultant commissions	35,000
Storage Fees	8,640
Office move expenses	2,603
Miscellaneous expenses	3,409
Office Rent and corporate insurance	42,752
Property taxes and surface lease fees	9,539
Receivership filing fees	280
Bank Fees	15
GST Paid on Disbursements	14,896
	<u>\$ 378,626</u>
Cash on hand	<u>\$ 69,153.00</u>

47. There was approximately \$121,000 in opening cash available as at the Receivership Date. The Receiver froze the operating bank accounts on the Receivership Date and opened new Receiver's trust bank accounts for Oak Point.
48. In order to pay ongoing costs the Receiver was required to borrow under Receiver's Certificates during the Reporting Period. The Receiver is authorized to borrow \$1,000,000 pursuant to the Receivership Order, as discussed further below.

RECEIVER'S BORROWINGS

49. Pursuant to paragraph 20 of the Receivership Order, the Receiver has been empowered to borrow up to a cumulative amount of \$1,000,000 (or such greater amount as the Court may further Order)
50. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge as security for the payment of the monies borrowed, together with interest and charges, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, but subordinate in priority to the Receiver's Charge (as defined in the Receivership Order).
51. Neither the Receiver's Borrowings Charge, nor any other security granted by the Receiver in connection with its borrowings under the Receivership Order shall be enforced without leave of the Court.
52. The Receiver issued one Receiver's Certificate in the amount of \$325,000. The Receiver's Certificate is attached together as Appendix [] to this Report.
53. The terms of the Receiver's Certificate includes a per annum interest rate of 12% per annum, which, in the Receiver's view, is commercially reasonable in the circumstances. Pursuant to paragraph 20 of the Receivership order, the Receiver's Certificate No. 1 has a charge over the whole of the Property by way of a fixed and specific charge as security, as discussed above.

PROPOSED INTERIM DISTRIBUTION

54. Pursuant to paragraph 12 of the Receivership Order, the monies collected during the Receivership Proceedings, shall be held by the Receiver to be paid or distributed in accordance with the terms of the Receivership Order or any order of this Court.
55. As previously discussed, the Receiver is advised by its counsel that the Oak Equity security as against the Property is valid and enforceable and ranks in priority to subsequently perfected interest in Oak Points real and personal property, and all

unperfected interests of all other creditors. The Receiver is not aware of any material claims that are not permitted encumbrances under the APA or that would rank in priority to the security of Oak Equity.

56. If the APA is approved by this Court and the transaction closes, upon filing the requisite Receiver's Certificate contemplated by the approval Order, the Receiver intends to repay the Receiver's Certificate and recommends distributing to Oak Equity as a partial repayment of the indebtedness owing by Oak Point, the remaining net sale proceeds derived from the closing of the APA, less an amount, to be determined at the Receiver's sole discretion, to be retained to cover potential claims and future costs of the administration of the estate:

AMENDMENT TO RECEIVERSHIP ORDER

57. The Receiver respectfully requests the Court for an Order amending the paragraph 16 of the Receivership Order by adding the words:

“[...] in the Receiver's possession or control at the time a claim is made”

at the conclusion of the first sentence thereof in order to further clarify that the limit of the Receiver's liability will be reduced as Property of the Company is realized upon and distributions are made to the creditors of Oak Point.

COMPLETION OF RECEIVERSHIP

58. The Receiver has to complete the following tasks to complete the administration of the Receivership:
- a) finalize and close the APA, assuming that Court approval is received, including completing the post-closing items such as transfer of well licences, specific conveyances and final statement of adjustments;
 - b) make the Proposed Interim Distributions, subject to Court approval;
 - c) complete the final regulatory filings and administrative matters;

- d) consider options for remaining IP; and
- e) determine priority to remaining funds and apply to this Court for an Order approving the final distribution of the remaining funds held by the Receiver and discharging the Receiver, in due course.

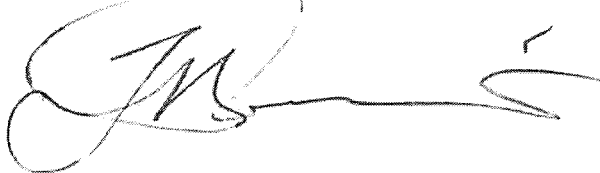
RECOMMENDATIONS

59. The Receiver respectfully recommends that this Court approve and grant:

- a) the Approval and Vesting Order sought by the Receiver in respect of the APA;
- b) the Restricted Court Access Order with respect to the Confidential Appendices B and C to this Report;
- c) an amendment to paragraph 16 of the Receivership Order; and
- d) the Proposed Interim Distribution.

All of which is respectfully submitted this 22nd day of November 2017.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver of Oak Point and not in
its personal or corporate capacity**

A handwritten signature in black ink, appearing to be 'Tim Reid', with a long horizontal flourish extending to the right.

Tim Reid, CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX A

AER Letter & Response Letter

October 23, 2017

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canada

Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 – 6th Ave. S.W.
Calgary, Alberta T2P 3H7
Attention: Bryan Krol

www.aer.ca

Re: Appointment of Receiver of the Assets of Oak Point Energy Ltd. (A5X6)

Dear Sir:

The Alberta Energy Regulator (AER) confirms receipt of notification dated September 26, 2017 that Alvarez & Marsal Canada Inc. (A&M) has been appointed as Receiver of the property of Oak Point Energy Ltd. (Licensee).

Please note, the AER has a statutory mandate to regulate the oil and gas industry in Alberta, which includes enforcement of the Acts, Regulations and Rules that it administers. As you may know, the Licensee currently holds a number of AER approvals as defined under the *Responsible Energy Development Act*. "Licensee" is defined in both the *Oil and Gas Conservation Act* (OGCA) and *Pipeline Act* to include a trustee or receiver-manager of the property of a licensee. "Person Responsible" under both the *Public Lands Act* and the *Environmental Protection and Enhancement Act* is also defined to include a trustee or receiver-manager.

The AER's primary role in insolvencies, is ensuring that there continues to be a responsible party providing care and custody of all AER licensed wells, pipelines and related facilities, including, but not limited to, emergency and incident response and obligations relating to the Alberta One-Call system, and that steps are taken to ensure all applicable end of life obligations are addressed. This may include a requirement to suspend, abandon and reclaim certain of the Licensee's AER licensed properties or post security for those obligations as per AER requirements.

Accordingly, please provide the following to the undersigned by October 31, 2017:

Written confirmation that the Receiver has taken possession of AER licensed properties; is providing care and custody of the properties and is taking steps to ensure compliance with the Licensee's responsibilities and obligations under AER requirements. If A&M intends to operate Licensee's properties,

it must provide confirmation that it maintains adequate insurance, as per *Directive 067: Applying for Approval to Hold AER Licences*.

Or, the Receiver has not assumed care and custody and the Licensee retains care and custody of its licensed properties.

While the AER is prepared to work with A&M to facilitate administration of the Licensee's AER licensed assets, please note that any agreements made by A&M with third parties to transfer ownership of AER licensed wells, pipelines or related facilities do not effect the transfer of the associated AER licences. Transfer of AER licences requires application to and approval by the AER.

Also, we attach a list of AER energy resource enactment approvals held by the Licensee as per the AER's current records. Please note that this list also includes approvals that are held by the Licensee under the specified enactments. Please provide any corrections to the attached list of AER approvals held by the Licensee, including licence number, surface location, and all working interest participants including full corporate names, contact information, and working interest percentage(s) for each licence no later than November 24, 2017.

Also, we hereby request that the Receiver and/or its counsel provide advance notice to the AER of all future applications to the court in connection with this matter.

Please direct questions to the undersigned by e-mail at sara.johnson@aer.ca.

Regards,



Sara Johnson,
AER Law Branch

cc. Laura.Chant@aer.ca, AER Insolvency Management



November 22, 2017

Sara Johnson
Alberta Energy Regulator
Head Office
Suite 1000, 250-5th Street SW
Calgary AB T2P 0R4

Dear Ms. Johnson:

Re: In the Matter of the Receivership of Oak Point Energy LTD. ("Oak Point")

We are in receipt of your letter dated October 23, 2017 (the "**AER Letter**") to Alvarez and Marsal Canada Inc. in its capacity as court-appointed Receiver of Oak Point ("**Receiver**") and confirms that the AER has received a copy of the Receivership Order granted on April 13, 2017 (the "**Receivership Order**").

The Receiver relies on and is administering the receivership, as an officer of the court, in accordance with the protections, rights and priorities prescribed by the Receivership Order. Without limitation, the Receiver notes it specifically relies on the following provisions in the Receivership Order in connection with the Receiver's ongoing administration of the estate:

- A. Paragraph 3 empowers, but does not obligate, the Receiver to take possession of any of Oak Point's current and future assets, undertakings and properties of every nature and kind whatsoever, wherever situate including the proceeds derived therefrom (the "**Property**");
- B. Paragraph 16 of the Receivership Order contains a limitation on the Receiver's liability. In particular, save in circumstances where the Receiver is guilty of gross negligence or wilful misconduct the Receiver shall incur no liability or obligation that exceeds an amount for which the Receiver may obtain full indemnity from the Property;
- C. Paragraph 17 of the Receivership Order grants a charge (the "**Receiver's Charge**") to the Receiver and its counsel in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, to secure payment of the Receiver and its counsel's reasonable fees and disbursements subject only to the other charges set out therein; and
- D. Paragraph 20 of the Receivership Order permits the Receiver to borrow by way of a revolving credit or otherwise, monies in the principal amount of up to \$1,000,000. The whole of the Property is charged (the "**Receiver's Borrowing Charge**") by way of a fixed and specific charge of security for any monies borrowed by the Receiver in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise subordinate only to the Receiver's Charge and the other charges set out therein.

- E. The Receiver, as officer of the court, derives its authority and takes the direction from the court and orders issued by it including the Receivership Order and will continue to rely on the protections afforded to it by the Receivership Order and the relative priorities afforded to the Receiver's Charge and Receiver's Borrowing Charge.

In specific response to the queries raised in the AER Letter, we advise as follows:

1. In accordance with the Receivership Order, the Receiver is in the process of marketing all of the AER licenced properties listed in the attached Schedule to the AER Letter (the "**Properties**").
2. The Receiver confirms that Oak Point is the Licensee. The Receiver is an officer of the court, and acts solely in its capacity as the court-appointed Receiver of the Licensee and not in its personal capacity. In such capacity, the Receiver confirms that it is directing Oak Point to provide care and custody of the Properties and is taking steps to ensure compliance with Oak Point's responsibilities and obligations under AER requirements. The Receiver confirms that Oak Point maintains adequate insurance over the Properties.
3. The Receiver confirms that the list of energy resource enactment approvals held by Oak Point which was attached to the AER Letter appears to be accurate, with no exceptions noted.
4. The Receiver confirms that it has added the AER to the service list in this matter and, as such, the AER will be provided with notice of all future Court applications to be held in this matter.

The Receiver is aware of the AER's position as articulated in the AER Letter relative to the transfer of licenses. The Receiver has just finalized an agreement for the purchase of Oak Point's oil and gas assets that includes the sale and transfer of all of Oak Point's licensed wells, facilities and pipelines to a qualified licensee Company. We are seeking Court approval of the sale on November 27, 2017. The Receiver will contact the AER to discuss and arrange for the transfer of the licenses.

The Receiver confirms that it will not distribute any funds received from the disposition of the Properties to any creditors other than beneficiaries of the Receiver's Charge, Receiver's Borrowing Charge or any federal statutory charge ranking in priority thereto without a court order obtained on prior notice to AER.

In conclusion, the Receiver reiterates that it will continue to administer the receivership estate in accordance with the direction of the court as presently manifest in Receivership Order. The Receiver is not aware that there will be any conflict as between Oak Point's creditors and the AER. It is the Receiver's desire that the stakeholders attempt to work together to find consensual resolution to the issues that may arise and, to this end, welcomes the opportunity to engage in further discussion with the AER as it pertains to the administration of the Oak Point receivership at any time.

Yours very truly,

**Alvarez & Marsal Canada Inc. in its capacity as
the Court Appointed Receiver of Oak Point Energy Ltd.
and not in its personal capacity**



Tim Reid
Senior Vice President



CONFIDENTIAL APPENDIX B

The APA

NOT INCLUDED

CONFIDENTIAL APPENDIX C

Receiver's Analysis of the APA

NOT INCLUDED

APPENDIX D

MARKETING BROCHURE

Oak Point Energy Ltd. Information Memorandum – Receivership Process



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Oil Sands Opportunity with Proprietary Thermal Technology

Alvarez & Marsal Canada Inc. ("A&M"), in its capacity as Court appointed Receiver and Manager of Oak Point Energy Ltd. ("Oak Point"), is seeking offers to purchase the assets of Oak Point and has retained Peters & Co. Limited ("Peters & Co.") as its exclusive financial advisor to assist in this process. Confidential information will be made available to parties who execute a confidentiality agreement. Offers to purchase the assets will be due on August 17, 2017. Any asset sale will be completed on an "as is, where is" basis and subject to approval of the Court.

UPSTREAM OPPORTUNITY

- **Location:** Oak Point holds a 100% working interest in 17 sections of oil sands leases in the Lewis, Great Divide, Duncan and Chelsea areas across the greater Athabasca region.
- **Delineation:** The leases in the Lewis area have been delineated with 3D seismic as well as 24 cored wells and are surrounded by highly delineated land blocks including Imperial's Aspen and Suncor's Lewis developments.
- **Booked Reserves and Resource:** Recoverable Bitumen (2P+2C) in the Lewis area of 282 MMBbls using a 46% RF and CSOR of 2.7 (GLJ May 2014).
- **Infrastructure Access:** The Lewis project is proximal to both the Enbridge Woodland (Heavy Blend) and the InterPipe Corridor (Heavy Blend/Diluent) system as well as the Norlite pipeline (Diluent)

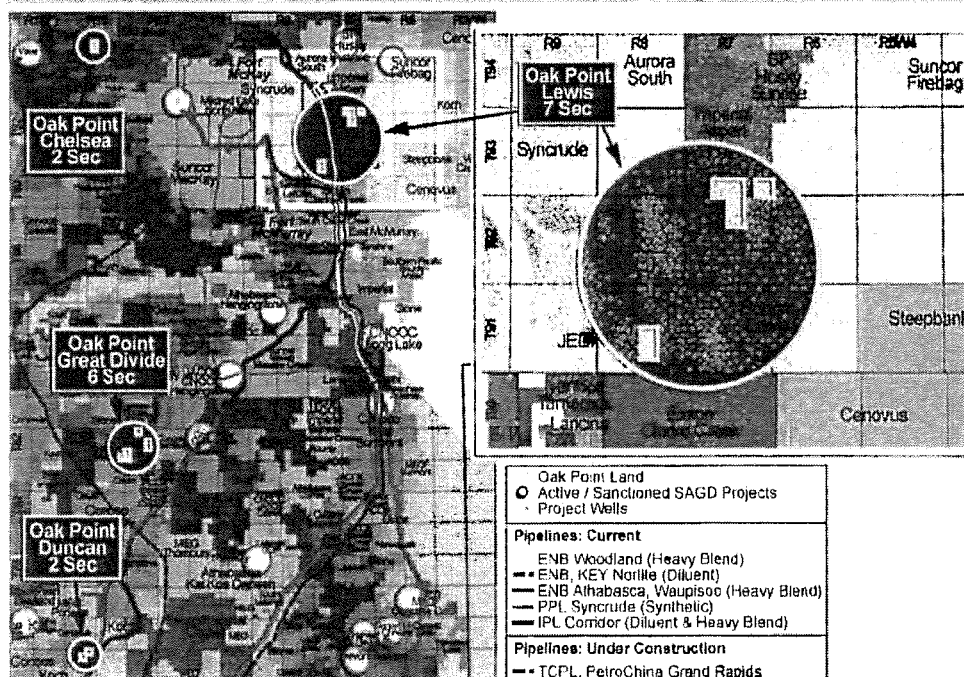
OAK POINT OIL SANDS LAND

Area	Net Sections	Earliest Expiry
Chelsea	2	09/07/2024
Great Divide	6	11/30/2024
Lewis	5	05/31/2025
Lewis SW	2	10/18/2025
Duncan	2	01/10/2026

TECHNOLOGY OPPORTUNITY

- **Thermal Technology:** Oak Point has developed a scalable, modular facility design that allows front end development costs associated with SAGD projects to be greatly reduced.

OAK POINT OIL SANDS LAND



PETERS & CO. LIMITED
 2300 Jamieson Place
 308 Fourth Avenue SW
 Calgary, Alberta T2P 0H7
 www.petersco.com

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 Corporate Finance
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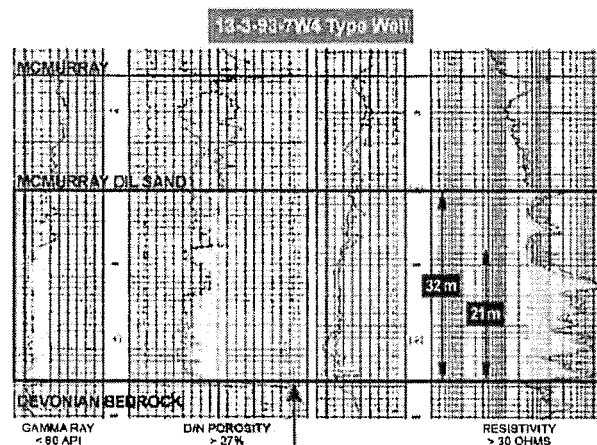
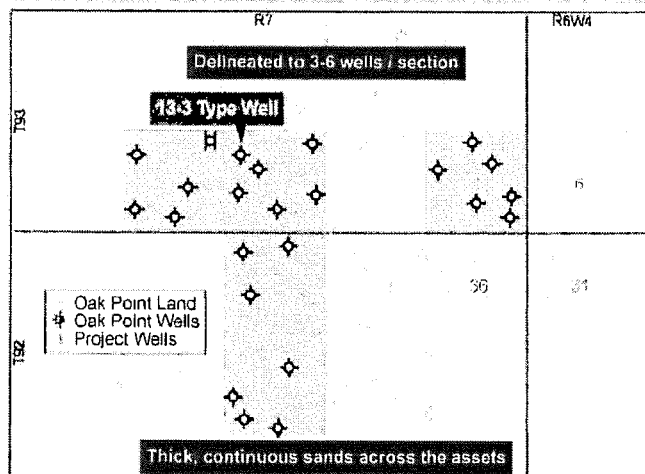


This Information Memorandum is prepared solely for the use of certain qualified Interested Parties to provide information only. The information contained herein while obtained from sources that we believe to be reliable, is not guaranteed as to its accuracy or completeness. This Information Memorandum is for information purposes only and does not constitute an offer to sell or a solicitation to buy securities of Oak Point Energy Ltd.

Lewis Oil Sands Project



OAK POINT LEWIS OIL SANDS LAND

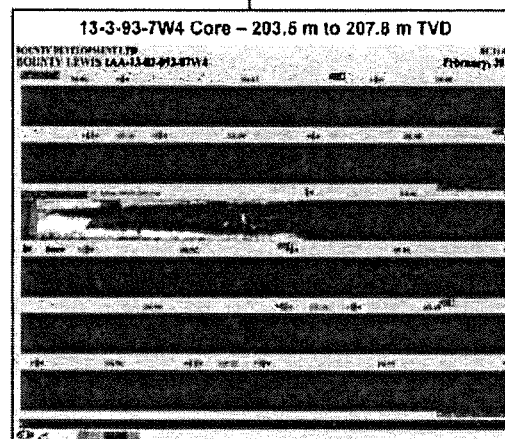


LEWIS RESERVOIR CHARACTERISTICS

Area	1,280 Ha
Average Pay	24.4 m
Porosity	32%
Permeability	4.6 Darcies
Sw	20%
BIIP (2P+2C)*	610 MMBbls
Projected RF *	46%
ROIP (2P+2C) *	282 MMBbls
Projected CSOR *	2.7

* Based on GLJ assessment

- Opportunity:** The McMurray is a thick, continuous sand with high oil porosity, high bitumen saturation and minimal shale breaks across the lease. The Lewis lands are highly delineated with proximal access to offtake infrastructure and surrounded by developments by major operators including Imperial and Suncor. The overlying cap rock is ~70 m thick.
- Regulatory Approval:** The ERCB has approved a pilot project on the Lewis lands.
- Tenure:** The Lewis oil sands leases do not face expiry until May 2025.
- Delineation:** In addition to 3D seismic across the lands, the Lewis oil sands leases have been delineated with 24 wells, all of which have been cored to establish the underlying resource.
- Reservoir Characteristics:** The McMurray zone lies at ~160 m TVD with average oil sands pay of ~24 m with permeability of 4.6 darcies, porosity of 32% and a 46% recovery factor result in an estimated 282 MMBbls of recoverable bitumen.
- Proposed Development:** An illustrative development profile for the Lewis project was prepared by GLJ, resulting in production in excess of 50 MBbls/d for over a decade.



RESERVES (GLJ Petroleum Consultants as at March 31, 2014)

Summary of Oil and Natural Gas Reserves & Resources

Category	Bitumen (MMbbls)	Natural Gas (MMcf)	Total (MBOE)
Probable Undeveloped (2P)	19,283	-	19,283
Possible Undeveloped (3P)	2,716	-	2,716
Total Reserves	21,999	-	21,999
Best Estimate Contingent Resources (2C)	262,684	-	262,684
2P + 2C	281,987	-	281,987

Net Present Values (\$M)

Category	8%	10%	12%
Probable Undeveloped (2P)	\$52,048	\$25,643	\$8,125
Possible Undeveloped (3P)	48,032	41,426	36,725
Total Reserves	\$100,080	\$67,069	\$44,850
Best Estimate Contingent Resources (2C)	2,114,000	1,621,000	1,237,000
2P + 2C	\$2,166,048	\$1,646,643	\$1,245,125

Thermal Technology



OAK POINT THERMAL TECHNOLOGY

- Oak Point has created an innovative technological solution related to the development of steam facilities for SAGD operations.
- These facilities can be assembled or dismantled in 30 days addressing many industry challenges:
 - Modularization shifts facility construction to low-cost/high-productivity centers
 - Allows construction to start ahead of regulatory approval since fabrication occurs off site
 - Facilities can be redeployed if the resource doesn't respond as required
 - Facilities can be installed to optimize capital efficiency growth and redeploy as production declines
- Small unit scale reduces costs through mass production efficiencies.
- Standardized design of three configurations suitable for a broad range of oil sands applications (UltraLite, 1stSite and MultiSite)
- Intellectual property is owned by Oak Point
 - Five US and Canadian patents awarded to date
 - Eleven international patents awarded to date

OAK POINT SAGD FACILITY DESIGN

- UltraLite SAGD Plant (Portable Exploration Model)
 - Oil capacity of 1,500 Bbls/d with production from 1-2 well pairs
 - Fully functional and economic at smaller scale
 - Well suited as a commercial pilot facility or for exploitation in small pod or thin pay reservoirs and pre-heat well pads prior to commercial development

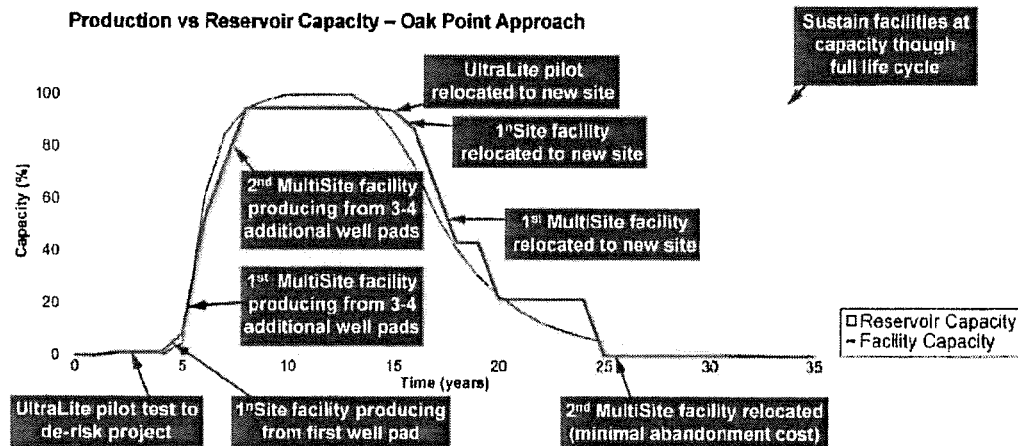
- 1stSite SAGD Plant (Commercial Production Model)
 - Oil capacity of 8,600 Bbls/d matched to full well pad production (8-12 well pairs)
 - Well suited to commercial development of smaller assets (non-contiguous) or where ability to stage the ramp up of production is desired
- MultiSite SAGD Plant (Multiple Well Pad Facility)
 - Oil capacity of 26,000 Bbls/d suitable for production from 2-4 well pads
 - Combines capital and operational economies of scale and complete portability
 - Full equipment modularity allows steam capacity to be easily scaled up or down over resource life cycle of large contiguous resource

Note: Oil capacities are based on 2.5 SOR

SUCCESSFUL DEPLOYMENT

- An early version of the 1stSite configuration was deployed by Grizzly Oil Sands at Algar Lake in January 2014.
- The plant achieved reliability in excess of 94% in the first year of operation, outpacing the industry average of 85%.
- Subsequent to this deployment, improvements to the facility configurations have been made, including the evaporator design and piperack design, which is critical to achieving facility portability objectives.

OAK POINT STAGED FACILITY INSTALLATION



Process and Contacts



Alvarez & Marsal Canada Inc. ("A&M"), in its capacity as Court appointed Receiver and Manager of Oak Point Energy Ltd. ("Oak Point" or the "Company"), is seeking offers to purchase the assets of Oak Point and has retained Peters & Co. Limited ("Peters & Co.") as its exclusive financial advisor to coordinate all aspects of this process and Peters & Co. will act as the sole contact for all parties who have expressed an interest in acquiring the assets of Oak Point ("Interested Parties"). An online virtual data room has been established, which provides a description of Oak Point's assets, as well as operational information.

A&M reserves the right at any time to amend or terminate these sale procedures, to decline an Interested Party the ability to participate in the process, to terminate discussions with any or all Interested Parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.

Offers to purchase the assets are subject to the terms and conditions outlined in the Court approved Sales Process and will be due on August 17, 2017. Any asset sale will be completed on an "as is, where is" basis and subject to approval of the Court.

CONTACTS

Peters & Co. will act as the sole contact for all Interested Parties. All communications and inquiries from Interested Parties should be directed to one of the representatives listed below:

J.G. (Jeff) Lawson
Principal & Director
Corporate Finance
403.261 2298
jlawson@petersco.com

Scott A. Johnston
Principal
Acquisitions & Divestitures
403.261 2264
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Franklin P. Eldridge
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feldridge@petersco.com

Peters & Co. Limited | 2300 Jamieson Place | 308 Fourth Avenue SW | Calgary, Alberta Canada | T2P 0H7

Disclaimer



This Information Memorandum is based on information provided by Oak Point from its own records and from other sources. The Information Memorandum is being distributed, on behalf of Oak Point and A&M, by Peters & Co., A&M's financial advisor, solely for the use by certain qualified Interested Parties. The sole purpose of the Information Memorandum is to assist Interested Parties in determining whether or not to proceed with further investigation of the potential purchase of the Company or the assets of the Company ("**Transaction**").

The information contained herein (the "**Information**") has been prepared in good faith to assist Interested Parties in completing their own independent evaluation of the assets, but does not purport to be all inclusive or to contain all of the information that an Interested Party may desire or that may be required by an Interested Party to properly evaluate the assets. In all cases, the Interested Parties should conduct their own independent investigation and analysis of the assets and the data set forth in this Information Memorandum.

Peters & Co. has not independently verified any of the Information contained herein. Neither Peters & Co., A&M, the Company nor their respective affiliates make any representation or warranty (expressed or implied) as to the accuracy or completeness of this Information Memorandum.

Neither Peters & Co., A&M, the Company nor their respective affiliates will assume any liability for the Interested Parties' use of this Information Memorandum or any other oral, written or other communication transmitted to the Interested Parties during the course of its evaluation of the assets.

Oak Point, A&M and Peters & Co. expressly disclaim any and all liability and responsibility for and associated with the quality, accuracy, completeness or materiality of the Information.

The Interested Party will conduct its own independent evaluation and analysis of the Information and satisfy itself as to the quality, accuracy, completeness and materiality of the same. The Interested Party will rely solely on its own independent evaluation and analysis of the Information when deciding whether or not to submit a bid, enter into a definitive purchase agreement and consummate a Transaction.

This Information Memorandum may include certain statements, estimates, forecasts and projections provided by the Company and with respect to the anticipated future performance of the assets. Such statements, estimates, forecasts and projections reflect various assumptions made by the Company, A&M and / or Peters & Co. concerning anticipated results, which may or may not prove to be correct. No representations or warranties are made as to the accuracy of such statements, estimates, forecasts or projections. The only Information that will have any legal effect will be that specifically represented or warranted in a definitive purchase agreement, when, as and if executed, with respect to a possible Transaction and executed on behalf of the Company and the purchaser or investor.

NEITHER THIS INFORMATION MEMORANDUM NOR ITS DELIVERY TO AN INTERESTED PARTY SHALL CONSTITUTE OR BE CONSTRUED TO BE AN OFFER TO SELL ANY SECURITIES OF THE COMPANY. THIS INFORMATION MEMORANDUM SHALL NOT BE DEEMED AN INDICATION OF THE STATE OF AFFAIRS OF THE COMPANY NOR CONSTITUTE ANY INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

APPENDIX E

Receiver's Certificate

RECEIVER CERTIFICATE

Certificate No. 1

TO: Private Equity Oak L.P.

Amount: CAD \$325,000

1. THIS IS TO CERTIFY that ALVAREZ AND MARSAL CANADA INC., the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of OAK POINT ENERGY LTD. ("Oak Point") appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the 13th day of April, 2017 (the "Order") made in action numbers 1701-05131, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$325,000, being part of the total principal sum of \$1,000,000, which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the 1th day of each month after the date hereof at a notional rate per annum equal to the rate of 12 per cent.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issues by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 100 King Street West, Suite 5120, P.O. Box 51, Toronto Ontario M5X 1B1.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 10th day of May, 2017.

Alvarez and Marsal Canada Inc., solely in its capacity as
Receiver of the Property (as defined in the Order),
and not in its personal capacity



Tim Reid, CA, CPA, CIRP, LIT
Senior Vice-President

**APPENDIX F
REDACTED APA**

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN:

**ALVAREZ & MARSAL CANADA INC., in its capacity as court-appointed Receiver of OAK
POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. AND 1NSITE
TECHNOLOGIES LTD., and not in its personal or corporate capacity**

- AND -

[REDACTED]

November 22, 2017

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ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 22nd day of November, 2017.

BETWEEN:

ALVAREZ & MARSAL CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of **OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. AND INSITE TECHNOLOGIES LTD.** (collectively the "Debtor Companies"), and not in its personal or corporate capacity (the "Vendor")

- and -

 (the "Purchaser")

WHEREAS the Receiver was appointed as receiver of the Property of the Debtor Companies pursuant to the terms of the Receivership Order granted on April 13, 2017;

AND WHEREAS the Vendor wishes to sell the Assets to the Purchaser and the Purchaser wishes to purchase the Assets from the Vendor, 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 Obligations"** means all past, present and future obligations and liabilities to:
 - (i) abandon or re-abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities or 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 or Tangibles described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities or

Tangibles 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;

in each case, 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 and Sale 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 Companies' right, title, estate and interest in the Oil Sands Rights, the Tangibles and the Miscellaneous Interests.
- (f) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.
- (g) **"Chelsea Oil Sands Rights"** means those Oil Sands Rights set out in Part 1 of Schedule "A".
- (h) **"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.

- (i) **"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.
- (j) **"Closing Date"** has the meaning provided in Section 4.1.
- (k) **"Closing Payment"** has the meaning provided in Section 3.4.
- (l) **"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 desirable in accordance with generally accepted oil sands 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 Companies to the Purchaser and to novate the Purchaser into the contracts, licenses, permits, approvals and authorizations comprising the Miscellaneous Interests in the place and stead of the Debtor Companies.
- (m) **"Court"** means the Court of Queen's Bench of Alberta.
- (n) **"Court Approval"** means an order of the Court approving the Transaction, vesting the Assets in the name of the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances and sealing this Agreement, substantially in the form attached hereto as Schedule "D" without any changes to any schedules to this Agreement or the order, unless such changes are agreed to in writing between the Parties.
- (o) **"Debtor Companies"** has the meaning provided in the preamble.
- (p) **"Deposit"** has the meaning provided in Section 3.1(a).
- (q) **"Duncan Oil Sands Rights"** means those Oil Sands Rights set out in Part 1 of Schedule "A".
- (r) **"Encumbrance"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, gross overriding 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, any 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.

- (s) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.
- (t) **"Environmental Law"** means all Applicable Laws relating to the protection of, or the control, remediation or reclamation of contamination or pollution of the Environment.
- (u) **"Environmental Liabilities"** means all Losses and Liabilities, Claims and other duties and obligations of whatsoever nature or kind that relate to the Lands or the Assets, or that have arisen or hereafter arise in connection with or as a result of past, present or future operations on the Lands, or in connection with the Assets and by whomsoever caused, whether arising under contract, Applicable Law or otherwise, in respect of, arising from, related to or associated with:
 - (i) Abandonment and Reclamation Obligations;
 - (ii) Environmental Matters; and
 - (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law applicable to or otherwise involving the Assets.
- (v) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to:
 - (i) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances on or from the Lands, including any corrosion to or deterioration of any structures or other property;
 - (ii) the sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operation or the failure to restore, cleanup or reclaim the Environment or to monitor the restoration, cleanup or reclamation of the Environment; and
 - (iii) damage, pollution, contamination, protection, reclamation, remediation or restoration or other adverse situations pertaining to the Environment, howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination, protection, reclamation, remediation, restoration or other adverse situations occur or arise in whole or in part prior to, at, or subsequent to the date of this Agreement;

in each case relating to or arising in connection with the past, present or future ownership or operation of surface or subsurface mineral rights comprised in the Lands, activities or omissions conducted or omitted to be conducted in respect of

or in connection therewith including obligations to compensate Third Parties for Losses and Liabilities, including those Losses and Liabilities that arise from operations that affect lands other than the surface or subsurface mineral rights comprised in the Lands on which such operations were conducted.

- (w) **"Facilities"** means the Debtor Companies' entire interest in any facilities, including discontinued facilities, related to the Assets.
- (x) **"General Conveyance"** means the general conveyance in the form attached as Schedule "B".
- (y) **"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.
- (z) **"Great Divide Oil Sands Rights"** means those Oil Sands Rights set out in Part 1 of Schedule "A".
- (aa) **"GST"** the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 3.5(b).
- (bb) **"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.
- (cc) **"Insider"** has the meaning given to that term in the *Securities Act* (Alberta).
- (dd) **"Land Schedule"** means the lands listed in Part 1 of Schedule "A".
- (ee) **"Lands"** means the entire interest of the Debtor Companies 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 drill for, explore for, mine, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (ff) **"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.
- (gg) **"Lewis Steepbank Oil Sands Rights"** means those Oil Sands Rights set out in Part 1 of Schedule "A".
- (hh) **"Lewis SW Oil Sands Rights"** means those Oil Sands Rights set out in Part 1 of Schedule "A".

(ii) **"Losses and Liabilities"** means, in respect of a Person and in relation to a matter, any and all:

- (i) losses, costs, damages, expenses and charges (including all penalties, interest, assessments and fines) which such Person 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 such Person suffers, sustains, pays or incurs, directly or indirectly, 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 such Person other than any such indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by a Third Party entitled to indemnification from such Person.

(jj) **"Miscellaneous Interests"** means all of the right, title, interest and estate of the Debtor Companies in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Oil Sands Rights and the Tangibles), to the extent relating to the Oil Sands Rights or the Tangibles, and to which the Debtor Companies are entitled, 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 Oil Sands Rights and the Tangibles, including the Title and Operating Documents and any rights of the Debtor Companies in relation thereto;
- (ii) the Surface Rights and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Surface Rights, including Title and Operating Documents and any rights of the Debtor Companies in relation thereto;
- (iii) all:
 - (A) geological, geochemical and mineralogical data, reports and findings and archive samples;
 - (B) core or liquid samples and cuttings from wells drilled on the Lands or lands pooled or unitized therewith;

- (C) engineering and technical information, to the extent relating to the Oil Sands Rights or the Tangibles;

which the Vendor has in its custody or to which the Vendor has access, excluding any such information which is subject to restrictions on deliverability or confidentiality restrictions;

- (iv) the Proprietary Seismic;
- (v) all permits, licenses, approvals, orders and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Tangibles or the Wells are located, including well and pipeline licenses and other permits, licenses, approvals, orders and authorizations relating to the Oil Sands Rights or the Tangibles, including without limitation:
 - (A) Licence No. 00295081-00-00 granted by the Alberta Energy Regulator on January 13, 2016; and
 - (B) Approval No. 293925-00-00 granted by Alberta Environment and Sustainable Resource Development on February 15, 2013; and
- (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 Companies in relation thereto.
- (kk) **"Oil Sands 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 Companies in and to the Lands and the Leases, including the oil sands rights, within, upon or underlying the Lands, subject in all events to the Permitted Encumbrances, including those oil sands rights set out in Part 1 of Schedule "A".
- (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 any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
- (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; or as otherwise expressly consented to in writing by Purchaser in its sole and absolute discretion; and
- (viii) the terms and conditions of the Leases and the Title and Operating Documents.

Additionally, the following items must be identified in the Land Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits, preferential right of purchase or right of first refusal, or other similar encumbrance applicable to the Oil Sands Rights for which the Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor Companies' 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 Substances"** means any of crude oil, crude bitumen, oil sands and products derived therefrom, synthetic crude oil, heavy oil, coalbed methane, 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, hydrogen sulphide, produced water and salt water.

- (qq) **"Place of Closing"** means the offices of Osler, Hoskin & Harcourt LLP at 2500, 450 – 1st Street S.W. in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (rr) **"Property"** has the meaning given to it in the Receivership Order.
- (ss) **"Proprietary Seismic"** means the entire interest of the Debtor Companies in all data respecting the seismic which is in the possession or control of and legally transferrable by the Debtor Companies relating to the Lands, as more particularly described in Part 4 of Schedule "A", subject to any licences granted in respect of such data, which shall include (to the extent any of the following is in Vendor's possession or control):
 - (i) digital tapes for field and stack data;
 - (ii) shot point locations for the shot points;
 - (iii) surveyor's notes and/or data sheets, drill logs and observers reports;
 - (iv) monitor records (if available) obtained at each and every shot point; and
 - (v) all data, including seismic data, lab test data, field data, field testing data, reservoir engineering, geoscience analysis, documentation, and interpretations thereof (including geology, geophysics, hydrogeology, geotechnical and petro physical data).
- (tt) **"Purchase Price"** has the meaning given in Section 3.1.
- (uu) **"Receivership Order"** means the order issued by the Court in the Receivership Proceedings on April 13, 2017, as amended, modified or supplemented from time to time.
- (vv) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court Action No. 1701-05131.
- (ww) **"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.
- (xx) **"Representatives"** means, with, respect to any Party, the respective directors, officers, employees, agents, advisors, consultants, contractors, representatives and lenders of that Party, including any Affiliate of such lenders which provide management services to such lenders.
- (yy) **"Surface Rights"** means all right, title, interest and estate of the Debtor Companies 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 Oil Sands Rights, the Tangibles or the 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, and including those surface rights set out in Part 2 of Schedule "A".

- (zz) **"Tangibles"** means, collectively, (i) all of the right, title, interest and estate of the Debtor Companies in the Facilities; and (ii) all right, title, interest and estate of the Debtor Companies, 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, useful or intended to be used to produce, process, gather, treat, measure, make marketable, compress, dehydrate, scrub, separate, extract, collect, refrigerate, store, remove, transport or ship Petroleum Substances or in connection with water condensate, injection or removal operations or other in situ operations that pertain to the Oil Sands Rights.
- (aaa) **"Third Party"** means any Person other than the Parties, their Affiliates and their respective Representatives.
- (bbb) **"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 delivered by the Vendor to the Purchaser in accordance with Section 10.3, including (i) the Leases and other agreements and instruments pursuant to which the Oil Sands Rights were issued, granted or created, (ii) permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, unit operating agreements, production allocation agreements, trust declarations, participation agreements, option agreements, joint venture agreements, farm-in agreements and farm-out agreements, (iv) agreements that create or relate to Surface Rights, 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 Companies' interests in the Assets; and (vii) trust declarations pursuant to which the Debtor Companies hold interests in the Lands in trust for other Persons, but excluding overriding royalty agreements.
- (ccc) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.
- (ddd) **"Vendor Consents"** has the meaning provided in Section 7.1.
- (eee) **"Vendor Entity"** means the Vendor and its Representatives, and each of their respective successors and assigns.
- (fff) **"Wells"** means all wells, including all producing, shut-in, abandoned, suspended, capped, water source, service, observation, evaluation, delineation, injection and disposal wells, located in, on or under the Lands or lands pooled or unitized therewith in which the Debtor Companies has an interest, and includes, but is not limited to, any wells set out in Part 3 of Schedule "A".

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;
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation"; and
- (i) all references to currency shall mean the lawful money of Canada, unless otherwise specifically stated.

1.3 Schedules

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

SCHEDULE "A"

- Part 1 Lands and Oil Sands Rights
- Part 2 Surface Rights
- Part 3 Wells
- Part 4 Proprietary Seismic
- Part 5 Facilities

SCHEDULE "B" Form of General Conveyance

SCHEDULE "C" Form of Officer's Certificate

SCHEDULE "D" Form of Court Approval Order

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 9.1 and 9.3 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

For clarity, 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

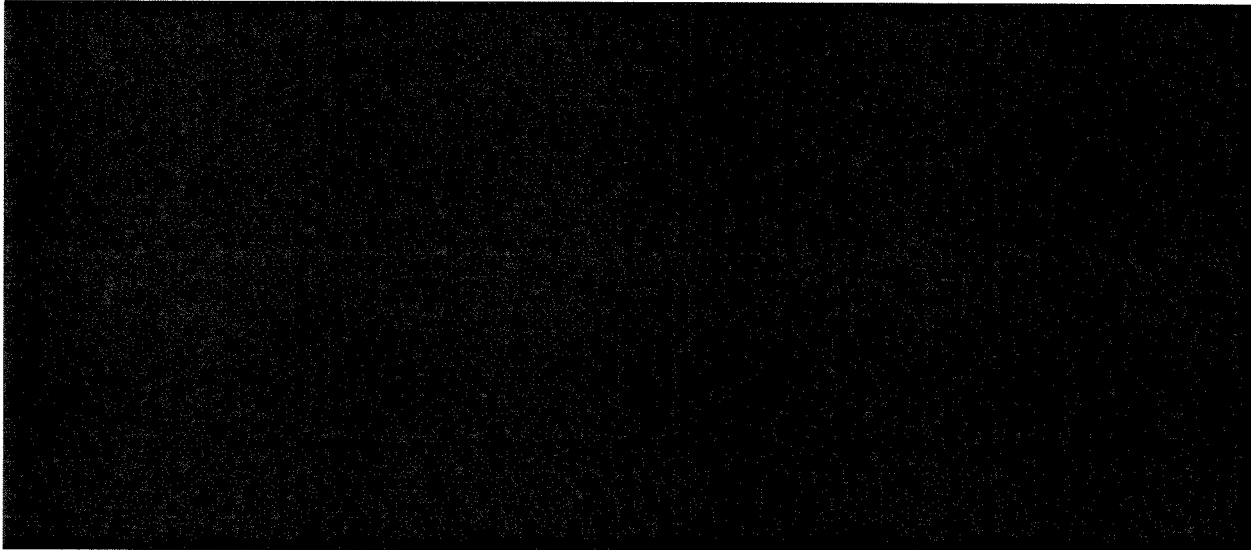
The purchase price to be paid by the Purchaser to the Vendor for the Assets shall be [REDACTED] (the "**Purchase Price**") plus or minus the adjustments, if any, resulting from the operation of Section 3.5(a) and shall be payable as follows:

- (a) [REDACTED] of the Purchase Price (the "**Deposit**") representing an earnest money deposit and being payable by the Purchaser to the Vendor via wire transfer or certified cheque on or prior to the date for the hearing of the application for Court Approval; and

- (b) the balance of the Purchase Price, as adjusted in accordance with Section 3.5(a).

3.2 Deposit

If Closing occurs on the Closing Date, the Deposit shall be retained by the Vendor and applied toward payment of the Purchase Price. If the Vendor, in breach of this Agreement, does not close the purchase of the Assets, or if Closing does not occur due to one or more of the Purchaser's conditions in Section 8.3 not having been satisfied, and such unsatisfied condition(s) have not been waived by the Purchaser, the Deposit shall be returned to the Purchaser for the Purchaser's own account. If the Purchaser, in breach of this Agreement, does not close the purchase of the Assets, or if Closing does not occur due to any of the Vendor's conditions in Subsections 8.2(a), 8.2(b), or 8.2(c) not having been satisfied, and such unsatisfied condition(s) have not been waived by Vendor, the Deposit shall be forfeited to the Vendor for the Vendor's own account..



3.4 Closing Payment

The Purchaser shall pay to the Vendor at Closing, by certified cheque, bank draft or electronic wire transfer, the Purchase Price less the Deposit, plus any adjustments, taxes, fees (including GST) payable under Section 3.5 (the "Closing Payment").

3.5 Adjustments, Taxes and Fees

- (a) The Purchase Price shall not be adjusted except as expressly provided below:
 - (i) all lease rentals associated with the Oil Sands Rights and payments in respect of the Surface Rights comprised in the Assets and all taxes (other than income taxes) levied with respect to the Assets shall be apportioned between the Vendor and the Purchaser, on a per diem basis as of the Closing Date;
 - (ii) the Purchaser shall have no liability, and the Purchase Price shall not be adjusted, for any of the Vendor's income taxes, the Vendor's general and

administrative or overhead costs, or any other costs or fees of whatsoever nature or kind in respect of the Assets which relate to the period which arose prior to the date of the Receiver's appointment, other than as expressly provided in Section 3.5(a)(i);

- (iii) the Vendor shall not be liable to make any adjustment in favour of, or make any payment to, the Purchaser pursuant hereto in respect of any liability which relates to the period which arose prior to the date of Receiver's appointment and which will not constitute a liability to the Purchaser other than as expressly provided in Section 3.5(a)(i);
 - (iv) an interim accounting of the adjustments under this Section 3.5 in respect of amounts accrued on or before the Closing Date will be prepared and made by Vendor at Closing based on the Vendor's good faith estimate of such amounts to be adjusted at Closing. The Vendor shall prepare a written interim accounting and deliver it to the Purchaser at least four (4) Business Days prior to the Closing Date, assist the Purchaser in verifying the amounts stated therein, and make available to the Purchaser all information reasonably necessary for the Purchaser to understand and confirm the calculations contained therein;
 - (v) a final accounting of the adjustments pursuant to Section 3.5(a), if any, shall be conducted by the Parties within sixty (60) days following the Closing Date, and no further or other adjustments whatsoever will be made thereafter. The Vendor shall prepare, with Purchaser's cooperation, a final accounting and adjustment of all charges and credits to be adjusted between the Parties pursuant to this Section 3.5(a) and deliver it to the Purchaser not later than thirty (30) days after the Closing Date. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within thirty (30) Days of being notified of the determination of the amount owing unless the Purchaser gives notice of its disagreement to the Vendor prior to the end of such second thirty (30) day period, in which case the Parties shall work cooperatively to resolve the dispute. If the Parties are unable to resolve such dispute within such second thirty (30) day period, the dispute shall be referred to a nationally recognized firm of chartered accountants selected by the Parties to resolve the dispute; and
 - (vi) all adjustments provided for in this Section 3.5(a) shall be adjustments to the Purchase Price.
- (b) 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 3.3 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 Numbers of Oak Point Energy Ltd., Kemex Ltd., Kemex Technologies Ltd. and 1nSite

Technologies Ltd. are 819581802 RT 0001 (Receivership period RT0002), 89906 8183 RT0001, 81958 1802 RT0001, and 824980916 RT 0001, respectively. The GST Registration Number of the Purchaser is [REDACTED]

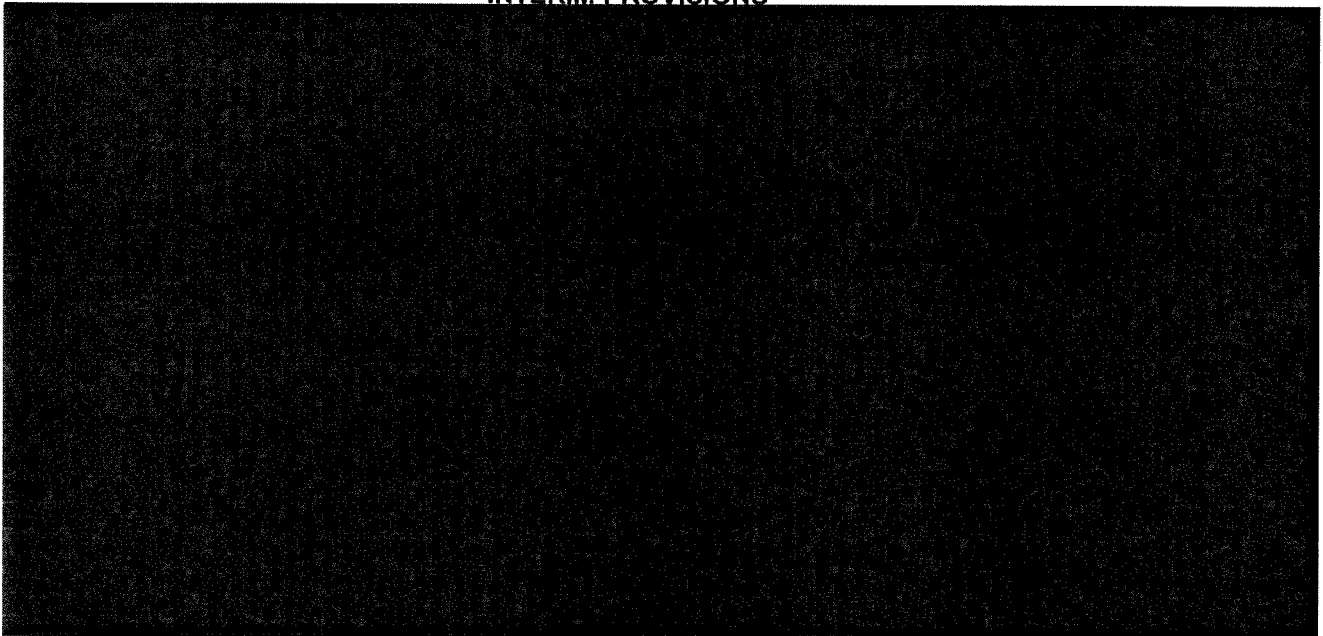
- (c) The Purchaser shall also be liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendor to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith.

ARTICLE 4 CLOSING

4.1 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 fifth Business Day following the date of the Court Approval or such other Business Day as the Parties may agree in writing (the "Closing Date").

ARTICLE 5 INTERIM PROVISIONS



5.2 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 Companies' 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) amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating 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) propose or exercise any right or option of the Debtor Companies relative to or arising as a result of the ownership of the Assets.

5.3 Following Closing

- (a) Following Closing, the Vendor shall hold title to the Assets in trust for the Purchaser, as bare legal trustee, until all necessary notifications, novations, registrations, and other steps required to transfer such title to the 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 the 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 the Purchaser may reasonably request;

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

- (b) The Purchaser shall indemnify and save and hold harmless the Vendor, the Debtor Companies and each other Vendor Entity from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 5.3, except to the extent caused by the gross negligence or wilful misconduct of such Person. Acts or omissions taken by any Vendor Entity or Debtor Company on the instructions of, or with the express written approval of, the Purchaser shall not constitute gross negligence or wilful misconduct.

ARTICLE 6 ACCESS TO INFORMATION AND RECORDS

6.1 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 Companies for such inspection as the Purchaser reasonably requires in connection herewith; provided that the Purchaser shall reimburse the Vendor for all reasonable out of pocket costs incurred by the Vendor in obtaining and delivering any core samples and cuttings to the Purchaser. Upon reasonable written notice to the Vendor the Purchaser shall be entitled to conduct a field inspection of the Lands.

6.2 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 6.1 or otherwise.

6.3 Access to Records

The Vendor may, at its sole expense, for a period of two (2) years after Closing, obtain 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 for tax purposes. The Purchaser shall use reasonable commercial efforts to provide the Vendor with the requested documentation.

ARTICLE 7 THIRD PARTY CONSENTS

7.1 Consents

The Vendor shall, forthwith upon execution of this Agreement, use reasonable commercial 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 8 CONDITIONS PRECEDENT TO CLOSING

8.1 Requirement for Court Approval

The Parties acknowledge and agree that Closing is conditional upon the Vendor having obtained the Court Approval, in form and substance satisfactory to the Purchaser, acting reasonably, Vendor shall prepare all materials and shall as soon as reasonably practicable after execution of this Agreement:

- (a) and in any event, not later than December 15, 2017, or such later date as the Parties may agree, acting reasonably) bring an application for the issuance of the Court Approval;
- (b) serve such parties as the Court and the Purchaser may require for an application seeking the Court Approval. The Parties shall work cooperatively to obtain the Court Approval, including providing such information as may be required to perform their respective obligations hereunder.
- (c) the Vendor shall provide the Purchaser with the application for Court Approval and the Receiver's report(s) once finalized.
- (d) In the event an appeal is taken from the Court Approval, or a stay pending appeal is requested, Vendor shall promptly notify Purchaser of such appeal or stay request and shall provide to Purchaser a copy of the related notice of appeal or application for stay. Vendor shall also provide Purchaser with written notice of any motion or application filed in connection with any appeal from such Court Approval.

[REDACTED] In the event that the Court does not grant the Court Approval by December 15, 2017 or it is granted but is stayed and not in effect at the Closing Date, unless otherwise agreed in writing by the Parties, this Agreement shall terminate and the Vendor and the Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction.

8.2 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 11.1(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 on or before December 15, 2017 and remain in effect on the Closing Date.

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 8.2(f). The Vendor shall proceed diligently and in good faith and use reasonable commercial 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.

8.3 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 and the Purchaser shall have received a certificate from an officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of 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 Companies 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 11.1(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 on or before December 15, 2017, and remain in effect on the Closing Date.

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 8.3(f). The Purchaser shall proceed diligently and in good faith and use reasonable commercial 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.

8.4 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 reasonable commercial efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 8.2 and 8.3.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES

9.1 Vendor's Representations and Warranties

The Vendor hereby represents and warrants to the Purchaser that:

- (a) each of the Debtor Companies is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration;
- (b) neither the Receiver nor the Debtor Companies has incurred any obligation or liability, contingent or otherwise, for broker's commissions, finder's fees or similar payments in respect of the Transaction or because of any action taken by, or agreement or understanding reached by Receiver of Debtor Companies for which the Purchaser shall have any obligations or liability;
- (c) neither the Receiver, the Vendor or the Debtor Companies 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;
- (d) the Receiver has been appointed by the Court as receiver of the assets, undertakings and properties of the Debtor Companies and such appointment is valid and subsists;
- (e) the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Companies and not in its personal or corporate 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 Companies in and to the Assets, subject to the terms and conditions of the Receivership Order and the Court Approval;

- (f) 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;
 - (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, Court Approval, 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;
 - (iii) 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 or the Receiver is required by them or on their behalf for the due execution and delivery of this Agreement; and
 - (iv) 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 a Debtor Company under any provision of any agreement or instrument to which a Debtor Company is a party or by which a Debtor Company is bound or any judgment, law, decree, order or ruling applicable to a Debtor Company.
- (g) each of the Debtor Companies is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

9.2 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 9.1 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 Companies, 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 any data or information supplied by the Vendor or the Debtor Companies or any of their 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;
- (vii) the title of the Debtor Companies to the Assets; or
- (viii) the quality of the Seismic Data, the rights of any Third Party to use the Seismic Data, or the misappropriation, infringement, dilution or violation of the Seismic Data by a Third Party.

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, the Debtor Companies or any of their 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 9.1 of this Agreement.

- (b) Except for its express rights under 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, the Debtor Companies or any 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).

9.3 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 Companies 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 is it 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 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; and
- (j) to its knowledge, no Insider of the Purchaser is also an Insider of the Vendor or any of the Debtor Companies.

9.4 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 9 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 is given by a Party to the other Party within six (6) months of the Closing Date. Effective on the expiry of such six (6) month period, each Party hereby releases and forever discharges the other Party from any breach of any representations and warranties set forth in Article 9 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 9.4. No Claim shall be made by 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 9.4.
- (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.
- (a) 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 10 CLOSING DELIVERIES

10.1 Vendor Closing Deliveries

At Closing, the Vendor shall table the following:

- (a) a certified copy of the Court Approval;
- (b) a receipt for the Closing Payment;
- (c) the General Conveyance, fully executed by the Vendor;
- (d) a certificate of a senior officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (e) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 11.1(a).

10.2 Purchaser's Closing Deliveries

At Closing, the Purchaser shall table the following:

- (a) the Closing Payment;
- (b) the General Conveyance, fully executed by the Purchaser;
- (c) a certificate of a senior officer of the Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (d) the Conveyance Documents, to the extent delivered by the Vendor on or by the Closing Date in accordance with Section 11.1(a), fully executed by the Purchaser.

10.3 Deliveries

The Vendor shall deliver or cause to be delivered to the Purchaser within five (5) Business 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 the 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 the Vendor's expense, photocopies or other copies may be provided to the Purchaser in lieu of original copies.

ARTICLE 11 CONVEYANCES AND TRANSFER

11.1 Conveyances

- (a) The Vendor shall provide at the Closing Date those Conveyance Documents required to acquire the Debtor Companies' 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 Purchaser shall execute and promptly return to the Vendor at least one copy of each such document and the Vendor 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 commercial 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 reasonable costs incurred in registering any transfers and conveyances inclusive of well license transfers, and all costs of registering any further assurances required to convey the Assets, shall be borne by the Purchaser.

11.2 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, if any, 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 a Vendor Entity, and shall advise the Vendor in writing of such conditions and required deposits, if any. 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 a Vendor Entity and the Purchaser shall promptly execute and return such applications to the Vendor for registration in accordance with Section 11.1(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.
- (d) After Closing, whether or not the Purchaser requested prior determination of the relevant Government Authority transfer conditions under Section 11.2, if for any reason the relevant Government Authority requires the Purchaser to make a deposit in order to approve the license or authorization transfer for the Wells and any Tangibles licensed to a Vendor Entity, the Purchaser shall and covenants to immediately make such deposit.

ARTICLE 12 LIABILITIES AND INDEMNITIES

12.1 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, the Debtor Companies 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 Closing Date 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 Closing Date. The Purchaser's indemnity obligation set forth in this Section 12.1 shall survive the Closing Date indefinitely.

12.2 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.
- (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 Companies 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, 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, the Debtor Companies or any other Vendor Entity under the common law or statute pertaining to any Environmental Liabilities, including the right to name the Vendor, the Debtor Companies or any other 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 12.2(b) shall survive the Closing Date indefinitely.

12.3 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.

12.4 Holding of Indemnities

The Vendor will hold the indemnities contained in Sections 12.1 and 12.2 in trust on behalf of all of the Debtor Companies and the other Vendor Entities and may enforce the same on their behalf.

ARTICLE 13 TERMINATION

13.1 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; or
- (b) by either the Vendor or the Purchaser pursuant to the provisions of Sections 8.2 or 8.3, as applicable.

13.2 Effect of Termination

If this Agreement is terminated by the Vendor or the Purchaser as permitted under Section 13.1, then Article 14 and Section 19.2 shall remain in full force and effect following any such permitted termination.

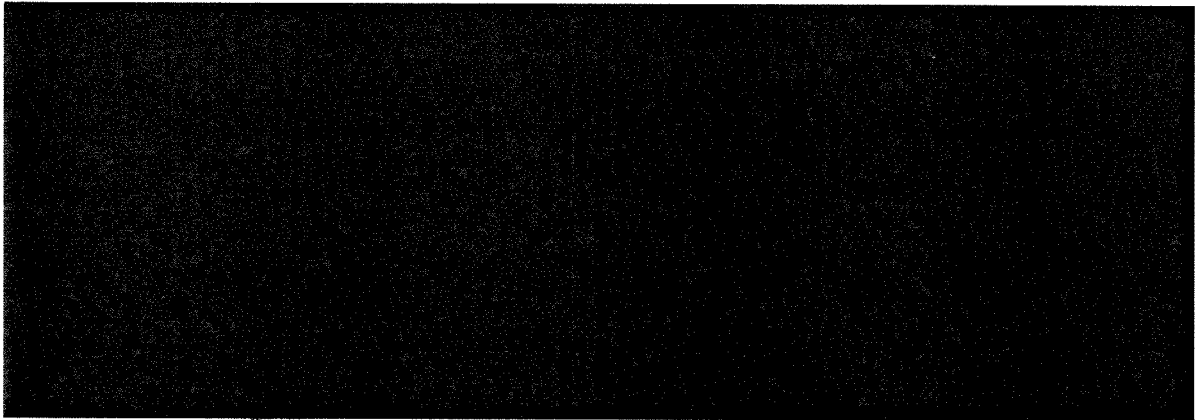
ARTICLE 14 CONFIDENTIALITY AND SIGNS

14.1 Confidentiality

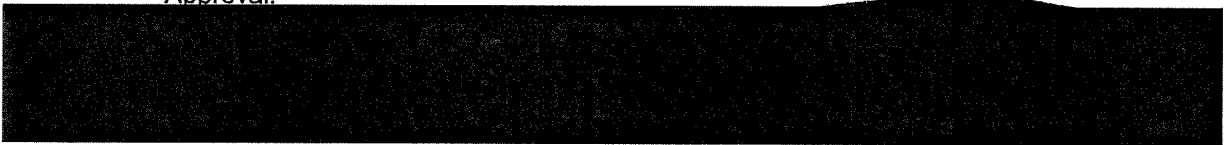
- (a) Subject to Sections 14.1(b), (c) and (e), and except as required by Applicable Laws, each Party agrees to keep confidential and not disclose directly or indirectly to any Person (except the Parties' respective Representatives who are advised that they are required to maintain confidentiality and except the Debtor Companies' stakeholders

the following:

- (i) this Agreement and any of its terms including, without limitation, the name or identity of the Purchaser, Purchase Price and Purchase Price allocation; and
- (ii) any information or records exchanged or received in connection with:
 - (A) 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
 - (B) the negotiation or drafting of this Agreement.



- (c) Subject to Section 14.1(e), notwithstanding Closing, the Receiver and Debtor Companies' stakeholders who have undertaken to keep confidential and not to disclose shall continue to be bound by the terms of confidentiality contained in Section 14.1(a) and shall be permitted only to disclose information and records referred to therein if and to the extent consented to in writing by the Purchaser, first disclosed by the Purchaser pursuant to Section 14.1(b) or made part of the public record by order of the Court.
- (d) The Parties agree that an unredacted version of this Agreement shall be filed with the Court as part of a confidential appendix to the report of the Receiver such that it does not form part of the public record. The Receiver shall seek a sealing order to seal on the court file the confidential appendix attaching this Agreement in accordance with the sealing terms set forth in Schedule D. The Parties further agree that a redacted version of this Agreement containing such redactions as are agreed to by the Parties shall be filed with the Court as part of the public record.
- (e) If Court Approval of this Agreement is obtained, the Parties agree that the name and identity of the Purchaser may be disclosed and included in the Court Approval.



- (g) 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.
- (h) Upon Closing, any obligations of the Purchaser pursuant to the Confidentiality Agreement dated June 27, 2017, shall not apply in respect to any records or information pertaining to the Assets or any records or information referred to in Section 14.1(a).

14.2 Signs

Within sixty (60) days following the Closing Date, the Purchaser shall remove the names of the Vendor, the Debtor Companies 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 the names as aforesaid and the Purchaser shall be responsible for and shall reimburse the Vendor for all reasonable costs incurred by the Vendor in so doing.

ARTICLE 15 GOVERNING LAW AND DISPUTE RESOLUTION

15.1 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.

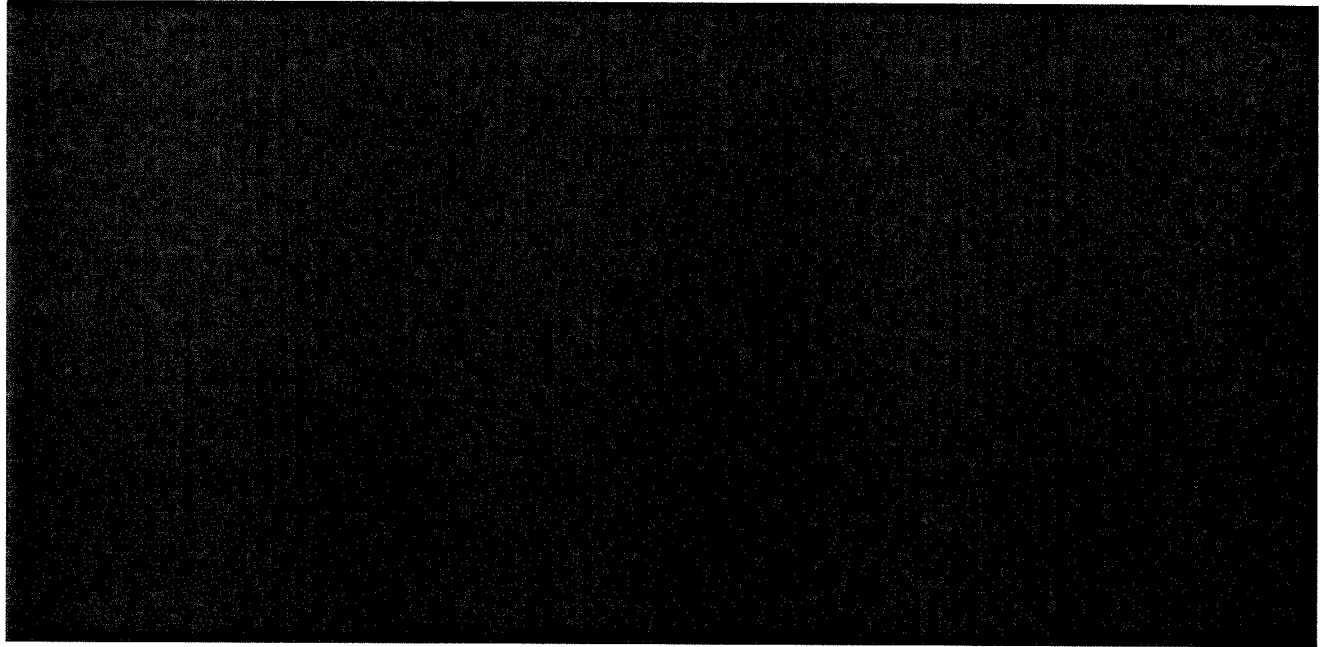
15.2 Resolution of Disputes

- (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 16 NOTICES

16.1 Service of Notices

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



the Vendor: Alvarez & Marsal Canada Inc.
Suite 1100, 250 – 6th Avenue SW
Calgary, Alberta T2P 3H7

Attention: Tim Reid
Email: treid@alvarezandmarsal.com

with a copy to: Osler, Hoskin & Harcourt LLP
Suite 2500, 450 – 1st Street SW
Calgary, Alberta T2P 5H1

Attention: Randal Van de Mosselaer
Email: rvandemosselaer@osler.com
Fax: 403-260-7024

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 17 PERSONAL INFORMATION

17.1 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 17.1 shall survive the Closing Date indefinitely.

ARTICLE 18 ASSIGNMENT

18.1 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 19 MISCELLANEOUS

19.1 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.

19.2 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.

19.3 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.

19.4 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. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

19.5 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.

19.6 Time of the Essence

Time shall be of the essence in this Agreement.

19.7 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.

19.8 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.

19.9 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.

19.10 Electronic Execution

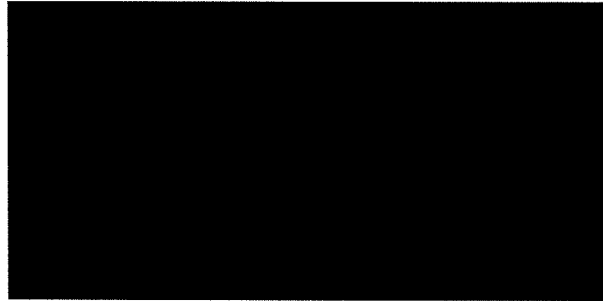
Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by any Party.

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


ALVAREZ & MARSAL CANADA INC., in its capacity as court-appointed Receiver of OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. AND 1NSITE TECHNOLOGIES LTD., and not in its personal or corporate capacity



Per: _____
Name: _____
Title: _____



Per: _____
Name: _____
Title: _____

This is the execution page to the Asset Purchase and Sale Agreement dated November 22nd, 2017 between Alvarez & Marsal Canada Inc. in its capacity as court-appointed receiver of Oak Point Energy Ltd., Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd., and not in its personal capacity, and 

ALVAREZ & MARSAL CANADA INC., in its capacity as court-appointed Receiver of OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. AND 1NSITE TECHNOLOGIES LTD., and not in its personal or corporate capacity



Per: _____

Name: _____

Title: _____

Tim Reid
Senior Vice President

Per: _____


Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

This is the execution page to the Asset Purchase and Sale Agreement dated November 22, 2017 between Alvarez & Marsal Canada Inc. in its capacity as court-appointed receiver of Oak Point Energy Ltd., Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd., and not in its personal capacity, and 

SCHEDULE "A"

Attached to and made a part of that Asset Purchase and Sale Agreement dated November 22nd, 2017.

Part 1 – Lands and Oil Sands Rights

Lands and Oil Sands Rights

TITLE DOCUMENTS	LAND & RIGHTS	WORKING INTEREST	CROWN ROYALTY
Alberta Crown Oil Sands Lease No. 7407050728 Expiry Date: May 2025	T093-R07-W4M: Sections 3 & 4 T092-R07-W4M: Sections 27 & 34	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7407100672 Expiry Date: October 2025	T093-R07- W4M: Section 1	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7407100671 Expiry Date: October 2025	T091-R08-W4M: Sections 10 & 15	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7406090454 Expiry Date: September 2024	T095-R15-W4M: Sections 4 & 9	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7407010529 Expiry Date: January 2025	T082-R14-W4M: Section 7	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7406110502 Expiry Date: November 2024	T082-R14-W4M: Section 33	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7407010530 Expiry Date: January 2025	T082-R15-W4M: Section 1	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7407010528 Expiry Date: January 2025	T082-R14-W4M: Section 6	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7406110500 Expiry Date: November 2024	T082-R14-W4M: Section 23	100%	Crown Sliding Scale Royalty
Alberta Crown Oil Sands Lease No. 7406110499	T082-R14-W4M: Section 14	100%	Crown Sliding Scale Royalty

Expiry Date: November 2024			
Alberta Crown Oil Sands Lease No. 7408010275	T075-R16-W4M: Section 35	100%	Crown Sliding Scale Royalty
Expiry Date: January 2026			
Alberta Crown Oil Sands Lease No. 7408010274	T075-R16-W4M: Section 27	100%	Crown Sliding Scale Royalty
Expiry Date: January 2026			

Part 2 – Surface Rights

Surface Rights

SURFACE LEASES:									
LOC 111109	MSL 113236	LOC 111164	MSL 111188	LOC 112872	SME 130068	MSL 091859	LOC 101659		

Part 3 – Wells

Wells

UNIQUE WELL IDENTIFIER	FIELD NAME	LICENSEE NAME	WELL STATUS
AA/01-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/02-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/04-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/05-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/08-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/10-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AB/11-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/15-27-092-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/05-34-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/13-34-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/15-34-092-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/01-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/02-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/07-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/08-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/10-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/12-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned

AA/14-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/15-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AB/15-01-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/01-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/02-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/05-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AB/06-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/08-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/11-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/13-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/16-03-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/03-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/04-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/06-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/07-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/08-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/09-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/12-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Cancelled Location
AA/13-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Abandoned
AA/16-04-093-07W4/0	Undefined	Oak Point Energy Ltd.	Standing

Part 4 – Proprietary Seismic

Area	Township/Range	Line Name(s)	Line Length
Eagle Nest	Twp 102-104, Rge 14-16	10-EN-01 to 03, 06 to 14 (12 lines)	123.19 km
Great Divide	Twp 82-83, Rge 13-14	GDN-2012-101 to 107	29 km
Duncan	Twp 75-76, Rge 16	D-2012-101, 102	8.37 km
Chelsea	Twp 95, Rge 15	C-2012-101 to 104	14.21 km
Lewis/Steepbank	Twp 92-93, Rge 7	09-LEW-01 to 06	Unknown
Lewis/Steepbank	Twp 92-93, Rge 7	LEWIS SECT 1, LEWIS 2 (3D Lines)	13 km ²

Part 5 – Facilities

Facility Description
N/A

Agreement
N/A

Vendor Interest
N/A

SCHEDULE "B"
GENERAL CONVEYANCE

Attached to and made part of that Asset Purchase and Sale Agreement dated November 22nd, 2017.

GENERAL CONVEYANCE

This General Conveyance made this ● day of ●, 2017.

BETWEEN:

ALVAREZ & MARSAL CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD. AND INSITE TECHNOLOGIES LTD. (collectively the "Debtor Companies"), and not in its personal or corporate capacity (the "Vendor")

- and -

 (the "Purchaser")

WHEREAS the Vendor and the Purchaser entered into an Asset Purchase and Sale Agreement dated November , 2017 (the "**Agreement**");

AND WHEREAS the Vendor has agreed to sell and convey the Debtor Companies' 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 Companies' 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 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 Representatives 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 Companies' 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 Companies (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 Companies' 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.

**ALVAREZ & MARSAL CANADA INC., in its
capacity as court-appointed Receiver of
OAK POINT ENERGY LTD., KEMEX LTD.,
KEMEX TECHNOLOGIES LTD. AND 1NSITE
TECHNOLOGIES LTD., and not in its
personal or corporate capacity**



Per: _____
Name:
Title:

Per: _____
Name:
Title:

SCHEDULE "C"
[VENDOR'S/PURCHASER'S] OFFICER'S CERTIFICATE

Attached to and made part of that Asset Purchase and Sale Agreement dated November 22nd, 2017.

Re: Asset Purchase and Sale Agreement ("**Agreement**") dated November , 2017 between ALVAREZ & MARSAL CANADA INC., in its capacity as court-appointed receiver of the assets, undertakings and properties of Oak Point Energy Ltd., Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd. and not in its personal or corporate capacity as the Vendor and [REDACTED] 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 [the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Companies/the Purchaser] and not in any personal capacity that:

1. Each of the representations and warranties of the [Vendor/Purchaser] contained in Section [9.1/ 9.3] 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 [Vendor/Purchaser], pursuant to Section [8.2/ 8.3] of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the [Vendor/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 [Purchaser/Vendor] is relying on the same for the Closing of the Transaction.

Dated this ● day of ●, 2017.

[INSERT NAME]

Per: _____
Name: _____
Title: _____

SCHEDULE "D"
FORM OF COURT ORDER

Attached to and made part of that Asset Purchase and Sale Agreement dated November 22nd, 2017.

COURT FILE NUMBER	1701-05131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	PRIVATE EQUITY OAK LP by its General Partner PE12PXPE (OAK) GP LTD.	
DEFENDANT	OAK POINT ENERGY LTD. KEMEX LTD., KEMEX TECHNOLOGIES LTD., 1NSITE TECHNOLOGIES LTD.	
DOCUMENT	APPROVAL AND VESTING ORDER (Sale by Receiver) RESTRICTED COURT ACCESS ORDER	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	OSLER, HOSKIN & HARCOURT LLP 2500, 450 – 1 st Street SW Calgary, AB T2P 5H1 Attn: Randal Van de Mosselaer Telephone: 403-260-7060 Facsimile: 403-260-7024 E-mail: rvandemosselaer@osler.com	

DATE ON WHICH ORDER WAS PRONOUNCED: _____
LOCATION WHERE ORDER WAS PRONOUNCED: _____
NAME OF JUSTICE WHO MADE THIS ORDER: _____

UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, properties and undertakings of Oak Point Energy Ltd. Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd. (collectively the "**Debtors**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and _____ (the "**Purchaser**") dated [●] and appended to the confidential appendix to the First Report of the Receiver dated [●] (the "**Confidential Appendix**"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

AND UPON HAVING READ the Receivership Order dated April 13, 2017 (the "**Receivership Order**"), the Confidential Appendix, the First Report of the Receiver, dated [●] (the "**Report**") all other prior materials filed in the within proceedings, and the Affidavit of Service

of [•]; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser, [names of other parties appearing], and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed; **AND UPON** capitalized terms used but not defined in this Order having the same meaning as in the Sale Agreement;

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.

APPROVAL OF TRANSACTIONS

2. The Transaction is hereby approved and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), subject only to the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "B"** hereto (the "**Permitted Encumbrances**"), and approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator (the "**AER**") pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), all of the Debtors' right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on **Schedule "C"** shall vest absolutely in the name of the Purchaser, 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, royalties, gross overriding 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), charges, or other financial or monetary claims whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the Receivership Order or any other Order in these proceedings;
 - (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and

- (c) those claims listed on **Schedule "D"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances); and

for greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets, whether such Claims or Encumbrances came into existence prior to, subsequent to or as a result of any previous Order of the Court.

4. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims registered against the interests of the Debtors in respect of the Purchased Assets and, without limiting the generality hereof, the Minister of Energy shall cancel and discharge all security notices and all assignments under section 426 (formerly section 177) of the *Bank Act* (Canada).
5. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims in the nature of builders' liens against the interest of the Debtors in and to the Purchased Assets located in the Province of Alberta.
6. All of the Purchased Assets that are assigned or conveyed by the Receiver to the Purchaser pursuant to this Order and the Sale Agreement shall, upon such assignment or conveyance, be free and clear of and from any and all Claims and any and all rights of first refusal in relation to the Purchased Assets.
7. The sale of the Purchased Assets to the Purchaser does not trigger any rights of first refusal and no Person may object or subsequently challenge the sale of the Purchased Assets to the Purchaser on the basis that it has a right of first refusal.
8. The closing of the Transaction shall be effected in accordance with the terms of the Sale Agreement and such amendments to the Sale Agreement as may be agreed to in writing between the Purchaser and the Receiver.
9. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, 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 Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
10. 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.
11. The Debtors and all persons who claim by, through or under the Debtors in respect of the Purchased 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 Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser.

12. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased 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.
13. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtors.
14. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser.

CONFIDENTIALITY AND RESTRICTED COURT ACCESS

15. The requirements of Part 6, Division 4 of the *Alberta Rules of Court* Alta Reg 124/210 shall not apply to this Order and are hereby dispensed with.
16. The Sale Agreement and the Confidential Appendix shall be sealed on the Court file and not form part of the public record.
17. The Clerk of the Court shall file the Sale Agreement and the Confidential Appendix, in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY ALVAREZ & MARSAL CANADA INC. IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTY OF OAK POINT ENERGY LTD., KEMEX LTD., KEMEX TECHNOLOGIES LTD., AND 1NSITE TECHNOLOGIES LTD.; and

THE CONFIDENTIAL MATERIALS ARE SEALED UNTIL FURTHER ORDER PURSUANT TO ORDER OF THE HONOURABLE JUSTICE _____ MADE ON NOVEMBER 27, 2017.

18. Paragraphs 15 through 20 of this Order shall remain in effect subject to further Order of the Court made on notice to the Purchaser and the Receiver, an application for which may be brought by any interested party only following the filing by the Receiver of the Receiver's Certificate confirming closing (if any) of the transaction to which the Confidential Appendix relates.
19. The Confidential Appendix with the Sale Agreement shall remain sealed on the Court file until further order of the Court.
20. Leave is hereby granted to any person, entity or party affected by this Order to apply to this Court for a further Order vacating, substituting, modifying or varying the terms of this Order, with such application to be brought on notice to the Receiver and any other affected party in accordance with the *Alberta Rules of Court*.

MISCELLANEOUS MATTERS

21. 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 Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the 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.

- 22. The Receiver, the Purchaser 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.
- 23. No authorization or approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than authorizations, approvals or exemptions from requirements therefor previously obtained and currently in force, if any.
- 24. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the 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.
- 25. 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.
- 26. Service of this Order on any party not attending this Application is hereby dispensed with.

J.C. C.Q.B.A.

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1701-05131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	PRIVATE EQUITY OAK LP by its General Partner PE12PXPE (OAK) GP LTD.	
DEFENDANT	OAK POINT ENERGY LTD. KEMEX LTD., KEMEX TECHNOLOGIES LTD., 1NSITE TECHNOLOGIES LTD.	
DOCUMENT	RECEIVER'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	OSLER, HOSKIN & HARCOURT LLP 2500, 450 – 1 st Street SW Calgary, AB T2P 5H1 Attn: Randal Van de Mosselaer Telephone: 403-260-7060 Facsimile: 403-260-7024 E-mail: rvandemosselaer@osler.com	

RECITALS

- A. Pursuant to an Order of the Honourable Justice K.D. Yamauchi of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated April 13, 2017, Alvarez & Marsal Canada Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Oak Point Energy Ltd. Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd. (collectively the "**Debtors**").
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of **[Date of Agreement]** (the "**Sale Agreement**") between the Receiver and **[Redacted]** (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article **[8]** of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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 Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section [8] of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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 court-appointed receiver of the assets, undertakings and properties of Oak Point Energy Ltd. Kemex Ltd., Kemex Technologies Ltd. and 1nSite Technologies Ltd., and not in its personal or corporate capacity.

Per: _____

Name:

Title:

Schedule "B"

Permitted Encumbrances

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

Permitted Encumbrances mean:

- (a) 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;
- (b) 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;
- (c) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
- (d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (e) 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;
- (f) 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;
- (g) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule; and
- (h) the terms and condition of the Leases and the Title and Operating Documents.

Additionally, the following items must be identified in the Land Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits, preferential right of purchase or right of first refusal, or other similar encumbrance applicable to the Oil Sands Rights for which the Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor Companies' 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 Schedule "B".

Schedule "C"

Purchased Assets

All of the Debtors' right, title, estate and interest in the Oil Sands Rights, the Tangibles and the Miscellaneous Interests, as each term is defined in the Sale Agreement.

Schedule "D"

Encumbrances

[None]

APPENDIX F
OVERRIDING ROYALTY AGREEMENT

AC-238-003
Lewis

OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT made as of the 30th day of May, 2007,

BETWEEN:

DIAMOND HEAD INVESTMENTS LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta (hereinafter referred to as the "Royalty Owner")

OF THE FIRST PART

- and -

BOUNTY DEVELOPMENTS LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta (hereinafter referred to as the "Grantor")

OF THE SECOND PART

WHEREAS the Grantor holds an interest in the Royalty Lands and Leases as hereinafter defined; and

WHEREAS, in consideration of good and valuable consideration received, the Grantor has agreed to grant and to pay to the Royalty Owner an Overriding Royalty effective as of the date hereof, the terms and conditions of which are provided for in this agreement.

NOW THEREFORE this Agreement witnesseth that in consideration of the mutual covenants and agreements set forth and contained herein, the parties agree as follows:

1. DEFINITIONS

In this Agreement, including this clause, unless the context otherwise requires:

- (a) "Condensate" means a mixture of mainly pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a Well from an underground reservoir and that may be gaseous in its virgin reservoir state but is liquid at the condition under which its volume is measured or estimated;
- (b) "Crude Oil" means a mixture mainly of pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a Well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated, and includes bitumen and all other hydrocarbon mixtures so recovered or recoverable except natural gas or Condensate;
- (c) "Current Market Value" means the price at which Petroleum Substances are sold by the Grantor calculated at the Royalty Determination Point, which price is not unreasonable having regard to market conditions applicable to similar production in arm's length transactions at the time of such disposition including, without restricting the generality of the foregoing, such factors as the volumes available, the kind and quality of Petroleum Substances to be sold, the effective date of the sale, the term of the sale agreement, the point of sale of the Petroleum Substances and the type of transportation service available for the delivery of the Petroleum Substances to be sold;
- (d) "Leases" means the respective documents of title and any extension or renewal of such documents pursuant to which the Grantor holds an interest in the Royalty Lands;

- (e) "Overriding Royalty" means the overriding royalty granted pursuant to Clause 2 hereof;
- (f) "Petroleum Substances" means Crude Oil, Condensate, natural gas and related hydrocarbons and all other substances produced in association therewith, but only to the extent that the same are granted by the Leases;
- (g) "Raw Gas" has the meaning prescribed by the Regulations;
- (h) "Regulations" means all statutes, laws, rules, orders, regulations or directives in effect from time to time and made by any governmental authority having jurisdiction over the Royalty Lands and the operations to be conducted thereon;
- (i) "Royalty Determination Point" means the first point of measurement downstream from the wellhead after the initial treatment of the produced substances for the separation and removal of basic sediment and water from the Petroleum Substances;
- (j) "Royalty Lands" means the specified undivided working interest(s) in the lands set forth in Schedule "A";
- (k) "Spacing Unit" means the area allocated to a Well (or the area which would be allocated to a well, but for a plan of unitization) pursuant to the Regulations for the purpose of producing Petroleum Substances;
- (l) "Title Documents" means the documents more particularly described in Schedule "A" insofar as same relate to the Royalty Lands and all renewals, extensions, continuations or amendments thereto or further Title Documents issued pursuant thereto.
- (m) "Well" means any well on the Royalty Lands or on lands pooled with the Royalty Lands.

2. GRANT OF OVERRIDING ROYALTY

Grantor hereby grants to the Royalty Owner an interest in respect of the Petroleum Substances within, upon or under the Royalty Lands equal to one (1%) percent of the gross monthly production produced from the Royalty Lands.

3. QUANTIFICATION OF OVERRIDING ROYALTY

If Royalty Owner does not take possession of and separately dispose of its share of Petroleum Substances, the Overriding Royalty shall be quantified and paid on the gross proceeds of the sale of such Petroleum Substances without any deductions, except the following, namely:

- (a) with respect to Crude Oil and Condensate, a proportionate share of the actual costs of transportation from the Royalty Determination Point to market connection;
- (b) with respect to Petroleum Substances other than Crude Oil and Condensate, a proportionate share of the cost of transportation, gathering and processing, providing that such costs are no greater than those allowed from time to time by the Crown in the right of the Province of Alberta in calculating its royalty.

4. OVERRIDING ROYALTY TAKEN IN KIND

- (a) The Royalty Owner shall have the right to take in kind the Royalty Owner's share of Petroleum Substances. Such right may be exercised separately with respect to Condensate, Crude Oil, Raw Gas, and any other individual Petroleum Substance. In the case of Crude Oil and Condensate, such right when exercised shall be done on a minimum of thirty (30) days notice to the Grantor. In

the case of all other Petroleum Substances such right when exercised shall be done on a minimum of six (6) months notice to the Grantor. If the Royalty Owner, however, signifies in writing its consent to the sale of any of the Royalty Owner's share of Petroleum Substances under a contract made by the Grantor providing for a minimum term in excess of the said respective notice periods, the Royalty Owner's right to take in kind any Petroleum Substances subject to such contract shall be suspended during the term of such contract. The Royalty Owner may cease to take in kind any Petroleum Substances upon giving the Grantor the same minimum notice as provided above for the Royalty Owner to take such Petroleum Substances in kind as aforesaid. The right to take in kind or to cease to take in kind may be exercised from time to time subject only to the foregoing provisions of this Subclause.

- (b) When the Royalty Owner is taking in kind the Royalty Owner's share of any Petroleum Substances, the Grantor shall at no cost to the Royalty Owner remove basic sediment and water therefrom in accordance with good oilfield practice, and:

(i) in respect to Crude Oil and Condensate: the Grantor shall deliver the Royalty Owner's share to the Royalty Owner, or its nominee, at the tank outlets, or comparable delivery point, in accordance with usual and customary pipeline and shipping practice, free and clear of all charges whatsoever except to the extent that the Royalty Determination Point is an earlier point in which case the costs of moving product from the Royalty Determination Point to the delivery point will be deductible by the Grantor from the Overriding Royalty. The Royalty Owner shall have the right to use free of charge a share of the Grantor's lease tankage and storage facilities to store a maximum of ten (10) days accumulation of the Royalty Owner's share of Crude Oil and Condensate; and

(ii) In respect to Raw Gas: the Grantor shall deliver the Royalty Owner's share to the Royalty Owner, or its nominee, at the Royalty Determination Point of the relevant well, provided that to the extent the Royalty Owner so requests on reasonable notice to the Grantor and the Grantor can reasonably comply with such request, the Grantor shall gather, compress, transport, treat and process such share of Raw Gas along with the Grantor's share of Raw Gas from the applicable well or wells and deliver to the Royalty Owner at their relevant plant outlet, the Royalty Owner's Overriding Royalty share of marketable gas and other Petroleum Substances obtained from such share of Raw Gas, in which event, the Royalty Owner shall be responsible for:

- A. its proportionate share of the costs of gathering, compressing, transporting, treating and processing such Raw Gas where the Grantor or an Affiliate thereof does not own such facilities; or
- B. where the Grantor or an Affiliate thereof owns such facilities, such fee as may be agreed upon by the Grantor and the Royalty Owner for the use of such facilities to make marketable the Royalty Owner's Overriding Royalty share of Raw Gas.

5. CONDUCT OF OPERATIONS

- (a) Grantor shall be entitled to use a proportionate share of the Royalty Owner's share of Petroleum Substances as may be reasonably necessary for its drilling and production operations with respect to the Royalty Lands, excluding Petroleum Substances used for tertiary recovery operations. Grantor shall not be liable to Royalty Owner for Petroleum Substances which are unavoidably lost. Petroleum Substances so used or lost shall be excluded when quantifying the Overriding Royalty.
- (b) The Grantor shall have the right to commingle Petroleum Substances produced from the Royalty Lands with Petroleum Substances produced from other lands, provided reasonable methods are used to determine the proper measurement of production of Petroleum Substances from the Royalty Lands.

- (c) Nothing contained in this Agreement shall be a deemed or implied covenant by the Grantor to develop the Royalty Lands.
- (d) The Grantor shall carry on (or cause to be carried on) all operations on the Royalty Lands diligently and in a good and workmanlike manner consistent with good oilfield practice.

6. MAINTENANCE OF LEASES

Grantor shall comply with all the covenants and conditions contained in the Leases insofar as they relate to the Royalty Lands and shall do all things necessary to maintain the Leases in full force and effect during the term of this Agreement including, without limitation, timely payment of all rentals, all renewal and extension fees, all taxes, all payments in lieu of actual production and royalties due or becoming due in respect of the Royalty Lands and the Leases.

7. POOLING

The Grantor shall have the authority to pool the Petroleum Substances in a zone underlying all or a portion of the Royalty Lands to the extent required to form a Spacing Unit in such zone, but only if such pooling allocates to that portion of the Royalty Lands included in the Spacing Unit that proportion of the total production of Petroleum Substances from the Spacing Unit which the surface area of that portion of the Royalty Lands placed in the Spacing Unit bears to the total surface area of the Spacing Unit. The Grantor shall thereafter give written notice to the Royalty Owner describing the extent to which the Royalty Lands are being pooled and describing the Spacing Unit with respect to which they are so pooled.

8. UNITIZATION

The Grantor shall not include the Royalty Lands or any part or parts thereof in a Unit Agreement or a Unit Operating Agreement for the unitized development and/or operation thereof with other lands without the consent of the Royalty Owner, which shall not be unreasonably withheld. Upon any such unitization, the Overriding Royalty shall be quantified on the basis of the production allocated to each Spacing Unit on the Royalty Lands under the plan of unitization and not upon the basis of actual production from the Royalty Lands. Further, each Spacing Unit for which production is allocated shall be deemed to have on Well thereon, regardless of the actual number of Wells.

9. BOOKS AND RECORDS

- (a) The Grantor shall keep true and current books, records and accounts showing the quantity of Petroleum Substances produced from or allocated to the Royalty Lands and the sales and disposition made thereof from time to time. The books, records, vouchers and accounts maintained by the Grantor shall be open to inspection at all reasonable times during business hours by any officer, agent or employee appointed or authorized by the Royalty Owner, in writing, to examine the same. All information obtained by the Royalty Owner pursuant to this clause shall be treated as confidential and shall not be disclosed to third persons without the prior written consent of the Grantor.
- (b) By the last day of each month, beginning with the first month following the month in which production of Petroleum Substances from the Royalty Lands is obtained after the date hereof, Grantor shall submit to Royalty Owner a statement showing the quantity and kind of Petroleum Substances produced, deemed to be produced or allocated to, saved and sold from or used off the Royalty Lands in the immediately preceding calendar month, together with a quantification of Royalty Owner's share of Petroleum Substances for such immediately preceding calendar month. When Royalty Owner does not take and separately dispose of its share of Petroleum Substances, the said statement shall also include the sale price for such Petroleum Substances and the gross proceeds received therefrom, accompanied by a cheque payable to Royalty Owner for its share of such proceeds. A copy of Grantor's governmental production statement for the

month for which the Overriding Royalty is quantified as aforesaid and also, with respect to Crown Leases, a copy of the government royalty statement with respect to the Leases, shall accompany each royalty statement to Royalty Owner. Any information contained in such governmental production statement or royalty statement need not be repeated in the statement to Royalty Owner.

- (c) Royalty Owner, upon notice to Grantor, shall have the right to audit Grantor's accounts and records for any given calendar year, insofar as they relate to any matter or item relating to this Agreement bearing on the Overriding Royalty, within the twenty-four (24) month period following the end of that calendar year. Any payment made or statement rendered by Grantor hereunder which is not disputed by Royalty Owner on or before the last day of the twenty-sixth (26th) month following the end of the calendar year shall be deemed to be correct.

10. ASSIGNMENT BY GRANTOR

The Grantor may assign any legal or equitable interest in this Agreement, the Royalty Lands, the Leases or any portion or portions thereof and in the event of such assignment, the Grantor shall continue to be bound by all of the conditions and provisions of this Agreement as if there had been no assignment until such time as the Royalty Owner shall have been served with a written undertaking by the assignee (or assignees) directly enforceable by the Royalty Owner, to perform and be bound thereafter by all of the terms and provisions of this Agreement to the same extent and degree with respect to the interest which has been assigned to it, as it would have been if such assignee (or assignees) had been a party to this Agreement instead of the Grantor.

11. ASSIGNMENT BY ROYALTY OWNER

The Royalty Owner may at any time assign its interest in the Overriding Royalty upon notice thereof to the Grantor, provided that if at any time the Overriding Royalty should become owned by more than one party, the Grantor shall have the right to require the assignees of the Overriding Royalty to appoint in writing an agent to represent all of the assignees of the Overriding Royalty and to receive all statements and payments (if any) of the Overriding Royalty. If the assignees of the Overriding Royalty fail to appoint an agent hereunder within thirty (30) days of any request to do so by Grantor, Grantor may withhold the Overriding Royalty until such time as an agent is appointed.

12. ASSIGNMENT PROCEDURE

The 1993 CAPL Assignment Procedure is incorporated by reference into the Agreement, and will be deemed to apply as if it has been included as a schedule to the Agreement.

13. ROYALTY OWNER'S LIEN

- (a) The Royalty Owner shall be entitled to and shall have a first and paramount lien upon the Grantor's share of all Petroleum Substances from time to time produced from the Royalty Lands to secure the payment of the Overriding Royalty. Such lien shall not operate to release the Grantor from personal liability for monies due to the Royalty Owner. Such lien shall not attach to the Grantor's share of Petroleum Substances sold or otherwise disposed of from the Royalty Lands, but immediately upon default occurring in payment by the Grantor of monies payable to the Royalty Owner such lien shall operate as an assignment to the Royalty Owner of the consideration thereafter payable to the Royalty Owner for the Petroleum Substances sold, up to the amount owed to the Royalty Owner and not so paid by the Grantor.
- (b) Service of a copy of this agreement upon any purchaser of Petroleum Substances together with written notice from the Royalty Owner shall constitute written authorization on the part of the Grantor for such purchaser to pay the Royalty Owner the proceeds from any sale or sales of the Grantor's share of Petroleum Substances up to the amount owed to the Royalty Owner by the

Grantor, and such purchaser is authorized to rely solely upon the statement of the Royalty Owner as to the amount owed to the Royalty Owner by the Grantor.

14. NOTICES

- (a) Whether or not so stipulated herein, delivery of all notices and communications (hereinafter called "notices") required or permitted hereunder shall be in writing. Notices may be given:
- (i) personally, by delivering the notice to the party on whom it is to be served at that Party's address for service, which notice shall be deemed received by the addressee when actually delivered as aforesaid if such delivery is during normal business hours provided that if a notice is not delivered during the addressee's normal business hours, such notice shall be deemed to have been received by such party at the commencement of the next ensuing business day following the date of delivery; or
 - (ii) by facsimile (or by any other like method by which a written or recorded message may be sent) directed to the party on whom it is to be served at that party's address for service, which notice shall be deemed received by the respective addressees thereof: (i) when actually received by it, if received within normal business hours; or (ii) at the commencement of the next ensuing business day following transmission thereof, if such notice is not received during such normal business hours; or
 - (iii) by mailing them first class mail (air mail if to or from a location outside Canada) double registered post, postage prepaid, directed to the party on whom it is to be served, at that party's address for service, which notice shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays) following the mailing thereof; provided that, if postal service is interrupted or operating with unusual or imminent delay, notice shall not be served by such means during such interruption or period of delay.
- (b) Where, in this Agreement, a time period is established within which a party must respond, effect or otherwise communicate with respect to a notice so received the time shall commence to run when the notice is deemed to be received as hereinbefore provided. Any time period which expires on a Saturday, Sunday or statutory holiday shall be extended to expire on the next normal business day.
- (c) The address of each of the respective parties hereto shall be as follows:
- Diamond Head Investments Ltd.
1250, 340 - 12th Avenue S.W.
Calgary, Alberta
T2R 1L5
- Bounty Developments Ltd.
1250, 340 - 12 Avenue S.W.
Calgary, Alberta
T2R 1L5
- (d) Any party may change its address for service by notice to the other parties.

15. TERM

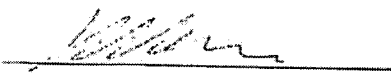
This Agreement shall remain in force and effect so long as the Grantor or any successor in interest retains an interest in the Royalty Lands.

16. GENERAL

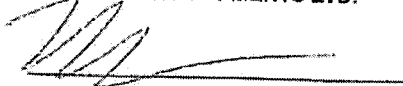
- (a) The parties will from time to time and at all times hereafter, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall reasonably be required in order to fully perform and carry out the terms of this Agreement.
- (b) This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior contracts, agreements and understandings between the parties in this regard. No modification or alteration of this Agreement shall be binding unless executed in writing by these parties. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- (c) The terms and conditions of this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- (d) Time is of the essence of this Agreement.
- (e) The headings contained in this Agreement are intended for convenience of reference only and shall form no part of this Agreement.
- (f) The words herein contained which impart the singular number or the masculine gender shall be read and construed as applying to the plural and each and every corporate, male or female party thereto and to its and their heirs, executors, administrators, successors and assigns, as the case or context requires.
- (g) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta. The parties hereby irrevocably allot to the jurisdiction of the Courts of the Province of Alberta for the determination of all matters arising hereunder.
- (h) The Schedules attached to this Agreement are incorporated by reference as fully as though contained in the body hereof. Wherever any term or condition, expressed or implied, of such Schedules conflicts or is at variance with any terms or conditions of this Agreement, such term or condition of this Agreement shall prevail.

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

DIAMOND HEAD INVESTMENTS LTD.



BOUNTY DEVELOPMENTS LTD.



Schedule "A"
Attached to and Forming Part of Gross Overriding
Royalty Agreement dated May 30th 2007
between Bounty Developments Ltd. and Diamond Head Investments Ltd.

LEASES	ROYALTY LANDS	INTEREST
Alberta Oil Sands Lease #7407050728	Sec 27; 34 Twp 92 Rge 7 W4M Sec 3; 4 Twp 93 Rge 7 W4M	100%
AM-238-003 Lewis AB	Oilsands below the top of the Viking FM to the base of the Woodbend GRP	

AC-238-004
Lnw 15

OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT made as of the 18th day of October, 2007

BETWEEN:

DIAMOND HEAD INVESTMENTS LTD. a body corporate, having an office at the City of Calgary in the Province of Alberta (hereinafter referred to as the "Royalty Owner")

OF THE FIRST PART

- and -

BOUNTY DEVELOPMENTS LTD., a body corporate, having an office at the City of Calgary in the Province of Alberta (hereinafter referred to as the "Grantor")

OF THE SECOND PART

WHEREAS the Grantor holds an interest in the Royalty Lands and Leases as hereinafter defined;
and

WHEREAS the Grantor has agreed to grant and to pay to the Royalty Owner an Overriding Royalty effective as of the date hereof, the terms and conditions of which are provided for in this agreement.

NOW THEREFORE this Agreement witnesseth that in consideration of the mutual covenants and agreements set forth and contained herein, the parties agree as follows:

1. DEFINITIONS

In this Agreement, including this clause, unless the context otherwise requires:

- (a) "Condensate" means a mixture of mainly pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a Well from an underground reservoir and that may be gaseous in its virgin reservoir state but is liquid at the condition under which its volume is measured or estimated;
- (b) "Crude Oil" means a mixture mainly of pentanes and heavier hydrocarbons that may be contaminated with sulphur compounds, that is recovered or is recoverable at a Well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated, and includes all other hydrocarbon mixtures so recovered or recoverable except natural gas or Condensate;
- (c) "Current Market Value" means the price at which Petroleum Substances are sold by the Grantor calculated at the Royalty Determination Point, which price is not unreasonable having regard to market conditions applicable to similar production in arm's length transactions at the time of such disposition including, without restricting the generality of the foregoing, such factors as the volumes available, the kind and quality of Petroleum Substances to be sold, the effective date of the sale, the term of the sale agreement, the point of sale of the Petroleum Substances and the type of transportation service available for the delivery of the Petroleum Substances to be sold;
- (d) "Leases" means the respective documents of title and any extension or renewal of such documents pursuant to which the Grantor holds an interest in the Royalty Lands;
- (e) "Overriding Royalty" means the overriding royalty granted pursuant to Clause 2 hereof;

- (f) "Petroleum Substances" means Crude Oil, Condensate, natural gas and related hydrocarbons and all other substances produced in association therewith but only to the extent that the same are granted by the Leases;
- (g) "Raw Gas" has the meaning prescribed by the Regulations;
- (h) "Regulations" means all statutes, laws, rules, orders, regulations or directives in effect from time to time and made by any governmental authority having jurisdiction over the Royalty Lands and the operations to be conducted thereon;
- (i) "Royalty Determination Point" means the first point of measurement downstream from the wellhead after the initial treatment of the produced substances for the separation and removal of basic sediment and water from the Petroleum Substances;
- (j) "Royalty Lands" means the specified undivided working interest(s) in the lands set forth in Schedule "A";
- (k) "Spacing Unit" means the area allocated to a Well (or the area which would be allocated to a well, but for a plan of unitization) pursuant to the Regulations for the purpose of producing Petroleum Substances; and
- (l) "Well" means any well on the Royalty Lands or on lands pooled with the Royalty Lands.

2. GRANT OF OVERRIDING ROYALTY

Grantor hereby grants to the Royalty Owner an interest in respect of the Petroleum Substances within, upon or under the Royalty Lands equal to one (1%) percent of the gross monthly production produced from the Royalty Lands.

3. QUANTIFICATION OF OVERRIDING ROYALTY

If Royalty Owner does not take possession of and separately dispose of its share of Petroleum Substances, the Overriding Royalty shall be quantified and paid on the gross proceeds of the sale of such Petroleum Substances without any deductions, except the following, namely:

- (a) with respect to Crude Oil and Condensate, a proportionate share of the actual costs of transportation from the Royalty Determination Point to market connection;
- (b) with respect to Petroleum Substances other than Crude Oil and Condensate, a proportionate share of the cost of transportation, gathering and processing, providing that such costs are no greater than those allowed from time to time by the Crown in the right of the Province of Alberta in calculating its royalty.

4. OVERRIDING ROYALTY TAKEN IN KIND

- (a) The Royalty Owner shall have the right to take in kind the Royalty Owner's share of Petroleum Substances. Such right may be exercised separately with respect to Condensate, Crude Oil, Raw Gas, and any other individual Petroleum Substance. In the case of Crude Oil and Condensate, such right when exercised shall be done on a minimum of thirty (30) days notice to the Grantor. In the case of all other Petroleum Substances such right when exercised shall be done on a minimum of six (6) months notice to the Grantor. If the Royalty Owner, however, signifies in writing its consent to the sale of any of the Royalty Owner's share of Petroleum Substances under a contract made by the Grantor providing for a minimum term in excess of the said respective notice periods, the Royalty Owner's right to take in kind any Petroleum Substances subject to such contract shall be suspended during the term of such contract. The Royalty Owner may cease to take in kind any Petroleum Substances upon giving the Grantor the same minimum notice as provided above for the Royalty Owner to take such Petroleum Substances in kind as

aforesaid. The right to take in kind or to cease to take in kind may be exercised from time to time subject only to the foregoing provisions of this Subclause.

- (b) When the Royalty Owner is taking in kind the Royalty Owner's share of any Petroleum Substances, the Grantor shall at no cost to the Royalty Owner remove basic sediment and water therefrom in accordance with good oilfield practice, and:
 - (i) In respect to Crude Oil and Condensate the Grantor shall deliver the Royalty Owner's share to the Royalty Owner, or its nominee, at the tank outlets, or comparable delivery point, in accordance with usual and customary pipeline and shipping practice, free and clear of all charges whatsoever. The Royalty Owner shall have the right to use free of charge a share of the Grantor's lease tankage and storage facilities to store a maximum of ten (10) days accumulation of the Royalty Owner's share of Crude Oil and Condensate; and
 - (ii) In respect to Raw Gas: the Grantor shall deliver the Royalty Owner's share to the Royalty Owner, or its nominee, at the Royalty Determination Point of the relevant well, provided that to the extent the Royalty Owner so requests on reasonable notice to the Grantor and the Grantor can reasonably comply with such request, the Grantor shall gather, compress, transport, treat and process such share of Raw Gas along with the Grantor's share of Raw Gas from the applicable well or wells and deliver to the Royalty Owner at their relevant plant outlet, the Royalty Owner's Overriding Royalty share of marketable gas and other Petroleum Substances obtained from such share of Raw Gas, in which event, the Royalty Owner shall be responsible for:
 - A. Its proportionate share of the costs of gathering, compressing, transporting, treating and processing such Raw Gas where the Grantor or an Affiliate thereof does not own such facilities; or
 - B. where the Grantor or an Affiliate thereof owns such facilities, such fee as may be agreed upon by the Grantor and the Royalty Owner for the use of such facilities to make marketable the Royalty Owner's Overriding Royalty share of Raw Gas.

5. CONDUCT OF OPERATIONS

- (a) Grantor shall be entitled to use a proportionate share of the Royalty Owner's share of Petroleum Substances as may be reasonably necessary for its drilling and production operations with respect to the Royalty Lands, excluding Petroleum Substances used for tertiary recovery operations. Grantor shall not be liable to Royalty Owner for Petroleum Substances which are unavoidably lost. Petroleum Substances so used or lost shall be excluded when quantifying the Overriding Royalty.
- (b) The Grantor shall have the right to commingle Petroleum Substances produced from the Royalty Lands with Petroleum Substances produced from other lands, provided reasonable methods are used to determine the proper measurement of production of Petroleum Substances from the Royalty Lands.
- (c) Nothing contained in this Agreement shall be a deemed or implied covenant by the Grantor to develop the Royalty Lands.
- (d) The Grantor shall carry on (or cause to be carried on) all operations on the Royalty Lands diligently and in a good and workmanlike manner consistent with good oilfield practice.

6. MAINTENANCE OF LEASES

Grantor shall comply with all the covenants and conditions contained in the Leases insofar as they relate to the Royalty Lands and shall do all things necessary to maintain the Leases in full force and effect during the term of this Agreement including, without limitation, timely payment of all rentals, all renewal and

extension fees, all taxes, all payments in lieu of actual production and royalties due or becoming due in respect of the Royalty Lands and the Leases.

7. POOLING

The Grantor shall have the authority to pool the Petroleum Substances in a zone underlying all or a portion of the Royalty Lands to the extent required to form a Spacing Unit in such zone, but only if such pooling allocates to that portion of the Royalty Lands included in the Spacing Unit that proportion of the total production of Petroleum Substances from the Spacing Unit which the surface area of that portion of the Royalty Lands placed in the Spacing Unit bears to the total surface area of the Spacing Unit. The Grantor shall thereafter give written notice to the Royalty Owner describing the extent to which the Royalty Lands are being pooled and describing the Spacing Unit with respect to which they are so pooled.

8. UNITIZATION

The Grantor shall not include the Royalty Lands or any part or parts thereof in a Unit Agreement or a Unit Operating Agreement for the unitized development and/or operation thereof with other lands without the consent of the Royalty Owner, which shall not be unreasonably withheld. Upon any such unitization, the Overriding Royalty shall be quantified on the basis of the production allocated to each Spacing Unit on the Royalty Lands under the plan of unitization and not upon the basis of actual production from the Royalty Lands. Further, each Spacing Unit for which production is allocated shall be deemed to have on Well thereon, regardless of the actual number of Wells.

9. BOOKS AND RECORDS

- (a) The Grantor shall keep true and current books, records and accounts showing the quantity of Petroleum Substances produced from or allocated to the Royalty Lands and the sales and disposition made thereof from time to time. The books, records, vouchers and accounts maintained by the Grantor shall be open to inspection at all reasonable times during business hours by any officer, agent or employee appointed or authorized by the Royalty Owner, in writing, to examine the same. All information obtained by the Royalty Owner pursuant to this clause shall be treated as confidential and shall not be disclosed to third persons without the prior written consent of the Grantor.
- (b) By the last day of each month, beginning with the first month following the month in which production of Petroleum Substances from the Royalty Lands is obtained after the date hereof, Grantor shall submit to Royalty Owner a statement showing the quantity and kind of Petroleum Substances produced, deemed to be produced or allocated to, saved and sold from or used off the Royalty Lands in the immediately preceding calendar month, together with a quantification of Royalty Owner's share of Petroleum Substances for such immediately preceding calendar month. When Royalty Owner does not take and separately dispose of its share of Petroleum Substances, the said statement shall also include the sale price for such Petroleum Substances and the gross proceeds received therefrom, accompanied by a cheque payable to Royalty Owner for its share of such proceeds. A copy of Grantor's governmental production statement for the month for which the Overriding Royalty is quantified as aforesaid and also, with respect to Crown Leases, a copy of the government royalty statement with respect to the Leases, shall accompany each royalty statement to Royalty Owner. Any information contained in such governmental production statement or royalty statement need not be repeated in the statement to Royalty Owner.
- (c) Royalty Owner, upon notice to Grantor, shall have the right to audit Grantor's accounts and records for any given calendar year, insofar as they relate to any matter or item relating to this Agreement bearing on the Overriding Royalty, within the twenty-four (24) month period following the end of that calendar year. Any payment made or statement rendered by Grantor hereunder which is not disputed by Royalty Owner on or before the last day of the twenty-sixth (26th) month following the end of the calendar year shall be deemed to be correct.

10. ASSIGNMENT BY GRANTOR

The Grantor may assign any legal or equitable interest in this Agreement, the Royalty Lands, the Leases or any portion or portions thereof and in the event of such assignment, the Grantor shall continue to be bound by all of the conditions and provisions of this Agreement as if there had been no assignment until such time as the Royalty Owner shall have been served with a written undertaking by the assignee (or assignees) directly enforceable by the Royalty Owner, to perform and be bound thereafter by all of the terms and provisions of this Agreement to the same extent and degree with respect to the interest which has been assigned to it, as it would have been if such assignee (or assignees) had been a party to this Agreement instead of the Grantor.

11. ASSIGNMENT BY ROYALTY OWNER

The Royalty Owner may at any time assign its interest in the Overriding Royalty upon notice thereof to the Grantor, provided that if at any time the Overriding Royalty should become owned by more than one party, the Grantor shall have the right to require the assignees of the Overriding Royalty to appoint in writing an agent to represent all of the assignees of the Overriding Royalty and to receive all statements and payments (if any) of the Overriding Royalty. If the assignees of the Overriding Royalty fail to appoint an agent hereunder within thirty (30) days of any request to do so by Grantor, Grantor may withhold the Overriding Royalty until such time as an agent is appointed.

12. ROYALTY OWNER'S LIEN

- (a) The Royalty Owner shall be entitled to and shall have a first and paramount lien upon the Grantor's share of all Petroleum Substances from time to time produced from the Royalty Lands to secure the payment of the Overriding Royalty. Such lien shall not operate to release the Grantor from personal liability for monies due to the Royalty Owner. Such lien shall not attach to the Grantor's share of Petroleum Substances sold or otherwise disposed of from the Royalty Lands, but immediately upon default occurring in payment by the Grantor of monies payable to the Royalty Owner such lien shall operate as an assignment to the Royalty Owner of the consideration thereafter payable to the Royalty Owner for the Petroleum Substances sold, up to the amount owed to the Royalty Owner and not so paid by the Grantor.
- (b) Service of a copy of this agreement upon any purchaser of Petroleum Substances together with written notice from the Royalty Owner shall constitute written authorization on the part of the Grantor for such purchaser to pay the Royalty Owner the proceeds from any sale or sales of the Grantor's share of Petroleum Substances up to the amount owed to the Royalty Owner by the Grantor, and such purchaser is authorized to rely solely upon the statement of the Royalty Owner as to the amount owed to the Royalty Owner by the Grantor.

13. NOTICES

- (a) Whether or not so stipulated herein, delivery of all notices and communications (hereinafter called "notices") required or permitted hereunder shall be in writing. Notices may be given:
 - (i) personally, by delivering the notice to the party on whom it is to be served at that Party's address for service, which notice shall be deemed received by the addressee when actually delivered as aforesaid if such delivery is during normal business hours provided that if a notice is not delivered during the addressee's normal business hours, such notice shall be deemed to have been received by such party at the commencement of the next ensuing business day following the date of delivery; or
 - (ii) by telefacsimile (or by any other like method by which a written or recorded message may be sent) directed to the party on whom it is to be served at that

party's address for service, which notice shall be deemed received by the respective addressees thereof: (i) when actually received by it, if received within normal business hours; or (ii) at the commencement of the next ensuing business day following transmission thereof, if such notice is not received during such normal business hours; or

- (iii) by mailing them first class mail (air mail if to or from a location outside Canada) double registered post, postage prepaid, directed to the party on whom it is to be served, at that party's address for service, which notice shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays) following the mailing thereof; provided that, if postal service is interrupted or operating with unusual or imminent delay, notice shall not be served by such means during such interruption or period of delay.

- (b) Where, in this Agreement, a time period is established within which a party must respond, elect or otherwise communicate with respect to a notice so received the time shall commence to run when the notice is deemed to be received as hereinbefore provided. Any time period which expires on a Saturday, Sunday or statutory holiday shall be extended to expire on the next normal business day.

- (c) The address of each of the respective parties hereto shall be as follows:

Bounty Developments Ltd.
1250, 340 - 12 Avenue S.W.
Calgary, Alberta
T2R 1L5

DIAMOND HEAD INVESTMENTS LTD.
1250, 340 - 12th Avenue S.W.
Calgary, Alberta
T2R 1L5

- (d) Any party may change its address for service by notice to the other parties.

14. TERM

This Agreement shall remain in force and effect so long as the Grantor or any successor in interest retains an interest in the Royalty Lands.

15. GENERAL

- (a) The parties will from time to time and at all times hereafter, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall reasonably be required in order to fully perform and carry out the terms of this Agreement.
- (b) This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior contracts, agreements and understandings between the parties in this regard. No modification or alteration of this Agreement shall be binding unless executed in writing by these parties. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- (c) The terms and conditions of this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- (d) Time is of the essence of this Agreement.

- (e) The headings contained in this Agreement are intended for convenience of reference only and shall form no part of this Agreement.
- (f) The words herein contained which impart the singular number or the masculine gender shall be read and construed as applying to the plural and each and every corporate, male or female party thereto and to its and their heirs, executors, administrators, successors and assigns, as the case or context requires.
- (g) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta. The parties hereby irrevocably attorn to the jurisdiction of the Courts of the Province of Alberta for the determination of all matters arising hereunder.
- (h) The Schedules attached to this Agreement are incorporated by reference as fully as though contained in the body hereof. Wherever any term or condition, expressed or implied, of such Schedules conflicts or is at variance with any terms or conditions of this Agreement, such term or condition of this Agreement shall prevail.

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

BOUNTY DEVELOPMENTS LTD.

DIAMOND HEAD INVESTMENTS LTD.

The image shows two handwritten signatures, one on the left and one on the right, each written over a horizontal line. The signature on the left is more stylized and cursive, while the one on the right is also cursive but appears slightly more formal. Both signatures are in dark ink.

Schedule "A"
Attached to and Forming Part of Gross Overriding
Royalty Agreement dated October 18th, 2007
between Bounty Developments Ltd. and Diamond Head Investments Ltd.

LEASES	ROYALTY LANDS	INTEREST
Alberta Crown Oil Sand Leases		
#7407100671	Sec. 10 & 15-91-8W4M	100%
#7407100672	Sec. 1-93-7-W4M	100%
AM-238-004	(Oilsand below top Viking to Base Woodbend GRP)	
AM-238-005		
Steepbank, AB		