

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

FIFTH REPORT OF THE MONITOR
FTI CONSULTING CANADA INC.

October 9, 2018

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1.0 INTRODUCTION

1.1 On August 15, 2017 (the “**Filing Date**”), each of Dundee Energy Limited Partnership (“**DELP**”) and Dundee Oil and Gas Limited (“**DOGL**”) (together, “**Dundee**” or the “**Debtors**”) filed a Notice of Intention to Make a Proposal (together, the “**NOIs**”) pursuant to s. 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) was the proposal trustee under the NOIs (in such capacity, the “**Proposal Trustee**”).

1.2 By order dated August 16, 2017 (the “**Sale Process Order**”), a copy of which is attached as **Appendix “A”**, the Ontario Superior Court of Justice (In Bankruptcy and Insolvency) (Commercial List) (the “**Court**”), among other relief:

- a) approved a sale solicitation process (the “**SSP**”) for all of the assets, undertakings and properties of Dundee (collectively, the “**Property**”) under the supervision of the Proposal Trustee;
- b) approved the amended and restated forbearance agreement made as of August 15, 2017 (as amended, the “**Forbearance Agreement**”) between Dundee, Dundee Energy Limited (“**DEL**”) and National Bank of Canada, as lender and agent for the lenders to Dundee (in such capacity, the “**Lender**”); and
- c) authorized DELP to continue to obtain and borrow, repay and re-borrow additional monies under the credit facility (the “**Credit Facility**”) made available to DELP by the Lender pursuant to the amended and restated credit agreement among DELP, as borrower, DEL and DOGL, as guarantors, and the Lender, dated

as of July 31, 2012 (as amended, the “**Credit Agreement**”) subject to the terms of the Forbearance Agreement, in order to finance DELP’s working capital requirements, provided that borrowings by DELP under the Credit Facility shall not exceed the amounts contemplated in the Credit Agreement and the Forbearance Agreement.

1.3 By Order dated February 13, 2018 (the “**Initial Order**”), a copy of which is attached as **Appendix “B”**, the Court, among other relief:

- a) continued the proposal proceedings for DOGL (the “**Proposal Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C.-36 (as amended, “**CCAA**”);
- b) appointed FTI as the Monitor of DOGL (in such capacity, the “**Monitor**”); and
- c) declared that all orders of the Court granted in the Proposal Proceedings continue to be in full force and effect, except to the extent that such orders are inconsistent with the terms of the Initial Order or the CCAA.

1.4 By order dated June 11, 2018 (the “**Approval and Vesting Order**”), a copy of which is attached as **Appendix “C”**, the Court, *inter alia*:, approved the sale to Lagasco Inc. (the “**Buyer**”) of substantially all of Dundee’s assets (the “**Transaction**”) pursuant to the Asset Purchase Agreement dated April 4, 2018 (as amended, and subject to further amendment with approval of the Monitor and the Lender, the “**APA**”).

1.5 By order dated September 26, 2018 (the “**APA Extension Order**”), the Court authorized the Monitor and the Debtors to consent to an extension of the outside date for Closing under the APA until October 12, 2018. The APA Extension Order provides that in the event that, on or before October 12, 2018, the Buyer fails to pay the Purchase Price in accordance with the APA and the Approval and Vesting Order, the Debtors are authorized to terminate the APA without prejudice to any of the Debtors’ rights and remedies thereunder and the Monitor shall retain the Deposit pending further order of the Court. A copy of the APA Extension Order is attached as **Appendix “D”**.

2.0 PURPOSE OF THE FIFTH REPORT

2.1 The purpose of this fifth report of the Monitor (the “**Fifth Report**”) is to provide the Court with the following:

- a) an update on the status of the APA since the fourth report of the Monitor dated September 24, 2018 (the “**Fourth Report**”); and
- b) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE

3.1 In preparing the Fifth Report, the Monitor has relied upon unaudited financial information of Dundee's books and records, certain financial information prepared by Dundee and discussions with Dundee's current management ("**Management**").

3.2 Except as described in the Fifth Report:

- a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it by Management in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
- b) The Monitor has not examined or reviewed financial forecasts and projections referred to in the Fifth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

3.3 Future oriented financial information reported or relied on in preparing the Fifth Report is based on Management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

3.4 The Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by Management. The Monitor has not independently audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information contained in the Fifth Report. The Monitor assumes no responsibility or liability for

any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Fifth Report or for any use which any person or entity makes of the Fifth Report, or any reliance on or a decision made based upon the Fifth Report, other than for the express purposes as set out in this Fifth Report.

3.5 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meanings defined in the APA or Initial Order, as applicable.

3.6 A copy of the Fifth Report and all other Court materials, orders and endorsements issued in these proceedings are, and will be, available on the Monitor's website at: <http://cfcanda.fticonsulting.com/Dundee/> (the "**Monitor's Website**").

4.0 BACKGROUND AND UPDATE ON DUNDEE'S OPERATIONS

4.1 DELP is a limited partnership created pursuant to the *Limited Partnerships Act* (Ontario). DELP operates drilling and wellsite services in Ontario. It holds on-shore and off-shore oil and natural gas producing assets, such as wells, drill and service barges, supply boats and a rotary drilling rig.

4.2 DOGL is a company incorporated in Ontario and is the general partner of DELP. Although DOGL holds legal title to certain assets on behalf of DELP, DOGL's only asset is its interest in DELP.

4.3 Dundee's on-shore and off-shore wells (the "**Wells**") are located on leased lands and each lease is tied to one or more Property Index Numbers. Dundee has the ability to access and operate the Wells pursuant to various leasing agreements (ranging from exploration rights, royalty arrangements, easements, etc.) (collectively, the "**Leases**"). There are in excess of 1,800 Leases in total. Dundee maintains an internal registry which monitors and records the Wells and Leases and any amounts owing thereunder.

4.4 DELP's primary lender and secured creditor is the Lender. Pursuant to the Initial Order, the Lender is unaffected by the stay proceedings in the CCAA proceedings except for requiring leave to enforce its security.

4.5 Since the date of the Fourth Report, the Monitor has continued to work closely with Management and has monitored Dundee's business operations. The Debtors and Management have assisted the Monitor with preparing for Closing of the Transaction and have continued to report to the Lender as required pursuant to the Credit Agreement and the Forbearance Agreement.

4.6 Management has advised the Monitor that Dundee has continued with its environmental programs in the ordinary course since the Filing Date.

5.0 STATUS OF FINANCING FOR PURCHASE PRICE UNDER APA

5.1 The Second Supplementary Affidavit of Jane Lowrie dated September 26, 2018 ("**September Lowrie Affidavit**"), a copy of which is attached as **Appendix "E"**, indicates that following closing of the Transaction under the APA, the Buyer intends to transfer certain of the on-shore assets and Wells to Forbes Resources Corp. ("**Forbes**"). As described in more detail

below, the Monitor has now received a copy of the asset purchase agreement between the Buyer and Forbes dated as of April 1, 2018 (the “**Lagasco/Forbes APA**”).

5.2 The September Lowrie Affidavit indicates that the Buyer and Forbes have arranged financing for part of the Purchase Price under the APA from PACE Savings and Credit Union Limited (“**Pace**”). That financing consists of a \$1 million line of credit and \$5 million term loan to be advanced to the Buyer and a \$1 million line of credit, \$10 million term loan and \$6 million mezzanine loan to be advanced to Forbes. The Monitor understands that the funds advanced to Forbes by Pace would be in turn advanced to the Buyer to partially fund the Purchase Price on Closing.

5.3 On September 28, 2018 the Deposit Insurance Corporation of Ontario (“**DICO**”) issued an Administration Order under s. 294(1) of the *Credit Unions and Caisses Populaires Act, 1994* in respect of Pace (the “**Administration Order**”). The Monitor was advised by the Buyer of the foregoing order on October 3, 2018. The Monitor understands that following issuance of the Administration Order, DICO became aware of Pace’s involvement in the contemplated acquisition of the Dundee assets by the Buyer, and counsel for DICO and the Buyer over the last few days have had discussions about the matter, and intend to have further discussions, including with client representatives. The Monitor has been advised that both the Buyer and DICO believe it would be beneficial if the outside date for Closing be extended by at least one week to permit those discussions to continue concerning the contemplated Pace funding.

5.4 Although the status of the Pace financing remains uncertain, the Monitor understands that, absent the Pace financing, the Buyer will be unable to pay the Purchase Price to Dundee on or before October 12, 2018, being the existing outside date for Closing.

5.5 The September Lowrie Affidavit provides that, in addition to the financing from Pace, the Buyer will finance the Purchase Price through (i) a shareholder loan in the amount of \$5.5 million from Clearbeach Resources Inc. (“**Clearbeach**”), which will be advanced to Clearbeach by Crich Holdings and Buildings Limited (“**Crich**”); and (ii) \$3.6 million from certain individual investors who will subscribe for participation in a promissory note. The September Lowrie Affidavit confirms that the foregoing funds are currently held in trust by separate law firms and available to be released to complete the Transaction.

6.0 PROJECTED FINANCIAL PERFORMANCE OF BUYER AND FORBES POST-CLOSING

6.1 Jane Lowrie, the President of the Buyer, swore a supplementary affidavit in this proceeding on June 5, 2018 (the “**June Lowrie Affidavit**”) which was filed in connection with Dundee’s motion for an order assigning to the Buyer certain agreements pursuant to section 11.3 of the CCAA. The June Lowrie Affidavit was filed in response to concerns raised by Justice Dunphy at the May 23, 2018 APA approval motion regarding the financial stability or durability of the Buyer post-closing. Ms. Lowrie makes the following statements in the June Lowrie Affidavit (collectively, the “**Financial Viability Statements**”):

- a) the post-closing cash flow forecast attached as Exhibit "B" to the June Lowrie Affidavit (the “**June Forecast**”) demonstrates that the operations of the Buyer will be cash positive in every year of operations and that the Buyer will be able to perform the obligations relating to the agreements assigned to it under section 11.3 of the CCAA (paragraph 13);
- b) the June Forecast demonstrates that after payment of its general and

administrative expenses, its lease expenses and debt repayment, the Buyer remains cash flow positive in each and every year from 2018 to 2032 (paragraph 22); and

- c) the Buyer has now and will have in the future, adequate capitalization to assume the operation of the Dundee assets and to pay all liabilities, plugging, abandonment and salvage costs associated with the assumption of leases and contracts which are part of the Dundee assets (paragraph 23).

6.2 Attached to the September Lowrie Affidavit is an updated cash flow forecast (the “**September Forecast**”) which reflects the changes to the financing for the Purchase Price described in the September Lowrie Affidavit and which consolidates the projected financial performance of the Buyer and Forbes post-Closing. Consistent with the June Lowrie Affidavit, the September Lowrie Affidavit repeats each of the Financial Viability Statements.

6.3 Compared to the June Forecast, the September Forecast projects a significantly more accelerated timeline to repay part of the debt utilized to fund the Purchase Price. Absent certain adjustments to the “cash in” line items contained in the September Forecast which are not included in the June Forecast, the consolidated operations of the Buyer and Forbes would generate cumulative negative cash balances of -\$2.6M in 2019, -\$2.8M in 2020 and -\$1.0M in 2021. Specifically, the Buyer has included additional cash receipts of (i) \$2M (2018 - \$0.75M and 2019 - \$1.25M) related to the “Sale of on-shore drilling rig and surplus equipment”; and (ii) \$3.8M (2018 - \$0.7M, 2019 - \$2.1M and 2020 - \$1.0M) of net revenue (line item “Revenue increase – oil” less line item “Royalty – increase due to locked in price”) related to improved oil pricing relative to the Deloitte Reserve Report pricing forecast included in the June Forecast. In

addition, the September Forecast includes an opening cash balance of \$1M. This improves the cumulative cash balance under the September Forecast by \$1M over the June Forecast, which does not include an opening cash balance line item.

6.4 The Monitor has addressed with the Buyer these issues as well as certain other issues with the September Forecast. In addition, in light of the terms of the Lagasco/Forbes APA and the changes in the repayment terms of the financing for the Purchase Price from the terms reflected in the June Forecast, the Monitor has sought certain information and explanations from the Buyer regarding the impact of the Lagasco/Forbes APA and the ability of the Buyer and Forbes to meet their obligations post-Closing. In particular, the Monitor requested that separate cash flow forecasts be prepared for each of the Buyer and Forbes to permit the Monitor to assess the financial viability of each entity post-Closing.

6.5 The Monitor received separate cash flow forecasts for the Buyer and Forbes on October 7 and 8, 2018 respectively. The Monitor continues to review those forecasts and has provided preliminary comments to the Buyer and Forbes.

6.6 In the meantime, the following is the status of certain issues identified by the Monitor with the September Forecast:

- a) September Forecast net cash in and cash out line items (Revenue increase – oil less Royalty – increase due to locked in price): As noted above, as compared to the Deloitte Reserve Report upon which the projected revenues in the June Forecast are based, the September Forecast projects an increase in net oil revenue during the years 2018-2020 of approximately \$3.8 million. The Buyer had advised the Monitor that as a result of the

increase in the price of oil during 2018, it intends to enter into a 2-3 year fixed price contract post-Closing to take advantage of this price increase. The draft revised cash flow forecasts for the Buyer and Forbes are not based on this assumption but are instead based on the projected revenues contained in the Deloitte Reserve Report, but updated to reflect the September 30, 2018 quarterly update from Deloitte to the pricing projections under the Deloitte Reserve Report.

- b) September Forecast cash in line item (Sale of on-shore drilling rig and surplus equipment): The September Forecast includes projected receipts from the sale of various equipment of approximately \$2 million. In order to assess the reasonableness of the projected receipts from the sale of this equipment, the Monitor has requested from the Buyer the following: a list of the items to be sold, the expected realizable value for each item, the expected timing of when each item will be sold and the supporting documentation to substantiate the projected receipts (i.e. any purchase agreements, appraisals, correspondence with interested parties and any market data supporting the timeline to sell these assets and the expected value).
- c) September Forecast cash out line item (GORR-Crich): The Monitor has requested additional information regarding the terms of repayment for the funding from Crich/Clearbeach, in particular the agreement governing the gross overriding royalty payable to Crich.
- d) September Forecast cash out line item (Shareholder loan-discretionary principal): The Buyer has advised that the holders of the promissory notes will accept longer repayment terms. The Monitor has now received and is reviewing documentation confirming the

extended repayment terms and has requested that such extended repayment terms be reflected in the updated forecast for the Buyer.

- e) September Forecast (Existing financial position of Buyer and Forbes): The June Lowrie Affidavit provides that the Buyer operates 59 wells. The Monitor understands that Forbes has no existing operations. The Monitor has received and is reviewing balance sheets and financial statements for the Buyer and Forbes. The Monitor has also requested documentation governing the existing shareholder loans to Forbes (\$1.4MM) and the Buyer (\$3.1MM).
- f) September Forecast (Payment of income taxes): The cash flow does not reflect any payment of income taxes. The Monitor has requested the amount of losses, evidence of those losses and prior year tax returns for each of the Buyer and Forbes.
- g) Joint Liability of Buyer and Forbes for post-Closing obligations: Ms. Lowrie states in paragraph 9 of the September Lowrie Affidavit that (i) it is the Buyer's intent to remain liable for all liabilities of Forbes, including the payment of all liabilities, plugging, abandonment and salvage costs associated with the leases and contracts transferred to Forbes; and (ii) the consolidated cash flows of the Buyer and Forbes confirm that the overall effect of the transfer of certain onshore assets is neutral and does not impair the consolidated cash flow or the payment of liabilities such as plugging, abandonment and salvage costs. However, the Lagasco/Forbes APA provides that Forbes shall be solely responsible for all "Assumed Liabilities" (which term includes obligations under leases and assumed contracts) as well as all other liabilities related to the on-shore assets. The Buyer has confirmed to the Monitor that Lagasco and Forbes will not remain liable for

the other's operational obligations (including amounts payable to lessors) following the conveyance of the on-shore assets to Forbes. The Lagasco/Forbes APA does contain a provision confirming that Lagasco and Forbes shall be jointly liable for abandonment and reclamation obligations related to all of the Wells purchased from Dundee, including the Wells to be conveyed to Forbes, and the Buyer has confirmed to the Monitor that this is consistent with the parties' intended treatment of environmental liabilities post-Closing. In light of the foregoing, the Monitor advised the Buyer that the September Forecast should be prepared on a de-consolidated basis for the Buyer and Forbes. In the Monitor's view, separate forecasts are required to determine if the intended division of on-shore and off-shore assets is neutral and does not impair payment of various liabilities associated with such assets as stated in paragraph 9 of the September Lowrie Affidavit.

- h) Pace consent to joint liability for environmental obligations: Prior to issuance of the Administration Order, the Buyer had sought Pace's consent to the Buyer and Forbes remaining jointly liable for environmental liabilities associated with all of the Dundee Wells as described above. The Monitor understands that the Buyer continues to seek that consent.

6.7 In addition to the foregoing issues, Management has advised the Monitor that it believes that the amounts included in the June and September Forecasts for abandonment expenses and operating expenses should be higher based on Management's experience. However, the Monitor notes that these amounts are taken from the Deloitte Reserve Report and the Buyer has indicated that, at least with respect to operating expenses, it expects to achieve further reductions from the amounts currently reflected in the June and September Forecasts. The Monitor is also reviewing

the appropriate amount to be included in the September Forecast for mineral lease payments.

6.8 As a result of the foregoing, the Monitor is not yet in a position to fully assess the financial viability of the Buyer and Forbes post-Closing.

7.0 TRANSFER OF WELL LICENCES

7.1 On or about June 14, 2018, MNRF was requested to consent to the transfer from Dundee to the Buyer on Closing of the Licences applicable to the Wells. The Buyer has engaged in regular discussions with the MNRF in connection with this request and has continued to provide the MNRF with additional information as requested.

7.2 Prior to the date of the Fourth Report, the MNRF advised the Monitor that, subject to changes in the financial situation of the Buyer, it will be in a position to agree to the transfer of the Well Licences and the assignment of the MNRF Leases upon Closing of the Transaction outlined in the APA, subject to the receipt of the following outstanding deliverables: (i) payment of the outstanding amount of \$500.00 for fees relating to the surrender of exploration licenses; (ii) satisfactory evidence from Buyer that security in the total amount of \$270,000 has been established by the Buyer pursuant to s. 16 of O. Reg. 245/97, made under the *Oil, Gas and Salt Resources Act* (Ontario); and (iii) payment of the outstanding amount of \$250,309 for unpaid royalty amounts for July and August 2017 production, which is to be paid by the Buyer on Closing in accordance with Paragraph 26 of the Approval and Vesting Order.

7.3 However, the proposed transfer to Forbes of the on-shore assets post-Closing represents a change to the Transaction as understood by the MNRF and creates significant concerns for the MNRF, in particular with respect to the ability of the Buyer to meet its Abandonment and

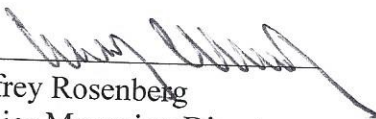
Reclamation Obligations with respect to the off-shore Wells. The MNRF's concerns may be addressed, in part, if each of the Buyer and Forbes provides an indemnity or similar arrangement to the MNRF for the other's Abandonment and Reclamation Obligations. As noted above, any such joint liability for plugging and other Environmental Liabilities remains subject to approval by Pace if it will be providing financing to the Buyer and Forbes. However, even if an indemnity arrangement satisfactory to the MNRF (and Pace, if applicable) is reached, the MNRF as lessor with respect to the off-shore Wells must still be satisfied with the financial viability of the Buyer post-Closing and may have other requirements if the transaction is to proceed as presently proposed by the Buyer. The Monitor understands that, as of the date of this Fifth Report, the MNRF requires additional information from the Buyer in order to complete its assessment of the proposed division of off-shore and on-shore assets between the Buyer and Forbes.

8.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

8.1 Discussions with the Buyer, Dundee and the Lender regarding the Buyer's request to extend the outside date for Closing are currently ongoing. The Monitor will provide a further update to the Court, and provide its recommendation regarding the requested extension of the outside date for Closing and may request further relief from the Court, during the attendance scheduled for October 10, 2018.

All of which is respectfully submitted this 9th day of October, 2018.

**FTI Consulting Canada Inc., solely in its capacity as
Monitor of Dundee Oil and Gas Limited and not in its personal
or corporate capacity**


Per: Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

THE HONOURABLE REGIONAL) WEDNESDAY, THE 16th
)
SENIOR JUSTICE MORAWETZ) DAY OF AUGUST, 2017

Estate Number: 31-458352
Court File No.: 31-458352

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO

Estate Number: 31-2282778
Court File No.: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE
PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by Dundee Energy Limited Partnership ("DELP") and Dundee Oil and Gas Limited ("DOLG") for various relief pursuant to the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the "BIA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lucie Presot sworn 14 August 2017 (the "Presot Affidavit") and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to DELP and Dundee Oil and Gas Limited ("DOGL" and together with DELP, "Dundee"), counsel for

FTI Consulting Canada Inc., in its capacity as the proposal trustee (the “**Proposal Trustee**”) and counsel for the National Bank of Canada (“**National Bank**”), no one else appearing:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

ADMINISTRATIVE CONSOLIDATION

2. **THIS COURT ORDERS** that the proposal proceedings of DELP (estate number 31-458352) and DOGL (estate number 31-2282778 (collectively, the “**Proposal Proceedings**”) be and are hereby administratively consolidated and the Proposal Proceedings are hereby authorized and directed to continue under the following joint title of proceedings:

Estate Number: 31-458352
Court File No.: 31-458352

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

Estate Number: 31-2282778
Court File No.: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

3. **THIS COURT ORDERS** that all further materials in the Proposal Proceedings shall be filed with the Commercial List Office only in the DELP estate and court file (estate number 31-458352 and court file number 31-458352) and hereby dispenses with further filing thereof in the DOGL estate and court file (estate number 31-2282778 and court file number 31-2282778).

APPROVAL OF THE SALE SOLICITATION PROCESS

4. **THIS COURT ORDERS** that the sale solicitation process (“**BIA SSP**”) attached hereto as **Schedule “A”** (subject to such non-material amendments as may be agreed to by National Bank and the Proposal Trustee) be and is hereby approved and the Proposal Trustee is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the BIA SSP, subject to prior approval of this Court being obtained before completion of any transaction(s) under the BIA SSP.

5. **THIS COURT ORDERS** that each of the Proposal Trustee and any Assistants (as defined below) retained by the Proposal Trustee shall have no personal or corporate liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing its duties under the BIA SSP (including, without limitation, through the disclosure of any and all information or documentation regarding Dundee, the Property or the Business (as such terms are defined herein below)), except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Proposal Trustee or such Assistants, as determined by the Court.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee is hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in Dundee’s records pertaining to Dundee’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property and/or the Business (as hereinafter defined) (“**Sale**”). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to Dundee, or in the alternative destroy all such information. The successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property and/or Business acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by Dundee, and

shall return all other personal information to Dundee, or ensure that all other personal information is destroyed.

POSSESSION OF PROPERTY AND OPERATIONS

7. **THIS COURT ORDERS** that Dundee shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”) and shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”), subject at all times to the terms of the Forbearance Agreement and the Cash-Flow Statements (each as defined below). The Proposal Trustee shall not, by fulfilling its obligations under this Order, be deemed to have taken or maintained possession or control of the Property or Business, or any part thereof.

8. **THIS COURT ORDERS** that nothing contained in this Order shall require the Proposal Trustee to occupy or take control, care, possession or management (separately and/or collectively, “**Possession**”) of any of the Property or Business. The Proposal Trustee shall not be or be deemed to be in Possession of the Property or Business for any purpose whatsoever, including, without limitation, within the meaning of the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder, or any other similar legislation in any other applicable jurisdiction, unless it is actually in possession or control of the Property or Business.

POWERS OF PROPOSAL TRUSTEE

9. **THIS COURT ORDERS** that, in addition to the powers afforded to the Proposal Trustee under the BIA, the Proposal Trustee be and is hereby authorized to take all steps required to implement the BIA SSP and carry out the terms of this Order, including, without limitation, to:

- (a) assist Dundee in its preparation of the cash-flow statements (the “**Cash-Flow Statements**”) and reporting required by National Bank, which information shall be reviewed with the Proposal Trustee and delivered to National Bank and its

counsel in accordance with the Forbearance Agreement or as otherwise agreed to by National Bank;

- (b) report to National Bank on, without limitation, information related to the Business or Property and the carrying out of the BIA SSP;
- (c) report to this Court at such times and intervals as the Proposal Trustee may deem appropriate with respect to matters relating to the Business or Property, and such other matters as may be relevant to the proceedings herein;
- (d) have full and complete access to the Business and Property, including the premises, books, records, data, including data in electronic form, and other financial documents of Dundee, to the extent that it is necessary or desirable to adequately assess and monitor Dundee's Business and financial affairs or to perform its duties arising under this Order;
- (e) to retain and employ such consultants, agents, experts, accountants, advisors, counsel and such other persons (collectively "Assistants") as it deems reasonably necessary or desirable to assist with the BIA SSP or for the carrying out of the terms of this Order, in each case with the consent of National Bank; and
- (f) perform such other duties as are required by this Order or by this Court from time to time.

10. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal, shall be commenced or continued against the Proposal Trustee except with the written consent of the Proposal Trustee or with leave of the Court.

11. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Proposal Trustee under the BIA or any applicable legislation.

ADMINISTRATION CHARGE

12. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to Dundee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or after the date of this Order, by Dundee as part of the costs of these proceedings, subject to the terms of the Forbearance Agreement and the Cash-Flow Statements and any assessment by the Court. Dundee is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel to the Proposal Trustee and counsel to Dundee (for work performed in connection with these BIA proceedings) on a weekly basis or on such other basis agreed by Dundee and the applicable payee (with the consent of National Bank), subject to the terms of the Forbearance Agreement and the Cash-Flow Statements.

13. **THIS COURT ORDERS** that the Proposal Trustee, counsel for the Proposal Trustee and counsel to Dundee shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which Administration Charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 24 and 26 hereof.

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION AND CHARGE

14. **THIS COURT ORDERS** that Dundee shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of Dundee after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director’s or officer’s gross negligence or wilful misconduct.

15. **THIS COURT ORDERS** that the directors and officers of Dundee shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$50,000, as security for the indemnity provided in paragraph 14 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 24 and 26 herein.

16. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) Dundee's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 14 of this Order.

FORBEARANCE AGREEMENT

17. **THIS COURT ORDERS** that the execution, delivery and entry into by Dundee of the amended and restated forbearance agreement dated 14 August 2017 (the "**Forbearance Agreement**") made among DELP, DOGL, Dundee Energy Limited ("**DEL**") and National Bank, as lender and agent for the lenders (in such capacity, the "**Lender**") (as described in the Presot Affidavit) is hereby approved, and Dundee is hereby authorized and directed to comply with and perform its obligations under the Forbearance Agreement and the amended and restated credit agreement made among DELP, as borrower, DEL and DOGL, as guarantors, and the Lender, dated as of 31 July 2012, as amended (the "**Credit Agreement**").

18. **THIS COURT ORDERS** that Dundee shall be entitled, subject to the terms of the Credit Agreement and the Forbearance Agreement, to continue to obtain and borrow, repay and re-borrow additional monies under the credit facility granted under the Credit Agreement (the "**Credit Facility**") from the Lender pursuant to the Credit Agreement and the Forbearance Agreement, in order to finance Dundee's working capital requirements, provided that borrowings by Dundee under the Credit Facility shall not exceed the amounts contemplated in the Credit Agreement and the Forbearance Agreement. For greater certainty, the Lender shall be entitled to apply receipts and deposits made to Dundee's bank accounts against the indebtedness of Dundee to the Lender in accordance with the Credit Agreement and the Forbearance Agreement, whether such indebtedness arose before or after the date of this Order.

19. **THIS COURT ORDERS** that Dundee is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees or other definitive documents (the "**Definitive Documents**"), as are contemplated by the Forbearance Agreement or as may be reasonably required by the Lender pursuant to the terms thereof, together with such modifications as may be agreed upon by Dundee and the

Lender and consented to by the Proposal Trustee, and Dundee be and is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Lender under and pursuant to the Credit Agreement and the Forbearance Agreement as and when same become due and are to be performed, notwithstanding any other provision of this Order.

20. **THIS COURT ORDERS** that in addition to the existing liens, charges, mortgages and encumbrances in favour of the Lender, as security for all of the obligations of Dundee to the Lender relating to advances made to Dundee under the Credit Facility from and after the date of this Order, the Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Charge**”) on the Property. The DIP Charge shall have the priority set out in paragraphs 24 and 26 hereof.

21. **THIS COURT ORDERS** that, upon the earlier of the occurrence of a Termination Event or the last day of the Forbearance Period (in each case as defined in the Forbearance Agreement), the Lender may,

- (a) immediately cease making advances to Dundee;
- (b) set off and/or consolidate any amounts owing by the Lender to Dundee against the obligations of Dundee to the Lender under the Credit Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents; and
- (c) apply to this Court for an order authorizing the Lender to exercise any and all of its rights and remedies against Dundee or the Property under or pursuant to the Credit Agreement, the Forbearance Agreement, the other Credit Documents, the Definitive Documents, the DIP Charge, or the *Personal Property Security Act* (Ontario) or similar legislation in any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property, or for a bankruptcy order against Dundee and for the appointment of a trustee in bankruptcy of Dundee and the foregoing rights and remedies of the Lender shall

be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Dundee or the Property.

22. **THIS COURT ORDERS AND DECLARES** that the Lender shall be unaffected by the stay of proceedings provided for in section 69 or 69.1 of the BIA, as applicable.

23. **THIS COURT ORDERS AND DECLARES** that the payments made by Dundee pursuant to this Order, the Credit Agreement, the Forbearance Agreement, the other Credit Documents or any of the Definitive Documents, and the granting of the DIP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

24. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge, the DIP Charge and the Security (as defined in the Credit Agreement) granted to the Lender over the Property, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000);

Second – DIP Charge;

Third – Security granted to the Lender under or pursuant to the Credit Agreement (and as described in the Forbearance Agreement); and

Fourth – Directors' Charge (to the maximum amount of \$50,000).

25. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the Directors' Charge or the DIP Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

26. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property so charged by them and such Charges shall rank in priority to all other security

interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, other than (subject to further Order of the Court) validly perfected and enforceable security interests, if any, in favour of Alex Williamson Motor Sales Limited, Jim Pattison Industries Ltd. or National Leasing Group Inc., in each case under the Personal Property Security Registry (Ontario)), or in favour of Enerflex Ltd. under the Personal Property Security Registry (Alberta).

27. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Dundee shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless Dundee also obtains the prior written consent of the Proposal Trustee, the Lender and the beneficiaries of the Administration Charge and the Directors’ Charge, or further Order of this Court.

28. **THIS COURT ORDERS** that the Charges, the Forbearance Agreement, the Credit Agreement, the other Credit Documents and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Dundee or the Lender, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents shall create or be deemed to constitute a breach by Dundee or the Lender of any Agreement to which any one of them is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Dundee entering into the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents or the creation of the Charges, or the execution, delivery or performance of any such documents; and
- (c) the payments made by Dundee pursuant to this Order, the Forbearance Agreement, the Credit Agreement, the other Credit Documents or the Definitive Documents or the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

29. **THIS COURT ORDERS** that any of the Charges created by this Order over leases of real property in Canada shall only be a charge in Dundee's interest in such real property leases.

EXTENSION OF TIME TO FILE PROPOSAL

30. **THIS COURT ORDERS** that, subject to paragraph 22 of this Order, the time within which a Proposal must be filed with the Official Receiver under section 62(1) of the BIA, and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including 30 October 2017.

SERVICE AND NOTICE

31. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <http://cfcanda.fticonsulting.com/Dundee>.

32. **THIS COURT ORDERS** that Dundee, the Proposal Trustee and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Dundee's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements, within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

33. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, Dundee and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to Dundee's creditors or other interested parties at their respective addresses as last shown on the records of Dundee and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

34. **THIS COURT ORDERS** that Dundee or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

35. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of Dundee, the Business or the Property.

36. **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 Dundee, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Dundee and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give

effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Dundee and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

37. **THIS COURT ORDERS** that each of Dundee, the Lender and the Proposal Trustee be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

38. **THIS COURT ORDERS** that any interested party (including Dundee, the Lender and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided, however, that the Lender shall be entitled to rely on this Order as issued for all advances made and payments received under the Credit Agreement or the Forbearance Agreement up to and including the date this Order may be varied or amended.

39. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



SCHEDULE A

Dundee Energy Sale Solicitation Process

1. On August 15, 2017, Dundee Energy Limited Partnership and its general partner, Dundee Oil and Gas Limited (together, the "**Debtors**") filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**"). FTI Consulting Canada Inc. ("**FTI**") was appointed as the proposal trustee (the "**Proposal Trustee**") under the NOI Proceedings.
2. In connection with the NOI Proceedings, the Debtors intend to bring a motion before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Sale Process Order**") approving, *inter alia*, a sale solicitation process (the "**BIA SSP**" or "**Sale Process**") as described in this document. The purpose of the Sale Process is to seek proposals to purchase some or all of the assets, undertakings and properties of the Debtors (collectively, the "**Property**") and to implement one or a combination of transactions to purchase some or all of the Property.
3. The BIA SSP describes the manner in which prospective bidders (a) may gain access to or continue to have access to due diligence materials concerning the Debtors, their business and operations (the "**Business**") and the Property; (b) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (as defined below), respectively; (c) the process for the evaluation of bids received; (d) the process for the ultimate selection of a Successful Bidder (as defined below); and (e) the process for obtaining such approvals (including the approval of the Court) as may be necessary or appropriate in respect of a Successful Bid.

Defined Terms

4. All capitalized terms used in the BIA SSP and not otherwise defined have the meanings given to them below:

"**Approval Motion**" as defined in paragraph 31;

"**Business**" means the business being carried on by the Debtors;

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Toronto;

"**Claims and Interests**" as defined in paragraph 40;

"**Confidential Information Memorandum**" as defined in paragraph 8(d);

"**Court**" as defined in paragraph 2;

"**Data Room**" as defined in paragraph 13;

"**Debtors**" as defined in paragraph 1;

"**Deposit**" as defined in paragraph 24(m);

"Final Bid" as defined in paragraph 23;

"Form of Purchase Agreement" means the form of purchase and sale agreement to be developed by the Proposal Trustee and provided to those Qualified Bidders that submit a Qualified LOI;

"FTI" as defined in paragraph 1;

"Known Potential Bidders" as defined in paragraph 8(b);

"Lender" means National Bank of Canada;

"LOI" as defined in paragraph 12;

"NDA" means a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee, which will inure to the benefit of any purchaser of the Property;

"NOI Proceedings" as defined in paragraph 1;

"Notice" as defined in paragraph 8(a);

"Phase 1" as defined in paragraph 12;

"Phase 1 Bid Deadline" as defined in paragraph 14;

"Phase 2" as defined in paragraph 22;

"Phase 2 Bid Deadline" as defined in paragraph 23;

"Potential Bidder" as defined in paragraph 9;

"Property" means the assets, properties and undertakings of the Debtors or any portion thereof;

"Proposal Trustee" as defined in paragraph 1;

"Qualified Advisors" as defined in paragraph 22;

"Qualified Bid" means a third party offer to purchase some or all of the Property in the form specified by the BIA SSP;

"Qualified Bidder" as defined in paragraph 10;

"Qualified LOI" as defined in paragraph 15;

"Sale Process Order" as defined in paragraph 2;

"Successful Bid" as defined in paragraph 28; and

"Teaser" as defined in paragraph 8(c).

Conduct of Sale Process and Timeline

- 5. The Proposal Trustee shall implement the Sale Process. The Sale Process Order and the BIA SSP shall exclusively govern the process for soliciting and selecting Qualified Bids.
- 6. The Debtors are required to assist and support the efforts of the Proposal Trustee in undertaking the Sale Process. In the event that there is disagreement as to the interpretation or application of the BIA SSP or the responsibilities of the Proposal Trustee or the Debtors hereunder, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application by the Proposal Trustee or the Debtors.
- 7. The following table sets out the key milestones under the BIA SSP, subject to extension by the Proposal Trustee pursuant to and in accordance with the BIA SSP:

Milestone	Deadline
Commencement Date	September 5, 2017
Phase 1 Bid Deadline	October 19, 2017
Phase 2 Bid Deadline	November 24, 2017
Settle and execute a binding asset purchase agreement with respect to the Successful Bid	December 4, 2017
Date by which Approval Motion is heard	December 8, 2017
Closing of the transaction with Successful Bidder	January 10, 2018

Opportunity

- 8. As soon as practicable following issuance of the Sale Process Order, the Proposal Trustee, shall:
 - (a) cause a notice of the Sale Process (and such other relevant information which the Proposal Trustee considers appropriate) to be published in the *Daily Oil Bulletin* and the national edition of *The Globe and Mail*. On the same date, the Debtors will issue a press release setting out relevant information from such notice with Canada Newswire designating dissemination in Canada and major financial centres in the United States (the “**Notice**”);
 - (b) in consultation with the Debtors, the Lender and any other stakeholder as deemed appropriate by the Proposal Trustee, prepare a list of persons who may have an interest in submitting a bid for the Property (the “**Known Potential Bidders**”);
 - (c) prepare a non-confidential teaser letter (the “**Teaser**”) describing the opportunity to acquire some, all or substantially all of the Property to be made available by the Proposal Trustee to Known Potential Bidders, along with a draft form of the NDA; and
 - (d) prepare a confidential information memorandum (the “**Confidential Information Memorandum**”) describing the opportunity to acquire all or a portion of the

Property, which will be made available by the Proposal Trustee to Qualified Bidders who execute the NDA.

Participation Requirements

9. In order to participate in the Sale Process, each person (a "**Potential Bidder**") must deliver to the Proposal Trustee at the address specified in Exhibit "A":
 - (a) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the principals of the Potential Bidder; and
 - (b) an executed NDA, which, among other things, shall include provisions whereby the Potential Bidder agrees to accept and be bound by the BIA SSP.
10. A Potential Bidder that has executed an NDA, and has delivered the documents and information described above, and that the Proposal Trustee, in its reasonable business judgement, determines is likely, based on the availability of financing, experience and other considerations, to be able to consummate a transaction to acquire some or all of the Property (including any liabilities to be assumed) will be deemed a "**Qualified Bidder**", and be promptly notified of such determination by the Proposal Trustee. **In no event shall the Lender constitute a Qualified Bidder.**
11. At any time during Phase 1 or Phase 2, the Proposal Trustee may, in its reasonable business judgment and after consultation with the Lender, eliminate a Qualified Bidder from the Sale Process, whereupon such bidder will be eliminated from the Sale Process and will no longer be a Qualified Bidder.

Phase 1

12. For a period of forty-five (45) days following the date upon which the Notice is first published, the Proposal Trustee (with the assistance of the Debtors and in accordance with the BIA SSP) will solicit a non-binding indication of interest in the form of a non-binding letter of intent ("**LOI**") from each Qualified Bidder who may be interested in acquiring all or a portion of the Property ("**Phase 1**").
13. The Proposal Trustee will provide each Qualified Bidder who has executed an NDA with a copy of the Confidential Information Memorandum and access to an electronic data room of due diligence information (the "**Data Room**"). The Proposal Trustee, the Debtors and the Lender make no representation or warranty as to the information (i) contained in the Confidential Information Memorandum or the Data Room, (ii) provided through the due diligence process in Phase 1 or Phase 2 or (iii) otherwise made available to a Qualified Bidder, except to the extent expressly contemplated in any definitive sale agreement with a Successful Bidder duly executed and delivered by the Debtors and approved by the Court.
14. A Qualified Bidder that wishes to have the opportunity to submit a Qualified Bid as part of Phase 2 must deliver an LOI to the Proposal Trustee at the address specified in Exhibit "A" by no later than **12:00 p.m. (Eastern Time) on October 19, 2017**, or such other date

or time as may be agreed by the Proposal Trustee (the "**Phase 1 Bid Deadline**"). The Proposal Trustee shall be entitled to provide copies of the LOIs received to the Debtors and the Lender.

15. An LOI will be considered a "**Qualified LOI**" only if it:
- (a) is submitted by a Qualified Bidder and received by the Phase 1 Bid Deadline;
 - (b) sets out the purchase price range in Canadian dollars (and U.S. dollar equivalent), including details of any liabilities to be assumed by the Qualified Bidder, along with a description as to how the Qualified Bidder intends to value net working capital of the Business;
 - (c) sets out the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (d) contains specific indication of the sources of capital for the Qualified Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement that will allow the Proposal Trustee to make a reasonable business or professional judgment as to the Qualified Bidder's financial or other capabilities to consummate the transaction contemplated by its LOI;
 - (e) contains a description of the structure and financing of the transaction (including, but not limited to, the sources of financing of the purchase price, preliminary evidence of the availability of such financing, steps necessary and associated timing to obtain such financing and any related contingencies, as applicable);
 - (f) contains a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, security holder, internal or regulatory approvals required to close the transaction, an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (g) contains specific statements concerning the treatment of employees and plans for the ongoing involvement and roles of the Debtors' employees;
 - (h) contains an outline of any additional due diligence required to be conducted by the Qualified Bidder in order to submit a final and binding offer;
 - (i) fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the bid and the complete terms of any such participation;
 - (j) contains all conditions to closing that the Qualified Bidder may wish to impose; and
 - (k) contains such other information as may reasonably be requested by the Proposal Trustee.

16. The Proposal Trustee, in consultation with the Lender, may waive compliance with any one or more of the requirements specified above, and deem such non-compliant LOI to be a Qualified LOI, provided that doing so shall not constitute a waiver by the Proposal Trustee of the requirements of the foregoing paragraph or an obligation on the part of the Proposal Trustee to designate any other LOI as a Qualified LOI. The Proposal Trustee will be under no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder.

Assessment of Qualified LOIs and Continuation or Termination of Sale Process

17. Within three (3) days following the Phase 1 Bid Deadline, or such later date as may be determined by the Proposal Trustee, the Proposal Trustee will, in consultation with the Lender, assess the Qualified LOIs received during Phase 1, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. The Proposal Trustee may request clarification from a Qualified Bidder of the terms of its Qualified LOI.
18. In assessing the Qualified LOIs, the Proposal Trustee, following consultation with the Lender, will consider, among other things, the following:
 - (a) the form and amount of consideration being offered, including any purchase price adjustments and/or any non-cash consideration;
 - (b) the demonstrated financial capability of the Qualified Bidder to consummate the proposed transaction;
 - (c) the conditions to closing of the proposed transaction; and
 - (d) the estimated time required to complete the proposed transaction.
19. If one or more Qualified LOIs are received and the Proposal Trustee, exercising its reasonable business judgement and following consultation with the Lender, determines that there is a reasonable prospect that a Qualified LOI may become a Qualified Bid, the Proposal Trustee will continue the Sale Process into Phase 2 in accordance with the BIA SSP.
20. If the Proposal Trustee determines that (a) no Qualified LOI has been received; or (b) there is no reasonable prospect of a Qualified LOI resulting in a Qualified Bid, the Proposal Trustee may, in its sole and absolute discretion, designate one or more LOIs as a Qualified LOI. If no Qualified LOI is received or designated by the Proposal Trustee, any of the Lender, the Proposal Trustee, or the Debtors may apply to the Court for further advice and directions including with respect to termination of the BIA SSP.
21. Following the Phase 1 Bid Deadline, the Proposal Trustee specifically reserves the right to negotiate with any Qualified Bidder with respect to any provision of its LOI or to request or agree to any changes in any such LOI. The Proposal Trustee may choose to take such steps with respect to one or more than one Qualified Bidder but the Proposal Trustee shall have no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder. The Proposal Trustee reserves the right to request some,

but not all, Qualified Bidders to submit a revised LOI reflecting improved terms or other amendments requested by the Proposal Trustee. The Proposal Trustee will be under no obligation to provide each Qualified Bidder the opportunity to improve terms of any LOI submitted to the Proposal Trustee following the Phase 1 Bid Deadline.

Phase 2

22. Each Qualified Bidder with a Qualified LOI who has been invited by the Proposal Trustee to participate in Phase 2 and at the request of such Qualified Bidder, its Qualified Advisors (as defined below), will be granted further access to such due diligence materials and information relating to the Property and the Business as the Proposal Trustee in its reasonable business judgement, determines appropriate, including information or materials reasonably requested by each Qualified Bidder, on-site presentations and tours of the Property, and access to further information in the Data Room ("**Phase 2**"). In addition, selected due diligence materials may be withheld from a Qualified Bidder under Phase 2 if the Proposal Trustee determines such information to represent proprietary or sensitive competitive information. "Qualified Advisors" means the legal and financial advisor(s) and/or lenders to a Qualified Bidder, provided that, in each case, such advisor or lender: (a) is reasonably acceptable to the Proposal Trustee; and (b) has executed or is bound by the NDA.
23. A Qualified Bidder that is not eliminated from the Sale Process and that wishes to proceed must deliver to the Proposal Trustee a final binding proposal to purchase some or all of the Property (a "**Final Bid**") including a duly authorized and executed purchase agreement based on the Form of Purchase Agreement and accompanied by a mark-up of the Form of Purchase Agreement showing amendments and modifications made thereto, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder, at the address specified in Exhibit "A" hereto (including by email or fax transmission) so as to be received by the Proposal Trustee by no later than **12:00 p.m. (Eastern Time) on November 24, 2017**, or such other date or time as may be determined by the Proposal Trustee in consultation with the Lender (the "**Phase 2 Bid Deadline**").
24. A Final Bid will be considered a Qualified Bid only if (a) it is submitted by a Qualified Bidder who submitted a Qualified LOI on or before the Phase 1 Bid Deadline or whose LOI was designated as a Qualified LOI by the Proposal Trustee; and (b) the Final Bid complies with, among other things, the following requirements:
 - (a) it includes a letter stating that the Qualified Bidder's offer is irrevocable until the earlier of: (i) the approval by the Court of a Successful Bid; and (ii) thirty (30) days following the Phase 2 Bid Deadline, provided that if such Qualified Bidder is selected as the Successful Bidder, its offer will remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (b) it includes written evidence of a firm irrevocable commitment for all required financing, or other evidence of the financial ability of such Qualified Bidder to consummate the proposed transaction, that will allow the Proposal Trustee, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its Final Bid;

- (c) sets out the purchase price range in Canadian dollars (and U.S. dollar equivalent), including details of any liabilities to be assumed by the Qualified Bidder, along with a description as to how the Qualified Bidder intends to value net working capital of the Business;
- (d) it describes the Property to be included as well as the Property to be excluded, divested or disclaimed prior to closing, if any;
- (e) it includes full details of the proposed number of employees who will become employees of the Qualified Bidder and provisions setting out the terms and conditions of employment for continuing employees;
- (f) it includes details of any liabilities to be assumed by the Qualified Bidder;
- (g) it is not conditional upon, among other things:
 - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
 - (ii) obtaining financing;
- (h) it fully discloses the identity of each entity that will be sponsoring or participating in the Final Bid, and the complete terms of such participation;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (j) it identifies with particularity the contracts and leases the Qualified Bidder wishes to assume and reject, contains full details of the Qualified Bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it includes evidence, in form and substance reasonably satisfactory to the Proposal Trustee, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Final Bid;
- (m) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Proposal Trustee), or such other form acceptable to the Proposal Trustee, payable to the order of the Proposal Trustee, in trust, in an amount equal to not less than 10% of the purchase price, to be held and dealt with in accordance with the terms of the BIA SSP;
- (n) it contains other information reasonably requested by the Proposal Trustee;
- (o) it is received by the Phase 2 Bid Deadline; and

- (p) it includes an acknowledgement and representation that the Qualified Bidder: (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Final Bid; and (b) did not rely upon any written or oral statements, representations, promises, warranties or guarantees whatsoever, whether express or implied (by operation of law or otherwise) made by the Proposal Trustee, the Debtors or the Lender, regarding any matter or thing, including, without limitation, the Debtors, the Property, the Business the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement.
25. The Proposal Trustee may waive compliance with any one or more of the requirements specified above and deem such Final Bid to be a Qualified Bid, provided that doing so shall not constitute a waiver by the Proposal Trustee of the requirements of the foregoing paragraph or an obligation on the part of the Proposal Trustee to designate any other Final Bid as a Qualified Bid. The Proposal Trustee will be under no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder.

Evaluation of Qualified Bids

26. The Proposal Trustee, in consultation with the Lender, will review each Final Bid received. For the purpose of such consultation and evaluations, the Proposal Trustee may request clarification of the terms of any Final Bid.
27. Evaluation criteria may include, but are not limited to items such as: (a) the purchase price and net value (including assumed liabilities and other obligations to be performed by the Qualified Bidder); (b) the firm, irrevocable commitment for financing the transaction; (c) the claims likely to be created by such Final Bid in relation to other Final Bids; (d) the counterparties to the transaction; (e) the terms of the proposed transaction documents; (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction; (g) planned treatment of stakeholders; (h) the assets included or excluded from the Final Bid; (i) proposed treatment of the employees; (j) any transition services required from the Debtors post-closing and any related restructuring costs; and (k) the likelihood and timing of consummating the transaction.
28. If one or more Qualified Bids is received or so designated by the Proposal Trustee, the Proposal Trustee, exercising its reasonable business judgment and following consultation with the Lender, may select the most favourable Qualified Bid(s) (each, a "**Successful Bid**"), whereupon the Debtors shall proceed to negotiate and settle the terms of a definitive agreement with the applicable Qualified Bidder. The terms of any such definitive agreement must be acceptable to the Proposal Trustee and the Lender, each in its discretion.
29. Following the Phase 2 Bid Deadline, the Proposal Trustee specifically reserves its right to negotiate with any Qualified Bidder with respect to any provision of its Final Bid or to request or agree to any changes in any such Final Bid. The Proposal Trustee may choose to take such steps with respect to one or more Qualified Bidder but the Proposal Trustee

shall have no obligation to negotiate identical terms with, or extend identical terms to, each Qualified Bidder. The Proposal Trustee reserves its right to request some, but not all, Qualified Bidders submit a revised Final Bid reflecting improved terms or other amendments requested by the Proposal Trustee. The Proposal Trustee will be under no obligation to provide to each Qualified Bidder the opportunity to improve the terms of any Final Bid submitted to the Proposal Trustee following the Phase 2 Deadline.

Phase 2 Guidelines

30. If the Proposal Trustee determines that no Qualified Bid has been received at the end of Phase 2, the Proposal Trustee may, in its sole and absolute discretion, designate one or more Final Bids as a Qualified Bid. If no Qualified Bid is received or designated by the Proposal Trustee, any of the Lender, the Proposal Trustee or the Debtors may apply to the Court for further advice and directions, including with respect to the termination of the Sale Process.

Approval Motion for Successful Bid

31. The Debtors will bring a motion before the Court (the "**Approval Motion**") for an order approving the Successful Bid(s) and authorizing the Debtors to enter into any and all necessary agreements with respect to the Successful Bid(s) and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid(s).
32. The Approval Motion will be held on a date to be scheduled by the Court upon motion by the Debtors. The Approval Motion may be adjourned or rescheduled by the Debtors or the Proposal Trustee, on notice to the Lender, by an announcement of the adjourned date at the Approval Motion and without the need for any further notice thereof, provided that in no circumstance shall the Approval Motion be adjourned or rescheduled beyond December 8, 2017.
33. All Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid(s) by the Court.

Deposits

34. All Deposits will be retained by the Proposal Trustee and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder(s) will be returned to such bidders within 5 Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, then, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within 5 Business Days of the date upon which the Sale Process is terminated in accordance with the BIA SSP.
35. If a Successful Bidder breaches its obligations under the terms of the Sale Process, its Deposit plus interest shall be forfeited as liquidated damages and not as a penalty.

Approvals

36. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required pursuant to the NOI Proceedings or any statute or as otherwise required at law in order to implement a Successful Bid.

Amendment

37. The Proposal Trustee may vary or amend the BIA SSP (including, without limitation, extending the Phase 1 Bid Deadline or the Phase 2 Bid Deadline) with the consent of the Lender or the approval of the Court.
38. The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Proposal Trustee or the Debtors and any Qualified Bidder or any other person, other than as specifically set forth in a definitive agreement that may be signed with the Debtors. At any time during the Sale Process, the Proposal Trustee may apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

"As Is, Where Is"

39. Any sale of the Property by the Debtors will be on an "as is, where is" basis as at the time of closing and without surviving representations or warranties of any kind, nature, or description by the Debtors, the Proposal Trustee, the Lender or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a definitive agreement with a Successful Bidder executed and delivered by the Debtors. Neither the Proposal Trustee, the Debtors, the Lender nor any of their respective affiliates, advisors, agents or representatives makes any representation or warranty as to title, description, fitness for purpose, merchantability, quantity, conditions or quality of any of the Property or the accuracy or completeness of the information contained in any of the Teaser, Confidential Information Memorandum or in the Data Room, except to the extent otherwise provided by the Debtors under a definitive agreement with a Successful Bidder executed and delivered by the Debtors. The Debtors are not required to inspect or count, or provide any inspection or counting, of the Property or any part thereof and each Qualified Bidder shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation with respect to the Property. It shall be the Successful Bidder's sole responsibility to obtain, at its own expense, any consents to such transfer and any further documents or assurances which are necessary or desirable in the circumstances. Without limiting the generality of the foregoing, any and all conditions, warranties and representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply to the sale of the Property and shall be waived by the Successful Bidder.

Free Of Any And All Claims and Interests

40. As part of the Approval Motion, the Debtors will seek an order vesting in the Successful Bidder all of the right, title and interest of the Debtors to that part of the Property subject to the Successful Bid free and clear of all pledges, liens, security interests, encumbrances,

claims, charges, options and interests on or against the Property (collectively, the "**Claims and Interests**"). Such Claims and Interests will attach only to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a definitive agreement with a Successful Bidder.

No Obligation to Conclude a Transaction

41. The highest or any Final Bid received pursuant to the BIA SSP will not necessarily be accepted. In addition, at any time during the Sale Process, the Proposal Trustee may terminate the BIA SSP, and shall provide notice of such a decision to all Qualified Bidders.

Further Orders

42. At any time during the Sale Process, the Proposal Trustee may apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.

Exhibit "A"

Address

FTI Consulting Inc.
TD South Tower
79 Wellington Street West
Suite 2010, PO Box 104
Toronto ON M5K 1G8

Attention: Messrs. Dean Mullett and Adam Zalev

Estate Number/Court File No: 31-458352

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE ENERGY LIMITED PARTNERSHIP OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

AND

Estate Number/Court File No: 31-2282778

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF DUNDEE OIL AND GAS LIMITED OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

(PROCEEDING COMMENCED AT TORONTO)

ORDER

GOWLING WLG (CANADA) LLP
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E. Patrick Shea (LSUC No. 39655K)
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Facsimile: (416) 862-7661

SOLICITORS FOR DELP AND DOGL

APPENDIX “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

TUESDAY, THE 13th

JUSTICE DUNPHY

)

DAY OF FEBRUARY, 2018

)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

INITIAL ORDER

THIS APPLICATION, made by Dundee Oil and Gas Limited ("DOGL") on its behalf and as general partner on behalf of Dundee Energy Limited Partnership ("DELP", together the "Debtors"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Lucie Presot sworn February 8, 2018 and the Exhibits thereto, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Debtors, National Bank of Canada, FTI Consulting Canada Inc. ("FTI") in its capacity as the Proposed Monitor (the "Monitor"), and on reading the consent of FTI to act as the Monitor and the Fourth Report of the Proposal Trustee dated February 7, 2018,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

CONTINUANCE UNDER THE CCAA

2. THIS COURT ORDERS AND DECLARES that DOGL is a company to which the CCAA applies and DELP shall enjoy the benefits of the protection and authorizations provided to DOGL by this Order.

3. THIS COURT ORDERS AND DECLARES that effective February 13, 2018, the Debtors' restructuring proceedings (the "**Proposal Proceedings**") commenced under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (as amended) (the "**BIA**") are hereby taken up and continued under the CCAA and that as of such date, the provisions of Part III of the BIA shall have no further application to the Debtors, save that any and all steps, agreements and procedures validly taken, done or entered into by the Debtors during the Proposal Proceedings shall remain valid and binding notwithstanding the continuation of the Proposal Proceedings and the commencement of the within CCAA proceedings, including, without limitation (a) the sale solicitation process ("**BIA SSP**") approved in the Order of Regional Senior Justice Morawetz dated August 16, 2017, as amended (the "**August 16 Order**"); (b) any assignment of leases or other agreements given or entered into by the Debtors during the Proposal Proceedings as amended from time to time; and (c) any agreements entered into with Nadro Marine Services Limited.

4. THIS COURT ORDERS AND DECLARES that all capitalized terms not otherwise defined in this Order have the meanings attributed to them in the August 16 Order.

5. THIS COURT ORDERS AND DECLARES that, subject to further order of this Court, all orders of the Court granted in the Proposal Proceedings shall continue to be in full force and effect, except to the extent that such orders are inconsistent with the terms of this Order or the CCAA.

6. THIS COURT ORDERS that the Monitor is authorized and directed to continue to carry out and fulfill each provision of the August 16 Order that pertains to the Proposal Trustee including, without limitation, the BIA SSP. The Monitor shall have the benefit of all rights and protections granted to the Proposal Trustee under the August 16 Order in carrying out its terms and, unless the context otherwise requires, all references to "Proposal Trustee" in the August 16 Order shall mean the Monitor from and after the date of this Order, except to the extent inconsistent with the terms of this Order or the CCAA.

PLAN OF ARRANGEMENT

7. THIS COURT ORDERS that the Debtors shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

8. THIS COURT ORDERS that the Debtors shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court and compliance with the terms of the Forbearance Agreement (as defined below) and Cash Flow Statements (as defined in the Forbearance Agreement), the Debtors shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Debtors are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

9. THIS COURT ORDERS that, subject to the terms of the Forbearance Agreement that require the Debtors to comply with the Cash Flow Statements, the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in

the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges.

10. THIS COURT ORDERS that, except as otherwise provided to the contrary herein and subject to the terms of the Forbearance Agreement that require the Debtors to comply with the Cash Flow Statements, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Debtors following the date of this Order.

11. THIS COURT ORDERS that the Debtors shall from and after the date of this Order remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior

to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Debtors after the date of this Order.

12. THIS COURT ORDERS that until a real property lease is assigned or disclaimed in accordance with the CCAA, the Debtors shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between either Debtor, as applicable, and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, in accordance with past practice or on the terms pursuant to the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. THIS COURT ORDERS that, except as specifically permitted herein or in the Forbearance Agreement, the Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of this date except such payments to the Lender; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

14. THIS COURT ORDERS that the Debtors shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as defined below), and with the prior written consent of the Lender, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations,
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deems appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing (for greater certainty, an assignment of the Lender's debt and security to another party shall not constitute a material refinancing requiring Court approval),

all of the foregoing to permit the Debtors to proceed with an orderly restructuring of the Business (the "**Restructuring**").

15. THIS COURT ORDERS that, except in the case of offshore mineral leases, the Debtors shall provide each of the relevant landlords with notice of either Debtor's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Debtors' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Debtors, or by further Order of this Court upon application by the Debtors on at least two (2) days notice to such landlord and any such secured creditors. If the Debtors disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtors' claim to the fixtures in dispute.

16. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Debtor and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may

have against the Debtors in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

17. THIS COURT ORDERS that, subject to paragraph 18(v) hereof, until and including March 13, 2018, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, except with the written consent of the Debtors and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

18. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) prevent the Lender from exercising any rights or remedies in accordance with the Forbearance Agreement.

19. THIS COURT ORDERS that, until further Order of this Court, DELP shall not be deemed to have made an assignment based on its failure to file a proposal with the official receiver notwithstanding s. 50.4(8) of the BIA.

NO INTERFERENCE WITH RIGHTS

20. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

21. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Monitor, or as may be ordered by this Court. Dundee Corporation shall continue to make available all computer systems and other services provided to the Debtors in accordance with normal practices.

NON-DEROGATION OF RIGHTS

22. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Debtors. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court.

APPOINTMENT OF MONITOR

24. THIS COURT ORDERS that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Debtors with the powers and obligations set out in the CCAA or set forth herein and that the Debtors and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Debtors' receipts and disbursements;
- (b) take all steps necessary to implement the BIA SSP including all steps required to close any sale transaction approved under the BIA SSP, in these proceedings or under the Proposal Proceedings;
- (c) report to the Lender on matters related to the Debtors' Business, Property or the BIA SSP;

- (d) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the BIA SSP and such other matters as may be relevant to the proceedings herein;
- (e) assist the Debtors, to the extent required by the Debtors, in their dissemination, to the Lender and its counsel as required by the Lender of financial and other information as agreed to between the Debtors and the Lender which may be used in these proceedings including reporting on a basis to be agreed with the Lender;
- (f) advise the Debtors in their preparation of the Debtors' cash flow statements and reporting required by the Lender, which information shall be reviewed with the Monitor and delivered to the Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise provided in the Forbearance Agreement or agreed to by the Lender;
- (g) subject to the prior consent of the Lender, advise the Debtors in their development of the Plan and any amendments to the Plan;
- (h) subject to the prior consent of the Lender, assist the Debtors, to the extent required by the Debtors, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (i) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

26. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder or under the BIA SSP, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

27. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Oil and Salt Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Debtors with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.

29. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order or the

BIA SSP, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. THIS COURT ORDERS that the Proposal Trustee, counsel to the Proposal Trustee, the Monitor, counsel to the Monitor and counsel to the Debtors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtors as part of the costs of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee, the Monitor, counsel to the Monitor and counsel for the Debtors on a weekly basis or on such other basis as agreed between the Debtors and the applicable payee, with the consent of the Lender.

31. THIS COURT ORDERS that the Proposal Trustee, counsel for the Proposal Trustee, the Monitor and counsel to the Monitor shall pass their accounts from time to time, and for this purpose the accounts of the Proposal Trustee, counsel for the Proposal Trustee, the Monitor and counsel to the Monitor are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

FORBEARANCE AGREEMENT

32. THIS COURT ORDERS that paragraphs 17-21 of the August 16 Order approving the Forbearance Agreement as amended by a First Amending Agreement dated as of December 5, 2017, a Second Amending Agreement dated as of December 19, 2017, a Third Amending Agreement and Waiver dated January 24, 2018, as amended and restated pursuant to a Second Amended and Restated Forbearance Agreement dated as of February 13, 2018 (collectively, the “**Forbearance Agreement**”) granting the Proposal DIP Charge (as defined below) and directing the Debtors to comply with the terms of the Forbearance Agreement continue in full force and effect.

33. DELETED

34. THIS COURT ORDERS AND DECLARES that the payments made by the Debtors pursuant to the August 16 Order, this Order, the Credit Agreement, the Forbearance Agreement, the other Credit Documents or any of the Definitive Documents, and the granting of the Proposal

DIP Charge and CCAA DIP Charge (each as defined below), do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

VALIDITY AND PRIORITY OF CHARGES CREATED IN THE PROPOSAL PROCEEDINGS

35. THIS COURT ORDERS that the Directors' Charge (the "**Proposal Directors' Charge**"), Administration Charge (the "**Proposal Administration Charge**"), and DIP Charge (the "**Proposal DIP Charge**"), each granted in the August 16 Order pursuant to paragraphs 12-16 and 20 inclusive, shall continue to be in force and effect in these proceedings pursuant to the CCAA with the priorities provided for in paragraph [44] hereof.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

36. THIS COURT ORDERS that the Debtors shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtors after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

37. THIS COURT ORDERS that the directors and officers of the Debtors shall be entitled to the benefit of and are hereby granted a charge (the "**CCAA Directors' Charge**") on the Property, which charge, together with the Proposal Directors' Charge, shall not exceed an aggregate amount of \$50,000, as security for the indemnity provided in paragraph [36] of this Order. The CCAA Directors' Charge shall have the priority set out in paragraph [44] herein.

38. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the CCAA Directors' Charge, and (b) the Debtors' directors and officers shall only be entitled to the benefit of the CCAA Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [36] of this Order.

DIP FINANCING

39. THIS COURT ORDERS that, in addition to the existing liens, charges, mortgages and encumbrances in favour of the Lender, as security for all obligations of the Debtors to the Lender relating to advances made to the Debtors under the Credit Agreement and Forbearance Agreement from and after the date of this Order, including the Proposal DIP Charge, the Lender shall be entitled to the benefit of and is hereby granted a charge (the “**CCAA DIP Charge**”) on the Property, which CCAA DIP Charge shall not secure an obligation that exists before this Order is made. The CCAA DIP Charge shall have the priority set out in paragraph [44] hereof.

40. THIS COURT ORDERS that the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**CCAA Definitive Documents**” and together with the term “Definitive Documents” as defined in the August 16 Order, the “**Definitive Documents**”), as are contemplated by the Credit Agreement, Forbearance Agreement or as may be reasonably required by the Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Lender under and pursuant to the Credit Agreement, Forbearance Agreement and the CCAA Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the CCAA DIP Charge or any of the Definitive Documents;
- (b) upon the earlier of the occurrence of a Termination Event or the last day of the Forbearance Period (in each case as defined in the Forbearance Agreement), the Lender may:
 - (i) immediately cease making advances to the Debtors;
 - (ii) set off and/or consolidate any amounts owing by the Lender to the Debtors against the obligations of the Debtors to the Lender under the Credit

Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents; and

(iii) apply to this Court for an order authorizing the Lender to exercise any and all of its rights and remedies against the Debtors or the Property under or pursuant to the Credit Agreement, the Forbearance Agreement, any other Credit Documents (as defined in the Credit Agreement) or the Definitive Documents, the Proposal DIP Charge, the CCAA DIP Charge, or the *Personal Property Security Act* (Ontario) (the "PPSA") or similar legislation in any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property, or for a bankruptcy order against the Debtors and for the appointment of a trustee in bankruptcy of the Debtors; and

(c) the foregoing rights and remedies of the Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtors or the Property.

42. THIS COURT ORDERS AND DECLARES that the Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA.

CCAA ADMINISTRATION CHARGE

43. THIS COURT ORDERS that the Monitor, counsel to the Monitor and the Debtors' counsel shall be entitled to the benefit of and are hereby granted a charge (the "CCAA Administration Charge") on the Property, which charge, together with the Proposal Administration Charge, shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The CCAA Administration Charge shall have the priority set out in paragraph [44] hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. THIS COURT ORDERS that the priorities of the Proposal Directors' Charge, CCAA Directors' Charge, Proposal Administration Charge, CCAA Administration Charge, Proposal DIP Charge and CCAA DIP Charge, as among them, shall be as follows:

First (*pari passu*) –the Proposal Administration Charge and the CCAA Administration Charge (to the maximum aggregate amount of \$250,000);

Second (*pari passu*) – the Proposal DIP Charge and the CCAA DIP Charge;

Third – Security granted to the Lender under or pursuant to the Credit Agreement, the Forbearance Agreement and the Credit Documents; and

Fourth (*pari passu*) –the Proposal Directors’ Charge and CCAA Directors’ Charge (to the maximum aggregate amount of \$50,000).

45. THIS COURT ORDERS that the filing, registration or perfection of the CCAA Directors’ Charge, the CCAA Administration Charge and the CCAA DIP Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. THIS COURT ORDERS that each of the CCAA Directors’ Charge, the CCAA Administration Charge and the CCAA DIP Charge (all as constituted and defined herein) shall constitute a charge on the Property and, subject to paragraph [44] of this Order, such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, except for any security that qualifies as a purchase-money security interest pursuant to the PPSA.

47. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtors shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the CCAA Directors’ Charge, the CCAA Administration Charge or the CCAA DIP Charge, unless the Debtors also obtain the prior written consent of the Monitor, the Lender and the beneficiaries of the CCAA Directors’ Charge and the CCAA Administration Charge, or further Order of this Court.

48. THIS COURT ORDERS that the CCAA Directors’ Charge, the CCAA Administration Charge, the Credit Agreement, the Forbearance Agreement, the Definitive Documents and the CCAA DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the

Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtors, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents shall create or be deemed to constitute a breach by the Debtors of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the execution, delivery or performance of the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents; and
- (c) the payments made by the Debtors pursuant to this Order, the Forbearance Agreement, Credit Agreement, Credit Documents or any of the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtors' interest in such real property leases.

SERVICE AND NOTICE

50. THIS COURT ORDERS AND DECLARES that, given the noticing procedures established and completed in the Proposal Proceedings, the Monitor shall not be required to (i) publish any notices, (ii) send any notices to known creditors, or (iii) prepare and publish a list

showing the names and addresses of those creditors and the estimated amounts of those claims. The Monitor shall upload all documents filed in connection with this Application on the Case Website listed in paragraph [50] hereof.

51. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “Protocol”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that the Case Website (the “Case Website”) established in the Proposal Proceedings shall be used in these proceedings under the CCAA in accordance with the Protocol, which is accessible at the following URL ‘<<http://cfcanada.fticonsulting.com/Dundee/>>’.

52. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

53. THIS COURT ORDERS that the Debtors or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

54. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtors, the Business or the Property.

55. 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 Debtors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

56. THIS COURT ORDERS that each of the Debtors and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

57. THIS COURT ORDERS that any interested party (including the Debtors, the Lender and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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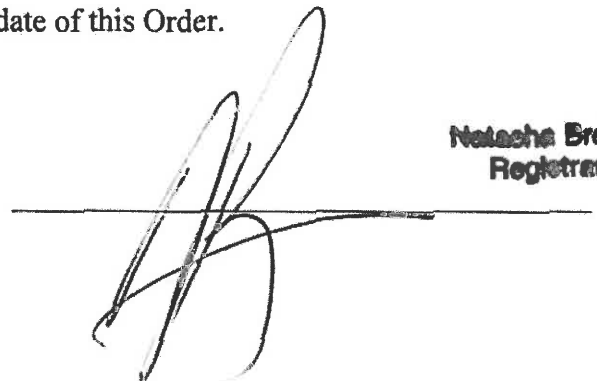
FEB 14 2018

PER / PAR:



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Natacha Brown
Registrar



**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

INITIAL ORDER

GOWLING WLG (CANADA) LLP
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Solicitors for the Applicant

APPENDIX “C”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) MONDAY, THE 11th
)
JUSTICE DUNPHY) DAY OF JUNE, 2018
)

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

APPROVAL AND VESTING ORDER

THIS MOTION, made by Dundee Oil and Gas Limited ("DOGL") on its behalf and as general partner on behalf of Dundee Energy Limited Partnership ("DELP" and together with DOGL, the "Debtors") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Debtors (the "Seller") and Lagasco Inc. (the "Purchaser") dated April 4, 2018 (as amended by agreement dated May 17, 2018 and as may be further amended from time to time, the "Sale Agreement") and appended to the Third Report of the Monitor dated May 9, 2018 (the "Third Report"), and vesting in the Purchaser all of the Seller's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of FTI Consulting Canada Inc. dated May 9, 2018, in its capacity as the Court-appointed monitor (the "Monitor"), the Supplement to the Third Report of the Monitor dated May 18, 2018 (the "Supplemental Report"), the Affidavit of Jane Lowrie sworn May 9, 2018, the

Supplementary Affidavit of Jane Lowrie sworn June 5, 2018 (the “**Supplemental Lowrie Affidavit**”), the Affidavit of Jordan Zakkai sworn June 7, 2018, and on hearing the submissions of counsel for the Monitor, the Debtors, the Purchaser, National Bank of Canada (the “**Bank**”) and the Crown, no one appearing for any other person on the service list, although properly served as appears from the affidavits of Rachel Bengino sworn on May 10, 2018 and May 18, 2018, each filed:

1. **THIS COURT ORDERS AND DECLARES** that service of the Third Report, Supplemental Report, Motion Record and Supplemental Motion Record herein, either by way of the Assignment and Distribution Notice, the Newspaper Notice, the Trade Contract Assignment Notices (as each term is defined in the Third Report) or by actual service, is effective and sufficient notice of the relief sought by the Debtors in this Motion and service of the Motion Record is hereby validated and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that any capitalized term not otherwise defined herein has the meaning attributed to it in the Sale Agreement.
3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Seller is hereby ratified and approved, with such amendments as the Seller may deem necessary and as are approved by the Monitor and the Bank, including amendments to Schedules “A” and “B” to the Sale Agreement (for greater certainty, no Well may be removed from Schedule “A” without the consent of the MNRF). The Seller 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 and for the conveyance of the Purchased Assets to the Purchaser.
4. **THIS COURT ORDERS** that the Monitor’s selection of the Purchaser as the Successful Bidder is hereby approved.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Seller's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Regional Senior Justice Morawetz dated August 16, 2017 in connection with the Debtors' Notices of Intention to Make a Proposal pursuant to s. 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**"); (ii) any encumbrances or charges created by the Order of the Honourable Justice Dunphy dated February 13, 2018 (the "**Initial Order**"); (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), *Land Titles Act* (Ontario) or any other personal or real property registry system; and (iv) those Claims listed on Schedules C-1 to C-6, inclusive, hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
6. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Elgin (#11) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-1 hereto (the "**Elgin Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Elgin Real Property all of the Claims listed in Schedule C-1 hereto.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Norfolk (#37) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-2 hereto (the “**Norfolk Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Norfolk Real Property all of the Claims listed in Schedule C-2 hereto.
8. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Essex (#12) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-3 hereto (the “**Essex Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Essex Real Property all of the Claims listed in Schedule C-3 hereto.
9. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Registry Division and/or Land Titles Division of Haldimand (#18) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-4 hereto (the “**Haldimand Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Haldimand Real Property all of the Claims listed in Schedule C-4 hereto.
10. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Niagara South (#59) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-5 hereto (the “**Niagara Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Niagara Real Property all of the Claims listed in Schedule C-5 hereto.

11. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Chatham-Kent (#24) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-6 hereto (the “**Chatham-Kent Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Chatham-Kent Real Property all of the Claims listed in Schedule C-6 hereto.
12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’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.
13. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.
14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Seller is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Seller’s records pertaining to the Seller’s past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Seller.
15. **THIS COURT ORDERS** that, 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 Seller and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Seller;

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 Seller and shall not be void or voidable by creditors of the Seller, nor shall it constitute nor be deemed to be a 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.

ASSIGNMENT OF AGREEMENTS

16. **THIS COURT ORDERS** that, subject to paragraph 23 of this Order, upon delivery of the Monitor's Certificate, all of the rights and obligations of the Seller under (i) the Leases (other than (a) the MNRF Leases; and (b) those Leases under which either Whittle Farms Inc., Marilyn Whittle or Harold Whittle is the lessor (collectively with the MNRF Leases, the "**Excluded Leases**")) and (ii) the agreements set out in Schedule E hereto, which are Assumed Contracts under the Sale Agreement (together with the Leases other than the Excluded Leases, the "**Assigned Contracts**") shall be assigned to and assumed by the Purchaser, or such party as the Purchaser may designate prior to Closing (provided, however, that such designated party agrees to be bound by the terms of such Assigned Contracts and the Purchaser is not released from any obligations or liability thereunder), pursuant to section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended ("**CCAA**").
17. **THIS COURT ORDERS** that that the assumption by the Purchaser of the rights and obligations of the Seller under the Assigned Contracts and the assignment of the Assigned Contracts to the

Purchaser pursuant to the CCAA and this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition contained in any such Assigned Contract relating to the assignment thereof, including any provision requiring the consent of any party to the assignment, and any counterparty to such Assigned Contract shall be forever barred, enjoined and estopped from enforcing the same against the Purchaser or Seller.

18. **THIS COURT ORDERS** that, except as otherwise addressed herein, the Seller's right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all encumbrances other than the Permitted Encumbrances.
19. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of the Seller, the commencement of the NOI Proceedings, the commencement of these CCAA proceedings, or any failure of the Sellers to perform a non-monetary obligation under the Assigned Contracts.
20. **THIS COURT ORDERS** that on Closing, the Purchaser shall pay to the Monitor the amount owing by the Debtors to the counterparty under each Assigned Contract as at March 31, 2018, together with any amounts owing by the Debtors under each such Assigned Contract from April 1, 2018 until Closing (the "**Cure Amount**"). The Cure Amount for each Assigned Contract shall be determined by the Monitor in consultation with the Debtors and held by the Monitor in trust in one non-interest bearing account (the "**Cure Amounts Reserve**") solely for the benefit of the counterparty to the Assigned Contract to which such Cure Amount relates.
21. **THIS COURT ORDERS** that the Cure Amount for each Assigned Contract (collectively, the "**Cure Amounts**") does not constitute Property or proceeds of the Property. The Monitor is authorized and directed to, within 30 days after Closing, pay from the Cure Amounts Reserve the Cure Amount (other than any Disputed Cure Amount, as defined below) with respect to each

applicable Assigned Contract, in full and final satisfaction of any Cure Amount owing to the counterparty to the applicable Assigned Contract.

22. **THIS COURT ORDERS** that, notwithstanding the foregoing, in addition to all obligations under the Assigned Contracts arising from and after the Closing Date, for which the Purchaser shall be liable, the Purchaser shall be liable for and shall timely pay to the counterparties under the Assigned Contracts any and all charges under the Assigned Contracts that may have accrued prior to Closing or are attributable or related to a period prior to Closing, but which do not come due until on or after the Closing Date by their terms.
23. **THIS COURT ORDERS** that if, on or before May 22, 2018, a counterparty to an Assigned Contract has notified the Monitor in writing in the manner set out in the Assignment and Distribution Notices or the Trade Contract Assignment and Distribution Notices, as applicable (as each such term is defined in the Third Report) (an “**Objecting Counterparty**”) that it objects to the Cure Amount payable under its Assigned Contract (a “**Disputed Assigned Contract**”), the Purchaser, in consultation with the Monitor, is authorized and empowered to elect to (a) not assume the Disputed Assigned Contract, in which case the Purchaser shall not be obligated to pay the applicable Cure Amount to the Monitor on Closing, provided that there shall be no adjustment to the Purchase Price; (b) pay to the Monitor on Closing the Cure Amount claimed by or otherwise acceptable to the Objecting Party for disbursement to the Objecting Counterparty in accordance with paragraph 21 of this Order; or (c) postpone for a period of not more than 60 days after Closing the assumption of the Disputed Assigned Contract pending the resolution of such dispute among the Objecting Counterparty and the Purchaser or by further Order of the Court, in which case the Cure Amount claimed by the Objecting Counterparty (the “**Disputed Cure Amount**”) shall be paid by the Purchaser to the Monitor on Closing and held by the Monitor as part of the Cure Amounts Reserve pending resolution of such dispute or further order of the Court. The Purchaser may, at any time after Closing, by written notice to the Monitor and the Objecting Counterparty, elect not

to assume a Disputed Assigned Contract subject to dispute as described in subparagraph (c) above, in which case the Monitor shall return the Disputed Cure Amount to the Purchaser, provided that there shall be no adjustment to the Purchase Price. Notwithstanding the dispute, the assignment and assumption of the Disputed Assigned Contract pursuant to paragraph 17 of this Order is valid and binding in all respects and the Objecting Counterparty's recourse is limited to the Disputed Cure Amount unless the Purchaser elects not to assume the Disputed Assigned Contract, in which case the assignment and assumption of the Disputed Assigned Contract shall cease to be effective, provided that there shall be no adjustment to the Purchase Price. If it is determined that, in accordance with this paragraph 23, the Objecting Counterparty is not entitled to the full amount of the Disputed Cure Amount, the Monitor is hereby directed to distribute the portion, if any, of the Disputed Cure Amount to which such Objecting Counterparty is entitled and return any excess portion of the Disputed Cure Amount to the Purchaser.

24. **THIS COURT ORDERS** the Monitor, on behalf of the Seller, to send a copy of this Order to all of the counterparties to the Assigned Contracts other than the Leases. The notice set out in the Assignment and Distribution Notice specifying that this Order, if granted, will be posted on the Monitor's Website on May 23, 2018, shall be deemed to constitute sufficient notice to the Lease counterparties pursuant to s. 11.3(5) of the CCAA.
25. **THIS COURT ORDERS AND DIRECTS** the Seller to, prior to Closing, seek a further Order of the Court directing each applicable Land Registry Office and/or Land Titles Office to enter the Purchaser as the lessee under each of the applicable Leases and to delete and expunge from the title to the freehold properties against which notices of the Leases and related instruments are registered all of the instruments registered in favour of the Bank in connection with the Leases, with all other instruments registered against the title to any one or more of such properties constituting Permitted Encumbrances.

RESERVES AND DISTRIBUTIONS TO NATIONAL BANK OF CANADA

26. **THIS COURT ORDERS** that the Purchaser is directed on Closing to pay all outstanding royalties owing with respect to the MNRF Leases to the Monitor, which the Monitor shall immediately distribute to the MNRF at the direction of the MNRF and does not constitute Property or proceeds of the Property.
27. **THIS COURT ORDERS** that the Purchaser is directed on Closing to either (a) pay up to \$235,000 (the “*Miss Libby Reserve*”), being a portion of the Purchase Price allocated to the sale of *Miss Libby*, to the Bank and/or Nadro Marine Services Limited in accordance with a written direction from the Bank and Nadro (the “**Direction**”); or (b) if the Direction has not been delivered to the Purchaser at least three Business Days prior to Closing, pay the Miss Libby Reserve to the Monitor, which shall be held by the Monitor pending receipt of a Direction or further Order of the Court.
28. **THIS COURT ORDERS** that the Purchaser is directed on Closing to pay to the Monitor \$200,000 of the Purchase Price to fund a reserve (the “**Professional Fee Reserve**”) which shall be utilized to fund the professional fees and expenses of the Debtors and their legal counsel, the Monitor and its legal counsel and the Bank and its legal counsel (collectively, the “**Professional Fees**”). The Monitor is authorized and empowered, without further Order of the Court, to disburse from the Professional Fee Reserve, from time to time, amounts owing by the Debtors in respect of Professional Fees. Any amounts remaining in the Professional Fee Reserve after the completion of these CCAA proceedings and the discharge of the Monitor shall be distributed to the Bank.
29. **THIS COURT ORDERS** that, on Closing, the Purchaser is hereby irrevocably authorized and directed to pay to the Bank the net amount of the cash portion of the Purchase Price, net of the Deposit, which amount shall be on account of first, the obligations owing by the Debtors to the Bank under and pursuant to a second amended and restated forbearance agreement dated as of February 13, 2018, as amended (the “**DIP Obligations**”) and second, the secured obligations owing

by the Debtors to the Bank under and pursuant to an amended and restated credit agreement dated as of the July 31, 2012, as amended (the “**Secured Obligations**”). The Monitor is hereby authorized and directed, without further Order of the Court, to (i) on Closing, transfer the Deposit, net of the *Miss Libby* Reserve and the Professional Fee Reserve (the “**Net Deposit Amount**”) to the Seller’s account with the Bank, and (ii) transfer any and all future receipts or proceeds (the “**Future Receipts**”) that may be received by the Monitor after Closing to the Seller’s account with the Bank. Immediately upon receipt by the Seller, the Seller is hereby irrevocably ordered and directed to transfer the Net Deposit Amount and the Future Receipts to the Bank up to the maximum aggregate amount of the DIP Obligations and the Secured Obligations without deduction or set off.

CHARGES

30. **THIS COURT ORDERS** that, upon Closing, the Proposal Administration Charge and CCAA Administration Charge (each as defined in the Initial Order) shall be reduced to an aggregate amount of \$200,000 and shall continue to charge the Property, including the Professional Fee Reserve, from and after the Closing Date.
31. **THIS COURT ORDERS** that, upon Closing, the Proposal DIP Charge, the CCAA DIP Charge, the Proposal Directors’ Charge and the CCAA Directors’ Charge (each as defined in the Initial Order) are hereby terminated, released and discharged.

STAY EXTENSION

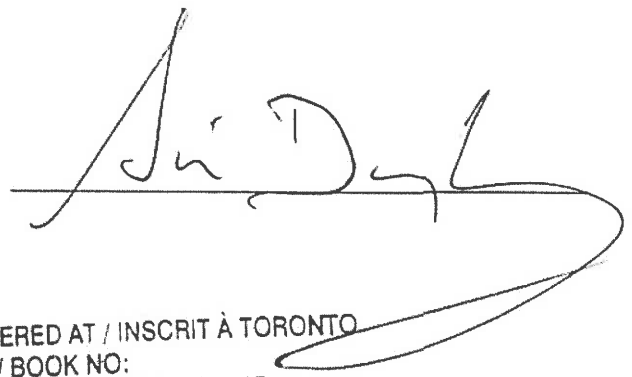
32. **THIS COURT ORDERS** that the Stay Period as ordered and defined in paragraph 17 of the Initial Order is hereby extended until and including September 28, 2018.

GENERAL

33. **THIS COURT ORDERS** that the Summary of Final Bids, attached as Confidential Appendix “A” to the Third Report, the unredacted Sale Agreement, attached as Confidential Appendix “B” to the

Third Report, and the Purchaser's balance sheet, attached as Confidential Exhibit "1" to the Supplemental Lowrie Affidavit are hereby sealed pending Closing and shall not form part of the public record.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor pertaining to the discharge of its duties under this Order, save and except any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA, any other federal or provincial applicable law, the Initial Order or any other orders in this proceeding.
35. **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 Seller and the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Seller and the Monitor as may be necessary or desirable to give effect to this Order or to assist the Seller and the Monitor in carrying out the terms of this Order.

A large, stylized handwritten signature in black ink, appearing to read "A. D. L.", is written over a horizontal line. The signature is fluid and cursive.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 11 2018

PER / PAR:

Handwritten initials "NB" in black ink, positioned below the date stamp.

SCHEDULE "A"

Court File No. CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of Justice Dunphy of the Ontario Superior Court of Justice (the "**Court**") dated February 13, 2018, FTI Consulting Canada Inc. was appointed as the monitor (the "**Monitor**") of Dundee Oil and Gas Limited ("**DOGL**").

B. Pursuant to an Order of the Court dated June 11, 2018, the Court approved the agreement of purchase and sale made as of April 4, 2018 (as amended by agreement dated May 17, 2018 and as may be further amended from time to time, the "**Sale Agreement**"), between Dundee Energy Limited Partnership, by its general partner, DOGL, and DOGL (together, the "**Seller**"), and Lagasco Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Seller's 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 Monitor 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 articles 11 and 12 of the Sale Agreement have been satisfied or

waived by the Seller or the Purchaser, as applicable; and (iii) the sale transaction has been completed to the satisfaction of the Seller and the Monitor.

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Seller 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 articles 11 and 12 of the Sale Agreement have been satisfied or waived by the Seller and the Purchaser; and
3. The sale transaction has been completed to the satisfaction of the Seller and the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____, 2018.

**FTI CONSULTING CANADA INC.,
solely in its capacity as Monitor of
Dundee Oil and Gas Limited and not in
its personal or corporate capacity**

Per: _____

Name:

Title:

SCHEDULE B-1

PIN 35151-0124 (LT)

LOTS L, M, PLAN 39 SOUTHWOLD; T/W E332030 EXCEPT THE EASEMENT THEREIN
(SECONDLY & THIRDLY & FOURTHLY DESCRIBED); SOUTHWOLD

PIN 35323-0141 (LT)

PART OF LOT 11 CON 1 BAYHAM DESIGNATED AS PART 3, 11R5136; BAYHAM

SCHEDULE B-2

PIN 50256-0253 (LT)

PT LT 18 CON 2 WOODHOUSE PT 1, 37R3413; NORFOLK COUNTY

SCHEDULE B-3

PIN 75097-0449 (LT)

PT LT 243 CON NTR MERSEA (LEAMINGTON) PT 1 & 2, 12R15539; LEAMINGTON; SUBJECT TO AN EASEMENT IN GROSS OVER PART 3 PL 12R24008 UNTIL 2020/05/28 AS IN CE425872

PIN 75119-1094 (LT)

PT LT 12 CON 1 MERSEA, DESIGNATED AS PTS 1, 2, 3 & 4 PL 12R26031; SUBJECT TO AN EASEMENT IN GROSS OVER PTS 2 & 3 PL 12R26031 AS IN R1331689; MUNICIPALITY OF LEAMINGTON

SCHEDULE B-4

PIN 38124-0159 (R)

PT SHERBROOKE MARSH SHERBROOKE; PT RDAL BTN CON 2 AND CON 3 SHERBROOKE (CLOSED BY UNREGISTERED BYLAW #3); PT LT A PL 776; PT WATER LT IN FRONT OF LT A PL 776 PT 3 & 5 18R3978 AND PT 1 18R4368; T/W HC219461; HALDIMAND COUNTY

PIN 38126-0072 (LT)

PT LT 16 CON 2 SHERBROOKE PT 1-2 18R1610 & PT 1 18R4958 EXCEPT PT 1 18R4513; HALDIMAND COUNTY

SCHEDULE B-5

PIN 64243-0080 (LT)

PT LT 7 CON 8 NIAGARA RIVER BERTIE AS IN RO667569; FORT ERIE

SCHEDULE B-6

PIN 00834-0004 (LT)

PT LT 13, CON 3 (ROMNEY), PART 1, 24R4082 S/T 470227, TOGETHER WITH EASEMENT OVER PART LOT 13, CON. 3, ROMNEY DESIGNATED AS PART 1, 24R8264 AS IN CK32201; CHATHAM-KENT

PIN 00852-0041 (LT)

PT LTS 179 & 180, CON TALBOT RD SURVEY, & PT OF THE RD ALLOWANCE BTN LTS 179 & 180 CLOSED BY BY-LAW 79123, PTS 1, 2 & 3, 24R5141 EXCEPT ALL MINERAL RIGHTS, MINES & MINERALS WHETHER SOLID, LIQUID OR GASEOUS ALREADY FOUND OR WHICH MAY BE FOUND TO EXIST WITHIN, UPON OR UNDER PT 3, 24R5141 S/T RO12117 & RO11448; S/T INTEREST, IF ANY, IN 79124; ROMNEY

PIN 00852-0042 (LT)

PT LT 179, CON TALBOT RD SURVEY, DESIGNATED AS PART 1, 24R 5465 S/T 84979; ROMNEY

PIN 00852-0044 (LT)

PT LT 179, CON TALBOT RD SURVEY , PART 6 , 24R5141 , EXCEPT ALL MINERAL RIGHTS, MINES & MINERALS WHETHER SOLID, LIQUID OR GASEOUS ALREADY FOUND OR WHICH MAY BE FOUND TO EXIST WITHIN, UPON OR UNDER PT 6, 24R5141 S/T RO12117 ; ROMNEY ; DESCRIPTION AMENDED 1997/03/19 BY R. PINSONNEAULT

PIN 00678-0047 (LT)

PT LT 96 CON BROKEN FRONT HOWARD PT 1 & 2 24R1236; S/T 75015 PARTIALLY SURRENDERED BY 260870; CHATHAM-KENT

SCHEDULE C-1 – Claims to be deleted and expunged from title to the Elgin Real Property

PIN 35151-0124 (LT)

1. Charge in favour of National Bank of Canada (“NBC”) securing the principal amount of \$150,000,000.00 registered as Instrument No. CT58564 on June 30, 2010.

PIN 35323-0141 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CT58566 on June 30, 2010.

SCHEDULE C-2 – Claims to be deleted and expunged from title to the Norfolk Real Property

PIN 50256-0253 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. NK35252 on June 30, 2010.

SCHEDULE C-3 – Claims to be deleted and expunged from title to the Essex Real Property

PIN 75097-0449 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE430703 on June 30, 2010.

PIN 75119-1094 (LT)

1. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE442705 on September 27, 2010; and
2. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CE443071 on September 29, 2010.

SCHEDULE C-4 – Claims to be deleted and expunged from title to the Haldimand Real Property

PIN 38124-0159 (R)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. HC304542 on June 30, 2010.

PIN 38126-0072 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CH25140 on June 30, 2010.

SCHEDULE C-5 – Claims to be deleted and expunged from title to the Niagara Real Property

PIN 64243-0080 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. SN285496 on June 30, 2010.

SCHEDULE C-6 – Claims to be deleted and expunged from title to the Chatham-Kent Real Property

PIN 00834-0004 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46854 on June 30, 2010; and
2. Notice of Charge of Lease in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK50969 on November 4, 2010.

PIN 00852-0041 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00852-0042 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00852-0044 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. CK46852 on June 30, 2010.

PIN 00678-0047 (LT)

1. Charge in favour of NBC securing the principal amount of \$150,000,000.00 registered as Instrument No. R669693 on June 30, 2010.

SCHEDULE D – Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property described in Schedules “B-1” to “B-6”, inclusive (collectively, the “Real Property”)

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Real Property means:

- (a) All of the Permitted Encumbrances affecting the Real Property set out in the Sale Agreement to the extent not otherwise set out herein;
- (b) All of the instruments set out in this Schedule “D”;
- (c) the exceptions and qualifications set out in the *Land Titles Act* (Ontario) and the *Registry Act* (Ontario), as applicable to each portion of the Real Property, as well as any other exceptions and/or qualifications set out on any of the parcel registers for the Real Property, as well as all instruments registered on title to the Real Property or any portion thereof, save and except for those instruments that are set out in Schedules “C-1” to “C-6” hereto;
- (d) The reservations, limitations, provisos and conditions expressed in any grants or transfers from the Crown and statutory exceptions to title;
- (e) Any registered or unregistered easements, servitudes, rights-of-way, licences, restrictions that run with the land and other encumbrances and/or agreements with respect thereto (including, without limiting the generality of the foregoing, easements, rights-of-way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);
- (f) Inchoate liens for taxes, assessments, public utility charges, governmental charges or levies not at the time due;
- (g) Any encroachments, minor defects or irregularities indicated on any survey of the Real Property or any portion thereof or which may be disclosed on an up-to-date survey of the Real Property or any portion thereof;
- (h) Zoning (including, without limitation, airport zoning regulations), use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations, work orders, deficiency notices and any other noncompliance;
- (i) Any breaches of any applicable laws, including, without limitation, outstanding building permits, work orders and deficiency notices;
- (j) Any subdivision agreements, site plan agreements, development agreements and any other agreements with the municipality, region, publicly regulated utilities or other governmental authorities having jurisdiction;
- (k) agreements and/or plans relating to pooling or unitization of any portion of the Real Property or the Debtors’ interest therein; and
- (l) Defects or irregularities in title to the Property.

Without in way limiting the generality of the foregoing, the Permitted Encumbrances shall include the following specific instruments registered against the title to the Real Property or any portion thereof:

A. THE ELGIN REAL PROPERTY

PIN 35151-0124 (LT)

None

PIN 35323-0141 (LT)

1. Notice registered on July 16, 2013 as Instrument No. CT95079 by Dundee Oil and Gas Limited (“**Dundee**”).

B. THE NORFOLK REAL PROPERTY

PIN 50256-0253 (LT)

1. Notice of Claim registered on March 29, 2000 as Instrument No. NR545686 by Glenerd Limited with respect to various gas leases.

C. THE ESSEX REAL PROPERTY

PIN 75097-0449 (LT)

1. By-law registered on April 1, 1970 as Instrument No. R465228;
2. Pooling Agreement registered on July 26, 1996 as Instrument No. R1352002 between The Lake Erie and Detroit River Railway Company (“**Railway**”) and Pembina Exploration Limited (“**Pembina**”) with respect to drilling arrangements pursuant to an oil and gas lease;
3. Unitization Agreement registered on July 26, 1996 as Instrument No. R1352003 between Railway and Pembina with respect to drilling arrangements pursuant to an oil and gas lease;
4. Application to Annex Restrictive Covenants registered on September 24, 1996 as Instrument No. R1358630Z and containing restrictions relating to fencing and drainage;
5. Notice of Determination/Surrender of Lease registered on March 30, 2004 by Talisman Energy Inc. (“**Talisman**”);
6. Application to Amend Based on Court Order registered on May 26, 2010 as Instrument No. CE425218 amending the legal owner to Talisman; and
7. Transfer of Easement registered on May 28, 2010 as Instrument No. CE425872 in favour of Cogeco Cable Canada GP Inc.

PIN 75119-1094 (LT)

1. By-law registered on August 27, 1963 as Instrument No. R286958;
2. Agreement to Lease registered on October 5, 1982 as Instrument No. R864005;
3. Order of the Ontario Energy Board registered on March 9, 1994 as Instrument No. R1265517;
4. Assignment General registered on October 18, 1994 as Instrument No. R1289597;
5. Easement Agreement registered on January 4, 1996 as Instrument No. R1331689;
6. Agreement registered on April 4, 2000 as Instrument No. 1488244 among Paul Miehl and Rose Miehl and The Municipality of Leamington;
7. Declaration registered on January 15, 2001 as Instrument No. R1506492;
8. Notice of an Agreement registered on December 9, 2004 as Instrument No. CE120335 among Paul Miehle, Rose Michl, Thomas Miehl and Talisman;
9. Notice of an Agreement registered on December 9, 2004 as Instrument No. CE120335 among Paul Miehle, Rose Miehl, Thomas Miehl and Talisman;
10. Notice of Assignment of Lessee Interest registered on July 15, 2010 as Instrument No. CE432738 between Talisman and Dundee;
11. Notice of Agreement registered on July 15, 2010 as Instrument No. CE432785 between Talisman and Dundee;
12. Notice registered on April 2, 2015 as Instrument No. CE653021 among John Miehl, Thomas Michl and Dundee; and
13. Notice registered on April 10, 2015 as Instrument No. CE653716 among John Miehl, Thomas Miehl and The Corporation of the Municipality of Leamington.

D. THE HALDIMAND REAL PROPERTY

PIN 38124-0159 (R)

None

PIN 38126-0072 (LT)

1. Notice of Lease registered on May 9, 1996 as Instrument No. HC227035 in favour of The Consumers' Gas Company Ltd. ("Consumers"); and

2. Notice of Lease registered on March 7, 2016 as Instrument No. CH65335 in favour of Enbridge Gas Distribution Inc.

E. THE NIAGARA REAL PROPERTY

PIN 64243-0080 (LT)

1. By-law registered on July 31, 1969 as Instrument No. RO106181 designating areas of subdivision control.

F. THE CHATHAM-KENT REAL PROPERTY

PIN 00834-0004 (LT)

1. Agreement of Lease registered on August 31, 1978 as Instrument No. 334572 between Robert Kenneth Renwick and Mabel Elizabeth Renwick (collectively, the "**Renwicks**"), as Lessor, and Anshutz (Canada) Exploration Ltd., as Lessee, being a petroleum and natural gas lease (the "**Oil and Gas Lease**");
2. Assignment of the Oil and Gas Lease registered on December 31, 1987 as Instrument No. 454241 between Pembina and Consumers;
3. Transfer/Deed of Land registered on January 20, 1989 as Instrument No. 470227 from the Renwicks to Consumers and containing a reservation in favour of the Renwicks, their heirs, executors, administrators and assigns all petroleum, natural gas and related hydrocarbons and all minerals, substances and other gases within, upon or under the lands;
4. Notice of Assignment of Leases registered on October 31, 1994 as Instrument No. LT4321 between Consumers and Pembina;
5. Notice registered on October 1, 2002 as Instrument No. LT39326 between the Renwicks and Talisman relating to Instrument Nos. 334572, 45421 and LT4321 described in items 1, 2 and 4 above; and
6. Notice of Assignment of Lessee Interest registered on October 28, 2010 as Instrument No. CK49588 from Talisman to Dundee and relating to Instrument No. 334572

PIN 00852-0041 (LT)

1. Indenture registered on July 8, 1954 as Instrument No. RO12117 between Union Gas Company of Canada, Limited ("**Union Gas**"), as Grantor, and Consolidated West Petroleum Ltd. ("**Consolidated West**"), as Grantee, pursuant to which Union Gas reserved all mining rights, mines and minerals, whether solid, liquid or gaseous already found or which may be found to exist within, upon or under the lands with full liberty of ingress, egress and regress in, to and upon the lands for operations thereon relating to such mines and minerals;

2. Deed of Land registered on an indeterminate date as Instrument No. RO11448 from Union Gas to an illegible grantee pursuant to which Union Gas reserved similar rights to those set out in Instrument No. RO12117 and described in item 1 above;
3. Deed of Land registered on April 26, 1956 as Instrument No. 79124 from The Corporation of the Township of Romney to Consolidated West, which deed is stipulated to be subject to any presently existing drains or drainage rights affecting the lands;
4. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by Union Gas Limited (“UGL”) in connection with a Right-of-Way Agreement from 1908;
5. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville Holdings Inc. (“Lakeville”) with respect to an assignment of various oil and gas leases; and
6. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco Inc. (“Lagasco”).

PIN 00852-0042 (LT)

1. Transfer of Easement registered on January 7, 1957 as Instrument No. 84979 in favour of Consolidated West;
2. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by UGL in connection with a Right-of-Way Agreement from 1908;
3. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville with respect to an assignment of various oil and gas leases; and
4. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco.

PIN 00852-0044 (LT)

1. Indenture registered on July 8, 1954 as Instrument No. RO12117 between Union Gas, as Grantor, and Consolidated West, as Grantee, pursuant to which Union Gas reserved all mining rights, mines and minerals, whether solid, liquid or gaseous already found or which may be found to exist within, upon or under the lands with full liberty of ingress, egress and regress in, to and upon the lands for operations thereon relating to such mines and minerals;
2. Notice of Claim registered on May 16, 1991 as Instrument No. 502724 by UGL in connection with a Right-of-Way Agreement from 1908;
3. Assignment of Lease registered on April 30, 1992 as Instrument No. 516030 between UGL and Lakeville with respect to an assignment of various oil and gas leases; and
4. Application to Change Name – Instrument registered on May 13, 2011 as Instrument No. CK57497 changing the name of Lakeville to Lagasco.

PIN 00678-0047 (LT)

1. Right of Way Agreement registered on October 25, 1955 as Instrument No. 75015 in favour of Union Gas Co. of Canada Ltd. with respect to gas pipelines;
2. Agreement of Lease registered on November 26, 1970 as Instrument No. 221429 in favour of Leonard A. Pegg relating to natural gas production and wells ;
3. Surrender of Lease registered on September 18, 1973 as Instrument No. 260870 wherein Union Gas Ltd. partially surrenders the right of way in Instrument No. 75015 described in item 1 above;
4. Agreement registered on February 4, 1974 as Instrument No. 266197 between Union Gas Ltd. and Leonard A. Pegg relating to Instrument Nos. 75015 and 260870 described in items 1 and 3 above, respectively;
5. Assignment of Lease registered on December 19, 2002 as Instrument No. 621289 between The Estate of Leonard Arthur Pegg, Charles W. Pegg and Eriebrook Energy Ltd. relating to various oil and gas leases that are no longer registered against the title; and
6. Notice of Claim registered on December 19, 2002 as Instrument No. 621290 in favour of Eriebrook Energy Ltd. and relating to Instrument No. 221429 described in item 2 above.

SCHEDULE E

Assumed Contracts under the Sale Agreement

Vendor/Customer	Contract Name	Contract Type
American Refining Group, Inc.	American Refining Group - Crude Oil Purchase/Sale Agreement	Marketing
American Refining Group, Inc.	Marketing Agreement-2nd Amendment-377082 American Refining Group 31-01 2017	Marketing
American Refining Group, Inc.	3rd Amendment to Dundee-ARG Executed Agreement April 1 2017	Marketing
Enbridge Gas Distribution Inc.	Enbridge Gas Distribution Inc. Gas Exchange Agreement	Marketing
Enerflex	Enerflex Equipment Rental	Vendor
Quest Automotive Leasing Services	Master Lease Agreement	Vendor
Shell Chemicals Canada	NGL Shell Canada-Shell Chemicals 01-Apr-2013	Marketing
Shell Chemicals Canada	Shell Canada Energy - N.G.L Purchase Contract	Marketing
Union Gas Ltd.	Union Gas-Ontario Production Gas Purchase Agreement	Marketing
Union Gas Ltd.	Marketing Agreement-377045 Union Gas - M13 Transportation & Producer 25-Jun-2013	Vendor
Williamson Leasing (now Pattison)	Master Lease Agreement	Vendor

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at **Toronto**

APPROVAL AND VESTING ORDER

GOWLING WLG (CANADA) LLP

Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, ON M5X 1G5

E. PATRICK SHEA (LSO# 39655K)

Email: patrick.shea@gowlingwlg.com
Tel: (416) 369-7399
Fax: (416) 862-7661

Lawyers for the Applicant

APPENDIX “D”

Court File No. CV-18-591908-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

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WEDNESDAY, THE 26th

JUSTICE DUNPHY

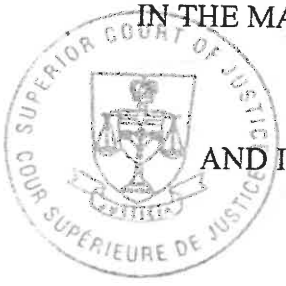
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DAY OF SEPTEMBER, 2018

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.
C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED



KEY EMPLOYEE INCENTIVE PROGRAM AND STAY EXTENSION ORDER

THIS MOTION, made by Dundee Oil and Gas Limited ("DOGL") on its behalf and as general partner on behalf of Dundee Energy Limited Partnership ("DELP" and together with DOGL, the "Debtors"): for an order (i) approving the key employee incentive program (the "Key Employee Incentive Program") as described in the fourth report (the "Fourth Report") of FTI Consulting Canada Inc., in its capacity as the Court-appointed monitor (the "Monitor"); (ii) extending the stay of proceedings; (iii) extending the outside date for Closing of the Transaction under the APA (as defined below) until October 12, 2018, and (iv) authorizing the Monitor to communicate with interested parties in connection with the possible sale or other transaction involving the Property in the event that the APA (as each term is defined below) is terminated, was heard this day at 330 University Avenue, Toronto, Ontario.

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ON READING the Fourth Report and on hearing the submissions of counsel for the Monitor, the Debtors, National Bank of Canada, Lagasco Inc., Ministry of Natural Resources and Forestry, Canadian
AND
AND

Overseas Petroleum Limited, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Rachel Bengino sworn on September 25, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that service of the Fourth Report and Motion Record is hereby validated and further service thereof is hereby dispensed with.
2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meaning set forth in the Approval and Vesting Order granted by the Court on June 11, 2018 (the “**Approval and Vesting Order**”) or the Asset Purchase Agreement dated April 4, 2018 between Lagasco Inc. (the “**Buyer**”) and the Debtors (as amended, the “**APA**”).

KEY EMPLOYEE INCENTIVE PROGRAM

3. **THIS COURT ORDERS** that the Key Employee Incentive Program, as described in the Fourth Report, is hereby approved and the Debtors are authorized and directed to make payments in accordance with the terms thereof.
4. **THIS COURT ORDERS** that payments made by the Debtors pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, or other challengeable or voidable transactions under any applicable law.
5. **THIS COURT ORDERS** that the unredacted version of Confidential Appendix “A” to the Fourth Report be sealed in its entirety, kept confidential and not form part of the public record, unless otherwise ordered by the Court.

until six months from the date of this order
ATD

STAY EXTENSION

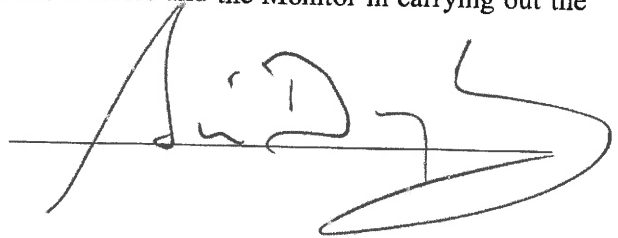
6. **THIS COURT ORDERS** that the Stay Period as ordered and defined in paragraph 17 of the Initial Order is hereby extended until and including November 30, 2018.

APA

7. **THIS COURT ORDERS** that the Debtors and the Monitor are hereby authorized to consent to a further extension of the outside date for Closing under the APA until October ¹²~~10~~, 2018. DMD
8. **THIS COURT ORDERS** that in the event that, on or before October ¹²~~10~~, 2018, ¹²~~10~~ the Buyer fails to pay the Purchase Price in accordance with the APA and the Approval and Vesting Order, the Debtors are authorized to terminate the APA without prejudice to any of the Debtors' rights and remedies thereunder and the Monitor shall retain the Deposit pending further order of the Court.

GENERAL

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 Debtors and the Monitor in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and the Monitor as may be necessary or desirable to give effect to this Order or to assist the Debtors and the Monitor in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 26 2018

PER / PAR: *mlh*

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**KEY EMPLOYEE INCENTIVE PROGRAM AND STAY
EXTENSION ORDER**

GOWLING WLG (CANADA) LLP
Barristers and Solicitors
1 First Canadian Place, Suite 1600
100 King Street West
Toronto, ON M5X 1G5

E. PATRICK SHEA (LSO# 39655K)
Email: patrick.shea@gowlingwlg.com
Tel: (416) 369-7399
Fax: (416) 862-7661

Lawyers for the Applicant

APPENDIX “E”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DUNDEE OIL AND GAS LIMITED

Applicants

SECOND SUPPLEMENTARY AFFIDAVIT OF JANE LOWRIE
(Sworn September 26th, 2018)

I, Jane Lowrie, of the City of London, in the Province of Ontario, MAKE OATH AND
SAY:

1. I am the President and Chief Executive Officer of Lagasco Inc. ("**Lagasco**"). Unless otherwise stated herein, all facts set forth in this Affidavit are based upon: (a) my personal knowledge; (b) my experience as President and Chief Executive Officer of Lagasco; and (c) information provided to me by employees and authorized representatives and professionals of Lagasco. If called upon to testify, I would testify competently to the facts set forth in this Affidavit. I am authorized to swear this Affidavit on behalf of Lagasco. I swear this Supplementary Affidavit to provide additional evidence and information with respect to issues raised by the Monitor with respect to the ability of Lagasco to complete the purchase of the assets of Dundee Oil and Gas Limited and Dundee Limited Partnership (together "**Dundee**").

Ready, Willing and Able to Close on September 26, 2018

2. Notwithstanding any information given to the monitor previously, Lagasco now has adequate financing in place to permit it to close this transaction as early as

Wednesday, September 26, 2018 and thereafter operate the Dundee Assets.
Details of the financing include:

- a. \$17 million from Pace Credit Union ("Pace"). Attached as Exhibit "A" to this affidavit are two commitment letters addressed to Lagasco and Forbes Resources Corp. amended as of Sept. 11, 2018 making available \$6 million and \$11 million respectively to fund the purchase and subsequent operations of the Dundee assets. \$3 million has been advanced by Pace to date which comprises the deposit held by the monitor. A letter from Pace confirming they are ready to advance subject only the consent of MNRF to the transfer of the well licenses to Lagasco (which is also a condition precedent to closing) is attached as Exhibit "B" hereto.
- b. \$5.5 million from Crich Holdings an ongoing partner of mine in various oil and gas ventures to be advanced through Clearbeach Resources Inc. as a shareholder loan. Attached as Exhibit "C" hereto is an email from Jim Elsley of Mackenzie Lake LLP solicitor for Crich Holdings confirming that he holds the \$5.5 million in his trust account and is ready to advance those funds to Lagasco without condition at the time of closing.
- c. \$3.6 million from the following investors pursuant to the subscription agreements attached as Exhibit "D". Pursuant to the subscription agreements the subscribers subscribed for common shares and a promissory note. The promissory note is for a period of 36 months and bears interest at the rate of 10% per annum. Details of the subscription are as follows:
 - i Watson Family Wealth Corporation \$1,000,000
 - ii Warren Bury \$500,000
 - iii Jerry Hendrikx \$100,000
 - iv 2654666 Ontario Inc. \$1,000,000

v John Doe \$1,000,000 (investor did not give permission to release name), attached as Exhibit "E" is a letter from Tim McCullough of Harrison Pensa LLP confirming the \$3.6 million relating to the above subscriptions are in the trust account of Harrison Pensa LLP or have been sent by the subscriber and are available to be released without condition upon closing to fund the Lagasco purchase of the Dundee Assets.

- d. \$6.0 million from Pace Credit Union by way of loan to Forbes Resources Corp. an unconditional term sheet dated September 26th, 2018 providing for a \$6 million loan repayable with principal payments of \$250,000 per month for 24 months with interest at the rate of 16% paid monthly is attached as Exhibit "F".

Post Purchase Cash Flow of Lagasco and Forbes Resources

3. Lagasco has prepared a revised post closing cash flow relating to its consolidated operations including assets transferred to Forbes Resources Corp. after the Dundee Assets are incorporated into the business commencing in 2018 through to 2032, the expected life of the purchased assets. This cash flow is revised to take into account on a consolidated basis the subsequent transfer of various purchased interests to Forbes Resources Corp. and includes abandonment and reclamation obligations set out in the petroleum and natural gas leases. The cash flow which is attached as Exhibit "G" to this affidavit (the "Lagasco Revised Cash Flow") demonstrates that:
 - a) The operations of Lagasco will be cash positive in every year of operations, and
 - b) Lagasco will be able to perform the obligations relating to the agreements assigned to it under section 11.3 of the *Companies Creditors Arrangement Act*.

4. The Lagasco Revised Cash Flow relies in part on the Statement of Reserves Data and Other Oil and Gas Information of Dundee Energy Limited Partnership prepared by Deloitte dated February 28, 2018 (hereinafter the "Deloitte Statement") on the same basis as set out in my Supplementary Affidavit sworn June 5th in this proceeding.
5. As stated in my June 5th affidavit there is a positive cash flow from 2018 to 2032 after payment of all operating costs, royalties and abandonment and salvage costs (including well plugging and remediation).

The net operating income is positive in each and every year. The Lagasco Revised Cash Flow incorporates in addition to the Deloitte Confirmation Report net operating income amount, its general and administrative expenses, its lease expenses and debt repayment. After payment of all of those expenses Lagasco remains cash flow positive in each and every year from 2018 to 2032.

6. I remain completely confident in stating that Lagasco has now and will have in the future, adequate capitalization to assume the operation of the Dundee Assets and to pay all liabilities, plugging, abandonment and salvage costs associated with the assumption of leases and contracts which are part of the Dundee Assets.

Forbes Resources Corp.

7. Forbes Resources Corp. ("Forbes") is owned by Jarvis Holdings Inc., a company owned by my four children. Forbes became involved in the transaction for succession planning purposes. Immediately after closing of the purchase of the Dundee Assets, Lagasco will transfer certain of the onshore assets to Forbes. Pace advised that this arrangement is acceptable and is reflected in the term sheets in Exhibit "A".
8. The Monitor and the MNRF were advised of the proposed Forbes involvement on or before July 25, 2018. Lagasco presently intends to transfer the well licenses with respect to certain of the onshore assets after the closing of the purchase of the Dundee Assets.
9. It is Lagasco's intent to remain liable for all liabilities of Forbes including the payment of all liabilities, plugging, abandonment and salvage costs associated with the leases and

contracts transferred to Forbes. The consolidated cash flows of Lagasco and Forbes confirm that the overall effect of the transfer of certain onshore assets acquired from the Dundee Assets is neutral and does not impair the consolidated cash flow or the payment of liabilities such as plugging, abandonment and salvage costs.

The Ability of Lagasco to Obtain Funding

10. My affidavit of June 5th, 2018 remains correct regarding the ability of Lagasco to obtain adequate financing. The shareholders of Lagasco and its associated companies have the means and intent to provide backstop financing when required and this has been our method of operating for 29 years.
11. Several factors have given rise to the transition over the summer months to different forms of funding through different investors. One of these factors was the litigation commenced by Canadian Overseas Petroleum Limited which deterred many potential investors.

MacLeod Energy Limited

12. In early July, 2018 MacLeod Energy Limited (“MacLeod”) approached Scott Lewis of Forbes regarding taking an assignment of certain of the onshore well licenses and leases that were to be transferred to Forbes subsequent closing. In order to avoid two assignments of the assets being acquired by MacLeod, it was agreed that Lagasco would sell certain onshore well licenses and leases directly to MacLeod rather than to Forbes and then to MacLeod.
13. Scott Lewis conducted the negotiations and in due course an asset purchase agreement was arranged between the two parties. This arrangement, if completed would reduce the amount of money required from Lagasco to complete the Dundee Asset purchase transaction.
14. After the purchase agreement was arranged with MacLeod, Canadian Overseas Petroleum Limited brought an injunction application against MacLeod which clearly meant that


MacLeod would not be able to complete its asset purchase arrangement with Lagasco as contemplated.

15. We immediately began looking for lenders and investors to make up the balance of the funds needed for closing the Lagasco transaction for the Dundee Assets.
16. Alternative funding has been arranged and MacLeod is no longer part of the closing of the Lagasco transaction relating to the Dundee assets. Lagasco and Forbes may or may not give consideration in the future to involving MacLeod in the Dundee Assets depending on various factors including the outcome of the injunction application.

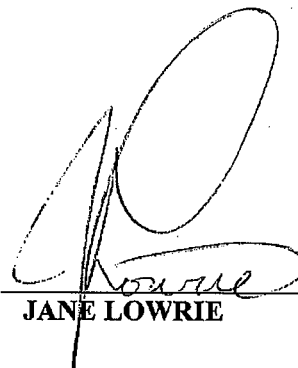
MNRF

17. I am advised by Tim McCullough of Harrison Pensa LLP that he has caused \$500 to be sent to the MNRF with respect to fees relating to the surrender of exploration licenses and has provided satisfactory evidence to the MNRF that security in the total amount of \$270,000 has been established by the buyer for the benefit of the MNRF. There does not appear anything further is required to obtain the consent of the MNRF to the transaction.
18. The transaction is conditional upon receipt of consent of the MNRF to the transfer of the well licenses and the transaction cannot close until that happens.
19. Lagasco remains willing and able to close this transaction at the earliest opportunity.

SWORN before me at the City of London,
in the Province of Ontario, this 26th day of
September, 2018.



Commissioner for Taking Affidavits



JANE LOWRIE

THESE ARE EXHIBITS A TO G

REFERRED TO IN THE AFFIDAVIT OF JANE LOWRIE

SWORN BEFORE ME THIS 26TH DAY OF SEPTEMBER, 2018

A handwritten signature in black ink, consisting of a series of loops and a vertical stroke at the end.

A Commissioner, etc.

A

PACE CREDIT UNION Well beyond a bank.

Via email: jlowrie@tributeresources.com

PRIVATE & CONFIDENTIAL

February 8, 2018 – Amended September 11, 2018

Lagasco Inc.
2807 Woodhull Road
London Ont. N6K 4S4

Dear Members:

RE: NEW LINE OF CREDIT AND BUSINESS TERM LOAN

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

Lagasco Inc.

GUARANTORS

Brookwood Resources Inc.

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

1/ Corporate Line of Credit Facility \$1,000,000

2/ Corporate Variable Rate Loan \$5,000,000

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

PURPOSE

Line of Credit \$1,000,000

- (a) - This facility will be used in part to initially assist with closing costs to acquiring production assets of Dundee Energy, and later to assist with cash flow needs.

Term Loan \$ 5,000,000

- (a) - To pay out an existing loan # 46486 of On Energy Corp. that was advance back in December 18, 2017. These proceeds were used as the initial security deposit towards Asset Purchase and Sale Agreement of Dundee Energy Limited Partnership assets dated December 11, 2017 and revised April 4, 2018.
- (b) - To assist with purchasing off-shore assets related to the above purchase.

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM/AMORTIZATION

LOC

Due on demand and subject to annual review.

Term Loan

12 Month Term Amortization 8 Years

INTEREST RATE

LOC

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

Term Loan

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

INTEREST CALCULATION AND PAYMENT

“PACE Base Rate” shall mean the annual rate of interest which PSCU establishes as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian Dollars and which it refers to as its special rate of interest, such rate to be adjusted automatically and without the necessity of any notice to the Borrower upon each change to such rate. Interest is payable both before and after maturity or demand, default and judgement

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

REPAYMENT

LOC

1. The line of credit must exhibit wide and frequent fluctuations of the outstanding balance satisfactory to PSCU.
2. The member agrees to pay all accrued interest outstanding up to and including the last business day of each month, payable on the first day of the following month.

Term Loan

1. Based on the interest rate offered, the required monthly blended payment of principal and interest is \$69,466.91

The member Lagasco Inc. together with the corporate guarantor Brookwood Resources Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all outstanding debts.

PREPAYMENT

Both facilities fully open for prepayment at any time without notice or bonus.

DATE OF ADVANCE:

No later than September 18, 2018 or such future date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee	\$ 50,000.00 (due on closing)
The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.	
Monthly Consultant/Review Fee	\$3,000.00
Annual Review Fee	\$5,000.00
Loan Renewal Fee	\$ 350.00
NSF Payment Fee	\$ 60.00
Administration Fee	\$ 50.00

An administration fee will be charged beginning 30 days after the annual review date if all annual review documentation is not received as required under the "General Conditions" Section of this term sheet. The annual review date based on the Borrower's financial year end reporting date of (To be determined)

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or available credit being made under the Credit Facilities:

1. Credit Agreement in the amount of \$6,000,000 prepared by PACE's Solicitors to be executed by the Borrower, Lagasco Inc., the Guarantor, Brookwood Resources Inc.
2. Fixed and Floating Charge Demand Debenture in the sum of \$6,000,000 in first position to be registered on title in favour of the Lender securing the Borrower's interest in all off-shore natural gas assets in which Lagasco Inc. has any legal or beneficial interest after acquiring all of the underwater natural gas wells from Dundee Energy Limited Partnership under the Asset Purchase And Sale Agreement dated December 11, 2017 and then revised on April 4, 2018.
3. Lagasco Inc. to provide a continuing all-purpose collateral mortgage in the amount of \$6,000,000.00 to be registered in first position over but not limited to the properties legally described (to be obtained by the lawyer) and all lands located thereon and known as :

1/ Port Maitland gas/plant	7.44 acres in	Haldman with compressor station
2/ Port Alma (surplus)	5.7 acres in	Chatham Kent which is industrial vacant land
3/ Port Alma	6.6472 acres in	Chatham Kent with compressor station
4/ Morpeth	3.331 acres in	Chatham Kent with compressor station
5/ Port Stanley	10.674 acres in	Southwold with gas plant
6/ Port Burwell harbour	4.02 acres in	Bayham which is a commercial vacant lot
7/ Naticoke	2.41 acres in	Norfolk with compressor station
4. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Lagasco Inc. in first position to be registered under *Personal Property Security Act*.
5. Corporate Guarantee and Postponement of Claim in the amount of \$6,000,000 to be executed by Brookwood Resources Inc. with all relevant corporate resolutions and Solicitor's Letter of Opinion to be registered under the *Personal Property Security Act*.
6. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Brookwood Resources Inc. in first position to be registered under *Personal Property Security Act*.
7. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
8. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include, without limitation, the following:

1. Letter of Opinion to be obtained from a Third party must be received by the Lender prior to the drawdown date. This report will provide the lender with an opinion of value of the reserve reports that the borrower has submitted on pools of all the natural gas assets and are to be entirely satisfactory to the Lender. All costs associated with the reports are for the account of the Borrower [Received and on file]
2. Executed and accepted copy of Asset Purchase and Sales Agreement of Dundee Energy Limited Partnership dated December 11, 2017, for assets to be purchased and included as security in this term sheet. [Received and on file]
3. Executed copies of any Investor Agreements for all sources of monies as in #3 above providing the amount, terms and conditions of the agreement other than those invested by the Purchaser/Borrower or under the loan provided by PACE.
4. Updated cash flow projections to be provided including payments under Investor Agreements as in #4 above proving satisfactory debt service ability at 1.25:1.
5. Logasco Inc. will open and operate their business account with PACE where all receivables shall be deposited automatically and all payables made from this account. No other business accounts are to be opened and operated by the Borrower other than those with PSCU.
6. The Borrower shall agree to the appointment of a consultant, selected and approved by PSCU to provide ongoing supervision, monthly reporting, etc. An amount of \$3,000.00 will be directed to PACE by automated payment on the same day as the loan payment is due. This fee will be paid to the consultant upon satisfactory review and written report to PACE by PSCU.
7. The Corporate Borrower and Corporate Guarantor to provide a copy of the Articles of Incorporation and any copies of any valid name registrations.
8. The Borrower and Corporate Guarantor to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure.
9. The Corporate Borrower and Corporate Guarantor to provide a copy of the Shareholder register.
10. The Corporate Borrower and Corporate Guarantor to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction.
11. The 9 digit Business BN identifier number to be provided for each Corporate Borrower and Corporate Guarantor.

Lagasco Inc.

February 8, 2018 as amended September 11, 2018

12. The Borrower and Guarantor to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments as applicable and are paid and current. [Received and on file]
13. The Borrower and Guarantor to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable. [Received and on file]
14. The Borrower and Corporate Guarantor to provide interim in-house financial statements for any periods longer than six months since the company's last year end reporting period. [Projections provided].
15. **Dundee summary production reports to be provided to PACE for the period April to August 2018.**
16. The Borrower shall establish a Membership account with shares in the amount of \$175.00 with the Credit Union and execute all required documentation as required. If the Borrowers are a General Partnership, then a Membership must be established as above for each individual partner.
17. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.
18. All individuals not limited to non-corporate Borrowers, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:
 - I. Valid Ontario Driver's License, or valid Passport
 - II. Valid Citizenship document or Birth Certificate with Government identity number
19. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
20. The Borrower/Guarantor to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.
21. There shall not exist any judgment, compliance or other order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction, and if any compliance or other orders are issued or known, the Borrower shall have a positive obligation to promptly advise the Lender of same.
22. The Borrower and Guarantor authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and Guarantor acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.
23. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantor.

Lugasco Inc.

February 8, 2018 as amended September 11, 2018

24. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
25. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

POST CLOSING

1. **The Borrower to provide copy of the final statement of adjustments from the Monitor within 180 days of closing of the purchase transaction.**

SPECIFIC CONDITIONS/COVENANTS

1. The Borrower undertakes to provide signed and aged accounts receivable/accounts payable listings on a monthly basis, no later than 20 working days after the previous month end.
2. The Borrower undertakes to provide signed inventory listings of material fleet vehicle and other equipment and inventory on a quarterly basis reflecting the wholesale value, to be provided no later than 20 days after each previous quarter end.
3. The Borrower undertakes to provide in-house prepared financial reporting to include aged lists of accounts payable, aged lists of accounts receivable, balance sheet and profit & loss statement on a monthly basis.
4. Borrower and Guarantor to satisfy an annual Debt Service test confirming minimum coverage of 125% defined as: EBITDA/P + I (Earnings before Interest and Taxes + Depreciation/Amortization divided by Principal and Interest).
5. Production and revenue reports together with Lease Operating Data be provided to PSCU on a monthly basis.
6. **Schedule to be provided quarterly for set aside funding account (to be held at PACE) evidencing funds to pay for ongoing well plugging obligations.**
7. Quarterly unaudited financial statements, including balance sheet, income statement, and cash flow statement to be provided within 60 days of each fiscal quarter end for the first three fiscal quarters of each fiscal year end.
8. Independent engineering report in form and substance satisfactory to the Pace Credit Union on the petroleum and natural gas reserves of the Borrower to be provided every six months and prepared by a firm acceptable to the Credit Union.
9. **There shall be no dividends, cash distributions to shareholders or loan payments to shareholders without the consent of Pace Credit Union**
10. The Borrower covenants that no sale or transfer of assets will be completed without the consent of Pace Credit Union.
11. The Borrower and Guarantor will provide any additional reports required by PACE or it's Consultant upon request.

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

GENERAL CONDITIONS/COVENANTS

1. The Borrower will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
2. The Corporate Guarantor will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
3. The Borrower, Lagasco Inc. together with the corporate Guarantor, Brookwood Resources Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25:1. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all outstanding debts.
4. The Borrower/Guarantor covenant to maintain general business liability insurance and fire insurance coverage over the assets charged adequate to protect the facility at all times, with loss payable to PSCU as First Loss Payee. A copy of the insurance policy is to be provided to PSCU at each policy renewal date and/or at each annual review date as requested by PSCU.
5. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantor undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.
6. The Borrower and Guarantor to provide to the Credit Union 30 days prior written notice of any intended change in the ownership of its shares and shall not to consent to, or facilitate a change in the ownership of its shares without the prior written consent of the Credit Union.
7. The Borrower shall not without prior written consent of the Credit Union merge, amalgamate, or otherwise enter into any other form of business combination with any other Person.
8. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
9. The Credit Facilities provided by the Credit Union are non-transferable.

SOLICITOR

Face Savings & Credit Union

McMillanLLP
Brookfield Place,
181 Bay Street, Suite 4400
Toronto Ont. M5J 2T3
Attn: Mike Richmond

LEGAL REQUIREMENTS

Member's Representation

Harrison Pensa LLP
450 Talbot St.
London Ont. N6A 5J6
Attn: Tim McCullough

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

It is understood and agreed that PSCU's solicitor will be the lead counsel and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders counsel.

All legal expenses are the sole responsibility of the Borrower.

As indicated by title, the facility has been provisionally approved only, and as such, does not constitute an offer of financing. All figures and conditions are subject to change. Your concurrence will be signified by your signing and returning a copy of this term sheet together with the articles of incorporation for the Borrower and Corporate Guarantors, completed Incumbency Certificates, and personal identification items as noted under Section 3.17 (I & II) and a cheque payable to PACE Savings & Credit Union Limited in the amount of \$50,000,00 (to be paid on closing of the transaction).

No due diligence will be undertaken until the afore-noted has been received by this office.

Immediately upon receipt of your concurrence we will proceed with a formal application. Please be advised that the due diligence period to the approval stage for this loan is estimated to be a maximum of 10 business days after receipt of all of the information required under Section 3 of this term sheet. This estimation is based on the assumption that this transaction is to close substantially in the form contemplated.

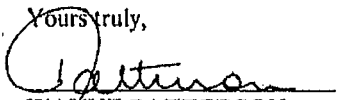
In the event that substantive changes occur, the due diligence period will be affected accordingly.

Upon formal approval, the terms herein together with any additional terms and/or additional documentation required will govern the terms of the facilities therein and will be further accepted upon execution by all parties of an amended term sheet.

This Term Sheet and any documents delivered pursuant thereto may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. This Term Sheet and any documents delivered pursuant thereto may also be executed and delivered by facsimile or email transmission and each of the Parties may rely on such facsimile or email signature as though that facsimile or email signature were an original hand-written signature.

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

Yours truly,



WAYNE PATTERSON
On behalf of Credit Committee

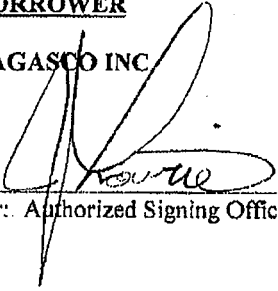
Telephone (289) 459-0995
wpatterson@pacecu.com

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

Acknowledged this 24th day of September 2018

BORROWER

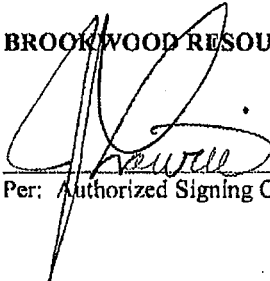
LAGASCO INC


Per: Authorized Signing Officer

Per: Authorized Signing Officer

GUARANTORS

BROOKWOOD RESOURCES INC.


Per: Authorized Signing Officer

Per: Authorized Signing Officer

Lagasco Inc.
 February 8, 2018 as amended September 11, 2018

**CERTIFICATE OF INCUMBENCY
 LAGASCO INC.**

NOTE: PLEASE RETURN WITH THE TERM SHEET, COPIES OF THE DIRECTOR REGISTER, SHAREHOLDER REGISTER, AND SIGNING RESOLUTION AND COMPLETE THE INFORMATION BELOW.

Business Number (BN) _____

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited – _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control 25% or more of the Corporation)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

Lagasco Inc.
 February 8, 2018 as amended September 11, 2018

CERTIFICATE OF INCUMBENCY

 (CORPORATION NAME)

As at the date hereof, the parties indicated below are the Shareholders of the Corporation. If any of the named Shareholders are a Corporation, complete an additional Schedule A for each additional corporate Shareholder.

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited: Number to Sign: _____ of _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (If Corporate ownership complete Schedule A)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

Dated at _____, this _____ day of _____, 2018

 Authorized Signing Officer

 Authorized Signing Officer

Lagasco Inc.
February 8, 2018 as amended September 11, 2018

**SCHEDULE A
CERTIFICATE OF INCUMBENCY
FOR EACH CORPORATE SHAREHOLDER WHO OWN SHARES OF THE CORPORATION ON PAGE 1**

(CORPORATE SHAREHOLDER NAME)

At the date hereof, the persons indicated below are the Shareholders of the Corporation. If any of the Shareholders are a Corporation, complete additional Schedule A each additional corporate Shareholder.

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control the Corporation)

PERSONAL OR CORPORATE NAME	%	RESIDENCE OR BUSINESS ADDRESS (as applicable)

Dated at _____, this _____ day of _____, 2018

Authorized Signing Officer

Authorized Signing Officer

PACE CREDIT UNION Well beyond a bank.

Via email: jlowrie@tributeresources.com

PRIVATE & CONFIDENTIAL

February 8, 2018 – Amended September 11, 2018

Forbes Resources Corp.
2807 Woodhull Road
London Ont. N6K 4S4

Dear Members:

RE: NEW LINE OF CREDIT AND BUSINESS TERM LOAN

We are pleased to advise that the Lender's Credit Committee has provisionally approved the following credit facility, subject to the satisfaction of the conditions and security documentation outlined below. Due to the nature of the information required, terms and conditions may be changed in the final documentation process.

This term sheet is prepared on the assumption that the structure of the financing as outlined herein does not change in a material manner.

The terms and conditions set out herein are for the exclusive benefit of the Credit Union and any alterations to these terms and conditions will render this term sheet null and void.

BORROWER

Forbes Resources Corp.

GUARANTORS

Jarvis Holdings Inc.

LENDER

PACE Savings & Credit Union Limited (PSCU)

TYPE OF CREDIT & AMOUNT

1/ Corporate Line of Credit Facility \$1,000,000

2/ Corporate Variable Rate Loan \$10,000,000

PURPOSE

Line of Credit \$1,000,000

This facility will be used in part to initially assist with closing costs to acquiring production assets of Dundee Energy, and later to assist with cash flow needs.

Term Loan \$10,000,000

- a) To pay out existing Loan #47169 in the principal amount of \$500,000 plus interest with PSCU
- b) Balance of funds to assist with the purchase of onshore production oil & gas assets of Dundee Energy. The company will generate income from oil & gas production which will provide the cash flow that is necessary to service the new Pace loan payment.

DRAWDOWN

Upon completion of the security documentation required pursuant to Section 2 of this term sheet and compliance with the conditions precedent to funding provided for in Section 3 of this term sheet.

TERM/ AMORTIZATION

LOC

Due on demand and subject to annual review.

Term Loan

12 Month Term Amortization 8 Years

INTEREST RATE

LOC

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

Term Loan

PACE Base Rate + 0.50%, currently equivalent to 7.50 %. PACE Base Rate is currently 7.00%.

INTEREST CALCULATION AND PAYMENT

“PACE Base Rate” shall mean the annual rate of interest which PSCU establishes as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian Dollars and which it refers to as its special rate of interest, such rate to be adjusted automatically and without the necessity of any notice to the Borrower upon each change to such rate. Interest is payable both before and after maturity or demand, default and judgement

REPAYMENT

LOC

1. The line of credit must exhibit wide and frequent fluctuations of the outstanding balance satisfactory to PSCU.
2. The member agrees to pay all accrued interest outstanding up to and including the last business day of each month, payable on the first day of the following month.

Term Loan

Based on the interest rate offered, the required monthly blended payment of principal and interest is \$138,933.81

The member Forbes Resources Corp. together with the corporate guarantor Jarvis Holdings Inc. must demonstrate the ability to maintain a debt service coverage ratio of 1.25:1 Debt service coverage ratio is defined as EBITDA (earnings before interest)

PREPAYMENT

Both facilities fully open for prepayment at any time without notice or bonus.

DATE OF ADVANCE:

No later than September 25, 2018 or such other future date as may be mutually agreed upon by the Borrower and the Lender.

FEES

Commitment Fee \$100,000.00 (due on closing)

The commitment fee is based on the assumption that the structure of the loan as outlined herein does not change in a material manner. If changes in a material manner occur, the fee will be adjusted accordingly.

Monthly Consultant/Review Fee \$ 3,000.00

Annual Review Fee \$10,000.00

Loan Renewal Fee \$ 350.00

NSF Payment Fee \$ 60.00

Administration Fee \$ 50.00

An administration fee will be charged beginning 30 days after the annual review date if all annual review documentation is not received as required under the "General Conditions" Section of this term sheet. The annual review date based on the Borrower's financial year end reporting date of (To be determined)

SECONDARY DEBT

Unless approved by the Lender, the Borrower will not be permitted to register any form of secondary debt on the property.

SECTION 2 - SECURITY

The present and future indebtedness and liability of the Borrower(s) to the Lender shall be secured by the following security evidenced by documents in a form satisfactory to the Lender and its legal counsel, if applicable and registered or recorded as required by the Lender, to be provided prior to any advances or available credit being made under the Credit Facilities:

1. Credit Agreement in the amount of \$11,000,000 prepared by PACE's Solicitors to be executed by the Borrower, Forbes Resources Corp., and the Guarantor, Jarvis Holdings Inc.
2. Fixed and Floating Charge Demand Debenture in the sum of \$11,000,000 in first position to be registered on title in favour of the Lender securing the Borrower's interest in all on-shore oil & natural gas assets in which Forbes Resources Corp. has any legal or beneficial interest after acquiring all of the oil & natural gas wells and related facilities from Dundee Energy Limited Partnership under the Asset Purchase And Sale Agreement dated December 11, 2017 and revised April 4, 2018.
3. Forbes Resources Corp. to provide a continuing all-purpose collateral mortgage in the amount of \$11,000,000.00 to be registered in first position over, but not limited to, the properties legally described (to be obtained by the lawyer)and in the respective municipalities and all lands located thereon and known as ;

1/ Hillman	5.288 acres	Leamington with compressor station
2/ Dunnville Meter	0.813 acres	-----
3/ Bertic	0.097 acres	Fort Erie whic is industrial vacant land
4/ Renwick	25.00 acres	Chatham Kent with compressor station
5/ Port Maitland	11.757 acres	Haldimand with warehouse / industrial
6/ Mersia	0.444 acres	Leamington which is industrial vacant land
4. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Forbes Resources Corp. in first position to be registered under *Personal Property Security Act*.
5. Corporate Guarantee and Postponement of Claim in the amount of \$11,000,000 to be executed by Jarvis Holdings Inc. with all relevant corporate resolutions and Solicitor's Letter of Opinion to be registered under the *Personal Property Security Act*.
6. Business Loan General Security Agreement representing a floating charge over the assets and undertakings of Jarvis Holdings Inc. in first position to be registered under *Personal Property Security Act*.
7. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
8. All other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction.

SECTION 3 - CONDITIONS PRECEDENT TO FUNDING

Those customarily found in the Lender's security documents and any additional conditions appropriate in the context of the proposed transaction. No funds shall be advanced until all conditions precedent have been satisfied, and counsel for PSCU is satisfied that all security is on hand and in good order. In any event, precedent conditions include without limitation, the following:

1. Letter of Opinion to be obtained from a Third party must be received by the Lender prior to the drawdown date. This report will provide the lender with an opinion of value as to the oil and gas reserves in the reports that the borrower has submitted on all the Dundee oil & natural gas pools and assets, which shall be entirely satisfactory to the Lender. All costs associated with the reports are for the account of the Borrower [Received and on file]
2. Executed and accepted copy of Asset Purchase and Sales Agreement of Dundee Energy Limited Partnership dated December 11, 2017, for assets to be purchased and included as security in this term sheet. [Received and on file]
3. Executed copies of any Investor Agreements for all sources of monies as in #3 above providing the amount, terms and conditions of the agreement other than those invested by the Purchaser/Borrower or under the loan provided by PACE.
4. Updated cash flow projections to be provided including payments under Investor Agreements as in #4 above proving satisfactory debt service ability at 1.25:1.
5. Forbes Resources Corp. will open and operate their business account with PACE where all receivables shall be deposited automatically and all payables made from this account. No other business accounts are to be opened and operated by the Borrower other than those with PSCU.
6. The Borrower shall agree to the appointment of a consultant, selected and approved by PSCU to provide ongoing supervision, monthly reporting, etc. An amount of \$3,000.00 will be directed to PACE by automated payment on the same day as the loan payment is due. This fee will be paid to the consultant upon satisfactory review and written report to PACE by PSCU.
7. The Corporate Borrower and Corporate Guarantor to provide a copy of the Articles of Incorporation and any copies of any valid name registrations. [Received and on file]
8. The Borrower and Corporate Guarantor to complete and execute the attached Incumbency Certificate for each corporate entity that is included in the term offer. For each Shareholder that is a corporate entity or trust, additional Incumbency Certificates must be completed until the ownership displays the real persons under the Borrower/Guarantor corporate/trust ownership structure. [Received and on file]
9. The Corporate Borrower and Corporate Guarantor to provide a copy of the Shareholder register. [Received and on file]
10. The Corporate Borrower and Corporate Guarantor to provide a copy of each company's Borrowing by-laws and signing resolutions relative to the completion of this transaction. [Received and on file]

11. The 9 digit Business BN identifier number to be provided for each Corporate Borrower and Corporate Guarantor.
12. The Borrower and Guarantor to provide confirmation satisfactory to the Lender that CRA remittances for Income Tax, HST and Employee Source Deductions, and/or individual CRA Notice of Assessments, as applicable, and are paid and current. [Received and on file]
13. The Borrower and a Guarantor to provide minimum accountant prepared Notice to Reader financial statements for the most recent three years of company year ends and/or personal tax returns as applicable. [Received and on file]
14. The Borrower and Corporate Guarantor to provide interim in-house financial statements for any periods longer than six months since the company's last year end reporting period. [Projections on file]
15. Dundee summary production reports to be provided to PACE for the period April to August 2018.
16. The Borrower shall establish a Membership account with shares in the amount of \$175.00 with the Credit Union and execute all required documentation as required. If the Borrowers are a General Partnership, then a Membership must be established as above for each individual partner.
17. Membership in PSCU is to be maintained in good standing at all times while any portion of the credit facilities remains outstanding or committed.
18. All individuals not limited to non-corporate Borrowers, individual authorized Signing Officers, as identified by PSCU to provide two pieces of current, government issued identification as follows:
 - I. Valid Ontario Driver's License, or valid Passport
 - II. Valid Citizenship document or Birth Certificate with Government identity number
19. Commercial general liability and fire insurance to be maintained on all property contained in Section 2 of this term sheet, noting PSCU as First Loss Payee. PSCU may utilize the services of a professional consultant to review proposed coverages at the expense of the Borrower and at any future renewal date of the policies.
20. The Borrower/Guarantor to provide satisfactory evidence that it has obtained all applicable permits/certificates and is in compliance with all relevant regulatory requirements.
21. There shall not exist any judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon the consummation of the transaction.
22. The Borrower and Guarantor authorize PSCU by executing this term sheet to obtain information from others as it may reasonably require, to disclose to other credit grantors or credit bureaus as permitted by Law, the particulars of this term sheet. The Borrower and all Guarantors acknowledge notice from PSCU that a commercial/consumer report containing credit information will be referred to in connection with this term sheet or any renewal or extension thereof.

23. There shall not have occurred since the date hereof any material adverse change in, or development likely to have a material adverse effect on the condition (financial or otherwise) of the operation, business, properties, prospects or capitalization of the Borrower or the Guarantor.
24. The Borrower and Guarantor covenant to provide any additional information requested and deemed reasonable by the Lender.
25. The Borrower will pay all legal fees and disbursements of the Lender in connection with this term sheet and any documentation resulting therefrom.

POST CLOSING

1. **The Borrower to provide copy of the final statement of adjustments from the Monitor within 180 days of closing of the purchase transaction.**

SPECIFIC CONDITIONS/COVENANTS

1. The Borrower undertakes to provide signed and aged accounts receivable/accounts payable listings on a monthly basis, no later than 20 working days after the previous month end.
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8. Independent engineering report(s) in form and substance satisfactory to the Pace Credit Union on the petroleum and natural gas reserves of the Borrower to be provided every six months and prepared by a firm acceptable to the Credit Union.
9. **There shall be no dividends, cash distributions to shareholders or loan payments to shareholders without the consent of Pace Credit Union**

10. No dividends, cash distributions to shareholders or loan pay back to shareholders will be made without the consent of Pace Credit Union
11. The Borrower covenants that no sale or transfer of assets will be completed without the consent of Pace Credit Union.
12. The Borrower and Guarantor will provide any additional reports required by PACE or it's Consultant upon request.

GENERAL CONDITIONS/COVENANTS

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2. The Corporate Guarantor will provide annually within 120 days of the fiscal year end date, accountant prepared minimum level **Review Engagement** financial statements, and CRA Notice of Assessments for the current tax filing period for income tax, HST and employee source remittances as applicable evidencing all tax payment obligations are current.
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4. The Borrower together with the Corporate Guarantor must maintain a debt service coverage ratio minimum of 1.25:1 at all times. Debt service coverage ratio is defined as EBITDA (earnings before interest, taxes, depreciation & amortization) divided by annual principal and interest payments for all debts.
5. In the event that the value of the security for the borrowing facility(s) may have diminished as determined by PSCU, updated appraisals/assessments may be required by the Lender at the cost of the Borrower. The Borrower and/or Guarantors undertake to provide additional security or alternatively reduce the facility to comply with the original loan to value margin.
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9. The Credit Facilities provided by the Credit Union are non-transferable.

Forbes Resources Corp.
February 8, 2018 – Amended September 11, 2018

Pace Savings & Credit Union

McMillanLLP
Brookfield Place,
181 Bay Street, Suite 4400
Toronto Ont. M5J 2T3
Attn: Mike Richmond

Member's Representatton

Harrison Pensa LLP
450 Talbot St.
London Ont. N6A 5J6
Attn: Tim McCullough

LEGAL REQUIREMENTS

It is understood and agreed that **PSCU's solicitor will be the lead counsel** and advance of funds shall not occur until the Lender's solicitor is satisfied with all legal aspects of this transaction. The Borrower agrees to give the Lender such document assurances, information, covenants that our solicitor may require with regards to this loan agreement.

The legal fees shall be based on the assumption that title to any property covered by any security is in the name of the Borrower or Guarantor as specified and is clear and free of any other encumbrances except as noted herein and the loan documentation prepared for this transaction is executed substantially in the form contemplated. In the event that changes occur in any material manner, then the same will be reflected in additional legal costs to be incurred by the Lenders counsel. All legal expenses are the sole responsibility of the Borrower.

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Forbes Resources Corp.
February 8, 2018 -- Amended September 11, 2018

Should you have any questions or require any further clarification of the terms and conditions recited, please contact

Yours truly,



WAYNE PATTERSON
On behalf of Credit Committee

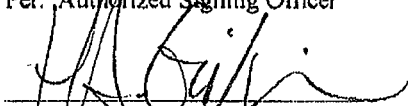
Telephone: (289) 459-0995
wpatterson@pacecu.com

Acknowledged this 24th day of September 2018

BORROWER


FORBES RESOURCES CORP.

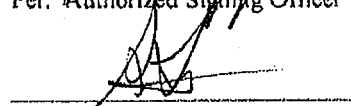

Per: Authorized Signing Officer


Per: Authorized Signing Officer

GUARANTORS

JARVIS HOLDINGS INC.


Per: Authorized Signing Officer


Per: Authorized Signing Officer

CERTIFICATE OF INCUMBENCY

NOTE: PLEASE RETURN WITH THE TERM SHEET, COPIES OF THE DIRECTOR REGISTER, SHAREHOLDER REGISTER, AND SIGNING RESOLUTION AND COMPLETE THE INFORMATION BELOW.

Business Number (BN) _____

DIRECTORS

FIRST NAME, INITIAL, LAST NAME	FIRST NAME, INITIAL, LAST NAME

CORPORATE SIGNING OFFICERS Number of signing officers under resolution to execute documents on the company's behalf as it relates to all transactions with PACE Savings & Credit Union Limited – _____

FIRST NAME, INITIAL, LAST NAME	TITLE	RESIDENCE ADDRESS	TELEPHONE & EMAIL

SHAREHOLDERS REGISTER (Individuals or Entity who directly or indirectly control 25% or more of the Corporation)

FIRST NAME, INITIAL, LAST NAME	%	RESIDENCE ADDRESS

B

PACE CREDIT UNION Well beyond a bank.

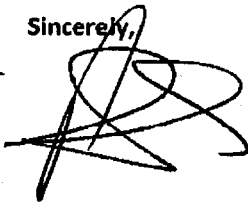
Sept. 26th, 2018

To whom it may concern,

As confirmation and attention to the honorable Justice Dunphy,

PACE has available for immediate delivery the amount of \$17 million in order for Lagasco Inc. to purchase the Dundee assets, subject only to MNR approval to transfer the well licences to Lagasco Inc.

Sincerely,



Phillip Smith
Chief Executive Officer

PACE CREDIT UNION - Well beyond a bank.

8111 Jane Street Unit 1
Vaughan, Ontario, L4K 4L7
Tel. 905.738.8900 x1000
Fax. 905.738.8283
psmith@pacecu.com
www.pacecu.com

c

From: James Elsley (McKenzie Lake Lawyers) <elsley@mckenzielake.com>
Sent: Wednesday, September 26, 2018 3:08 PM
To: Tim McCullough <tmccullough@harrisonpensa.com>
Subject: Crich/Clearbeach/Lagasco/Dundee - Crich Funds [IWOV-Client.FID480179]

Hi Tim;

I am emailing to confirm that my client, Crich Holdings and Buildings Limited, has funded me with \$5,500,000.00, which funds are in my trust account and are available to be released, unconditionally, to Harrison Pensa for the purposes of facilitating the Lagasco Inc. purchase of assets from Dundee Oil and Gas Limited and Dundee Limited Partnership transaction, which your office is working on.

Best regards,
Jim

JAMES ELSLEY

We invite you to visit our new site: www.mckenzielake.com

519-672-5666 ext.7350 1-800-261-4844 F:519-672-2674
elsley@mckenzielake.com www.mckenzielake.com

McKenzie Lake Lawyers LLP, 140 Fullarton Street, Suite 1800
London, ON, N6A 5P2

Important: This communication (including any attachments) may contain confidential information and any rights to privilege have not been waived. If you have received this communication in error, please immediately notify the sender and do not retain a copy.

You may unsubscribe from certain types of emails sent by our Firm including promotional e-mails and newsletters. To unsubscribe, send an email to unsubscribe@mckenzielake.com.

D

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 5,460 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$999,945.40 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

<p><i>in trust and</i> (Name of Subscriber - please print) By: <i>in trust</i> (Authorized Signatory)</p>	<p>Subscription Amount <u>\$1,000,000.00</u></p>
<p>(Official Capacity of Signatory - please print) (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.) (Subscriber's Address) (Telephone Number) (E-Mail Address)</p>	<p><i>in trust</i> SIN/BIN of Subscriber</p>

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: *Jane Lowrie*
Name: Jane Lowrie
Position: President

** subject to completing acquisition of Dundee assets*

**LAGASCO INC.
SUBSCRIPTION**

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of [546] common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of [\$100,000.00] (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

Jerry A. Hendriks
 (Name of Subscriber - please print)

By: Jerry Hendriks
 (Authorized Signatory)

(Official Capacity of Signatory - please print)

(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

2283 Bornish Drive, Parkhill, ON N0M 2K0
 (Subscriber's Address)

519-317-4377
 (Telephone Number)

dalgetta@isp.ca
 (E-Mail Address)

Subscription Amount

\$100,000.00

448 134 122
 SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

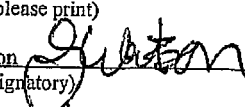
LAGASCO INC.

By: Jane Lowrie
 Name: Jane Lowrie
 Position: President

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 5,460 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$994,540.00 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.


<u>Watson Family Wealth Corporation</u> (Name of Subscriber - please print)	
By: <u>Geordie Watson</u> (Authorized Signatory)	
<u>President</u> (Official Capacity of Signatory - please print)	
<u>Geordie Watson</u> (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)	
<u>497 Elizabeth Street, Burlington, ON L7R 2M4</u> (Subscriber's Address)	
<u>905-719-6199</u> (Telephone Number)	<u>geordie@wpfinancial.ca</u> (E-Mail Address)

<u>Subscription Amount</u>
<u>\$1,000,000.00</u>
<u>82356 5726 RC0001</u> SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: 
Name: Jane Lowrie
Position: President

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of [.] common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of [.] (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

AMAREN BURY
 (Name of Subscriber - please print)

By: *AMAREN BURY*
 (Authorized Signatory)

 (Official Capacity of Signatory - please print)

 (Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

14 WINTERBERRY DR.
 (Subscriber's Address)

MARKHAM, ONT., L3S4G3

647-924-6471 Wbury12@gmail.com
 (Telephone Number) (E-Mail Address)

Subscription Amount

\$ 500,000.-

469319636
 SIN/BIN of Subscriber

ACCEPTANCE: The Corporation hereby: accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this day of , 2018.

LAGASCO INC.


By: _____
 Name:
 Position:

LAGASCO INC.
SUBSCRIPTION

TO: LAGASCO INC. (the "Corporation")

The undersigned (the "Subscriber") hereby subscribes for a unit (the "Unit") consisting of 10,920 common shares (the "Shares") and a promissory note (the "Promissory Note") in the principal amount of \$989,080.00 (in the form attached hereto as Schedule A) and tenders the subscription amount (the "Subscription Amount") specified below therefor, all subject to the "Terms and Conditions" attached hereto and forming part of this subscription.

2654666 Ontario Inc.
(Name of Subscriber - please print)

By: 
(Authorized Signatory)

President
(Official Capacity of Signatory - please print)

Peter Badd
(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

166 High Park Ave., Toronto, ON M6P 2S4
(Subscriber's Address)

416-948-1334 peterbadd@rogers.com
(Telephone Number) (E-Mail Address)

Subscription Amount

\$1,000,000.00

444 707 967
SIN/TIN of Subscriber

ACCEPTANCE: The Corporation hereby accepts the Subscriber's subscription (subject to the "Terms and Conditions" attached hereto); and, the Corporation represents and warrants to the Subscriber that the Corporation's representations and warranties set out in said "Terms and Conditions" are true and correct in all material respects as of the date set out immediately below.

DATED this 25th day of September, 2018.

LAGASCO INC.

By: 
Name: Jane Lowrie
Position: President

E



HARRISON PENSA

September 26, 2018

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P. O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Attention: Grant B. Moffat

Dear Mr. Moffat:

RE: Dundee Oil and Gas Limited sale of assets to Lagasco Inc.

I confirm that we have received from the investors the amount of \$3,600,000 which we are presently holding in trust in order to complete the above referenced transaction. These monies are available to Lagasco Inc. for release without conditions.

Yours truly,

HARRISON PENSA LLP

Tim McCullough
Direct Line: 519-661-6718
Email: tmccullough@harrisonpensa.com

TTM/jst
Encl.

4341434_1

HARRISON PENSA LLP
Lawyers

11



The Power of PACE

8111 Jane Street, Unit 1
Vaughan, ON
L4K 4L7

905.738.8900
T: 905.738.8283
F: 905.738.8265
www.pacecu.com

To whom it may concern

Forbes Resources Corp. (Forbes) will purchase the on-shore assets of Dundee Energy Limited Partnership (Dundee) on or about September 26, 2018 (Closing). Dundee produces 450 BOE per day in Southwestern Ontario.

Forbes negotiated a sale of two of the oil pools totally 60 BOPD for \$8 million to MacLeod Energy. MacLeod is unable to close due to an injunction proceeding.

LENDER - PACE Savings & Credit Union Limited (PSCU)

BORROWER - Forbes Resources Corp.

TERMS - Binding term sheet

Mezzanine financing/investment for \$6 million to bridge the transaction

Fee of 5% or \$300,000 paid to Pace by Forbes within 30 days of Closing

Principal payment of \$250,000 monthly for 24 months


Interest at the rate of 16% paid monthly plus other terms as agreed to per discussions with the principals and Pace investors

FUNDING - September 26, 2018 or upon receipt of the MNR approval for the purchase of the Dundee assets.

Agreed and accepted on September 26th, 2018


Pace Savings & Credit Union

-- Per L. Smith, President


Forbes Resources Corp.

- Per H. Gilpin, Secretary/Treasurer

G

PROJECT ECONOMICS

181
2382

Dundee

Prices

Costs

Capital:
Fixed Op Costs: \$100,000 /mo.
\$600 /well/mo.
\$0.00 /bb
\$0.70 /mcf.
Inflation: 2.0% costs

Production

Initial Volumes: 0 bbl/d CR
0 cfbbl GOR
9927 mcf/d gas well

Production Scenario 0% downtime
6.0% decline rate

16.40% royalty
100% W.J.

plugging costs
465 wells 75000 \$ 34,875,000

per boe cost

Dundee

		Prices		No. of Wells	Production Rates			Annual Production		Gross Revenue			Costs		
Year	Year	Oil (\$/bbl)	Gas (\$/mcf)		Oil (bbl/d)	Solution Gas (mcf/d)	Non Associated Gas (mcf/d)	Oil (bbl)	Gas (mmcf)	Oil	Gas	Total	Royalty	Operating Costs	
														fixed	variable
0															
1	2018	\$ 68.75	\$ 4.07	415	0	0	9,927	0	3623.98	0	14,747,055	\$14,747,055	\$2,271,046	\$4,228,673	\$2,536,348
2	2019	\$ 79.27	\$ 4.15	395	0	0	9,331	0	3405.95	0	14,139,476	\$14,139,476	\$2,177,479	\$4,185,925	\$2,384,188
3	2020	\$ 82.35	\$ 4.23	375	0	0	8,771	0	3201.80	0	13,958,930	\$13,958,930	\$2,067,767	\$4,087,935	\$2,241,118
4	2021	\$ 85.88	\$ 4.32	355	0	0	8,245	0	3008.50	0	12,998,384	\$12,998,384	\$2,001,751	\$4,025,558	\$2,106,650
5	2022	\$ 87.60	\$ 4.41	335	0	0	7,750	0	2828.93	0	12,462,851	\$12,462,851	\$1,919,278	\$3,948,849	\$1,980,251
6	2023	\$ 89.35	\$ 4.49	315	0	0	7,285	0	2659.19	0	11,949,381	\$11,949,381	\$1,840,205	\$3,881,052	\$1,881,436
7	2024	\$ 91.14	\$ 4.58	295	0	0	6,848	0	2499.64	0	11,457,067	\$11,457,067	\$1,764,388	\$3,780,612	\$1,749,750
8	2025	\$ 92.96	\$ 4.68	275	0	0	6,437	0	2349.88	0	10,985,036	\$10,985,036	\$1,691,395	\$3,689,168	\$1,644,765
9	2026	\$ 94.82	\$ 4.77	255	0	0	6,051	0	2208.66	0	10,532,452	\$10,532,452	\$1,621,998	\$3,592,553	\$1,548,079
10	2027	\$ 96.72	\$ 4.86	235	0	0	5,688	0	2078.18	0	10,098,515	\$10,098,515	\$1,555,171	\$3,490,599	\$1,453,315
11	2028	\$ 98.65	\$ 4.96	215	0	0	5,347	0	1951.59	0	9,682,458	\$9,682,458	\$1,491,098	\$3,383,129	\$1,366,116
12	2029	\$ 100.62	\$ 5.06	195	0	0	5,028	0	1834.50	0	9,283,539	\$9,283,539	\$1,428,665	\$3,269,984	\$1,284,149
13	2030	\$ 102.64	\$ 5.16	175	0	0	4,724	0	1724.43	0	8,901,057	\$8,901,057	\$1,370,783	\$3,160,919	\$1,207,100
14	2031	\$ 104.69	\$ 5.26	150	0	0	4,441	0	1620.96	0	8,534,334	\$8,534,334	\$1,314,287	\$3,078,771	\$1,134,674
15	2032	\$ 106.78	\$ 5.37	125	0	0	4,175	0	1523.70	0	8,182,719	\$8,182,719	\$1,260,139	\$2,988,477	\$1,068,593
16	2033	\$ 108.92	\$ 5.48	100	0	0	3,924	0	1432.28	0	7,845,591	\$7,845,591	\$1,208,221	\$2,899,780	\$1,002,599
17	2034	\$ 111.10	\$ 5.59	75	0	0	3,689	0	1346.35	0	7,522,353	\$7,522,353	\$1,168,442	\$2,812,415	\$942,442
18	2035	\$ 113.32	\$ 5.70	50	0	0	3,467	0	1265.56	0	7,212,432	\$7,212,432	\$1,110,715	\$2,705,112	\$885,885
19	2036	\$ 115.59	\$ 5.81	25	0	0	3,259	0	1189.63	0	6,915,280	\$6,915,280	\$1,064,953	\$1,980,592	\$832,742
20	2037	\$ 117.90	\$ 5.93	0	0	0	3,084	0	1118.25	0	6,630,370	\$6,630,370	\$1,021,077	\$1,765,568	\$782,777
											\$203,637,279	\$31,360,141	\$85,453,453	\$30,905,868	

20 Year Reserves (Gross) ----> 0 42,870

10 Year Reserves (Gross) ----> 0 27,863

5 Year Reserves (Gross) ----> 0 100,362

20 Year Reserves (Company) ----> 0 36,288

10 Year Reserves (Company) ----> 0 23,572

5 Year Reserves (Company) ----> 0 84,906

S1.87

Company															
TOTAL	Field Level Income (\$M)	Capital Costs (\$M)	W.I.	Net Income (\$M)	Net Production		Net Present Values							payout	wells
					(bbl)	(mmc)	0%	5.00%	7.00%	10.00%	15.00%	20.00%	25.00%		
58,788,021	\$5,709,987	\$3,750,000	100%	\$1,959,987	0	12,476,008	\$1,959,987	\$1,912,752	\$1,864,701	\$1,826,775	\$1,827,698	\$1,789,215	\$1,753,068		
35,550,092	\$5,411,803	\$1,580,600	100%	\$3,831,203	0	11,981,997	\$3,851,205	\$3,570,513	\$3,479,623	\$3,338,250	\$3,122,922	\$2,929,787	\$2,755,769		
33,338,052	\$5,130,110	\$1,591,812	100%	\$3,538,298	0	11,468,183	\$3,538,298	\$3,131,996	\$2,987,888	\$2,788,123	\$2,458,881	\$2,243,082	\$2,025,440	\$16,252,002	\$9,349,590
35,132,209	\$4,864,424	\$1,623,848	100%	\$3,240,576	0	10,996,633	\$3,240,775	\$2,732,028	\$2,557,442	\$2,321,531	\$1,987,040	\$1,712,043	\$1,484,103	\$21,118,428	\$12,500,368
55,028,900	\$4,614,871	\$1,659,121	100%	\$2,955,750	0	10,543,672	\$2,955,550	\$2,375,347	\$2,181,998	\$1,926,690	\$1,577,389	\$1,302,457	\$1,063,887	\$25,731,097	\$15,548,918
55,728,469	\$4,380,868	\$1,859,344	100%	\$2,521,524	0	10,109,177	\$2,691,444	\$2,057,995	\$1,855,131	\$1,593,403	\$1,247,807	\$987,390	\$788,824	\$30,111,786	\$18,240,360
86,830,282	\$4,182,316	\$1,723,020	100%	\$2,459,296	0	9,092,879	\$2,435,200	\$1,778,367	\$1,571,334	\$1,312,636	\$983,393	\$745,736	\$591,937	\$34,274,102	\$20,879,948
55,333,933	\$3,959,407	\$1,757,489	100%	\$2,201,918	0	9,293,340	\$2,435,200	\$1,778,367	\$1,571,334	\$1,312,636	\$983,393	\$745,736	\$591,937	\$38,233,509	\$22,881,566
56,138,833	\$3,771,822	\$1,792,838	100%	\$1,979,183	0	8,543,344	\$1,979,183	\$1,397,339	\$1,225,632	\$1,077,348	\$771,911	\$560,973	\$413,025		
\$4,943,913	\$3,694,431	\$1,828,492	100%	\$1,770,939	0	8,543,344	\$1,770,939	\$1,144,052	\$1,113,566	\$860,335	\$603,329	\$420,190	\$295,999		
\$4,749,244	\$3,442,114	\$1,885,081	100%	\$1,577,022	0	8,191,358	\$1,577,022	\$944,840	\$981,232	\$716,099	\$483,434	\$313,315	\$212,998		
\$4,554,113	\$3,299,762	\$1,902,383	100%	\$1,397,389	0	7,853,874	\$1,397,389	\$787,340	\$841,811	\$648,587	\$468,068	\$317,668	\$167,458		
\$4,358,019	\$3,172,278	\$1,940,410	100%	\$1,231,866	0	7,530,205	\$1,231,868	\$689,418	\$728,769	\$528,769	\$374,244	\$214,704	\$128,124		
\$4,113,445	\$3,106,801	\$2,474,023	100%	\$832,579	0	7,220,048	\$832,579	\$327,385	\$325,788	\$174,703	\$95,872	\$53,972	\$31,105		
\$3,865,071	\$3,057,510	\$2,523,900	100%	\$334,007	0	6,922,580	\$334,007	\$283,210	\$280,208	\$134,977	\$70,377	\$37,568	\$21,008		
\$3,612,378	\$3,024,992	\$2,573,873	100%	\$451,019	0	6,637,370	\$451,019	\$211,720	\$198,033	\$102,946	\$51,687	\$26,723	\$14,194		
\$3,354,857	\$3,009,953	\$2,625,450	100%	\$383,601	0	6,363,911	\$383,601	\$171,497	\$125,617	\$78,598	\$38,227	\$18,940	\$9,857		
\$3,092,008	\$3,008,710	\$2,877,662	100%	\$331,748	0	6,101,717	\$331,748	\$141,252	\$101,530	\$52,580	\$28,747	\$13,850	\$6,682		
\$2,823,334	\$3,028,993	\$2,731,521	100%	\$295,472	0	5,850,327	\$295,472	\$119,816	\$84,512	\$39,870	\$22,284	\$10,131	\$4,761		
\$2,549,345	\$3,060,947	\$2,786,151	100%	\$274,798	0	5,600,293	\$274,798	\$106,195	\$73,458	\$32,840	\$18,005	\$7,852	\$3,542		
\$95,482,919	\$76,814,719	\$43,073,493			0	172,277,138									

(\$M) \$ 10,000,000

20 year NPV ----->	\$33,741,227	\$29,287,113	\$22,841,189	\$19,891,771	\$16,268,286	\$13,703,725	\$11,811,128
10 year NPV ----->	\$28,834,888	\$21,514,511	\$18,898,443	\$17,523,368	\$16,088,802	\$13,004,187	\$11,395,844
5 year NPV ----->	\$15,548,816	\$13,731,644	\$13,101,528	\$12,243,374	\$11,809,928	\$9,876,564	\$9,102,265
	0%	5%	7%	10%	15%	20%	25%
Value per Barrel (20yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Value per Barrel (10yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Value per Barrel (5yr) ----->	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DUNDEE OIL AND GAS LIMITED**

Court File No.: CV-18-591908-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

**FIFTH REPORT OF THE MONITOR,
FTI CONSULTING CANADA INC.**
October 9, 2018

Thornton Grout Finnigan LLP
Barristers and Solicitors
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON M5K 1K7

Grant B. Moffat (LSO# 32380L)
Tel: 416-304-0599
Email: gmoffat@tgf.ca

Rachel A. Bengino (LSO# 68348V)
Tel: 416-304-1153
Email: rbengino@tgf.ca
Fax: 416-304-1313

Lawyers for the Monitor