

ASSET PURCHASE AGREEMENT

DATED AS OF APRIL 4, 2018

BETWEEN

**DUNDEE ENERGY LIMITED PARTNERSHIP by its general partner DUNDEE OIL AND GAS
LIMITED**

AS SELLER,

AND

LAGASCO INC.,

AS BUYER

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is made as of March 15th, 2018 between Dundee Energy Limited Partnership ("**DELP**"), an Ontario limited partnership created pursuant to the *Limited Partnerships Act* (Ontario), by its general partner Dundee Oil and Gas Limited ("**DOGL**"), an Ontario corporation (the "**Seller**"), and Lagasco Inc., an Ontario corporation ("**Buyer**"). Capitalized terms used but not otherwise defined herein have the meanings set forth in Article 1. Seller and Buyer are sometimes referred to collectively herein as the "**Parties**" and each individually as a "**Party**".

RECITALS

WHEREAS DELP holds on-shore and off-shore oil and natural gas producing assets and is engaged in the business of onshore and offshore oil and natural gas exploration and production in the provinces of Ontario and Alberta (the "**Business**").

WHEREAS DOGL is the general partner of DELP and its only asset is its partnership interest in DELP.

WHEREAS on August 15, 2017 (the "**Filing Date**"), each of DELP and DOGL (together, the "**Debtors**") filed a Notice of Intention to Make a Proposal (together, the "**NOIs**") to its creditors pursuant to the BIA (the "**NOI Proceedings**").

WHEREAS FTI Consulting Canada Inc. ("**FTI**") has consented to act as the proposal trustee (the "**Proposal Trustee**") under the NOIs.

WHEREAS by order dated August 16, 2017 (the "**Sale Process Order**"), the Court, among other things, approved the sale solicitation process (the "**BIA SSP**") with respect to all of the Debtors' assets, undertakings and properties (collectively, the "**Property**").

WHEREAS on February 13, 2018 Seller obtained an order of the Court (the "**Initial Order**") authorizing the continuation of the NOI Proceedings under the CCAA (the "**CCAA Proceedings**") and appointing FTI as the Monitor (in such capacity, the "**Monitor**") under the CCAA Proceedings.

WHEREAS Buyer was selected as a Successful Bidder pursuant to the BIA SSP.

WHEREAS Seller desires to sell, and Buyer desires to purchase, the Purchased Assets and assume the Assumed Liabilities, upon the terms and conditions of this Agreement.

WHEREAS Seller's ability to consummate the Transaction is subject to, among other things, the Approval and Vesting Order being issued by the Court.

NOW THEREFORE, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

- (a) “**Abandonment and Reclamation Obligations**” means all past, present and future obligations to:
- (i) abandon, plug, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities used or previously used in respect of Petroleum Substances produced or previously produced from the Purchased Assets; and
 - (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any Lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Effective Time that were located on Lands used in respect of Petroleum Substances produced or previously produced from such Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles,
- all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Law, provided however that such obligations and liabilities do not include obligations and liabilities solely associated with the Excluded Assets.
- (b) “**Action**” means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.
- (c) “**Adjusted Liabilities**” means those liabilities identified in Schedule B attached hereto.
- (d) “**Affiliate**” means with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person where, for the purposes of this definition only, “control”, “controlling” or “controlled” means the possession, direct or indirect, of the power to direct the management and policies of such other Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means.
- (e) “**Agreement**” has the meaning set forth in the introductory paragraph.
- (f) “**Applicable Law**” means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, license or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance.
- (g) “**Approval and Vesting Order**” means an order of the Court, substantially in the form attached hereto as **Schedule F** approving, among other things, the sale by Seller to Buyer of the Purchased

Assets in accordance with the provisions of this Agreement, and vesting all of Seller's right, title and interest in and to the Purchased Assets in Buyer.

- (h) “**Assignment Order**” means an order or orders of the Court, in form and substance satisfactory to Buyer, Seller and Court Officer (each acting reasonably), (i) authorizing and approving the assignment of the Leases and any other Consent Required Contract for which a consent, approval or waiver is necessary for the assignment of such Consent Required Contract but was not obtained from the counterparty pursuant to Section 2.6, (ii) preventing any counterparty to such Consent Required Contract from exercising any right or remedy under such Consent Required Contract by reason of any defaults arising from the Insolvency Proceedings or the insolvency of Seller, and (iii) vesting in Buyer Seller’s interest in such Consent Required Contract.
- (i) "**Assumed Contracts**" means the contracts which Buyer agrees to assume from Seller, in Buyer’s sole discretion, all as more particularly listed on **Schedule B**, but excluding the Excluded Assets.
- (j) “**Assumed Contract Assignment Costs**” means in respect of any Assumed Contract which is assigned to Buyer other than pursuant to an Assignment Order, all amounts required to be paid to effect an assignment thereof from Seller to Buyer, including all administrative fees, counsel fees and any other costs of the counterparties required to be paid to effect such assignment.
- (k) “**Assumed Employees**” has the meaning set forth in section 9.1(b).
- (l) "**Assumed Liabilities**" has the meaning set forth in Section 2.2.
- (m) "**Assumption Agreement**" has the meaning set forth in Section 2.2.
- (n) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B.-3, as amended.
- (o) “**BIA SSP**” means the sale and solicitation process for the Property approved by the Court pursuant to the Sale Process Order.
- (p) “**Books and Records**” means all personnel records in respect of Assumed Employees, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, accounting records, equipment logs, operating guides and manuals, business reports and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form) relating solely to the Purchased Assets, but excluding any of the foregoing as applicable to any Excluded Assets.
- (q) “**Business**” has the meaning set forth in the Recitals.
- (r) "**Business Day**" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Toronto, Ontario.
- (s) “**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 cc. C-36.
- (t) “**CCAA Proceedings**” has the meaning set forth in the recitals.
- (u) "**Closing**" has the meaning set forth in Section 4.1.

- (v) "**Closing Date**" means the date and time as of which Closing actually occurs as set forth in Section 4.1.
- (w) "**Confidential Information**" means non-public, confidential, personal or proprietary information which is furnished to Buyer by Seller or the Court Officer or from Buyer to Seller, including, without limitation, information about identifiable individuals, any information relating to a Party and its Affiliates or any customer or supplier of a Party; provided that "Confidential Information" does not include information that:
- (i) is or becomes generally available to the public other than as a result of disclosure in breach of this Agreement;
 - (ii) is received by a Party from a Third Party that obtained it lawfully and was under no duty of confidentiality;
 - (iii) was lawfully in a Party's possession prior to disclosure thereof by the other Party; or
 - (iv) was independently developed by a Party without use of, or reference to, the other Party's Confidential Information.
- (x) "**Consent Required Contracts**" means (i) the Leases; and (ii) those Assumed Contracts which are not assignable in whole or in part without the consent, approval or waiver of the party or parties thereto (other than Seller), including the Assumed Contracts listed on **Schedule D**.
- (y) "**Court**" means the Ontario Superior Court of Justice (Commercial List).
- (z) "**Court Officer**" means the Proposal Trustee or Monitor, as applicable.
- (aa) "**Credit Facility**" means the credit facility made available to Seller by National Bank of Canada pursuant to a Credit Agreement dated July 31, 2012, among Seller, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.
- (bb) "**Cure Costs**" means in respect of any Consent Required Contract in respect of which the required consent, approval or waiver of the party or parties thereto (other than Seller) has not been obtained, all monetary amounts, if any, required to be paid pursuant to the CCAA to remedy any monetary defaults thereunder in order to obtain the assignment to Buyer of such Consent Required Contract in accordance with the Assignment Order, including all administrative fees, counsel fees and any other costs of the counterparties required to be paid to obtain such Assignment Order, all of which shall be to the account of Buyer.
- (cc) "**Debtors**" means Dundee Energy Limited Partnership and Dundee Oil and Gas Limited.
- (dd) "**Deposit**" has the meaning set forth in Section 3.2.
- (ee) "**Effective Date**" means the last day of the month preceding the Effective Time at the hour of 12:01 a.m. local time.
- (ff) "**Effective Time**" means the date and time each of the Parties has executed this Agreement.
- (gg) "**Environmental Laws**" means all common law and Legal Requirements relating to the protection of the environment and related employee and public health and safety, and without restricting the

generality of the foregoing, includes those Legal Requirements relating to the discovery, development, production, gathering, use, storage, transmission, transportation, treatment and disposal of Petroleum Substances, the emission, discharge, release or threatened release of substances into or onto the air, water or land and the clean-up and remediation of contaminated sites, in each case insofar as the protection of the environment and related employee and public health and safety is concerned.

- (hh) “**Environmental Liabilities**” means all liabilities in respect of the environment which relate to the Purchased Assets or which arise in connection with the ownership thereof or operations pertaining thereto, including without limitation, liabilities related to or arising from:
- (i) transportation, storage, use or disposal of Petroleum Substances or other toxic or hazardous substances;
 - (ii) release, spill, escape, emission, leak, discharge, migration or dispersal of Petroleum Substances or other toxic or hazardous substances;
 - (iii) pollution or contamination of or damage to the environment; or
 - (iv) remediation, removal, transportation or disposal of wastes, asbestos, hazardous substances/materials, including hydrogen sulfide gas and NORM from the Purchased Assets

including, without limitation, liabilities to compensate Third Parties for damages and losses resulting from the items described in items (i) to (iv) above (including, without limitation, damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, “the environment” includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes and aquifers) and plant and animal life (including humans).

- (ii) “**ETA**” means the *Excise Tax Act* (Canada).
- (jj) “**Excluded Assets**” means that part of the Property not included in the Purchased Assets.
- (kk) “**Excluded Liabilities**” has the meaning set forth in Section 2.3.
- (ll) “**Filing Date**” has the meaning set forth in the Recitals.
- (mm) “**Forbearance Agreement**” means the second amended restated forbearance agreement dated February 13, 2018, among Seller, DOGL, Dundee Energy Limited and Lender, as approved by the Initial Order, as amended, restated, supplemented or otherwise modified from time to time.
- (nn) “**FTI**” has the meaning set forth in the Recitals.
- (oo) “**General Conveyance**” means the general conveyance agreement in the form attached hereto as **Schedule E**.
- (pp) “**Governmental Authority**” means any federal, provincial, municipal, county or regional government or government authority or other law, regulation or rule making entity, including any

court, department, commission, bureau, board, tribunal, administrative agency or regulatory body of any of the foregoing, that exercises jurisdiction over the Purchased Assets or the Parties.

- (qq) "**Governmental Authorization**" means any approval, consent, licence, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.
- (rr) "**Hazardous Substance**" means any "pollutant," "contaminant," "hazardous waste," "hazardous material," or "hazardous substance" that is or becomes identified, listed, published, or defined under any of the Environmental Laws.
- (ss) "**Knowledge**" means (i) with respect to Seller, the actual knowledge of any senior officer, without any duty of inquiry, and (ii) with respect to Buyer, the actual knowledge of any of the senior officers of Buyer. For greater certainty, the definition of "Knowledge" does not include the actual knowledge of Court Officer under any circumstances.
- (tt) "**Initial Order**" has the meaning set forth in the recitals.
- (uu) "**Insolvency Proceedings**" means the NOI Proceedings or the CCAA Proceedings, as applicable.
- (vv) "**Lands**" means (i) all of the land in which Seller has an interest insofar as rights to the Petroleum Substances underlying those lands are granted by the Leases, and (ii) all other lands in which the Seller has an interest (including options to purchase or lease) and which are utilized in the Business.
- (ww) "**Lease Disclosure Letter**" means the document to be delivered by Seller to Buyer which describes the leases, sub-leases, easements, rights of way and other contractual rights of occupation, which are to be assigned to Buyer on Closing.
- (xx) "**Leases**" means the leases, sub-leases, easements, rights of way and other contractual rights of occupation held by Seller, including those that are described or referenced in the Lease Disclosure Letter.
- (yy) "**Legal Requirement**" means all laws, orders, statutes, rules, by-laws, decrees, regulations, directives, judgments, declarations and similar pronouncements made by the Crown or other Governmental Authority.
- (zz) "**Lender**" means National Bank of Canada, as lender and agent for the lenders under the Credit Agreement dated July 31, 2012, among Seller, as borrower, DOGL and Dundee Energy Limited, as guarantors, and Lender, as amended.
- (aaa) "**Liabilities**" means, in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which Seller, suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Proceedings arising from the matter, regardless of whether such Proceedings are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and
 - (ii) liabilities and obligations (whether under common law, in equity, under Legal Requirements or otherwise; whether tortious, contractual, vicarious, statutory or otherwise;

whether absolute or contingent; and whether based on fault, strict liability or otherwise) which Seller suffers, sustains, pays or incurs as a result of or in connection with such matter;

but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by Seller, but including any such indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by a Third Party entitled to recovery, contribution or indemnification from Seller.

- (bbb) "**Licences**" means all governmental (whether federal, provincial or local) permits, licences, authorizations, franchises, grants, easements, variances, exceptions, consents, certificates, approvals and related instruments or rights of any Governmental Authority or other Third Party, and any writ, judgment, decree, award, order, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Authority (in each such case whether preliminary or final) required of Seller pertaining to or used in connection with, the Purchased Assets.
- (ccc) "**Licence Transfers**" means, other than the Specific Conveyances, any transfers or assignments of Licences.
- (ddd) "**Material Adverse Effect**" means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had, or would be reasonably likely to have, a material adverse change in or material adverse effect on the Purchased Assets, Transaction or Seller's businesses (excluding the Excluded Assets and the Excluded Liabilities), in each case taken as a whole, but excluding:
- (i) any change or effect to the extent that it results from or arises out of the pendency of the Insolvency Proceedings;
 - (ii) the execution and delivery of this Agreement or the announcement thereof or consummation of the Transaction;
 - (iii) changes in (or proposals to change) Legal Requirements, generally accepted accounting principles or other accounting regulations or principles;
 - (iv) acts of God, including hurricanes, storms and other natural disasters;
 - (v) any action contemplated by this Agreement or taken at the request of Buyer;
 - (vi) any change or effect generally applicable to (A) the industries and markets in which Seller operates or (B) economic or political conditions or the securities or financial markets in any country or region; and
 - (vii) any outbreak or escalation of hostilities or war or any act of terrorism.
- (eee) "**MNR**" means the Ontario Ministry of Natural Resources and Forestry.
- (fff) "**Monitor**" has the meaning set forth in the recitals.
- (ggg) "**Monitor's Certificate**" means the certificate filed with the Court by the Monitor substantially in the form attached as Schedule A to the Approval and Vesting Order certifying that the Monitor has

received written confirmation, in form and substance satisfactory to the Monitor, from Seller and Buyer that: (i) Buyer has paid, and Seller has received, the Purchase Price, (ii) all of the conditions to Closing set out in this Agreement have been satisfied or waived by Seller and Buyer, and (iii) the Transaction has been completed to the satisfaction of Seller, Buyer and the Monitor.

- (a) “**Municipal Taxes**” means any Taxes assessed or otherwise owing to a municipality in relation to the Purchased Assets as assessed under the *Assessment Act*, R.S.O. 1990, c. A. 31, the *Municipal Act, 2001*, S.O. 2001, c. 25 or otherwise, together with all interest and penalties accrued and owing thereon.
- (hhh) “**Municipal Tax Refund**” has the meaning set forth in Section 8.4.
- (iii) “**NOI Proceedings**” has the meaning set out in the Recitals.
- (jjj) “**NOIs**” has the meaning set forth in the Recitals.
- (kkk) “**NORM**” means naturally occurring radioactive materials.
- (lll) “**Order**” means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.
- (mmm) “**Party**” or “**Parties**” has the meaning set forth in the Recitals.
- (nnn) “**Permitted Encumbrances**” means
 - (i) the right reserved to or vested in any grantor or Governmental Authority by the term of any Lease or by Applicable Law to terminate any Lease (subject to the Assignment Order);
 - (ii) the exceptions and qualifications set out in the *Land Titles Act* (Ontario) and the *Registry Act* (Ontario), as applicable to each portion of the Lands, as well as any other exceptions and/or qualifications set out on any of the parcel registers for the Lands, as well as all instruments registered on title to the Lands or any portion thereof, save and except for such instruments that serve as security relating to the Credit Facility;
 - (iii) easements, rights of way, servitudes, restrictions that run with the land, or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires, or cables;
 - (iv) liens securing the payment of taxes on Petroleum Substances or the income or revenue therefrom relating to the Purchased Assets and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Purchased Assets, but excluding all such taxes incurred up to, or relating to the period prior to, the Effective Date that have not been paid;
 - (v) agreements for the sale, processing, transportation, or marketing of Petroleum Substances, which are terminable on thirty (30) days’ notice (without an early termination penalty or other cost);

- (vi) any authority under Applicable Law and any rights reserved to or vested in any municipality or Governmental Authority to control or regulate any of the Purchased Assets in any manner;
 - (vii) inchoate liens for Taxes, assessments, public utility charges, governmental charges or levies not at the time due;
 - (viii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
 - (ix) agreements and/or plans relating to pooling or unitization of any of the Lands or the Seller's interest therein; and
 - (x) liens granted in the ordinary course of business to a public utility, municipality, or Governmental Authority with respect to operations pertaining to any of the Purchased Assets;
- (ooo) **"Person"** means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.
- (ppp) **"Petroleum and Natural Gas Rights"** means, other than the Excluded Assets, all of Seller's right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of Seller at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:
- (i) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (ii) rights to a share of the production of Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (iii) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from or allocated to Seller's Lands or Lands with which the same have been pooled, unitized or otherwise combined,
 - (iv) rights of Seller in Lands or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges,
 - (v) rights to any tax pools relating to the Leases and Wells; **and**
 - (vi) rights to acquire any of the above rights described in paragraphs (i) through (iv) of this definition, and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests and other economic interests.
- (qqq) **"Petroleum Substances"** means any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons) and all other substances relating to any of the foregoing, whether liquid, gaseous or

solid, and whether hydrocarbons or not, and all products derived from any of the foregoing (except coal but including sulphur).

- (rrr) "**Proceeding**" means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.
- (sss) "**Property**" has the meaning set forth in the Recitals.
- (ttt) "**Proposal Trustee**" has the meaning set forth in the Recitals.
- (uuu) "**Purchased Assets**" means Seller's Interest in the Property utilized in connection with the Business, which, for greater certainty, include the Assumed Contracts, Lands, Leases, Licences, Petroleum and Natural Gas Rights, Surface Rights, Tangibles, and Wells, including those listed on **Schedule A**, but exclude the Excluded Assets.
- (vvv) "**Purchase Price**" has the meaning set forth in Section 3.1.
- (www) "**Release**" means any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the environment (including the abandonment or discharging of barrels, containers and other closed receptacles containing any Hazardous Substance).
- (xxx) "**Representative**" means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.
- (yyy) "**Sale Approval Motion**" means the motion to be filed with the Court by the Debtors in the Insolvency Proceedings seeking the Approval and Vesting Order.
- (zzz) "**Sale Process Order**" has the meaning set forth in the Recitals.
- (aaaa) "**Security Arrangements**" has the meaning set forth in Section 2.6(f).
- (bbbb) "**Seller**" has the meaning set forth in the Recitals.
- (cccc) "**Seller's Interest**" means all of Seller's right, interest, title and estate, whether absolute or contingent, legal or beneficial.
- (dddd) "**Seller's Obligations**" has the meaning set forth in Section 2.6(f).
- (eeee) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are required by Buyer, acting reasonably, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Purchased Assets to Buyer and to novate Buyer in the place and stead of Seller with respect to the Purchased Assets, including without limitation, change of operator forms, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and provincial agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Purchased Assets; *provided however*, that no Specific Conveyance shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.

- (ffff) “**Successful Bidder**” has the meaning set forth in the BIA SSP.
- (gggg) “**Surface Rights**” means all rights of Seller to use the surface of land in connection with the Purchased Assets and the operations thereon, including rights to enter upon, use, occupy and enjoy the surface of Lands upon which the Purchased Assets are located or any lands which are or may be used to gain access to or otherwise use the Purchased Assets.
- (hhhh) “**Tangibles**” means Seller’s Interest in and to:
- (i) any and all tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands or in water where the Purchased Assets are located and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Petroleum Substances, or any of them, and any real property;
 - (ii) all equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the Purchased Assets, including tanks, boats, off-shore rigs and barges, on-shore rig known as Discovery with associated equipment, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications equipment, field radio telemetry and associated frequencies and licences, pressure transmitters, central processing equipment, tools, spare parts, major warehouse inventory, vehicles, and all equipment used in connection with such rolling or floating stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities, to the extent such items are transferable to Buyer;
 - (iii) all pipes, casing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Purchased Assets and other Tangibles, to the extent such items are transferable to Buyer; and
 - (iv) all furniture, copiers, office equipment, phone lines, satellite services, cellular modems, cell phones, computer hardware, servers, plotters, computer software, software licenses, printers, routers and other equipment, to the extent such items are transferable to Buyer.
- (iiii) “**Tax**” or “**Taxes**” (and with correlative meaning, “Taxable” and “Taxing”) means any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental, natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, licence, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.
- (jjjj) “**Tax Act**” means the *Income Tax Act* (Canada).

- (kkkk) "**Tax Return**" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.
- (llll) "**Third Parties**" means any Person other than Seller, Buyer and their Affiliates.
- (mmmm) "**Transaction**" means the sale and purchase of the Purchased Assets by Seller to Buyer as contemplated by this Agreement.
- (nnnn) "**Transaction Documents**" means this Agreement, the General Conveyance, the Specific Conveyances, the Assumption Agreement and any other agreements, orders, instruments or documents entered into pursuant or ancillary to this Agreement.
- (oooo) "**Transfer Taxes**" has the meaning set forth in Section 8.1(a).
- (pppp) "**Wells**" means the producing, non-producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells forming part of the Property, including those described or identified in **Schedule A**.

1.2 Other Definitions and Interpretive Matters

- (a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:
- (i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.
 - (ii) Schedules. All Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.
 - (iii) Gender and Number. Any reference in this Agreement to gender includes all genders, and words importing only the singular number include the plural and vice versa.
 - (iv) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.
 - (v) Herein. Words such as "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

- (vi) **Monetary References.** Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "\$", shall mean the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.
- (vii) **Including.** The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.
- (viii) **No Strict Construction.** Buyer, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Seller shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, the Purchased Assets to Buyer, and Buyer shall purchase the Purchased Assets from Seller subject to the Permitted Encumbrances.

2.2 Assumed Liabilities

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall execute and deliver to Seller the Assumption Agreement in the form attached hereto as **Schedule G** (the "**Assumption Agreement**") pursuant to which Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), only the following Liabilities (collectively, the "**Assumed Liabilities**") and no others:

- (a) subject to Section 2.2(b):
 - (i) all Liabilities for debts and other liquidated amounts under the Assumed Contracts; and
 - (ii) all other Liabilities (excluding Environmental Liabilities) in respect of the Purchased Assets or the operation, use or ownership thereto;

in each case to the extent that such Liabilities arise or accrue on or after the Effective Date; provided that, for greater certainty, nothing in this Section 2.2(a) shall affect the adjustments provided for under Article 10;

- (b) all Environmental Liabilities regardless when they arise or accrue;
- (c) all Abandonment and Reclamation Obligations;
- (d) all Assumed Contract Assignment Costs;

- (e) all Cure Costs;
- (f) all Taxes with respect to the Purchased Assets which relate only to the period of time subsequent to the Effective Date;
- (g) all Municipal Taxes;
- (h) all Transfer Taxes;
- (i) all Permitted Encumbrances; and
- (j) all obligations in respect of Assumed Employees arising on or after the Effective Date pursuant to Article 9.

2.3 Excluded Liabilities

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liabilities of Seller, and Seller shall be solely and exclusively liable with respect to all Liabilities of Seller, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the "**Excluded Liabilities**").

2.4 Licence Transfers

- (a) Buyer shall prepare and provide to Seller within thirty (30) calendar days after the date of this Agreement all applications to the applicable Government Authority for the License Transfers at Buyer's sole expense.
- (b) Within five (5) Business Days following the preparation and delivery of the applications described in Section 2.4(a), at Buyer's sole expense, Seller shall submit the applications to the applicable Governmental Authority for the Licence Transfers and Buyer or its nominee shall, where applicable, at the same time electronically ratify and sign such application.
- (c) If a Governmental Authority denies any Licence Transfers because of misdescription or other minor deficiencies in the application, Seller shall within five (5) Business Days of such denial correct the application and amend and re-submit the application for the Licence Transfers and Buyer or its nominee shall, where applicable, electronically ratify and sign such application, at Buyer's sole expense.
- (d) In the event that Buyer is required to make any deposits or furnish any other form of security or financial assurance to a Governmental Authority in order to meet the qualification requirements of Buyer as specified in Section 6.8 in relation to facilitating the approval of any Licence Transfers by the applicable Governmental Authority, Buyer shall promptly make such deposit or furnish such other form of security or financial assurance.
- (e) In the event that this Agreement is terminated in accordance with the terms of this Agreement after the applications referred to in Section 2.4(b) have been submitted, Buyer acknowledges that the applications referred to in Section 2.4(b) must be withdrawn by Seller with such assistance from Buyer as reasonably necessary.

2.5 Specific Conveyances

- (a) Buyer shall prepare the Specific Conveyances at its cost. If all Specific Conveyances are not prepared prior to the Effective Date, Buyer shall prepare them as soon as practicable, and, in any event, no later than forty five (45) days after the Effective Date. It shall not be necessary for Specific Conveyances to have been executed prior to or at Closing by Third Parties at the option of Buyer. Promptly after the Effective Date, and at Buyer's cost, Buyer shall deliver all Specific Conveyances to Third Parties and each applicable Governmental Authority in accordance with normal industry practices and the Approval and Vesting Order, and shall attend to the registration of Specific Conveyances with each applicable Governmental Authority in accordance with normal industry practices.
- (b) Buyer shall use all commercially reasonable efforts to become, as soon as reasonably practicable upon Closing, the recognized and beneficial holder of the Purchased Assets in the place and stead of Seller, and shall where Seller is the registering party, promptly take whatever steps are necessary to verify such registrations.
- (c) Buyer shall bear all out of pocket costs, fees and deposits of every nature and kind incurred (whether by Seller or Buyer) in registering any Specific Conveyances and registering any further assurances required to convey the Purchased Assets to Buyer.

2.6 Consent Required Contracts, Assumed Contracts and Leases

- (a) With respect to each Consent Required Contract other than the Leases, Seller and Buyer shall use commercially reasonable efforts to obtain the consent, approval or waiver of the party or parties to each Consent Required Contract to the assignment of such Consent Required Contract prior to the filing of the motion materials for the Sale Approval Motion. For greater certainty, Seller and Buyer shall not be required to obtain the consent, approval or waiver of the party or parties to any Lease. Neither Seller nor Buyer is under any obligation to pay any money, incur any obligations, commence any Proceeding (other than as set forth below with respect to an Assignment Order), or offer or grant any accommodation (financial or otherwise) to any Third Party in order to obtain any such consent, approval or waiver, other than the payment of any Cure Costs required to be paid by Buyer, or except as agreed to by the Parties.
- (b) To the extent that the consent, approval or waiver required to assign any Consent Required Contract is either (i) not required pursuant to 2.6(a) or; (ii) not obtained before the date the motion materials for the Sale Approval Motion are filed with the Court, Seller shall seek approval at the Sale Approval Motion, or on an earlier date as agreed to by the Parties, of the procedures to notify each counterparty to such Consent Required Contract that Seller will seek the assignment of such Consent Required Contract pursuant to the Assignment Order (which such Assignment Order shall be sought prior to Closing). Such notification procedures shall be determined by Seller and Buyer, acting reasonably. Buyer shall provide Seller evidence of its ability as required under the CCAA to perform the future obligations under each such Consent Required Contract. Buyer and Seller shall take all steps reasonably required to obtain the Assignment Order, such as furnishing timely requested and factually accurate affidavits, providing non-confidential financial information and other documents or information for filing with the Court and making Buyer's and Seller's employees and Representatives available to testify before the Court.
- (c) Once the consent, approval or waiver to the assignment of a Consent Required Contract is obtained or the assignment of such Assumed Contract has been ordered by the Court pursuant to an

Assignment Order, such Consent Required Contract shall be deemed to have been assigned to Buyer on Closing.

- (d) Subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof, or (ii) in the absence of consent, the obtaining of an Assignment Order, in addition to its other obligations under this Agreement, Buyer shall pay the applicable Assumed Contract Assignment Costs and Cure Costs related to Assumed Contracts and Leases, including Consent Required Contracts.
- (e) Buyer shall pay, perform or satisfy the Assumed Liabilities (including, if applicable, Assumed Contract Assignment Costs and Cure Costs) from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.
- (f) Buyer acknowledges that there may be various bonds, surety bonds, letters of credit, guarantees, and/or cash deposits (collectively the "**Security Arrangements**") provided by Seller and/or its Affiliates to secure the payment and/or performance of certain of Seller's obligations related to the Purchased Assets. Buyer acknowledges that Seller has no duty to maintain any Security Arrangements after the Closing. To the extent Seller and/or any of its Affiliates have any obligations pursuant to any Security Arrangement or have pledged or otherwise provided any property that secures any such Security Arrangement (collectively, "**Seller's Obligations**"), Buyer shall take such actions as are necessary to cause Seller's Obligations arising under such Security Arrangements (and such Security Arrangements) to be released and terminated, and any of Seller's property pledged or otherwise provided to secure such Security Arrangements returned to Seller, within thirty (30) days following Seller notifying Buyer (or if earlier, Buyer otherwise becoming aware) of such Security Arrangement, and Buyer shall reimburse Seller, within ten (10) days following Seller's demand therefor, the aggregate amount of any Seller's Obligations that are paid or performed by Seller under such Security Arrangements following the Closing. Notwithstanding the foregoing, any of Seller's Security Arrangements with the MNRF will be released to the Court Officer once the MNRF approves the License Transfers to Buyer.

2.7 Further Assurances

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents, each at the expense of the requesting Party; provided that nothing in this Section 2.8 shall prohibit Seller from ceasing operations or winding up its affairs (including, without limitation, through a bankruptcy) following the Closing.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

- (a) The aggregate purchase price payable by Buyer to Seller to purchase the Purchased Assets is:
 - (i) cash in an amount equal to \$ [REDACTED] inclusive of the Adjusted Liabilities; and
 - (ii) the assumption of the Assumed Liabilities,

(together, the "**Purchase Price**").

- (b) In the determination of the Purchase Price payable for the Purchased Assets, the Parties agree that the extent and value of Abandonment and Reclamation Obligations is unknown as of the Closing Date, and the Parties have not attributed a specific or agreed to value with regard to either (i) such Liabilities, or (ii) the indemnities provided for in this Agreement, nor shall there be any adjustments made to the Purchase Price in relation thereto.
- (c) The Purchase Price is exclusive of any and all Transfer Taxes, which shall be paid on Closing by Buyer in accordance with Section 8.1 herein.

3.2 Deposit

Buyer shall pay to Court Officer by wire transfer a cash deposit (the "**Deposit**") equal to 10% of the cash component of the Purchase Price on the later of the date:

- (a) Seller accepts and executes this Agreement; and
- (b) this Agreement is approved by the Lender's credit committee.

Upon Closing, the Deposit (plus any interest that has actually accrued thereon) shall be applied to the Purchase Price. If Closing does not occur, the Deposit (plus any interest that has actually accrued thereon) shall be subject to the terms of Section 14.3.

3.3 Allocation of Purchase Price

The Parties shall determine the allocation of the Purchase Price for all purposes (including for purposes of the ETA and the Tax Act) on or before the granting of the Approval and Vesting Order.

ARTICLE 4 CLOSING

4.1 Closing Date

Provided the conditions in Article 11 and Article 12 have been satisfied or, if permissible, waived, the closing of the sale of the Purchased Assets and the assumption of the Assumed Liabilities contemplated hereby (the "**Closing**") shall take place at 2:00 p.m., Eastern Standard Time, at the offices of the Court Officer's counsel, Thornton Grout Finnigan LLP, 100 Wellington Street West, TD Centre (West), Suite 3200, Toronto, Ontario or such other place as may be agreed upon in writing by the Parties, no later than July 30, 2018. The Parties will work diligently and in good faith to complete the Closing prior to June 30, 2018. The date and time at which the Closing actually occurs is hereinafter referred to as the "**Closing Date**".

4.2 Payment on the Closing Date

Subject to satisfaction or, if permissible, waiver of the conditions set forth in Article 11 and Article 12, at the Closing, Buyer shall pay, or cause to be paid, the cash portion of the Purchase Price, less the Deposit (plus any interest that has actually accrued thereon), by wire transfer of immediately available funds to an account specified in writing by the Court Officer on the Closing Date.

4.3 Buyer's Deliveries

At the Closing, Buyer shall deliver or cause to be delivered to Seller (or such other Persons where so designated):

- (a) the cash consideration referenced in Section 3.1(a)(i) (after the application of the Deposit (plus accrued interest);
- (b) the Assumption Agreement, duly executed by Buyer;
- (c) a certificate of status of Buyer;
- (d) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the General Conveyance, and those Specific Conveyances available as at the Closing Date;
- (e) the License Transfer applications referenced in Section 2.4(a);
- (f) the certificates of Buyer to be received by Seller pursuant to Sections 12.1 and 12.3;
- (g) such other assignments and other good and sufficient instruments of assumption and transfer, in a form reasonably satisfactory to Seller, as Seller may reasonably request to transfer and assign the Assumed Liabilities to Buyer;
- (h) a certificate to the Monitor, duly executed by Buyer, confirming that all of conditions in Article 11 have been satisfied or waived to Buyer's satisfaction; and
- (i) any other document(s) reasonably required by Seller to be delivered by Buyer to Seller at Closing pursuant to this Agreement.

4.4 Seller's Deliveries

At the Closing, Seller shall deliver to Buyer:

- (a) the General Conveyance, the Specific Conveyances, as available, and each other Transaction Document to which Seller is party, duly executed by Seller;
- (b) the Assumption Agreement, duly executed by Seller;
- (c) a copy of the issued Approval and Vesting Order;
- (d) the certificate of Seller to be received by Buyer pursuant to Section 11.1;
- (e) a certificate to the Monitor, duly executed by Seller, confirming that (1) Seller has received the Purchase Price, and (2) all of conditions in Article 12 have been satisfied or waived to Seller's satisfaction; and
- (f) any other document(s) reasonably required by Buyer to be delivered by Seller to Buyer at Closing pursuant to this Agreement.

4.5 Monitor's Certificate

Subject to the terms of the Approval and Vesting Order, upon receipt by the Monitor of the certificates from Buyer and Seller described in Sections 4.3(h) and 4.4(e), respectively, the Monitor shall deliver to Buyer and Seller and file with the Court the Monitor's Certificate. Buyer and Seller acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving from Buyer and Seller the certificates from Buyer and Seller described in Sections 4.3(h) and 4.4(e). The Monitor will have no liability to Seller or Buyer or any other Person as a result of filing the Monitor's Certificate or otherwise in connection with this Agreement, the Transaction Documents or the Transaction (whether based on contract, tort or any other theory).

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants the following to Buyer:

5.1 Organization and Good Standing

Seller is an entity duly organized and validly existing under the laws of the jurisdiction of its organization. Seller has the requisite corporate power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Seller is qualified or licenced to do business and is in good standing in each jurisdiction where the character of its business or the nature of its properties makes such qualification or licensing necessary, except for such failures to be so qualified or licenced or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

5.2 Authority; Validity; Consents

Seller has, subject to obtaining the Approval and Vesting Order, the requisite corporate power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which Seller is a party and to consummate the Transaction, and, subject to obtaining the Approval and Vesting Order, the execution, delivery and performance of this Agreement and such other Transaction Documents by Seller and the consummation by Seller of the Transaction has been duly and validly authorized by all requisite corporate action. This Agreement has been duly and validly executed and delivered by Seller and each other Transaction Document required to be executed and delivered by Seller at the Closing will be duly and validly executed and delivered by Seller at the Closing. Subject to obtaining the Approval and Vesting Order, this Agreement and the other Transaction Documents constitute, with respect to Seller, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as such enforceability is limited by general principles of equity. Subject to obtaining the Approval and Vesting Order, to Seller's Knowledge, except:

- (a) for entry of the Approval and Vesting Order and Assignment Order;
- (b) for notices, filings and consents required in connection with the Insolvency Proceedings; and
- (c) for any consents, approvals or waivers required for Consent Required Contracts;

Seller is not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of the Transaction, except with respect to the License Transfers contemplated in Section 2.4 herein, and except as would not, individually or in the aggregate, have a Material Adverse Effect.

5.3 Residency

Seller is not a non-resident of Canada for the purposes of the Tax Act.

5.4 HST

Seller is a registrant for purposes of the ETA, and its registration number is 818422669 RT0001.

5.5 Collective Agreement

Seller is a party to one collective agreement, being the Lake Erie Collective Agreement dated December 20, 2016 between Seller and the Carpenter's District Council of Ontario and the United Brotherhood of Carpenters and Joiners of America.

5.6 No Additional Representations and Warranties by Seller; "As is, Where is"

Save as provided for in this Agreement, the sale of the Purchased Assets by Seller is on an "as is, where is" basis as at Closing and without surviving representations or warranties of any kind, nature, or description by Seller, except as may be set forth in this Article 5. Neither Seller nor the Court Officer 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 Purchased Assets. Seller disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, that may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to Buyer in any manner including any opinion, information, or advice that may have been provided to Buyer by Seller, the Court Officer, or any of their respective Affiliates or Representatives, in connection with this Agreement, the Purchased Assets or in relation to the Transaction. Seller is not required to inspect or count, or provide any inspection or counting, of the Purchased Assets or any part thereof and Buyer shall be deemed, at its own expense, to have relied entirely on its own inspection and investigation with respect to the Purchased Assets. It is Buyer's sole responsibility to obtain, at its own expense, any consents to such transfer (including, without limitation, any Governmental Authorization) 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 Purchased Assets and are waived by Buyer.

Save as provided for in this Agreement, Buyer acknowledges and confirms to Seller and Court Officer that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from Seller or Court Officer or their Affiliates or Representatives in connection with the Transaction. Buyer further acknowledges and agrees that it is acquiring the Purchased Assets on an "**as is, where is**" basis. Buyer acknowledges and agrees that it is familiar with the condition of the Purchased Assets, that Seller has provided Buyer with a reasonable opportunity to inspect the Purchased Assets at the sole cost, risk and expense of Buyer (insofar as Seller could reasonably provide such access) and that Buyer is not relying upon any representation or warranty of Seller or Court Officer as to the condition, environmental or otherwise, of the Purchased Assets, except as expressly contained in this Article 5.

For greater certainty, save as provided for in this Agreement, Seller does not make any representation or warranty, express or implied, of any kind, at law or in equity, with respect to:

- (i) the accuracy or completeness of any information supplied by Seller, Court Officer, or any of their respective Affiliates or Representatives in connection with the Purchased Assets;

- (ii) the quality, quantity or recoverability of any Petroleum Substances;
- (iii) the value of the Purchased Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Purchased Assets or the Petroleum and Natural Gas Rights or any estimates of other revenues or expenses attributable to the Purchased Assets;
- (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
- (v) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Purchased Assets; or
- (vi) the title of Seller to the Purchased Assets.

Except for its express rights under this Agreement, Buyer hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against Seller or Court Officer in respect of the Purchased Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to Buyer or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

6.1 Organization and Good Standing

Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the Province of Ontario. Buyer has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted.

6.2 Authority; Validity; Consents

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the Transaction. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the Transaction have been duly and validly authorized by all requisite corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity. Subject to obtaining the Approval and Vesting Order, to Buyer's Knowledge, except:

- (a) for entry of the Approval and Vesting Order and Assignment Order;
- (b) for notices, filings and consents required in connection with the Insolvency Proceedings; and

(c) for any consents, approvals or waivers required for Consent Required Contracts;

Buyer is not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of the Transaction, except as would not, individually or in the aggregate, affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

6.3 No Conflict

When the consents and other actions described in Section 6.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transaction will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture, or other instrument to which it is bound, (b) the constating documents of Buyer, as applicable, (c) any Order or (d) any Legal Requirement.

6.4 Availability of Funds

As of the Closing, Buyer will have sufficient cash in immediately available funds (without giving effect to any unfunded financing, regardless of whether any such financing is committed) to pay the Purchase Price, all costs, fees and expenses to be paid by Buyer that are necessary to consummate the Transaction and the other Transaction Documents, and assume and satisfy the Assumed Liabilities.

6.5 Litigation

There are no Proceedings pending or, to the Knowledge of Buyer, threatened, that would affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

6.6 Brokers or Finders

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the Transaction for which Seller is or will become liable, and Buyer shall hold harmless and indemnify Seller from any claims with respect to any such fees or commissions.

6.7 Business Use, Bargaining Position, Representation

Buyer is purchasing the Purchased Assets for commercial or business use and has knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of a transaction such as the Transaction. Buyer is not in a significantly disparate bargaining position with Seller and is represented by legal counsel.

6.8 Qualification

Buyer meets all qualification requirements of Governmental Authorities, including the MNRF and any other applicable Governmental Authority, necessary to complete the Licence Transfers and to consummate the Transaction, and there are no regulatory approvals or rulings required to be obtained by Buyer to complete the Transaction and the Licence Transfers.

ARTICLE 7
ACTIONS PRIOR TO THE CLOSING DATE

7.1 Due Diligence

Buyer acknowledges that it has, prior to the execution hereof, been given an opportunity to conduct an environmental review of the Purchased Assets and has satisfied itself in regard to all environmental matters relating to the Purchased Assets (including, without limitation, any past, present or future Environmental Liabilities). Buyer further acknowledges that, subject to Section 7.2 hereof, it has, prior to the execution hereof, been given an opportunity to review all Leases granted to Seller including, without limitation, those Leases between Seller and the Governmental Authority and the renewal process related thereto.

Buyer acknowledges and agrees that it will purchase the Purchased Assets subject to all environmental matters affecting the Purchased Assets as of the Closing Date (including, without limitation, any past, present or future Environmental Liabilities) and the status of the Leases as of the Closing Date. .

7.2 Operations Prior to the Closing Date

Seller covenants and agrees that, except (a) as expressly contemplated by this Agreement, (b) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed) or (c) as otherwise required by Legal Requirements, after the Effective Time and prior to the Closing Date:

- (a) Seller shall:
- (i) subject to the Insolvency Proceedings, operate the Business in the ordinary course of business in all material respects and use commercially reasonable efforts to preserve the Business;
 - (ii) subject to the Insolvency Proceedings, Sale Process Order, Forbearance Agreement and the terms governing the Credit Facility, pay or cause to be paid all rentals, royalties, shut-in royalties, and minimum royalties and development and operating expenses, and other payments incurred with respect to the Purchased Assets operated by Seller referable to the period after the Filing Date except (A) royalties held in suspense as a result of title issues and that do not give any Third Party a right to cancel an interest in any Purchased Assets operated by Seller, and (B) expenses or royalties being contested in good faith, unless the nonpayment of such contested expenses or royalties could result in the termination of a Lease, in which case Seller will notify Buyer and obtain Buyer's approval prior to withholding such payment;
 - (iii) maintain its books, accounts and records in accordance with past custom and practice;
 - (iv) maintain the personal property comprising part of the Purchased Assets operated by Seller in at least as good a condition as it is on the date hereof, subject to ordinary wear and tear;
 - (v) not amend, terminate or assign any Assumed Contract that is included in the Purchased Assets and material to the Business;
 - (vi) provide to Buyer weekly internally generated production and operating statements and monthly internally generated financial statements; and

- (b) Seller shall not prior to the Closing Date:
- (i) surrender or abandon any of the Purchased Assets (except any abandonment of Leases to the extent any such Leases terminate pursuant to their terms);
 - (ii) terminate, cancel, or materially amend or modify any Lease that is a Purchased Asset;
 - (iii) sell, lease, encumber, or otherwise dispose of all or any portion of any Purchased Assets, except sales of Petroleum Substances in the ordinary course of business;
 - (iv) grant to any of Seller's employees any increase in compensation except in the ordinary course of Seller's business and consistent with past practice or pursuant to an order granted in the Insolvency Proceedings;
 - (v) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Purchased Assets of which Buyer's share is in excess of \$50,000 except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety and with the exception of capital expenditures related to Abandonment and Reclamation Obligations;
 - (vi) enter into any agreement or commitment to take any action prohibited by this Section 7.2(b); and
 - (vii) propose or initiate the exercise of any right (including bidding rights at Crown sales, rights under area of mutual interest provisions and rights of first refusal) or option relative to, or arising as a result of, the ownership of the Purchased Assets, or propose or initiate any operations on the Lands which have not been commenced or committed to by Seller as of the Effective Time, if such exercise or option would result in either an obligation of Buyer hereunder after the Effective Date or a Material Adverse Effect on the value of any of the Purchased Assets. If an operation or the exercise of any right or option respecting the Purchased Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in an obligation of Buyer, the following paragraphs shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):
 - (A) Seller shall promptly give notice of the Proposal to Buyer, including with such notice the particulars of such Proposal in reasonable detail;
 - (B) Buyer shall, not later than forty-eight (48) hours prior to the time Seller is required to make its election with respect to the Proposal, advise Seller, by notice, whether it wishes Seller to exercise its rights with respect to the Proposal on behalf of and at the sole cost of Buyer, provided that failure of Buyer to make such election within such period shall be deemed to be an election by Buyer to participate in the Proposal;
 - (C) Seller shall make the election authorized by Buyer with respect to the Proposal within the period during which Seller may respond to the Proposal; and
 - (D) election by Buyer not to participate in any Proposal required to preserve the existence of any of the Purchased Assets shall not entitle Buyer to any reduction of the Purchase Price in the event that Seller's interest therein is terminated as a result

of such election and such termination shall not constitute a failure of Seller's representations and warranties pertaining to such Purchased Assets, notwithstanding Article 3 and Article 6.

7.3 Court Approval

- (a) Seller and Buyer acknowledge that this Agreement and the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts and Leases are subject to, among other things, the Court issuing the Approval and Vesting Order and, if applicable, all Assignment Orders required by Buyer to be obtained pursuant to Section 2.6. Seller and Buyer acknowledge that to obtain the Approval and Vesting Order, Seller must demonstrate that it and the Court Officer have taken reasonable steps to obtain the best offer possible for the Purchased Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to secured creditors and other interested parties as determined by the Parties or ordered by the Court. Seller will provide Buyer with its proposed notice list and will notify anyone else reasonably requested by Buyer. Buyer and Seller agree to cooperate and redact any commercially sensitive or confidential information from the materials set with such notices. Seller covenants to bring the motion for the Approval and Vesting Order to the Court returnable on a date mutually acceptable to Buyer and Seller and on reasonable notice, and Buyer covenants to support such motion. Seller shall provide drafts to Buyer of all above-referenced documents and take into account the reasonable comments from Buyer before finalizing them.
- (b) Buyer acknowledges that if an Assignment Order is required, Buyer must demonstrate, and the Court must be satisfied, that (i) Buyer is able to perform the obligations under the Assumed Contract that is the subject of such Assignment Order, and (ii) it is appropriate to assign such Assumed Contract to Buyer pursuant to such Assignment Order. Buyer agrees to fully cooperate with Seller and Court Officer to obtain Assignment Order(s), and shall provide Seller and Court Officer any evidence or documents requested or file any materials with the Court which are necessary or desirable in support of obtaining such Assignment Order(s).
- (c) Buyer acknowledges that the Transaction will close notwithstanding the appeal period with respect to the Approval and Vesting Order or any Assignment Order has not yet expired.

ARTICLE 8 TAXES

8.1 Transfer Taxes

All amounts payable by Buyer to Seller pursuant to this Agreement do not include any value-added, sales, goods and services, harmonized sales, use, consumption, multi-staged, personal property, customs, excise, stamp, land transfer, or similar taxes, duties, or charges, (collectively "**Transfer Taxes**") and all Transfer Taxes are the responsibility and for the account of Buyer. If Seller is required by Applicable Law or by administration thereof to collect any applicable Transfer Taxes from Buyer, then Buyer shall pay such Transfer Taxes to Seller at the Closing Time, unless Seller agrees that Buyer qualifies for an exemption from any such applicable Transfer Taxes, in which case Buyer shall, in lieu of payment of such applicable Transfer Taxes to Seller, deliver to Seller such certificates, elections, or other documentation required by Applicable Law or the administration thereof to substantiate and effect the exemption claimed by Buyer. Where Seller is not required by Applicable Law or by administration thereof to collect applicable Transfer Taxes, Buyer shall pay such Transfer Taxes directly to the appropriate taxing authority and shall provide evidence of such payment to Seller upon request. Buyer shall, at all times, indemnify and hold harmless Seller, its directors, officers, and employees against and in respect of any and

all amounts assessed by any taxing authority in respect of any failure on the part of Buyer to pay applicable Transfer Taxes, including all taxes, interest, and penalties assessed and including all reasonable legal and professional fees incurred by Seller, its directors, officers, and employees as a consequence of or in relation to any such assessment. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing in perpetuity and shall not be subject to any caps, thresholds or other restrictions. Seller and Buyer shall use commercially reasonable efforts and cooperate in good faith to reduce or eliminate any Transfer Taxes applicable to the sale and transfer of the Purchased Assets. Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by Applicable Law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

8.2 ETA Elections

If Buyer and Seller, acting reasonably, agree that the elections described herein are legally available to be made, Buyer and Seller shall, on the Closing Date, elect jointly under subsection 167(1) of the ETA and under any similar provision of any applicable provincial legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets hereunder, and Buyer shall file such elections with Canada Revenue Agency and any other applicable Governmental Authorities within the time and in the manner required by Applicable Law, and provide Seller with proof of receipt by Canada Revenue Agency or such other applicable Governmental Authority of the receipt of such elections. Buyer shall indemnify and hold Seller harmless from and against any Taxes payable under the ETA or other applicable provincial legislation and any penalty or interest in respect thereof that may be payable by or assessed against Seller as a result of or in connection with Seller's failure to collect the applicable Taxes payable under the ETA or other applicable provincial legislation on the sale of the Purchased Assets hereunder, including any such Taxes, penalties and interest arising as a result of any failure or refusal by any Governmental Authority to accept any such election or on the basis that any such election was inapplicable, invalid or not properly made. Notwithstanding anything else in this Agreement, this indemnity shall survive the Closing in perpetuity and shall not be subject to any caps, thresholds or other restrictions.

8.3 Joint Election – Cumulative Resource Tax Accounts

The Parties agree to make a joint successor election under subsection 66.7(7)(e) of the *Income Tax Act* (Canada) in respect of certain resources expenses incurred by Seller prior to the Closing Date and to the extent permitted thereunder. Buyer, acting reasonably, shall prepare, and each Party agrees to execute and file such election in the form and within the time period prescribed or specified under such *Income Tax Act* (Canada) so that Buyer may deduct such permitted expenses in computing its income derived from the Purchased Assets.

8.4 Other Tax Elections

Buyer and Seller shall execute and deliver such other Tax elections and forms as they may mutually agree upon.

Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets (including access to Books and Records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, provincial or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Purchased Assets are located; *provided*

however, that neither Buyer nor Seller shall be required to disclose the contents of its income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section shall be borne by the Party requesting it.

8.5 Municipal Tax Appeals, Refunds, Reductions or Reassessments

At Seller's request in its sole discretion, and at Seller's sole expense, Buyer shall assist Seller in taking any steps Seller directs with respect to any appeal or re-assessment with respect to any Municipal Taxes owing for the period prior to the Effective Date. Seller shall retain all right, title and benefit in and to any municipal tax refunds, reductions or re-assessments with respect to Municipal Taxes owing for the period prior to the Effective Date (such amount, a "**Municipal Tax Refund**"). Seller and Buyer shall jointly direct the municipality to pay any Municipal Tax Refund to Seller.

All right, title and benefit in and to any municipal tax refunds, reductions or re-assessments with respect to Municipal Taxes for the period on or after the Effective Date shall be transferred and assigned by Seller to Buyer on Closing.

Buyer and Seller shall readjust the amount of any such refund, reduction or re-assessment payment between them, as applicable, after the conclusion of any assessment appeal based upon the respective *pro rata* entitlements thereto, as described above provided, however, that each party shall be responsible for collecting any such refund, reduction or re-assessment payment which, through inadvertence, is made by a Municipality directly to a landowner.

ARTICLE 9 EMPLOYEES

9.1 Employee Matters

- (a) Prior to, but conditional on, Closing and with effect as of Closing Seller shall terminate all employees. Thereafter, Buyer shall make written offers of employment to certain employees of Seller. Those employees which accept such offers of employment are referred to herein as the "**Assumed Employees**".
- (b) Buyer shall be responsible for all liabilities and obligations with respect to employees between the Effective Date and Closing Date other than any severance or termination pay (required under Applicable Law or under contract). Seller shall be responsible for termination or severance pay (required under Applicable Law or under contract) with respect to all employees of Seller up to and including the Closing Date and all liabilities and obligations with respect to any employees who do not accept offers of employment from Buyer made in accordance with the terms of this Agreement, including, in both cases, liabilities and obligations related to any required notice of termination, termination or severance pay (required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, Canada Pension Plan, salary or wages, statutory holiday pay, overtime pay, payroll or employer health taxes, commissions, bonuses, employee benefit plan payments or contributions, vacation entitlements and any other claims. Buyer shall be responsible for all such liabilities and obligations to Assumed Employees for the period following the Closing Date.

**ARTICLE 10
ADJUSTMENTS**

10.1 Adjustment of Purchase Price

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

- (a) any expenses paid to the Effective Date by Seller, all or part of which are attributable to any period or periods commencing on or after the Effective Date, the benefit of which will be enjoyed by Buyer;
- (b) the net revenues arising from the sale of Seller's share of Petroleum and Natural Gas Rights from and after the Effective Date and prior to the Closing Date. In determining such revenues the Parties shall deduct from the gross proceeds of sale of such Petroleum and Natural Gas Rights paid or payable for production during the period, Seller's share of all lessor and other royalties if not paid, working interests and leases, including, but not limited to, lease rentals and surface lease rentals, all capital and operating costs and administration costs incurred by the relevant operator of the Well, general and administrative costs relating to the London office only and similar costs and expenses attributable to the ownership, production, transportation, gathering and sale of such Petroleum and Natural Gas Rights; and
- (c) interest on the Purchase Price for the benefit of Seller calculated at a rate of five percent (5%) per annum;

Forthwith after the execution of this Agreement by the Parties, Seller shall prepare, or cause to be prepared, its best good faith estimate of the adjustments required to be made under this Article 10 and shall provide to Buyer, Seller's estimate of the amounts so determined. If, in aggregate, the amount of such adjustments is in favour of Seller, the Purchase Price shall be increased by such amount. If in the aggregate, the amount of such adjustments is in favour of Buyer, Seller shall deduct from the Purchase Price (or alternatively pay to Buyer) the amount thereof. Seller and Buyer acknowledge that the gross revenues payable to Seller by Enbridge Gas Distribution Inc., ConocoPhillips Canada Marketing & Trading ULC, Shell Energy North America Canada Inc., Marcus Terminals Inc., American Refining Group Inc. and Union Gas Limited in respect of the sale of Petroleum and Natural Gas Rights by Seller occurring subsequent to the Effective Date (the "**Future Revenues**") may not be received by Seller before the Closing Date. On the Closing Date, Seller agrees to deliver to Buyer a direction to Enbridge Gas Distribution Inc., ConocoPhillips Canada Marketing & Trading ULC, Shell Energy North America Canada Inc., Marcus Terminals Inc., American Refining Group Inc., and to Union Gas Limited directing each of them to pay to Buyer Future Revenues effective from the Effective Date.

10.2 Excluded Assets

There is specifically excluded from the Purchased Assets to be purchased hereunder are as follows:

- (a) all cash, bank balances, moneys in the possession of the banks owned by Seller on the Effective Date;
- (b) income tax refunds due and owing to Seller as at the Effective Date;
- (c) Municipal Tax Refunds; and

(d) all accounts receivable owing to Seller prior to the Effective Date.

10.3 Adjusted Liabilities

Notwithstanding any other provision of this Agreement, Buyer agrees to assume the Adjusted Liabilities which will be included in the Purchase Price on Closing. A list of the Adjusted Liabilities and the approximate amount of such liabilities as disclosed by Seller are set out in Schedule “B” hereof.

ARTICLE 11 CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE

The obligations of Buyer to consummate the Transaction is subject to the satisfaction or, if permissible, waiver by Buyer, at or prior to the Effective Date or Closing Date, as the case may be, of each of the following conditions, failing which Buyer shall be entitled in its sole discretion to terminate this Agreement:

11.1 Accuracy of Representations

The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Effective Date and the Closing Date with the same effect as though such representations and warranties had been made on and as of the Effective Date and the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

11.2 Seller's Performance

The covenants and agreements that Seller is required to perform or to comply with pursuant to this Agreement at or prior to Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

11.3 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets or the consummation of the Transaction.

11.4 Seller's Deliveries

Each of the deliveries required to be made to Buyer pursuant to Section 4.4 shall have been so delivered.

11.5 Approval and Vesting Order

The Court shall have issued the Approval and Vesting Order approving this Agreement and the Transaction on or before May 4, 2018.

11.6 Governmental Authorizations

Buyer shall have received all Governmental Authorizations necessary to convey the Purchased Assets from Seller to Buyer including, without limitation, the consent or approval from MNRF to the transfer of the Wells and the Licence Transfers from Seller to Buyer and the replacement of any written Security Arrangements provided by Seller to MNRF with replacement Security Arrangements from Buyer.

11.7 Payment Direction

Seller shall have delivered to Buyer a direction to Marcus Terminals Inc., American Refining Group Inc., and to Union Gas Limited directing each of them to pay to Buyer Future Revenues effective from the Closing Date.

11.8 Effective Time

The Effective Time shall not be later than April 4, 2018

**ARTICLE 12
CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE**

Seller's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or, if permissible, waiver by Seller, at or prior to the Closing, of each of the following conditions, failing which Seller shall be entitled in its sole discretion to terminate this Agreement:

12.1 Accuracy of Representations

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Effective Date and the Closing Date with the same effect as though such representations and warranties had been made on and as of the Effective Date and the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

12.2 Approval and Vesting Order in Effect

The Court shall have issued the Approval and Vesting Order.

12.3 Lender Approval

The Lender shall have received credit committee approval to consent to this Agreement, which such approval shall be provided on or before April 13, 2018.

12.4 Buyer's Performance

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect similar expressions shall have been duly performed and complied with in all respects), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

12.5 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order to enjoin, restrict or prohibit the purchase and sale of the Purchased Assets or the consummation of the Transaction.

12.6 Buyer's Deliveries

Each of the deliveries required to be made to Seller pursuant to Section 4.2 shall have been so delivered.

**ARTICLE 13
LIABILITIES AND INDEMNITY**

13.1 General Indemnity

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

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

all Liabilities suffered, sustained, paid or incurred to the extent arising or accruing on or after the Effective Date or the Closing Date, as the case may be, and which relate to the Purchased Assets, the Transaction or Transaction Documents, including but not limited to all Liabilities attributable to the operation, ownership, use, construction or maintenance of the Purchased Assets arising or accruing on or after the Effective Date or Closing Date, as applicable. Buyer's indemnity obligation set forth in this Section 13.1 shall survive Closing indefinitely.

13.2 Environmental Indemnity and Abandonment and Reclamation Obligations

- (a) Buyer acknowledges that it:
 - (i) is familiar with the condition of the Purchased Assets, including the past and present use of the Purchased Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Purchased Assets; and
 - (ii) is not relying upon any representation or warranty of Seller or Court Officer as to the condition, environmental or otherwise, of the Purchased Assets, Environmental Liabilities and Abandonment and Reclamation Obligations.

- (b) Buyer agrees that once Closing has occurred Seller and Court Officer shall have no liability whatsoever for any Environmental Liabilities and Abandonment and Reclamation Obligations. In this regard, once Closing has occurred, Buyer shall, without any further necessary action on the part of Seller, Court Officer or Buyer:
- (i) be solely liable and responsible for all of Seller's Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold Seller harmless from and against all Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

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

13.3 No Merger

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

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

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

- (a) by mutual written agreement of Seller and Buyer, with the consent of the Court Officer;
- (b) by either Seller (with the consent of the Court Officer) or Buyer pursuant to the provisions of Article 11 or Article 12, as applicable, provided the terminating party has not breached its obligations under the Agreement in such a manner as to cause a condition not to be fulfilled; or
- (c) by either Seller (with the consent of the Court Officer) or Buyer if Closing has not occurred on or before July 30, 2018.

14.2 Effect of Termination

If this Agreement is terminated by Seller or Buyer pursuant to Section 14.1, then Article 13 and Section 15.8 shall remain in full force and effect following any such permitted termination, and the remedies available to the Parties in respect of such termination shall be governed by Section 14.3.

14.3 Disposition of Deposit

If: (a) this Agreement is terminated prior to Closing for any reason other than pursuant to Sections 12.1, 12.4 or 12.6 then the Deposit (plus any interest that has actually accrued thereon) shall be returned to Buyer; and

(b) this Agreement is terminated prior to Closing pursuant to Sections 12.1, 12.4 or 12.6 then Seller shall be entitled to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Seller as a result of the failure to consummate the Transaction.

ARTICLE 15 GENERAL PROVISIONS

15.1 Confidentiality

- (a) Except to the extent otherwise specifically provided in this Section 15.1, each Party, on behalf of itself and its Affiliates and Representatives, agrees to keep the other Party's Confidential Information confidential and not to use the other Party's Confidential Information in any manner except as required to perform the obligations set out in this Agreement. Each Party agrees to be responsible for any breach of this Section 15.1 by any of its affiliates and its and their respective Affiliates and Representatives.
- (b) In addition to the obligations with respect to the Confidential Information set out herein, each of Buyer and Seller covenants and agrees that neither it nor its respective Affiliates or Representatives, will disclose the existence or terms of this Agreement or the fact of its execution and delivery to any Third Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed, except (a) as and to the extent required by Applicable Law, (b) to their respective Affiliates and Representatives, (c) to the Lender under the Credit Facility, (d) in the case of Seller, as may be required under the Insolvency Proceedings in connection with filing and obtaining the Approval and Vesting Order or the Assignment Order, or (e) as otherwise may be required by the Court. The Parties will cooperate and consult with one another, to the extent reasonably practical, with respect to the issuance of any press release or other public statement regarding this Agreement and the Transaction.
- (c) Notwithstanding anything to the contrary herein, each Party maintains the right to disclose the other Party's Confidential Information if required to do so by Applicable Laws or requirement of a Governmental Authority, or to appropriate Tax authorities in order to describe the tax treatment and tax structure of the Transaction; provided that the disclosure of such Confidential Information will be limited only to that purpose and provided further that it will use reasonable efforts to cooperate with the other Party in limiting the disclosure of the Confidential Information.
- (d) At the other Party's request, a Party will destroy all of the other Party's Confidential Information, provided that it is permitted to retain one copy of any Confidential Information to the extent required by Applicable Laws or its internal record keeping policies.
- (e) Any Confidential Information of Seller that constitutes part of the Purchased Assets will cease to be Confidential Information of Seller and will become Confidential Information of Buyer on Closing.

15.2 Survival

All covenants and agreements contained herein that by their terms are to be performed in whole or in part, or that prohibit actions, subsequent to the Closing shall, solely to the extent such covenants and agreements are to be performed, or prohibit actions, subsequent to the Closing, survive the Closing in accordance with their terms. Subject to the following sentence, all other covenants and agreements contained herein, and all representations and warranties contained herein or in any certificated deliveries hereunder, shall not survive the Closing and shall thereupon terminate, including any Actions for damages in respect of any breach thereof. Notwithstanding anything to the contrary, the indemnity obligations set forth in Sections 8.1, 8.2, 13.1 and 13.2 and confidentiality obligations set out in Section 15.1 shall survive indefinitely.

15.3 Notices

All notices, consents, waivers and other communications under this Agreement must be in writing, with a copy provided to the Court Officer, and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by email (with read receipt requested, with the receiving Party being obligated to respond affirmatively to any read receipt requests delivered by the other Party), (c) received by the addressee, if sent by a delivery service (prepaid, receipt requested) or (d) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to the appropriate addresses and Representatives (if applicable) set forth below (or to such other addresses and Representatives as a Party may designate by notice to the other Parties):

(a) If to Seller, then to:

Dundee Energy Limited Partnership and
 Dundee Oil and Gas Limited
 1 Adelaide Street East, No. 2100
 Toronto, Ontario M5C 2V9
 Attention: Lucie Presot
 E-mail: lpresot@DundeeCorporation.com

with a copy (which shall not constitute notice) to:

Gowling WLG (Canada) LLP
 1 First Canadian Place
 100 King Street West, Suite 1600
 Toronto, Ontario M5X 1G5

Attention: E. Patrick Shea
 E-mail: patrick.shea@gowlingwlg.com

(b) If to Buyer, then to:

Lagasco Inc.
 2807 Woodhull Road
 London, ON N6K 4S4
 Attention: Jane Lowrie
 E-mail: jlowrie@tributerresources.com

With a copy (which shall not constitute note) to:

Harrison Pensa LLP
 450 Talbot Street
 London, ON N6G 5J6
 Attention: Tim McCullough
 E-mail: tmccullough@harrisonpensa.com

(c) If to Court Officer, then to:

FTI Consulting Canada Inc.
 TD South Tower
 79 Wellington Street West, Suite 2010
 Toronto, Ontario M5K 1G8
 Attention: Jeffrey Rosenberg
 E-mail: jeffrey.rosenberg@fticonsulting.com

with a copy (which shall not constitute notice) to:
 Thornton Grout Finnigan LLP
 TD West Tower
 P.P Box 329, 100 Wellington Street West, Suite 3200
 Toronto, Ontario M5K 1K7
 Attention: Grant Moffat / Rachel Bengino
 E-mail: gmoffat@tgf.ca / rbengino@tgf.ca

15.4 Waiver, Waiver of Damages

Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by Applicable Law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand. Notwithstanding anything to the contrary contained herein, no party shall be liable to the other for special, indirect, exemplary or punitive damages arising out of, associated with, or relating to this Agreement (including loss of profit or business interruptions, however same may be caused) and the Parties hereby waive all claims for any such damages.

15.5 Entire Agreement; Amendment

This Agreement (including the Schedules) and the other Transaction Documents supersede all prior agreements (including those relating to confidentiality) between Buyer, on the one hand, and Seller, on the other hand, with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and Seller, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties.

15.6 Assignment

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Party (which

consent may be granted or withheld in the sole discretion of such other Party); provided however, that Buyer shall be permitted, upon prior written notice to Seller (which notice shall expressly identify the name, address and contact information of any such assignee), to assign all or part of its rights or obligations hereunder to one or more of its Affiliates, provided such assignee(s) agree(s) in writing in favour of Seller to be bound by the terms of this Agreement to the same extent as if the assignee entered into this Agreement as Buyer, but no such assignment shall relieve Buyer of its obligations under this Agreement and Buyer shall remain jointly and severally liable for all such obligations with the applicable assignee(s).

15.7 Severability

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

15.8 Expenses

Whether or not the Transaction is consummated, except as otherwise provided in this Agreement, the Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the Transaction.

15.9 Post-Closing Books and Records and Personnel

All of the Book and Records delivered to Buyer on Closing pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Buyer and its Affiliates for a period of five (5) years from the Closing Date or for any longer period as may be required under applicable Legal Requirements (the "**Retention Period**"). At any time prior to the expiration of the Retention Period, Buyer may destroy or give up possession of any such Books and Records if it first delivers at least 60 days' prior notice to Seller containing a detailed listing of the Books and Records proposed to be destroyed and offering Seller the opportunity, at the expense of Seller, to obtain delivery of or a copy of such Books and Records as Seller, in its sole discretion, desire. Until the completion of the Insolvency Proceedings or the liquidation and winding up of the Debtors' estates, Seller shall preserve and keep the Books and Records delivered to Buyer pursuant to the terms hereof and, at Buyer's sole expense, shall make such Books and Records, and Seller's personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document.

15.10 Successor Operator

Seller shall use its commercially reasonable efforts to support Buyer's efforts to be appointed or to have a designee appointed as the successor operator of those Purchased Assets that Seller currently operates. Notwithstanding the foregoing, Seller makes no representations or warranties to Buyer as to the transferability of operatorship of any Purchased Assets that Seller currently operates. Rights and obligations associated with operatorship of the Purchased Assets are governed by operating agreements or similar agreements and will be determined in accordance with the terms of such agreements.

15.11 Time of Essence

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

15.12 Governing Law; Consent to Jurisdiction and Venue;

- (a) Except to the extent the mandatory provisions of the BIA apply, this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Ontario applicable hereto.
- (b) The Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Transaction and any and all claims relating to the foregoing shall be filed and maintained only in the Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 15.3) or any other manner permitted by law.

15.13 Parties in Interest; No Third Party Beneficiaries

Subject to issuance of the Approval and Vesting Order, this Agreement shall inure to the benefit of and be binding upon the Parties and the Court Officer and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Parties and the Court Officer and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable benefit, claim, cause of action, remedy or right of any kind.

15.14 Counterparts

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 15.3, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by facsimile or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

15.15 Irrevocability

This Agreement shall be irrevocably open for acceptance by Seller until April 6, 2018 at 5:00 p.m. EST and shall be conditional upon approval by the Lender's credit committee until April 13, 2018 at 5:00 p.m. EST.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized Representatives.

Executed this ____ day of April, 2018.

**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

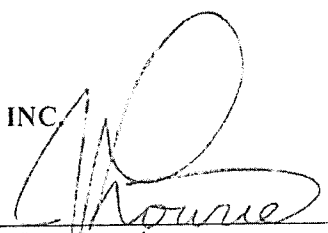
Per: _____
Name:
Title:

Per: _____
Name:
Title:

I have authority to bind the Limited Partnership

Executed this 4th day of April, 2018.

LAGASCO INC.

Per:  _____
Name: Jane Lowrie
Title: President

Per: _____
Name:
Title:

I have authority to bind the Corporation

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

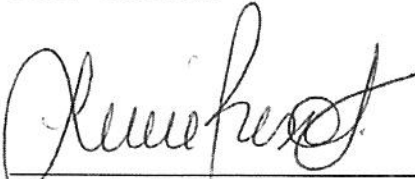
**DUNDEE ENERGY LIMITED
PARTNERSHIP by its General Partner
DUNDEE OIL AND GAS LIMITED**

Per:



Name: Bruce Sherley
Title: President

Per:



Name: Lucie Presot
Title: Chief Financial Officer

I have authority to bind the Limited Partnership

LAGASCO INC.

Per:

Name:
Title:

Per:

Name:
Title:

I have authority to bind the Corporation