

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

FOURTH REPORT OF THE MONITOR
FTI CONSULTING CANADA INC.

September 24, 2018

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1.0 INTRODUCTION

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

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

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

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

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

- a) continued the proposal proceedings for DOGL (the “**Proposal Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C.-36 (as amended, “**CCAA**”);
- b) ordered and declared that (i) DOGL is a company to which the CCAA applies; and (ii) DELP shall enjoy the benefits of the protections and authorizations provided to DOGL in the Initial Order, including, without limitation, the stay of proceedings;
- c) ordered that DELP shall not be deemed to have made an assignment in bankruptcy based on its failure to file a proposal by February 15, 2018 with the Official Receiver notwithstanding s. 50.4(8) of the BIA;
- d) appointed FTI as the Monitor of DOGL (in such capacity, the “**Monitor**”); and

- e) declared that all orders of the Court granted in the Proposal Proceedings continue to be in full force and effect, except to the extent that such orders are inconsistent with the terms of the Initial Order or the CCAA.

1.4 By order dated June 11, 2018 (the “**Approval and Vesting Order**”), a copy of which is attached as **Appendix “C”**, the Court, *inter alia*:

- a) approved the sale to Lagasco Inc. (the “**Buyer**”) of substantially all of Dundee’s assets (the “**Transaction**”) pursuant to the Asset Purchase Agreement dated April 4, 2018 (as amended, and subject to further amendment with approval of the Monitor and the Lender, the “**APA**”);
- b) directed the applicable Land Registry Offices to enter the Buyer as the owner of the subject real properties identified in the Approval and Vesting Order upon the registration of an Application for Vesting Order;
- c) upon the delivery of the Monitor’s Certificate, assigned to the Buyer (i) the Leases (as defined below) (other than (a) the MNRF Leases (as defined below); and (b) those Leases under which either Whittle Farms Inc., Marilyn Whittle or Harold Whittle is the lessor (the “**Whittle Leases**”)); and (ii) the agreements set out in Schedule E to the Approval and Vesting Order (collectively, the “**Assigned Contracts**”);
- d) directed the Buyer to pay to the Monitor the Cure Amounts owing under the Assigned Contracts upon Closing;

- e) provided for a process with respect to objections to the Cure Amounts received from counterparties to the Assigned Contracts;
- f) directed the Buyer to pay the Monitor, on Closing, certain amounts with respect to the MNRF Leases and Professional Fee Reserve (as defined in the Approval and Vesting Order);
- g) directed the Buyer to pay to the Lender, on Closing, the net amount of the cash portion of the Purchase Price, net of the Deposit;
- h) extended the stay of proceedings (the “**Stay Period**”) to September 28, 2018; and
- i) effective upon Closing, reduced the Proposal Administration Charge and CCAA Administration Charge (each as defined in the Initial Order) to an aggregate amount of \$200,000 and terminated the other charges provided for in the Initial Order.

2.0 PURPOSE OF THE FOURTH REPORT

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

- a) an update on Dundee’s operations since the third report of the Monitor dated May 9, 2018 (the “**Third Report**”);
- b) an update on the Monitor’s activities since the Third Report;
- c) an update on the Second Amendment to the APA dated July 6, 2018;

- d) the basis for an order approving the Key Employee Incentive Program (as defined below) and sealing the unredacted version of **Confidential Appendix “A”** to this Fourth Report which sets out the Key Employees (as defined below);
- e) the Monitor’s review of Dundee’s updated cash flow forecast for the period ending November 30, 2018 (the “**Cash Flow Forecast**”), a copy of which is attached as **Appendix “D”**;
- f) the basis for extending the Stay Period until November 30, 2018; and
- g) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE

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

3.2 Except as described in the Fourth Report:

- a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information provided to it by Management in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

- b) The Monitor has not examined or reviewed financial forecasts and projections referred to in the Fourth Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

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

3.4 The Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by Management. The Monitor has not independently audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information contained in the Fourth Report. The Monitor assumes no responsibility or liability for any loss or damage incurred by or caused to any person or entity as a result of the circulation, publication, re-production or use of or reliance upon this Fourth Report or for any use which any person or entity makes of the Fourth Report, or any reliance on or a decision made based upon the Fourth Report, other than for the express purposes as set out in this Fourth Report.

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

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

4.0 BACKGROUND AND UPDATE ON DUNDEE'S OPERATIONS

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

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

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

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

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

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

5.0 MONITOR'S ACTIVITIES TO DATE

5.1 In addition to the other activities and conduct described in the Fourth Report, since the date of the Monitor's Third Report, the Monitor has:

- a) continued to maintain the Monitor's Website;
- b) continued to correspond and meet with Management and Dundee's legal counsel;
- c) continued to correspond and meet with the Buyer and its legal counsel;
- d) continued to respond to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the toll-free number or general email account established by the Monitor;
- e) continued to assist Dundee in implementing an appropriate accounting cut-off to ensure proper determination of pre and post-filing obligations and liabilities;
- f) continued to monitor Dundee's business and financial affairs in order to assess

same;

g) continued to monitor weekly proposed disbursements with respect to payment terms with suppliers and creditors of Dundee;

h) engaged in discussions with the Ministry of Natural Resources and Forestry (the “MNRF”) with respect to the Buyer;

i) provided assistance to Dundee in the preparation of the Cash Flow Forecast and reported to the Lender as required under the Forbearance Agreement;

j) worked with the Buyer and Dundee to proceed towards the Closing of the Transaction; and

k) prepared the Fourth Report in consultation with the Monitor’s legal counsel.

6.0 AMENDMENTS TO THE APA

6.1 Since the date of the Monitor’s supplement to the Third Report dated May 18, 2018 (which appended the Amending Agreement to the APA dated May 17, 2018), Dundee and the Buyer agreed to the terms of a second amendment to the APA pursuant to the Second Amending Agreement dated July 6, 2018 (the “**Second APA Amending Agreement**”). A copy of the executed Second APA Amending Agreement is attached hereto as **Appendix “E”**.

6.2 The Second APA Amending Agreement amends the APA as follows:

a) removes the Whittle Leases from the definition of “Consent Required Contract” and from the Leases to be assigned pursuant to the Approval and Vesting Order;

- b) removes those Leases under which the MNRF is the lessor (the “**MNRF Leases**”) from the Leases to be assigned pursuant to the Approval and Vesting Order;
- c) extends the deadline for the Court to have issued the Approval and Vesting Order to June 30, 2018;
- d) extends the intended closing date to August 21, 2018 and the outside closing date to September 21, 2018;
- e) adds a list of Adjusted Liabilities to new Schedule B-1 and provides the manner of adjustment for those amounts in s. 10.1 of the APA. Under section 10.3 of the APA, Adjusted Liabilities were to have been listed in Schedule B to the APA, but that schedule was inadvertently omitted from the final version of the APA;
- f) replaces Schedule “A” Part 19 of the APA, which lists the Wells that are assigned to the Buyer on Closing, with the Schedule “A” Part 19 attached to the Second APA Amending Agreement; and
- g) clarifies that the rights to any tax pools or tax losses relating to the Leases, the Wells or otherwise relating to the Business may be held or owned by a Person other than Dundee and may not be included in the Purchased Assets.

7.0 TRANSACTION BETWEEN BUYER AND MACLEOD ENERGY INC.

7.1 By letter to the Monitor dated August 31, 2018, counsel to Canadian Overseas Petroleum Limited (“**COPL**”) expressed concerns with a potential transaction between the Buyer and MacLeod Energy Inc. (“**MacLeod Energy**”). The Monitor understands that the Buyer and

MacLeod Energy have entered into an agreement under which the Buyer will sell certain of the Purchased Assets to MacLeod Energy following Closing (the “**MacLeod Transaction**”).

7.2 COPL was an unsuccessful bidder in the SSP and asserts that MacLeod is prohibited from purchasing any of the Purchased Assets from the Buyer pursuant to the terms of a standstill agreement to which COPL and a party related to MacLeod Energy are parties (the “**Standstill Agreement**”). COPL has issued an injunction application seeking to enjoin the MacLeod Transaction.

7.3 Counsel to each of COPL, the Monitor, the Buyer, the Lender and MacLeod Energy attended before Justice Dunphy on September 4, 2018 (the “**September 4 Attendance**”). During that attendance, counsel to COPL advised the Court that it intended to issue an application to enjoin the MacLeod Transaction. On consent of the parties, Justice Dunphy scheduled the injunction application for October 4, 2018.

7.4 During the September 4 Attendance, counsel to the Buyer advised the Court that the Buyer will have sufficient funding to pay the Purchase Price and close the Transaction by September 21, 2018 even without the funds payable under the MacLeod Transaction. As described below, the Buyer later advised that it will not have sufficient funds available as of September 21, 2018 to pay the Purchase Price.

7.5 The Monitor understands that the Buyer has informed the MNRF of the potential MacLeod Transaction. The Buyer has advised the Monitor that, although the Buyer will seek the MNRF’s consent to transfer the Licences to MacLeod Energy applicable to the Wells to be sold at some point after the Transaction closes, following Closing the Buyer will remain as licensee

and operate the Wells to be transferred to MacLeod Energy until the necessary consents are received from the MNRF.

7.6 Counsel to each of COPL, the Monitor, the Buyer and the Lender attended before Justice Dunphy on September 12, 2018. During this attendance, counsel to the Buyer advised the Court that it was unlikely the Buyer would have the necessary funding available to pay the Purchase Price and close the Transaction on or before September 21, 2018. On that date, counsel to the Monitor advised counsel to the Buyer that any request to extend the outside date for Closing and the proposed terms of such request must be made on or before September 14, 2018.

7.7 On September 14, 2018 counsel to the Buyer advised counsel to the Monitor that it was not yet in a position to request an extension to the outside date for Closing under the APA. On September 15, 2018 counsel to the Buyer advised counsel to the Monitor that certain financing being sought by the Buyer to fund the balance of the Purchase Price was no longer available to the Buyer. On September 17, 2018, the Buyer requested an extension of the outside date for Closing to October 22, 2018. By letter to the service list dated September 17, 2018 (posted to the Monitor's Website on that date), the Monitor advised of this extension request and that it was being considered by the Monitor and the Lender.

7.8 By letter to the service list dated September 19, 2018 (posted to the Monitor's Website on that date), the Monitor advised that additional time was required to address the Buyer's extension request. The Monitor also advised that as part of the scheduled attendance before the Court on September 20, 2018, the Monitor would (i) seek the Court's approval to consent to a one week extension of the outside date for Closing; and (ii) schedule a motion the week of September 24, 2018 to either obtain approval of an agreement between the Buyer and Dundee to extend the

outside date for Closing or to obtain any ancillary relief necessary in the event that an agreement is not reached between the parties to extend the outside date for Closing.

7.9 On September 20, 2018, the Court (i) authorized the Monitor to consent to an extension of the outside date for Closing until September 26, 2018 in order to provide Dundee, the Monitor and Lender with additional time to consider the Buyer's extension request; and (ii) scheduled September 26, 2018 at 3:00 p.m. as the date for Dundee's motion for (a) an extension of the Stay Period to November 30, 2018; (b) approval of a key employee incentive program; and (c) to the extent approved by the Seller, the Monitor and the Lender, approval of an agreement to extend the outside date for Closing.

8.0 BUYER'S ABILITY TO CLOSE

8.1 Jane Lowrie, the President of the Buyer, swore a supplementary affidavit in this proceeding on June 5, 2018 (the "**Lowrie Affidavit**") which was filed in connection with Dundee's motion for an order assigning to the Buyer certain agreements pursuant to section 11.3 of the CCAA. A copy of the Lowrie Affidavit is attached as **Appendix "F"**. The Lowrie Affidavit was filed in response to concerns raised by Justice Dunphy at the May 23, 2018 APA approval motion regarding the financial stability or durability of the Buyer post-closing. Ms. Lowrie states in the Lowrie Affidavit that:

- a) at Closing, the Buyer will have sufficient funding to complete the transaction contemplated by the APA and to fund working capital required to continue Dundee's former operations as a going concern (paragraph 11). That funding consists of \$15 million of primary debt from Pace Credit Union ("**Pace**") and \$16 million of other lease, debt and equity financing (paragraph 12);

- b) the post-closing cash flow forecast attached as Exhibit "B" to the Lowrie Affidavit (the "**Forecast**") demonstrates that the operations of the Buyer will be cash positive in every year of operations and that the Buyer will be able to perform the obligations relating to the agreements assigned to it under section 11.3 of the CCAA (paragraph 13);
- c) the Forecast demonstrates that after payment of its general and administrative expenses, its lease expenses and debt repayment, the Buyer remains cash flow positive in each and every year from 2018 to 2032 (paragraph 22); and
- d) the Buyer has now and will have in the future, adequate capitalization to assume the operation of the Dundee assets and to pay all liabilities, plugging, abandonment and salvage costs associated with the assumption of leases and contracts which are part of the Dundee assets (paragraph 23).

8.2 In light of the Buyer's stated inability to pay the Purchase Price on Closing, the Monitor has sought certain information and explanations from the Buyer regarding the financing available to it at the time the APA was approved by the Court, the current status of such financing and the Buyer's ability to meet its obligations post-Closing, in particular with respect to any departures from the Forecast. The results of the Monitor's inquiries are set out below:

- a) Status of Pace financing: The Buyer has advised that the \$15 million financing from Pace referenced in the Lowrie Affidavit has now been increased to \$17 million. Pace has offered to advance \$11 million to the Buyer to fund the purchase of the off-shore Wells and has offered to advance \$6 million to Forbes Resources Inc. ("**Forbes**"), an entity related to the Buyer, to fund the purchase of the on-shore Wells. The funds advanced to

Forbes will be made available to the Buyer to partially fund the Purchase Price. The Monitor understands that, following Closing, the Buyer plans to transfer to Forbes the on-shore Leases. The Monitor is seeking confirmation from the Buyer if the Licences to operate the on-shore Wells will remain with the Buyer or if an application to transfer such Licences will be made to the MNRFB post-Closing.

Neither the Lowrie Affidavit nor the Forecast specifically address the transfer of the on-shore Wells and related Leases to Forbes. However, the Buyer has confirmed that the Forecast was a consolidation of the production to be derived from the on-shore and off-shore Wells. The Monitor has not received any documentation describing the terms of the transfer of the on-shore Leases to Forbes and, accordingly, it is unclear what impact such transaction would have on third parties, including the various lessors. The Monitor has requested further confirmation from the Buyer regarding the continued consolidation of the on-shore and off-shore operations post-Closing to determine if the Forecast accurately reflects the transfer of the on-shore Leases to Forbes. At this point, the Monitor does not have any information regarding the financial position of Forbes, including its assets and liabilities or ability to meet its various environmental and lessor obligations post-closing.

The Monitor has requested that the Buyer obtain written confirmation from Pace that, among other things, all conditions to the Pace financing have been satisfied and no additional due diligence or internal approvals are required prior to funding. The Monitor has not yet received such confirmation from Pace.

- b) Status of equity funding: The Lowrie Affidavit refers to \$16 million of other lease, debt

and equity financing that will be utilized together with the Pace financing to satisfy the Purchase Price. The Buyer has advised that the equity funding referred to in the Lowrie Affidavit consists of \$6 million to be advanced by two different investors. The Buyer has advised that it has received \$1.5 million of this amount from one investor and \$2 million from the second investor is committed but has not yet been received. The \$2.5 million balance of the equity funding is dependent on resolution of the MacLeod Energy litigation. The Buyer has advised that one investor may be prepared to make an additional \$3 million equity advance if the Buyer can obtain bridge financing on acceptable terms or the MacLeod litigation is resolved.

- c) Status of additional lease and debt financing: The Monitor has not received a detailed explanation of the lease and debt financing that is referenced in the Lowrie Affidavit, although the Buyer has confirmed that such financing was moving forward at the time the Buyer entered into discussions with MacLeod Energy. In any event, that financing is no longer available to the Buyer.
- d) Timing of MacLeod Energy Transaction: The Buyer has confirmed that as of the date of the Lowrie Affidavit, the Buyer was not in discussions with MacLeod Energy and did not plan to sell any assets to MacLeod Energy. Discussions with MacLeod Energy did not commence until late June 2018.
- e) Transfer of Wells to MacLeod Energy: The Buyer has advised that, should the MacLeod Transaction close, the on-shore assets and Well Licences relating to the Rochester and Petrolia East pools will be transferred to MacLeod Energy post-Closing. The Buyer advises that these Wells represent 3-5% of the Dundee reserves and 60 BOE of Dundee's

2000 BOE total daily production. The Monitor does not have any information regarding the financial position of MacLeod Energy, including its assets and liabilities or ability to meet its various environmental and lessor obligations post-closing or its experience or ability to operate these Wells. The Buyer's legal counsel has advised that it also does not have information regarding the financial capability of MacLeod Energy. The Monitor notes that any transfer of the Licences to operate the subject Wells to MacLeod Energy requires approval of the MNRF. The Buyer will continue to operate the subject Wells pending MNRF approval of the proposed Licence transfers to MacLeod Energy.

- f) Assurances at September 4 Attendance that Buyer will close: At the September 4 Attendance, Buyer's counsel advised the court that the Buyer would be in a position to close by September 21, 2018 even without the funds payable under the MacLeod Transaction. The Buyer has advised that it believed that it would be able to do so based on certain financing efforts being undertaken by the Buyer at that time which have since fallen through as a result of the litigation between COPL and MacLeod Energy and concerns regarding plugging liabilities.
- g) Funding required by Buyer to close: The Buyer has advised that it will be unable to pay the Purchase Price unless it is able to close the proposed MacLeod Transaction or obtain additional financing in the amount of at least \$5 million, although this appears to assume that additional equity funding will be obtained by the Buyer. On September 24, 2018, the Buyer has advised the Monitor that it is attempting to obtain commitments for the remaining financing and may be in a position to close by September 26, 2018, but the Monitor has not received any documentation in support of this statement.

h) Financial viability of Buyer post-Closing: Given the unknown amount or terms of the additional financing required by the Buyer to fund the Purchase Price, as well as the impact of any transfer of the on-shore assets to Forbes or MacLeod Energy, the Monitor is unable to verify the ability of each of the Buyer, Forbes and MacLeod Energy to meet their various obligations post-Closing, including environmental obligations and obligations to lessors. In any event, given the uncertainty regarding the amount and terms of the debt and existing financing to be utilized by the Buyer to fund the Purchase Price, in the Monitor's view the provisions of the Approval and Vesting Order which assign certain agreements pursuant to s. 11.3 of the CCAA should not be given effect unless such evidentiary issues are addressed to the satisfaction of the Monitor and the court.

8.3 As a result of the foregoing, the Monitor does not currently support any further extension of the Closing Date. The Monitor is reviewing with Dundee and the Lender the remedies available to Dundee under the APA in the event that the Buyer fails to pay the Purchase Price on the Closing Date.

8.4 In the event that the Buyer fails to pay the Purchase Price in accordance with the Approval and Vesting Order on or before September 26, 2018 and the Transaction is terminated, the Monitor requests that it be authorized to communicate with previous Qualified Bidders or additional interested parties in connection with the possible sale or other transaction involving the Property or a possible restructuring of Dundee. The Monitor is also reviewing with Dundee and the Lender the next steps to be taken under the SSP and anticipates providing its recommendations to the Court within the next two weeks.

9.0 EMPLOYEE MATTERS

Termination of Employees

9.1 As required under section 9.1 of the APA, Dundee previously issued letters to each of its employees indicating that, conditional upon and with effect as of Closing, such employee's employment by Dundee will be terminated. Certain temporary employees that were hired by Dundee through a third party agency received similar letters from such agency.

9.2 Further, pursuant to s. 9.1 of the APA, Dundee is responsible for the payment of termination and severance amounts, if any, owing to its employees. Given that such amounts would rank as unsecured claims subordinate to the interests of the Lender and the Lender would suffer a shortfall under its credit facilities with Dundee, no funds would be available to pay these employee claims. This fact was confirmed to Dundee's employees in the termination letters described above. Upon the expiration of the Stay Period, DELP will become bankrupt and FTI, as trustee in bankruptcy, will advise Dundee's former employees about potential claims under the federal Wage Earner Protection Program.

9.3 If the Transaction does close, Dundee will pay employees any accrued but unused vacation pay accumulated through to the Closing Date.

9.4 The Monitor has remained in close contact with local Dundee management regarding the status of the Transaction and the issues which have arisen with the Buyer's financing. Employees have in turn received from local management frequent updates regarding the status of the Transaction and the recent extension of the outside date for Closing.

Offers of Employment

9.5 The Buyer has advised the Monitor that, pursuant to s. 9.1 of the APA, the Buyer or Forbes has provided offers of employment to certain employees effective upon Closing. The Offers of employment were extended to 15 of Dundee's 26 full-time employees. The Buyer has advised the Monitor that 14 offers have been formally accepted. Additionally, Dundee regularly uses the services of nine employees that are hired through third party staffing agencies. The Buyer advised the Monitor that offers were extended to five of these employees, all of which have been formally accepted.

Key Employee Incentive Program

9.6 Dundee requests that the Court approve the key employee incentive program described below (the "**Key Employee Incentive Program**"). The Monitor and Dundee originally developed the Key Employee Incentive Program to provide certain employees identified as critical to maintaining Dundee's business operations through to Closing and at risk of seeking alternate employment prior to Closing (the "**Key Employees**") with an incentive to remain in Dundee's employ until the Transaction is completed and Closing has occurred.

9.7 Given the recent uncertainty regarding the Buyer's ability to close the Transaction, the Key Employee Incentive Program now provides compensation to the Key Employees in addition to their ordinary course wages, subject to the following conditions: (a) Court approval of the Key Employee Incentive Program; (b) such Key Employee must continue to be employed by Dundee until closing of a sale of all or substantially all of Dundee's assets (unless terminated earlier without cause); and (c) such Key Employee must not be employed by the purchaser of Dundee's

assets or an entity affiliated with such purchaser, either as an employee, independent contractor or consultant, following Closing.

9.8 The total amount of additional compensation to be provided under the Key Employee Incentive Program is a maximum of \$175,000. The details of the Key Employee Incentive Bonus program are outlined in **Confidential Appendix “A”**, attached hereto.

9.9 The APA provides that, prior to Closing, Dundee may not grant to any employee any increase in compensation except in the ordinary course of business and consistent with past practice or pursuant to Court order. The Lender and the Buyer each previously consented to the Key Employee Incentive Program.

9.10 The Monitor is of the view that the Key Employee Incentive Program is reasonable in the circumstances and supports the approval thereof by the Court.

Sealing of Confidential Appendix “A”

9.11 The Debtors have requested that the Court grant an Order sealing **Confidential Appendix “A”** until closing of a transaction for the sale of the Property or a restructuring of Dundee.

9.12 The Monitor is of the view that such an Order is necessary in the circumstances as Confidential Appendix “A” sets out the terms of the Key Employee Incentive Program and those Key Employees that are beneficiaries under the Key Employee Incentive Program. The disclosure of such information prior to closing of a transaction for the sale of the Property or a restructuring of Dundee may cause disruption among the employees and it is important that Dundee continue to operate with the support of all of its employees.

10.0 NADRO MARINE SERVICES LIMITED

10.1 As noted in the Third Report, Nadro Marine Services Limited (“**Nadro**”) has claimed a priority maritime possessory lien over the vessel *Miss Libby*, which forms part of the Purchased Assets, for unpaid towage services. Nadro’s claim was in the amount of \$199,727.51, which claim Nadro asserted ranks in priority to the Lender’s mortgage security over *Miss Libby*. The Lender and Nadro have reached a consensual resolution to Nadro’s claim and, pursuant to s. 27 of the Approval and Vesting order, the Lender and Nadro have delivered a direction to the Buyer to pay the amount of \$87,500 to Nadro on Closing.

11.0 TRANSFER OF WELL LICENCES

11.1 By application dated June 14, 2018 executed by each of Dundee and the Buyer, the Buyer requested that the MNRF consent to the transfer from Dundee to the Buyer on Closing of the Licences applicable to the Wells. The Buyer has engaged in regular discussions with the MNRF in connection with this request and has continued to provide the MRNF with additional information as requested.

11.2 The MNRF has advised the Monitor that, subject to changes in the financial situation of

the Buyer, it will be in a position to agree to provide its consent to the transfer of the Well Licences and the assignment of the MNRF Leases upon Closing of the Transaction outlined in the APA, subject to the receipt of the following outstanding deliverables: (i) payment of the outstanding amount of \$500.00 for fees relating to the surrender of exploration licenses; (ii) satisfactory evidence from Buyer that security in the total amount of \$270,000 has been established by the Buyer for the benefit of the MNRF; and (iii) payment of the outstanding amount of \$250,309 for unpaid royalty amounts for July and August production, which is to be paid by the Buyer on Closing in accordance with Paragraph 26 of the Approval and Vesting Order.

12.0 ASSIGNMENT OF CONSENT REQUIRED CONTRACTS

12.1 As described in the Third Report, the Monitor issued notices to each counterparty to the Leases advising such counterparty that Dundee intends to assign such Lease to the Buyer pursuant to the Approval and Vesting Order. Each notice, among other things, included the Cure Costs with respect to such Lease as per Dundee's records. The Approval and Vesting Order outlines the process to deal with any objections to the Cure Costs received from a contract counterparty.

12.2 As of the date of this Fourth Report, one counterparty to a joint venture agreement has objected to the Cure Costs listed in an Assignment and Distribution Notice. Although the amount payable to this party is not actually a "Cure Cost" as defined under the APA, the Monitor is currently in discussions with such party with a view to resolving the outstanding objection.

13.0 CASH FLOW RESULTS RELATIVE TO FORECAST

Cash Flow Results and Variances

13.1 Cash receipts and disbursements since the Third Report for the twenty-week period ended September 14, 2018 (the “**Reporting Period**”) as compared to the cash flow forecast filed in the Third Report (the “**May Cash Flow Forecast**”) are presented in the table below:

Dundee Energy Limited Partnership and Dundee Oil & Gas Limited			
Schedule of Actual Receipts and Disbursements Compared to the May Cash Flow Forecast⁽¹⁾			
For the Twenty-Week Period Ended September 14, 2018			
(\$000's CAD)			
	<u>Actual</u>	<u>Forecast</u>	<u>Variance</u>
Oil	4,696	4,258	438
Gas	5,313	4,822	491
Other	1	-	1
Total Collections	10,010	9,080	930
<i>Operating Expenses</i>			
Production Expenditures	(3,752)	(3,106)	(646)
Landowner Disbursements	(1,676)	(1,612)	(64)
Abandonment Costs	(1,227)	(2,241)	1,014
Total Operating Expense Disbursements	(6,655)	(6,959)	304
<i>Payroll/Other Expenses</i>			
Payroll	(2,473)	(2,868)	395
G&A	(399)	(461)	62
Interest & Financing Fees	(1,667)	(1,672)	5
Realized Risk Mgmt. Gain / (Loss)	-	-	-
Restructuring Expenses	(1,855)	(1,415)	(440)
Total Payroll/Other Expense Disbursements	(6,394)	(6,416)	22
Net Cash Flow	(3,039)	(4,296)	1,257
Opening Credit Facility Balance⁽²⁾	(53,180)	(53,538)	
Bridge ⁽³⁾	-	358	
Change in Credit Facility Balance	(3,039)	(4,296)	
Closing Credit Facility Balance	(56,219)	(57,476)	
Bank Line Limit	(58,000)	(58,000)	
Bank Line Availability	1,781	524	1,257
Note 1			
Readers are cautioned to read the Terms of Reference as set out in paragraph 3 in the Fourth Report.			
Note 2			
Opening Credit Facility Balance includes \$57.1M credit facility balance net of cash on deposit of \$4.3M and outstanding cheques in the amount of \$0.4M.			
Note 3			
Adjustment for timing differences for forecast results between the intervening period of the April and May Cash Flow Forecasts.			

13.2 During the Reporting Period, Dundee's total cash receipts in the amount of \$10 million were approximately \$1 million higher than forecast primarily due to favourable changes in commodity pricing, production and foreign exchange rates relative to forecast.

13.3 Dundee's total disbursements in the amount of \$13 million during the Reporting Period were approximately \$0.3 million lower than projected in the May Cash Flow Forecast. Management attributes the variance primarily due to the timing of (i) the completion of onshore abandonment work; and (ii) diver payroll remuneration which is variable based on weather conditions and Dundee's offshore well maintenance and abandonment work schedule partially offset by (a) higher operating expense than forecast due to timing and permanent differences in the normal course of business; (b) higher professional fees due to delays in closing including matters related to the Buyer's financing and issues related to the MacLeod Transaction; and (iii) higher landowner disbursements due to increased cash receipts related to oil and natural gas production.

Credit Facility

13.4 As at September 14, 2018 the amount outstanding under the Credit Facility net of cash on deposit (the "**Credit Facility Balance**") was \$56.2 million, which is approximately \$1.3 million lower than forecast due to the comments noted above. Since the date of the Sale Process Order, the Lender has advanced approximately \$10.1 million to DELP, which amount is secured by the DIP Charge and/or CCAA DIP Charge, as applicable. Further, since the date of the Sale Process Order, DELP has repaid \$11.2 million owing under the Credit Facility from post-filing receipts.

14.0 CASH FLOW FORECAST UPDATE

14.1 As noted above, the Debtors have prepared the Cash Flow Forecast for the period ending November 30, 2018 (the “**Cash Flow Period**”). The Cash Flow Forecast is attached as **Appendix “D”**.

14.2 The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represent Management’s estimate of the projected cash flow during the Cash Flow Period using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast (collectively, the “**Cash Flow Assumptions**”).

14.3 The Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed Monitor by s. 23(1)(b) of the CCAA, which requires the Monitor to review the debtor’s cash flow statement as to its reasonableness and report on the reasonableness of the cash flow statement to the Court. Pursuant to this standard, the Monitor’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of Management and employees of Dundee. The Monitor reviewed information provided by Management for the Cash Flow Assumptions.

14.4 The Cash Flow Forecast indicates that Dundee will have sufficient liquidity to operate the business as a going concern during the Stay Period and the Cash Flow Period.

14.5 The Cash Flow Forecast projects that the Credit Facility Balance as at November 30, 2018 will be \$54.6 million, which is a decrease of \$0.5 million from the opening Credit Facility Balance as at September 21, 2018 of \$55.1 million. The decrease in the Credit Facility Balance during the Cash Flow Period is mainly due to the Debtors’ seasonal operations, as cash

disbursements decrease due to colder weather conditions and therefore the Debtors operating and abandonment related expenses are primarily focused on onshore Wells. The Cash Flow Forecast projects collections during the Cash Flow Period of \$6.3 million primarily related to oil and natural gas sales with the largest disbursements during the Cash Flow Period related to operating expenses of \$1.8 million and payroll payments of \$1.0 million.

14.6 The Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

15.0 EXTENSION OF THE STAY PERIOD

15.1 Pursuant to the Approval and Vesting Order, the Stay Period will expire on September 28, 2018. The Debtors are seeking an extension of the Stay Period to November 30, 2018.

15.2 The Monitor supports extending the Stay Period to November 30, 2018 for the following reasons:

- a) extending the Stay Period is required to enable Dundee to (i) if Closing of the Transaction occurs on September 26, 2018, complete the administration of the Debtors' estates; or (ii) if Closing of the Transaction does not occur, continue to operate in the ordinary course while a restructuring or an alternate transaction with respect to Dundee's assets is pursued;
- b) it is forecasted that Dundee has sufficient liquidity to (i) continue to fund the professional fees as required to complete the administration of the Debtors' estates after Closing of the Transaction; or (ii) continue operating in the ordinary course of business

during the requested Stay Period if Closing does not occur;

- c) no creditor would be materially prejudiced by the extension of the Stay Period;
- d) the Lender supports the extension of the Stay Period; and
- e) the Debtors have acted in good faith and with due diligence in these CCAA proceedings since the Initial Order.

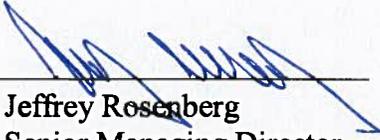
16.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

16.1 For the reasons set out in the Fourth Report, the Monitor is of the view that the relief requested by Dundee, particularly, (a) approval of the Key Employee Incentive Program; (b) sealing Confidential Appendix "A" until the closing of a sale of Dundee's assets or possible restructuring of Dundee; (c) in the event that the Buyer fails to pay the Purchase Price in accordance with the Approval and Vesting Order on or before September 26, 2018, upon termination of the Transaction, authorizing the Monitor to communicate with previous Qualified Bidders or additional interested parties in connection with the possible sale or other transaction involving the Property or a possible restructuring of Dundee; and (d) extending the Stay Period to November 30, 2018, is reasonable in the circumstances and respectfully recommends that the Court grant the relief sought by Dundee.

16.2 The Monitor also seeks the Court's approval of the Monitor's recommendation that the Monitor not consent to a further extension of the Closing Date under the APA beyond September 26, 2018.

All of which is respectfully submitted this 24th day of September, 2018.

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


Per: Jeffrey Rosenberg
Senior Managing Director

Appendix “A”

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

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

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

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

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

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

ORDER

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

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

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

SERVICE

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

ADMINISTRATIVE CONSOLIDATION

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

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

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

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

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

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

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

APPROVAL OF THE SALE SOLICITATION PROCESS

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

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

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

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

POWERS OF PROPOSAL TRUSTEE

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

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

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

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

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

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

ADMINISTRATION CHARGE

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

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

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION AND CHARGE

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

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

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

FORBEARANCE AGREEMENT

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Charge;

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

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

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

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

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

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

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

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

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

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

EXTENSION OF TIME TO FILE PROPOSAL

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

SERVICE AND NOTICE

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

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

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

GENERAL

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

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

36. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist Dundee, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Dundee and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give

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

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

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

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



SCHEDULE A

Dundee Energy Sale Solicitation Process

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

Defined Terms

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

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

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

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

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

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

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

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

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

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

“**Final Bid**” as defined in paragraph 23;

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

“**FTI**” as defined in paragraph 1;

“**Known Potential Bidders**” as defined in paragraph 8(b);

“**Lender**” means National Bank of Canada;

“**LOI**” as defined in paragraph 12;

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

“**NOI Proceedings**” as defined in paragraph 1;

“**Notice**” as defined in paragraph 8(a);

“**Phase 1**” as defined in paragraph 12;

“**Phase 1 Bid Deadline**” as defined in paragraph 14;

“**Phase 2**” as defined in paragraph 22;

“**Phase 2 Bid Deadline**” as defined in paragraph 23;

“**Potential Bidder**” as defined in paragraph 9;

“**Property**” means the assets, properties and undertakings of the Debtors or any portion thereof;

“**Proposal Trustee**” as defined in paragraph 1;

“**Qualified Advisors**” as defined in paragraph 22;

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

“**Qualified Bidder**” as defined in paragraph 10;

“**Qualified LOI**” as defined in paragraph 15;

“**Sale Process Order**” as defined in paragraph 2;

“**Successful Bid**” as defined in paragraph 28; and

“**Teaser**” as defined in paragraph 8(c).

Conduct of Sale Process and Timeline

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

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

Opportunity

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

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

Participation Requirements

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

Phase 1

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

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

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

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

Assessment of Qualified LOIs and Continuation or Termination of Sale Process

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

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

Phase 2

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

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

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

Evaluation of Qualified Bids

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

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

Phase 2 Guidelines

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

Approval Motion for Successful Bid

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

Deposits

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

Approvals

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

Amendment

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

"As Is, Where Is"

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

Free Of Any And All Claims and Interests

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

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

No Obligation to Conclude a Transaction

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

Further Orders

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

Exhibit "A"

Address

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

Attention: Messrs. Dean Mullett and Adam Zaley

Estate Number/Court File No: 31-458352

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

AND

Estate Number/Court File No: 31-2282778

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

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

(PROCEEDING COMMENCED AT TORONTO)

ORDER

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

E. Patrick Shea (LSUC No. 39655K)
Telephone: (416) 369-7399
Facsimile: (416) 862-7661

SOLICITORS FOR DELP AND DOGL

Appendix “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 13th
JUSTICE DUNPHY) DAY OF FEBRUARY, 2018

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

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

INITIAL ORDER



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

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

SERVICE

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

CONTINUANCE UNDER THE CCAA

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

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

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

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

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

FORBEARANCE AGREEMENT

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

33. DELETED

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED IN THE PROPOSAL PROCEEDINGS

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

DIP FINANCING

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

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

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

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

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

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

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

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

CCAA ADMINISTRATION CHARGE

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

GENERAL

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

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

55. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Debtors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.

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

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

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

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

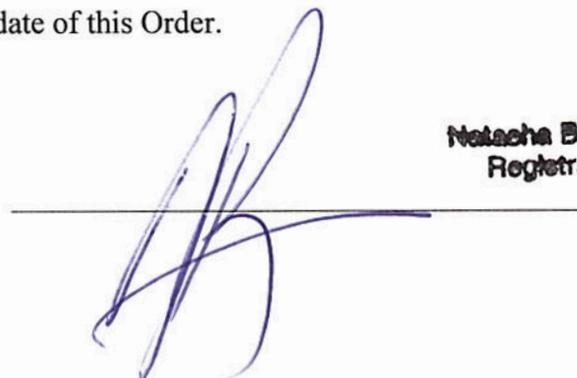
FEB 14 2018

PER / PAR:

NB

TOR_LAW\9441131\1

Natasha Brown
Registrar



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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

INITIAL ORDER

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

E. PATRICK SHEA (LSUC. No. 39655K)
Tel: (416) 369-7399
Fax: (416) 862-7661

Solicitors for the Applicant

Appendix “C”

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

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

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

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

11. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Chatham-Kent (#24) of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B-6 hereto (the “**Chatham-Kent Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Chatham-Kent Real Property all of the Claims listed in Schedule C-6 hereto.
12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
13. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.
14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Seller is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Seller’s records pertaining to the Seller’s past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Seller.
15. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;

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

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

ASSIGNMENT OF AGREEMENTS

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

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

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

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

22. **THIS COURT ORDERS** that, notwithstanding the foregoing, in addition to all obligations under the Assigned Contracts arising from and after the Closing Date, for which the Purchaser shall be liable, the Purchaser shall be liable for and shall timely pay to the counterparties under the Assigned Contracts any and all charges under the Assigned Contracts that may have accrued prior to Closing or are attributable or related to a period prior to Closing, but which do not come due until on or after the Closing Date by their terms.

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

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

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

RESERVES AND DISTRIBUTIONS TO NATIONAL BANK OF CANADA

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

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

CHARGES

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

STAY EXTENSION

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

GENERAL

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

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

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



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

JUN 11 2018

PER / PAR:



SCHEDULE "A"

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

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

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

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

MONITOR'S CERTIFICATE

RECITALS

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

B. Pursuant to an Order of the Court dated June 11, 2018, the Court approved the agreement of purchase and sale made as of April 4, 2018 (as amended by agreement dated May 17, 2018 and as may be further amended from time to time, the "**Sale Agreement**"), between Dundee Energy Limited Partnership, by its general partner, DOGL, and DOGL (together, the "**Seller**"), and Lagasco Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Seller's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in articles 11 and 12 of the Sale Agreement have been satisfied or

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

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Seller has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in articles 11 and 12 of the Sale Agreement have been satisfied or waived by the Seller and the Purchaser; and
3. The sale transaction has been completed to the satisfaction of the Seller and the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____, 2018.

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

Per: _____
Name:
Title:

SCHEDULE B-1

PIN 35151-0124 (LT)

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

PIN 35323-0141 (LT)

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

SCHEDULE B-2

PIN 50256-0253 (LT)

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

SCHEDULE B-3

PIN 75097-0449 (LT)

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

PIN 75119-1094 (LT)

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

SCHEDULE B-4

PIN 38124-0159 (R)

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

PIN 38126-0072 (LT)

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

SCHEDULE B-5

PIN 64243-0080 (LT)

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

SCHEDULE B-6

PIN 00834-0004 (LT)

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

PIN 00852-0041 (LT)

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

PIN 00852-0042 (LT)

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

PIN 00852-0044 (LT)

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

PIN 00678-0047 (LT)

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

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

PIN 35151-0124 (LT)

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

PIN 35323-0141 (LT)

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

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

PIN 50256-0253 (LT)

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

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

PIN 75097-0449 (LT)

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

PIN 75119-1094 (LT)

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

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

PIN 38124-0159 (R)

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

PIN 38126-0072 (LT)

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

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

PIN 64243-0080 (LT)

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

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

PIN 00834-0004 (LT)

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

PIN 00852-0041 (LT)

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

PIN 00852-0042 (LT)

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

PIN 00852-0044 (LT)

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

PIN 00678-0047 (LT)

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

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

(unaffected by the Vesting Order)

Permitted Encumbrances with respect to the Real Property means:

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

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

A. THE ELGIN REAL PROPERTY

PIN 35151-0124 (LT)

None

PIN 35323-0141 (LT)

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

B. THE NORFOLK REAL PROPERTY

PIN 50256-0253 (LT)

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

C. THE ESSEX REAL PROPERTY

PIN 75097-0449 (LT)

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

PIN 75119-1094 (LT)

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

D. THE HALDIMAND REAL PROPERTY

PIN 38124-0159 (R)

None

PIN 38126-0072 (LT)

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

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

E. THE NIAGARA REAL PROPERTY

PIN 64243-0080 (LT)

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

F. THE CHATHAM-KENT REAL PROPERTY

PIN 00834-0004 (LT)

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

PIN 00852-0041 (LT)

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

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

PIN 00852-0042 (LT)

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

PIN 00852-0044 (LT)

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

PIN 00678-0047 (LT)

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

SCHEDULE E

Assumed Contracts under the Sale Agreement

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

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

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

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

Proceedings commenced at **Toronto**

APPROVAL AND VESTING ORDER

GOWLING WLG (CANADA) LLP

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Lawyers for the Applicant

Appendix “D”

Appendix D

Dundee Energy Limited Partnership and Dundee Oil & Gas Limited

Cash Flow Forecast to November 30, 2018

10 Week Cash Flow

<i>Amounts in thousands (000's)</i>											
<i>In Canadian Dollars</i>	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Total
Week Ending	28-Sep-18	05-Oct-18	12-Oct-18	19-Oct-18	26-Oct-18	02-Nov-18	09-Nov-18	16-Nov-18	23-Nov-18	30-Nov-18	
Oil	150	-	-	-	993	-	-	-	-	1,025	2,169
Gas	1,516	-	-	-	1,307	-	-	-	-	1,338	4,161
Processing	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	1,666	-	-	-	2,300	-	-	-	-	2,363	6,330
Royalties	(340)	-	-	-	-	(330)	-	-	-	(339)	(1,009)
Operating	(206)	(129)	(321)	(171)	(71)	(171)	(94)	(410)	(60)	(160)	(1,793)
Field Netback	1,120	(129)	(321)	(171)	2,229	(501)	(94)	(410)	(60)	1,864	3,528
Payroll	(253)	-	(208)	-	(208)	-	-	(176)	-	(176)	(1,021)
Other G&A	(17)	(17)	(17)	(17)	(20)	(20)	(20)	(20)	(20)	(20)	(187)
EBITDA	850	(146)	(546)	(188)	2,001	(521)	(114)	(606)	(80)	1,668	2,319
Interest & Financing Fees	-	(350)	-	-	-	(350)	-	-	-	-	(700)
Abandonment Disbursements	(124)	-	-	(25)	(25)	(25)	(25)	(50)	(50)	(50)	(374)
P&NG Rights	-	(27)	-	-	-	(7)	-	-	-	-	(35)
Restructuring Expenses	-	(250)	-	-	-	(250)	-	-	-	(250)	(750)
Funds from Operations	726	(773)	(546)	(213)	1,976	(1,153)	(139)	(656)	(130)	1,368	461
Opening Draw on Credit Facility	(55,072)	(54,346)	(55,119)	(55,664)	(55,877)	(53,901)	(55,054)	(55,193)	(55,849)	(55,979)	(55,072)
Ending Draw on Credit Facility	(54,346)	(55,119)	(55,664)	(55,877)	(53,901)	(55,054)	(55,193)	(55,849)	(55,979)	(54,611)	(54,611)
Bank Line											
Operating Credit Card											
Total Credit Facility	(57,900)										
Remaining Balance on Credit Facility	3,554	2,781	2,236	2,023	3,999	2,846	2,707	2,051	1,921	3,289	3,289

**In the Matter of the Companies' Creditors Arrangement Act of
Dundee Oil & Gas Limited
Notes to the Cash Flow Statement
For the ten (10) week period ending November 30, 2018**

1. Purpose of the Cash Flow Statement

Dundee Oil & Gas Limited (the “**Debtor**”) has prepared the attached forecast for the period September 22, 2018 to November 30, 2018 (the “**Cash Flow Period**”) and the accompanying notes (collectively the “**Cash Flow Statement**”) in support of the notice of intention to make a proposal proceedings that were declared on August 15, 2017 under the *Bankruptcy and Insolvency Act* and continued under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c.C.-36* (“**CCAA**”) on February 13, 2018 (the “**Proceedings**”).

The Debtor has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect its planned course of action for the Cash Flow Period. Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Debtor and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to requirements of the CCAA and is in support of the Proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information and actual results may vary. The Cash Flow Statement should not be used for any other purpose and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

2. Global Cash Flow Assumptions

The Debtor will operate as a going concern and will continue to make interest payments on its secured loan (the “**Credit Facility**”) with National Bank of Canada (the “**Bank**”) as cash flow permits. The Debtor has sufficient cash on hand and borrowing availability under the Credit Facility to maintain operations through the Cash Flow Period.

3. Oil and Gas Revenue

The Debtor's oil and gas revenue is the product of NYMEX futures settlement pricing as of September 4, 2018 and its expected production forecast. The Debtor's production forecast is based on historical results and decline rates. Oil and gas revenue is received between the 20th and 25th of the month in the following month. (i.e. September production revenue would be received on October 20th – 25th).

4. Royalties

The Debtor's monthly royalty expense is a product of the Debtor's expected production revenues and freehold, crown and gross overriding royalty percentages. The freehold and crown rate is 12.5% for the Debtors' Ontario production which includes all fields except the Mikwan field in Alberta. The Mikwan crown rate is 5%. The gross overriding royalty rate differs between production field but ranges from 0% for its offshore production to 10.5% for its Mikwan production. The total royalties including freehold, crown and gross overriding royalties over the Debtor's different production fields range from 12.5% to 18.5%.

5. Operating Expenses

The Debtor's monthly operating expenses are based on historical expenses including but not limited to well and equipment maintenance costs, land rental expenses, utilities, transportation and regularly scheduled well workovers. The Debtor's operating expenses, excluding transportation, are related to but not dependant on monthly production. Whereas transportation expenses are a product of monthly production and the Debtor's historical transportation costs for either oil or gas. Based on negotiation with vendors following August 15, 2017 (the date the Notice of Intention to Make a Proposal was filed) monthly transportation costs for natural gas are forecast to be paid at the beginning of each month in advance of the monthly transportation services being provided.

6. Payroll

The payroll includes both salaried office employees and field staff as well as employee benefits. The Debtor's payroll is funded a minimum of two business days prior to the 15th and end of the month.

7. Other G&A

Other G&A includes but is not limited to office rent and miscellaneous office expenses. Other G&A is assumed to be paid in weekly vendor settlement payments as they come due in the normal course of business.

8. Interest & Financing Fees

Interest and financing fees are the interest payments owed by the Debtor to the Bank under the Credit Facility. Interest and financing fees are assumed to be paid on the last day of the month.

9. Abandonment Disbursements

Abandonment disbursements relate to the expenses incurred as the Debtor's complete the government mandated well abandonments, including abandonment related payroll expenses. The Cash Flow assumes abandonment related activities will continue in to the week ended November 30, 2018 with the focus primarily

related to onshore wells; however the Debtor's onshore abandonment schedule is reliant on the weather and crop harvest conditions. Abandonment operating expenses (i.e. non abandonment payroll related) are assumed to be paid in weekly vendor settlement payments as they come due in the normal course of business.

10. P&NG Rights

P&NG rights relate to land rental payments on undeveloped land. P&NG rights are assumed to be paid at the beginning of each month as they come due for annual renewal.

11. Restructuring Expenses

Restructuring expenses relate to the professional fees to be incurred in connection with the CCAA proceeding, including expenses of the Debtor's counsel, Monitor and its counsel and the Bank and its counsel.

12. Credit Facility

The Credit Facility allows a maximum draw of \$58 million as per its underlying credit facility agreement. The Credit facility consists of a \$57.9 million operating line and a MasterCard with a \$100,000 limit.

Appendix “E”

SECOND AMENDING AGREEMENT

This Second Amending Agreement is made as of the 6th day of July, 2018 among:

DUNDEE ENERGY LIMITED PARTNERSHIP, by its general partner, **DUNDEE OIL AND GAS LIMITED**, and **DUNDEE OIL AND GAS LIMITED**, each as Seller,

- and -

LAGASCO INC., as Buyer

WHEREAS Seller and Buyer entered into an Asset Purchase Agreement dated April 4, 2018, (as amended by Amending Agreement dated May 17, 2018, the "**Purchase Agreement**"), pursuant to which Seller agreed to sell substantially all of its assets to Buyer;

AND WHEREAS Seller and Buyer have agreed to amend certain terms of the Purchase Agreement, on the terms set forth in this Second Amending Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Second Amending Agreement agree as follows:

1. The definition of "Assignment Order" as set forth in Section 1.1(h) of the Purchase Agreement is amended to include the underlined text below:

"**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 (other than the Whittle Leases and the MNRF 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.

2. The definition of "Consent Required Contracts" as set forth in Section 1.1(x) of the Purchase Agreement is amended to include the underlined text below:

"**Consent Required Contracts**" means (i) the Leases (other than the Whittle 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**.

3. The following definition shall be added as new subsection 1.1(qqqq) to the Purchase Agreement:

“**Whittle Leases**” means those Leases under which either Whittle Farms Inc., Marilyn Whittle or Harold Whittle is the lessor.

4. The reference to “May 30, 2018” in Section 11.5 of the Purchase Agreement shall be amended to “June 30, 2018”.
5. Section 2.6(b) of the Purchase Agreement shall be amended to include the underlined text below:

“(b) To the extent that the consent, approval or waiver required to assign any Consent Required Contract (other than the Whittle Leases and the MNRF Leases) 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.”

6. Section 4.1 of the Purchase Agreement shall be amended as follows: (a) the reference to “August 31, 2018” shall be amended to “September 21, 2018”; and (b) the reference to “July 31, 2018” shall be amended to “August 21, 2018”.
7. Section 10.1 of the Purchase Agreement shall be amended to include new subsections 10.1(d)-(i):

“(d) any unpaid Municipal Taxes applicable to the period prior to the Effective Date plus all penalties and interest arising from or related to the non-payment of Municipal Taxes applicable to the period between the Effective Date and the Closing Date, which shall be credited to Buyer;

(e) any Municipal Taxes which have been paid by Seller applicable to the period between the Effective Date and the Closing Date, which shall be credited to Seller;

(f) the amount of Cure Costs for all Leases (other than the Whittle Leases and the MNRF Leases) for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(g) the amount of Assumed Contract Assignment Costs for the MNRF Leases for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(h) the amount of Assumed Contract Assignment Costs for all Consent Required Contracts which are joint venture contracts for the period ending on the Effective Date, which shall be credited to Buyer, provided that the amount credited to Buyer shall not exceed the amount set out in Schedule B-1;

(i) to the extent not included in the adjustment under section 10.1(b) above, the amounts paid by Seller under all Assumed Contracts (including all Leases and other Consent Required Contracts), in each case for the period from the Effective Date to the Closing Date, shall be credited to Seller.”

8. The reference in section 10.3 to “Schedule B” shall be replaced with “Schedule B-1” and a new Schedule B-1 shall be added to the Purchase Agreement in the form attached to the Second Amending Agreement.
9. Schedule “A” Part 19 of the Purchase Agreement is hereby deleted in its entirety and replaced with the Schedule “A” Part 19 attached to this Second Amending Agreement.
10. Schedule “D” attached to the Purchase Agreement is hereby amended to add reference to “Marketing Agreement - 377045 Union Gas – M13 Transportation & Producer 25-Jun-2013” among Union Gas Ltd. and Seller.
11. The reference in Schedule “D” attached to the Purchase Agreement to “All Leases as defined in the APA” is hereby amended as follows: “All Leases as defined in the APA (other than the Whittle Leases)”.
12. Buyer acknowledges and agrees that the rights to any tax pools or tax losses relating to the Leases, the Wells or otherwise relating to the Business may be held or owned by a Person other than Seller and may not be included in the Purchased Assets.

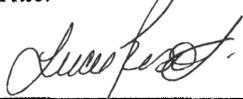
13. The Purchase Agreement is supplemented and amended only to the extent provided in this Second Amending Agreement. All other Sections of the Purchase Agreement not otherwise supplemented or amended shall remain in full force and effect, unamended.
14. This Second Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
15. This Second Amending Agreement may be executed by the Parties in counterparts and may be delivered by electronic delivery in portable document format (PDF) and all such PDF copies together will constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Second Amending Agreement to be executed and delivered by their duly authorized Representatives as of the date first above.

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

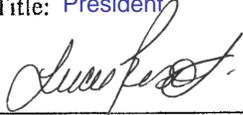
Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Limited Partnership

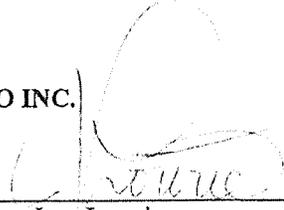
DUNDEE OIL AND GAS LIMITED

Per: 
Name: Bruce Sherley
Title: President

Per: 
Name: Lucie Presot
Title: Vice President and Chief Financial Officer

I have authority to bind the Corporation

LAGASCO INC.

Per: 
Name: Jane Lowrie
Title: President

Schedule B-1, Adjusted Liabilities
Estimate as at "Effective Date"

Category	Amount
Municipal Taxes	(2,494,614)
Cure Costs for Leases (other than MNRF Leases)(Freehold Royalties)	(273,083)
Assumed Contract Assignment Costs for MNRF Leases (Freehold Royalties)	(250,309)
Cure Costs for Leases (other than MNRF Leases)(Override Royalties)	(1,749)
Cure Costs for Leases (other than MNRF Leases)(Lease Amounts)	(27,442)
Assumed Contract Assignment Costs for Joint Venture agreements	(99,307)
Total	(3,146,504)

Schedule A Part 19: Well List, Dundee Energy Limited Partnership

Licence No.	Well Status	Location
T000005	Active Well	Offshore
T000159	Active Well	Offshore
T000162	Active Well	Offshore
T000165	Active Well	Offshore
T000166	Active Well	Offshore
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T011218	Active Well	Offshore

T011241	Active Well	Offshore
T011242	Active Well	Offshore
T011243	Active Well	Offshore
T011246	Active Well	Offshore
T011247	Active Well	Offshore
T011248	Active Well	Onshore
T011251	Active Well	Offshore
T011257	Active Well	Onshore
T011262	Active Well	Onshore
T011276	Active Well	Onshore
T011421	Active Well	Onshore
T011422	Active Well	Offshore
T011423	Active Well	Offshore
T011424	Active Well	Offshore
T011427	Active Well	Offshore
T011428	Active Well	Offshore
T011431	Active Well	Offshore
T011434	Active Well	Offshore
T011436	Active Well	Offshore
T011459	Active Well	Offshore
T011462	Active Well	Offshore
T011464	Active Well	Offshore
T011468	Active Well	Offshore
T011469	Active Well	Offshore
T011471	Active Well	Offshore
T011473	Active Well	Offshore
T012105	Active Well	Offshore
T012106	Active Well	Offshore
T012129	Active Well	Onshore
T012186	Active Well	Onshore
T012241	Active Well	Onshore
T012394	Active Well	Onshore
T007231	Plugged back and	Onshore
T007495	Plugged back and	Onshore
T007699	Plugged back and	Onshore
T007791	Plugged back and	Onshore
T007824	Plugged back and	Onshore
T007881	Plugged back and	Onshore
T008026	Plugged back and	Onshore
T008203	Plugged back and	Onshore
T008207	Plugged back and	Onshore
T008350	Plugged back and	Onshore
T008543	Plugged back and	Onshore
T008549	Plugged back and	Offshore
T008564	Plugged back and	Onshore
T009533	Plugged back and	Onshore
T009601	Plugged back and	Onshore

T012127	Plugged back and	Onshore
T001204	Suspended Well	Offshore
T002037	Suspended Well	Offshore
T002839	Suspended Well	Offshore
T003021	Suspended Well	Offshore
T003022	Suspended Well	Offshore
T003026	Suspended Well	Offshore
T003201	Suspended Well	Offshore
T003222	Suspended Well	Offshore
T003414	Suspended Well	Offshore
T003476	Suspended Well	Offshore
T003477	Suspended Well	Offshore
T003611	Suspended Well	Offshore
T003764	Suspended Well	Offshore
T003870	Suspended Well	Offshore
T003889	Suspended Well	Offshore
T003891	Suspended Well	Offshore
T004421	Suspended Well	Offshore
T004453	Suspended Well	Offshore
T004726	Suspended Well	Offshore
T004957	Suspended Well	Offshore
T005370	Suspended Well	Offshore
T005461	Suspended Well	Offshore
T005656	Suspended Well	Offshore
T005690	Suspended Well	Offshore
T005700	Suspended Well	Offshore
T005845	Suspended Well	Offshore
T006169	Suspended Well	Offshore
T006187	Suspended Well	Offshore
T006470	Suspended Well	Offshore
T006750	Suspended Well	Offshore
T006856	Suspended Well	Offshore
T007274	Suspended Well	Onshore
T007540	Suspended Well	Onshore
T007748	Suspended Well	Offshore
T007887	Suspended Well	Onshore
T007947	Suspended Well	Onshore
T007950	Suspended Well	Onshore
T007989	Suspended Well	Offshore
T008444	Suspended Well	Onshore
T008498	Suspended Well	Offshore
T008653	Suspended Well	Offshore
T008663	Suspended Well	Onshore
T008819	Suspended Well	Onshore
T009390	Suspended Well	Offshore
T010135	Suspended Well	Onshore
T010536	Suspended Well	Onshore

T010705	Suspended Well	Onshore
T010716	Suspended Well	Offshore
T011213	Suspended Well	Offshore
T011443	Suspended Well	Onshore
T011467	Suspended Well	Offshore
T011470	Suspended Well	Offshore
T012185	Suspended Well	Onshore
T012395	Suspended Well	Onshore

Appendix “F”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicants

SUPPLEMENTARY AFFIDAVIT OF JANE LOWRIE
(Sworn June 5, 2018)

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

1. I am the President and Chief Executive Officer of Lagasco Inc. ("**Lagasco**"). I have been active in the Lagasco group of companies ("Lagasco Group") and the oil and gas industry in Ontario since 1981. I am a graduate of Trinity College in Toronto where I received a B.A. in 1976, and the University of Western Ontario (Ivey) where I received an M.B.A. in 1981.
2. Unless otherwise stated herein, all facts set forth in this Affidavit are based upon: (a) my personal knowledge; (b) my experience as President and Chief Executive Officer of Lagasco; and (c) information provided to me by employees and authorized representatives and professionals of Lagasco. If called upon to testify, I would testify competently to the facts set forth in this Affidavit. I am authorized to swear this Affidavit on behalf of Lagasco.
3. I swear this Supplementary Affidavit to provide additional evidence and information with respect to the issue of "whether the person to whom the rights and obligations are to be assigned would be able to perform the obligations" and "whether it would be appropriate to assign the rights and obligations to that person" as provided for in sections 11.3 (3) (b)

and (c) of the *Companies' Creditors Arrangement Act* in support of a motion (the "**Sale Approval Motion**"), which is now returnable on June 11th, 2018.

Background Information on the Purchaser (Lagasco)

4. Lagasco is part of the Lagasco Group, a third-generation Lowrie family managed oil and gas production and exploration group of business' which has been operating in Ontario since 1976. I have managed the Lagasco Group for 37 years. The Lagasco Group collectively currently employs 35 management and field employees and in addition several professional independent consultants including engineering and geological teams
5. The Lagasco Group collectively operate 396 wells in Ontario making them the 2nd largest oil and gas producer in Ontario. The Lagasco Group currently holds over 780 leases with hundreds of landowners and has been successfully managing their obligations under the leases for 37 years. The Lagasco Group has plugged 59 wells in the past six years without being ordered to do so by the Ministry of Natural Resources and Forestry ("MNR"). The Lagasco Group collectively produce over 400 BOE (barrels of oil equivalent) per day.
6. The Lagasco Group has a long history of responsible and sustainable operations including operating in compliance with the requirements of the MNR.
7. Lagasco itself is currently operating 59 wells, all in the Province of Ontario. Lagasco is and always has been in compliance with all plugging and remediation requirements of the Province of Ontario and has plugged 11 wells in the past 6 years to the satisfaction of the MNR.
8. The Lagasco Group companies, including Lagasco, are all managed and operated out of London and Bothwell, Ontario by myself and my team of professionals who are set out in Exhibit "A" hereto:

Companies Related to Lagasco

9. Lagasco is affiliated with and shares common ownership with the following companies which are part of the Lagasco Group.
 1. Clearbeach Resources Inc.
 2. On-Energy Corp.
 3. Liberty Oil & Gas Ltd.
 4. Eastern Oilfield Services

Lagasco's Current Operations (prior to purchasing Dundee Assets)

10. As stated above, Lagasco is currently operating 59 wells in the Province of Ontario. The internally prepared balance sheet of Lagasco which references the amount of the deposit under the Asset Purchase Agreement with Dundee Oil and Gas Limited and Dundee Energy Limited Partnership (together, "Dundee") is filed separately as Confidential Exhibit "1". The company is presently funded to continue its usual present operations and to fund the deposit and other costs associated with the due diligence related to the purchase of the assets of Dundee (the "**Dundee Assets**")
11. At the time of closing of the transaction Lagasco will have sufficient funding to complete the transaction contemplated by the Asset Purchase Agreement and to fund working capital required to continue Dundee's former operations as a going concern. Lagasco has one deposit with the MNR as security for well abandonment and remediation and will increase those deposits to the amounts required by the legislation with respect to the Dundee Assets when acquired.

12. The Lagasco Group has a financing commitment from Pace Credit Union for \$15,000,000 of primary debt to be secured by the Dundee oil and gas reserves in connection with the purchase of the Dundee Assets. In addition, Lagasco, has arranged for \$16 million in lease funding (secured by the \$20 million of book value of equipment and real property currently owned by Dundee), private debt funding and equity funding. The proposed financing arrangements are awaiting the approval of the court of the transaction before being finalized.

Post Purchase Cash Flow of Lagasco

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

Deloitte Statement of Reserves

14. The Lagasco Cash Flow relies in part on the Statement of Reserves Data and Other Oil and Gas Information of Dundee Energy Limited Partnership prepared by Deloitte dated February 28, 2018 (hereinafter the "**Deloitte Statement**"). The cash flow is built upon the Deloitte Proven Developed Producing operating projections which include revenues, royalty payments, operating costs, and abandonment and reclamation costs. This document is, with the permission of Deloitte, attached as Exhibit "C" to this affidavit.

15. As described in part one of the Deloitte Statement, the purpose of the statement was to evaluate the assets held by Dundee Energy Limited Partnership as at December 31, 2017. In addition to the valuation of the proved and proved plus probable reserves of oil and gas, the Deloitte Statement contains forecasts of future net revenue relating to the Dundee Assets.

Deloitte Confirmation Report

16. To assist in the interpretation of the Deloitte Statement with respect to the assumption of the Dundee operations by Lagasco, Lagasco retained Deloitte to prepare a further report to confirm various aspects of the Deloitte Statement and to provide a further cash flow based on the Deloitte Statement. This further report is attached as Exhibit “D” to this affidavit (the “**Deloitte Confirmation Report**”).
17. The Deloitte Confirmation Report contains independent confirmation of the forecast revenues and expenses relating to the continued operation of the Dundee Assets for the life of the wells. It provides the following summary of the cash flow:

The following is a summary of the Proved Developed Producing cash flow as attached in the appendix (all values are presented in Canadian dollars):

WI Sales Revenue (MMS)	\$620.3
Royalties & Burdens (MMS)	(\$95.5)
Operating Costs (MMS)	(\$183.9)
Abandonment & Salvage (MM\$)	(\$82.6)
Before Tax Cash Flow (MM\$)	\$259.3
Before Tax Cash Flow discounted at 10% (MMS)	\$83.3

18. This summary shows that there is a positive cash flow for the life of the wells after payment of all operating costs, royalties and abandonment and salvage costs (including well plugging and remediation)
19. Page 4 of the Deloitte Confirmation Report contains the backup details to the summary in paragraph 17 above. This summary details the revenue sources and prices associated with those revenues in table form which is more particularly set forth in paragraph 21 below.

20. The table set out in paragraph 21 below details revenue, expenses and net operating income relating to the Dundee Assets on the assumption of continued operation from 2018 to 2032.
21. The amounts on this table are in millions of dollars and are as follows:

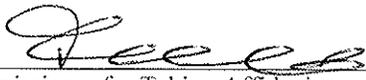
Year	WI Sales Revenue MM\$C	Royalty Revenue MM\$C	Co. Share Revenue MM\$C	Total Roy. & Burden MM\$C	Net Operating Revenue MM\$C	Operating Costs MM\$C	Abandon. & Salvage MM\$C	Other Revenue MM\$C	Sask Cap Surch MM\$C	Net Op. Income MM\$C
2018	23.7	0.0	23.7	3.7	20.0	8.8	3.0	-	-	8.2
2019	22.9	0.0	22.9	3.5	19.4	8.5	0.5	-	-	10.4
2020	22.0	0.0	22.0	3.4	18.6	8.2	3.1	-	-	7.4
2021	21.7	0.0	21.7	3.4	18.4	7.8	2.2	-	-	8.4
2022	21.5	0.0	21.5	3.3	18.2	7.5	1.0	-	-	9.8
2023	21.1	0.0	21.1	3.3	17.8	7.2	1.1	-	-	9.6
2024	20.8	0.0	20.9	3.2	17.6	6.9	1.1	-	-	9.6
2025	20.4	0.0	20.4	3.2	17.3	6.7	1.5	-	-	9.2
2026	19.7	0.0	19.7	3.1	16.7	6.4	1.0	-	-	9.3
2027	18.9	0.0	18.9	2.9	16.0	6.2	1.2	-	-	8.6
2028	18.2	0.0	18.3	2.8	15.4	5.9	2.8	-	-	6.6
2029	17.4	0.0	17.4	2.7	14.7	5.7	0.7	-	-	8.4
2030	16.7	0.0	16.8	2.6	14.2	5.4	0.7	-	-	8.0
2031	16.1	0.0	16.1	2.6	13.6	5.3	1.2	-	-	7.1
2032	15.6	0.0	15.6	2.4	13.2	5.0	0.5	-	-	7.7
Rem.	323.5	0.6	324.2	49.5	274.6	82.4	61.2	-	-	131.0
50.00 yr	620.3	1.0	621.3	95.5	525.8	183.9	82.6	-	-	259.3

This table shows net operating income from 2018 to 2032 and adds on a lump sum for the remainder of the life of the assets. The net operating income is positive in each and every year. These numbers have been transferred to line 10 of the Lagasco Cash Flow.

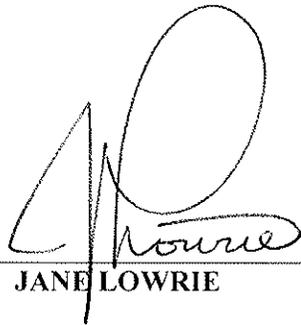
22. The Lagasco Cash Flow incorporates in addition to the Deloitte Confirmation Report net operating income amount, its general and administrative expenses, its lease expenses and debt repayment. After payment all of those expenses Lagasco remains cash flow positive in each and every year from 2018 to 2032.
23. I am completely confident in stating that Lagasco has now and will have in the future, adequate capitalization to assume the operation of the Dundee Assets and to pay all liabilities, plugging, abandonment and salvage costs associated with the assumption of leases and contracts which are part of the Dundee Assets.

24. Lagasco, its management and employees have the experience and qualifications to continue the operation of the Dundee Assets.

SWORN before me at the City of London,
in the Province of Ontario, this 5th day of
June, 2018.



Commissioner for Taking Affidavits



JANE LOWRIE

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

R.S.C. 1985, c. C-36, AS AMENDED

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

Applicants

EXHIBITS

TABS "A" TO "D" ARE THE
EXHIBITS TO THE AFFIDAVIT OF
JANE LOWRIE
SWORN THIS 5TH DAY OF JUNE, 2018



A Commissioner for taking Affidavits

EXHIBIT "A"

Senior Management Team

Jane Lowrie | President

Jane is a second-generation oil and gas producer in Ontario, and has been involved in exploration, development and acquisitions for over 35 years. As the Chief Executive she manages over 400 BOE/d of oil and gas production in Ontario. Jane is a past President of the Ontario Petroleum Institute (1994-95), is currently on the Board of Directors, and has an in-depth firsthand knowledge of all aspects of the Ontario oil patch. Jane obtained an MBA from the Richard Ivey School of Business and has utilized this educational base to build from the ground floor a viable energy business in Ontario.

Scott Lewis | Vice President

Scott is a third-generation producer in Ontario and a Professional Geologist and Project manager at the ON group with over 8 years of experience in the Ontario patch. Scott has worked as project lead on several federal and provincial government well abandonment projects and is integral in the day to day management of the ON group of companies. He obtained his professional designation in Petroleum Geology working in the Ontario Oil and Gas sector. In addition to an MBA from the Centre for Energy, Petroleum and Mineral Law and Policy at the University of Dundee Scotland, and an honours bachelor of science in Geology at the University of Western Ontario.

Neil Hoey | Consulting Geologist

Neil has over 35 years of oil and gas experience, concentrated heavily in exploration and development, and gas storage development in Ontario and Michigan. Prior to joining the ON team as a consultant, Neil worked for The Consumers Gas Company / Telesis Oil and Gas. Under his leadership and supervision, Neil executed exploration and development programs in the Lake Erie Offshore Core Area. Over 150 wells were drilled with over 100 BCF of gas reserves added. Neil was also a team member in the Essex-Kent Ordovician Trenton-Black River Core Area, during which time numerous pools were discovered and successfully brought on production, including the Hillman Pool, Renwick Pool, and Goldsmith Pool. Within the ON group, Neil is heavily involved with the company's' exploration and development programs, gas storage development, geological, geophysical and land evaluations, and well site supervision. Neil graduated from Brock University in 1981 with a BSc. in Geology.

Jim McIntosh | Consulting Engineer

Jim has 40 years of experience in the upstream oil and gas business, with 30 years in the southwestern Ontario area. Prior to joining the ON team, Jim worked for Ram Petroleum Limited and Cambright Gas Corporation/ Shiningbank Energy Limited in Ontario. He has been an independent consultant for the past 14 years and has been actively involved in developing Trenton/Black River gas and oil pools as well as Cambrian gas pools. He helped Ram expand company net production to over 1,000 BOE/d, and built the Cambright Gas production up to a peak of 1,500 BOE/d. As well as drilling, completing, and evaluating numerous wells, Jim has designed and built the well site facilities, gathering systems, oil batteries, and compressor/dehydration sites necessary to bring these pools into production. Within the ON group, Jim is involved in gas storage pool evaluations and development, and pipeline and compressor station design and installation. Jim graduated from the University of Alberta in Edmonton in 1976 with a bachelor's degree in engineering.

Frank Gentry | Consulting Engineer

Frank has 35 years of experience in oil and natural gas production operations, drilling, exploitation, and exploration. His expertise encompasses both shallow low pressure and deep high pressure high volume natural gas wells, oil wells and associated production operations of all depths, water flood and other secondary recovery projects, and surface production facility design, construction, and start up. He has directly supervised the drilling, completion, and facility construction of approximately 250 wells. Additionally, he has directed and managed over \$100 MM of producing property acquisitions. Further, Frank has provided expert testimony on regulatory hearings as well as protested reservoir interpretations and studies. Frank has an engineering degree from the University of Wyoming, USA and an MBA.

Bill Blake | Operations Manager

Bill has an established track record in the industry with over 35 years of senior management and executive level experience in the natural gas utility industry as well as the oil and gas sector. Since 2006, Bill has been a senior manager for the ON group with operations including over 400 oil and gas wells. He provided management expertise for the development of Tribute Resources's (a related company) first natural gas storage project, the Tipperary Pool. Prior to 2006, Bill was employed in a senior management position for 27 years with an Ontario natural gas utility. Bill is familiar with Ontario regulatory matters having been involved in the preparation of numerous cases as a key witness before the Ontario Energy Board. Bill has a Bachelor of Arts majoring in Economics from the University of Western Ontario.

Jen Nisker | Chief Financial Officer

Jennifer is a graduate of the Richard Ivey School of Business at the University of Western Ontario. Immediately following graduation, Jennifer worked at Deloitte LLP where she obtained her Chartered Accountant (now Chartered Professional Accountant) designation. She was involved in the tax group and in the financial advisory group gaining valuable experience in business valuations, mergers and acquisitions, financial modelling and business financings. For the past nine years, Jennifer has been a consultant to the ON group where she assumed responsibilities for financing reporting and budget to actual analysis, financial modelling and business acquisition analysis and due diligence work, financing sourcing and bank reporting, cash flow preparation and lease program management. In addition, she has worked with Tribute Resources Inc. to assess renewable energy business opportunities in wind power, landfill gas, hydraulic facilities and marine tidal power generation in addition to being responsible for compliance reporting for this public company including the quarterly preparation of the financial statements and MD&A.

Peter Budd | Strategic Advisor

Peter's legal and regulatory expertise in the energy industry over 28 years have been pursued in Europe, North, Central and South America. Peter was a partner at Bennet Jones LLP, Chair at Power Budd LLP and an international partner in the UK-based law firm CMS Cameron McKenna. As the inaugural Chair of the Ontario Energy Association, and the Ontario Electricity Market Design Committee Peter became deeply involved in various energy industry restructurings, and received multiple cabinet appointments to solve industry issues, including appointments to the Independent Electricity Market Operator, and the Electricity and Conservation Task Force. While his career began in Calgary during the deregulation of the natural gas industry, he has since pursued renewable energy projects in the areas of wind, solar, biomass, hydraulic and marine and tidal power generation, as well as energy storage with clients in the industry. Peter also has extensive government relations expertise and enjoys his work with First Nations.

LAGASCO INC.
DUNDEE PURCHASE
OPERATING CASH FLOW FORECAST

EXHIBIT "B"

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Aug 1 - Dec 31														
CASH IN															
Net operating income as per Deloitte (income net of operating costs, royalties and abandonment costs)	3,803,592	10,382,500	7,352,500	8,411,600	9,769,800	9,617,600	9,583,800	9,151,000	9,285,200	8,637,000	6,642,900	8,374,600	8,019,700	7,110,200	7,705,200
Total Cash In	3,803,592	10,382,500	7,352,500	8,411,600	9,769,800	9,617,600	9,583,800	9,151,000	9,285,200	8,637,000	6,642,900	8,374,600	8,019,700	7,110,200	7,705,200
CASH OUT															
General and Administrative	1,551,309	1,551,309	1,551,309	1,473,744	1,400,056	1,330,054	1,263,551	1,200,373	1,140,355	1,083,337	1,029,170	977,712	928,826	882,385	838,265
Lease expense	712,842	2,138,526	2,138,526	2,138,526	2,138,526	1,425,684	-	-	-	-	-	-	-	-	-
Debt repayment	825,508	2,488,524	2,488,524	2,488,524	2,488,524	2,488,524	2,488,524	2,488,524	1,663,016	-	-	-	-	-	-
Total Cash Out	3,089,659	6,178,359	6,178,359	6,100,794	6,027,106	5,244,262	3,752,075	3,688,897	2,803,371	1,083,337	1,029,170	977,712	928,826	882,385	838,265
Difference	713,933	4,204,141	1,174,141	2,310,806	3,742,694	4,373,338	5,831,725	5,462,103	6,481,829	7,553,663	5,613,730	7,396,888	7,090,874	6,227,815	6,866,935
Cumulative	713,933	4,918,074	6,092,215	8,403,021	12,145,715	16,519,053	22,350,778	27,812,881	34,294,710	41,848,373	47,462,103	54,858,991	61,949,865	68,177,680	75,044,615

FORM 51-101 F1

Prepared for:

DUNDEE ENERGY LIMITED

In respect of assets held by

DUNDEE ENERGY LIMITED PARTNERSHIP

**Statement of reserves data
and other oil and gas information
as of December 31, 2017**

Prepared by Deloitte

February 28, 2018

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Part 1 Date of statement

Date of statement: **February 28, 2018**
Effective date: **December 31, 2017**
Preparation date: **February 28, 2018**

Deloitte LLP (Deloitte) was contracted by Dundee Energy Limited (the Company) to evaluate the assets held by Dundee Energy Limited Partnership (DCLP) effective December 31, 2017. Deloitte was engaged by the Company to evaluate proved and proved plus probable reserves; no valuation of possible reserves or resources was undertaken. The evaluation was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook (COGE Handbook)*.

DELP's oil and gas reserves are located onshore and offshore in Ontario, Canada and in southern Alberta, Canada.

The reserves on the properties described herein are estimates only. By its nature, such forecasting of reserves and related economic parameters and analyses are forward-looking statements based on predictions of future events and assumptions. Actual events or results may differ materially. Furthermore, the estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves.

In certain instances, numbers may not total due to computer-generated rounding.

Part 2 Disclosure of reserves data

Item 2.1 Reserves data (forecast prices and costs)

Item 2.1.1 Breakdown of proved reserves (forecast case)

Please refer to NI 51-101 Forecast Case – Oil and Gas Reserves Summary in the Appendix.

Item 2.1.2 Net present value of future net revenue (forecast case)

Please refer to NI 51-101 Forecast Case – Summary of Net Present Values of Future Net Revenue in the Appendix.

Item 2.1.3 Additional information concerning future net revenue (forecast case)

Please refer to NI 51-101 Forecast Case – Total Future Net Revenue (Undiscounted), and NI 51-101 Forecast Case – Unit Value of Net Reserves by Production Group in the Appendix.

Item 2.2 Supplemental disclosure of reserves data (constant prices and costs)

Supplemental constant price estimates are not reported.

Item 2.3 Reserves disclosure varies with accounting

DELP is wholly owned by Dundee Energy Limited, a company incorporate in Ontario. The general partner of DELP is Dundee Oil and Gas Limited.

Item 2.4 Future net revenue disclosure varies with accounting

DELP is wholly owned by Dundee Energy Limited, a company incorporated in Ontario. The general partner of DELP is Dundee Oil and Gas Limited.

Part 3 Pricing assumptions

Item 3.1 Constant prices used in estimates

Supplemental constant price estimates are not reported.

Item 3.2 Forecast prices used in estimates

Forecast oil and gas prices are set out in the Deloitte Price Forecast effective December 31, 2017 (see Appendix). All prices are stated in Canadian dollars unless otherwise indicated. Adjustments for oil differential and gas heating values are applied to these prices, as appropriate for each entity. Capital and operating costs are inflated.

Part 4 Reconciliation of changes in reserves

Item 4.1 Reserves reconciliation

Please refer to NI 51-101 Forecast Case - Reconciliation of Company Gross Reserves by Principal Product in the Appendix.

Part 5 Additional information relating to reserves data

Item 5.1 Undeveloped reserves

No additional undeveloped reserves were assigned this year.

In 2016 in the Goldsmith property two proved undeveloped locations were added. Both wells will utilize an existing surface location to drill horizontally into the Ordovician. Dundee has interpreted seismic data to correlate the Trenton level lows which are similar to other features proven to be productive. Reserves have been assigned based on analogy to nearby horizontal wells targeting the same formation. The two locations are forecast to be drilled in 2019 and 2020.

Two vertical proved undeveloped locations were assigned to the Petrolia East property in 2016, targeting the Silurian Guelph Reef, utilizing seismic data and analogy to existing producing wells. These locations are forecast to be drilled in 2019 and 2020.

Two horizontal locations have been added in the Offshore West Central property (one proved and one probable location), and two proved horizontal locations were added to the Offshore West property in 2016, all in the A-2 Carbonate. The proved undeveloped locations were assigned reserves based on analogy of offsetting wells. The probable undeveloped location is directly offsetting a well that indicates gas pay in the same formation on well logs, but has not produced. These locations are forecast to be drilled in 2021 (three locations) and 2022 (one location).

	Oil		Natural gas		NGLs	
	First attributed WI*, Mbbbl	Cumulative WI*, Mbbbl	First attributed WI*, MMcf	Cumulative WI*, MMcf	First attributed WI*, Mbbbl	Cumulative WI*, Mbbbl
Proved undeveloped						
Prior	-	-	3,579.0	18,598.8	-	-
2015	-	-	-	4,815.9	-	-
2016	600.0	600.0	3,904.4	8,707.6	3.8	3.8
2017	-	600.0	-	8,620.7	-	3.4
Probable undeveloped						
Prior	-	-	2,155.0	11,717.9	-	-
2015	-	-	-	2,956.9	-	-
2016	140.0	140.0	3009.1	5,925.0	0.7	0.7
2017	-	140.0	-	5,855.6	-	0.7

* WI = working interest before royalties.

Prior to June 29, 2010, the Company did not own these assets, therefore did not book any reserves.

Item 5.2 Significant factors or uncertainties

Reserve estimates are subject to change with such factors as, updated production data, well performance and operational issues, ongoing development activities, price forecasts, and other economic conditions.

Item 5.3 Future development costs

Future capital expenditures will be funded from cash flow and will not make any projects uneconomic. If the size of a capital program exceeds cash flow, the company could consider debt or equity as a secondary source of funding.

Year	Future costs Net (M\$)	
	Proved	Proved + probable
2018	10.0	110.0
2019	8,456.8	9,465.3
2020	1,929.5	3,726.3
2021	4,253.9	5,986.5
2022	1,653.2	1,653.2
2023+	-	-
Total	16,303.5	20,941.3

Part 6 Other oil and gas information**Item 6.1 Oil and gas properties and wells****Item 6.1.1 Major properties****Off Shore East**

The Off Shore East property is located on Lake Erie, on the Canadian side of the US/Canada border. The property consists of the area of the lake between Crystal Beach and Turkey Point, Ontario. DELP holds between 90 and 100 percent working interests along with various NPI and GORR interests in three groups, one standing well, and five locations. The three groups constitute the majority of the value in the property, the Lake Erie E Nanticoke, Lake Erie E Port Maitland, and Lake Erie E Trustco groups. All three groups target gas production from the Whirlpool and Grimsby Formations.

Off Shore Central

The Off Shore Central property is located on Lake Erie, on the Canadian side of the US/Canada border. The property consists of the area of the lake between Turkey Point and Port Talbot, Ontario. DELP holds a 100 percent working interest in one proved developed producing group and nine locations. The majority of production within this property targets gas production from the Whirlpool and Grimsby Formations.

Hillman

The Hillman property is a developed oil and gas asset located in Essex County, Ontario; more specifically the Mersea, Gosfield, and Olinda areas. DELP holds an 82.5 to 100 percent working interest in 46 producing oil wells including two producing oil Units. Production is from the Ordovician Trenton and Black River Groups.

Renwick

The Renwick property is a developed oil and gas asset located in Essex and Kent Counties, Ontario; more specifically the Mersea and Romney areas. DELP holds 100 percent working interest in 15 producing oil wells. Production is from the Middle Ordovician Trenton and Black River Groups.

Other properties

The list of Other Properties includes Corey East, Goldsmith, Mikwan, Minors, Off Shore West, Off Shore West Central, Petrolia East, Rochester, and Single Well Oil Battery. All of these are located in Ontario with some being offshore on Lake Erie, with the exception of Mikwan, which is located in southern Alberta.

Item 6.1.2 Gross and net oil and gas wells

Country/Province	Oil		Gas		Non-producing		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Canada								
Ontario	144.0	138.8	426.0	416.6	67.0	66.4	637.0	621.8
Alberta	0.0	0.0	4.0	1.0	0.0	0.0	4.0	1.0
Total	144.0	138.8	430.0	426.6	67.0	66.4	641.0	622.8

Item 6.2 Properties with no attributed reserves

As at December 31, 2017 DELP onshore and offshore Ontario assets have a combined total acreage of 288,168 acres (net 281,006). DELP's Alberta assets have a total acreage of 640 acres (net 160 acres). Summarized below is the portion of this acreage that is considered undeveloped.

Province	Undeveloped acreage	
	Gross, acres	Net, acres
Canada		
Ontario Offshore	11,161	11,161
Ontario Onshore	15,992	14,653
Alberta	0	0
Total	27,153	25,814

These lands have no financial commitment on them other than annual rental payments to the Ministry of Natural Resources or Freehold lessors.

Item 6.3 Forward contracts

There were no outstanding commodity swap derivative contracts at December 31, 2017, as investments in derivative financial instruments are no longer permitted under the terms of DELP's lending arrangements. DELP previously determined that the fair value of outstanding commodity swap derivative contracts at December 31, 2016 resulted in a liability balance of \$2,275,000.

Item 6.4 Additional information concerning abandonment and reclamation costs

No. of net wells	
Included in evaluation	622.8
Not included in evaluation	0
<hr/>	
Area	Gross cost of abandonment and reclamation
Ontario Off Shore	\$66,000/well
Ontario On Shore	\$100,000/well
Alberta	\$60,000/well

Forecast abandonment costs	Proved		Proved plus probable	
	Undiscounted	Discounted at 10%	Undiscounted	Discounted at 10%
	M\$	M\$	M\$	M\$
Next 3 fiscal years	6,536.4	3,877.8	65,36.4	3,877.8
Following years	78,536.6	6,315.9	79,451.4	6,283.8
Total	85,073.0	10,193.7	85,987.9	10,161.57

Item 6.5 Tax horizon

DELP is a limited partnership and, as such, is not subject to income taxes in Canada. The Corporation, as the sole limited partner in DELP is expected to be cash taxable in 2018.

Item 6.6 Costs incurred

During 2017, DELP incurred capital expenditures of \$0.5 million, including costs of all of which related to maintaining its existing and essential land portfolio.

Item 6.7 Exploration and development activities

Exploration and evaluation expenditures were \$0.5 million in 2017, all of which related to maintaining its existing and essential land portfolio.

In 2018, DELP will continue to maintain its existing and essential land portfolio.

Item 6.8 Production estimates

**Forecast production working interest
January 1, 2018 - December 31, 2018**

	Proved	Proved + probable
Off Shore East		
Gas (MMcf)	1,874.1	1,878.0
Off Shore Central		
Gas (MMcf)	870.7	873.5
Hillman		
Oil (Mbbbl)	42.8	43.5
Gas (MMcf)	38.8	39.6
Renwick		
Oil (Mbbbl)	26.9	27.2
Gas (MMcf)	31.8	32.2
NGL (Mbbbl)	0.2	0.2
Others		
Oil (Mbbbl)	73.7	77.9
Gas (MMcf)	735.6	748.5
NGL (Mbbbl)	0.3	0.3
Total		
Oil (Mbbbl)	143.4	148.6
Gas (MMcf)	3,551.0	3,571.8
NGL (Mbbbl)	0.5	0.5

Item 6.9 Production history – total company

All values appearing in the following tables are working interest numbers calculated using lease operating statements.

Total Company				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Production				
Light oil + NGLs, bopd	436	482	444	402
Gas, Mcf/d	10,236	10,308	10,290	9,924
Boe/d	2,142	2,200	2,159	2,056
Light Oil and NGLs				
Averages, \$/Boe				
Price	65.47	64.42	58.88	69.06
Royalties paid	9.88	9.58	8.94	10.46
Operating cost	25.86	21.99	20.88	25.09
Netback	29.73	32.85	29.05	33.51
Natural Gas				
Averages, \$/Mcf				
Price	4.78	4.34	4.13	3.98
Royalties paid	0.70	0.66	0.61	0.60
Operating cost	1.61	2.00	2.20	1.88
Netback	2.47	1.68	1.32	1.50

Production history – by field – Off Shore East (1 of 4)

Off Shore East

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Production				
Light oil, bopd				
Gas, Mcf/d	5,333	5,306	5,183	5,124
Boe/d	889	884	864	854
Light Oil and NGLs				
Averages, \$/Boe				
Price				
Royalties paid				
Operating cost				
Netback	-	-	-	-
Natural Gas				
Averages, \$/Mcf				
Price	4.63	4.43	4.08	4.03
Royalties paid	0.63	0.61	0.56	0.55
Operating cost	1.05	1.49	1.76	1.40
Netback	2.94	2.33	1.77	2.08

Production history - by field - Off Shore Central (2 of 4)

Off Shore Central

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Production				
Light oil, bopd				
Gas, Mcf/d	2,492	2,484	2,689	2,516
Boe/d	415	414	448	419
Light Oil and NGLs				
Averages, \$/Boe				
Price				
Royalties paid				
Operating cost				
Netback	-	-	-	-
Natural Gas				
Averages, \$/Mcf				
Price	4.60	4.36	4.02	4.00
Royalties paid	0.80	0.76	0.70	0.69
Operating cost	1.49	1.54	2.33	1.75
Netback	2.31	2.06	1.00	1.55

Production history – by field - Hillman (3 of 4)

Hillman

	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Production				
Light oil, bopd	135	136	133	116
Gas, Mcf/d	115	139	137	119
Boe/d	154	159	156	136

Light Oil and NGLs

Averages, \$/Boe

Price	65.81	64.97	58.91	68.44
Royalties paid	9.82	9.62	8.52	10.02
Operating cost	24.03	22.31	17.37	26.31
Netback	31.96	33.04	33.02	32.11

Natural Gas

Averages, \$/Mcf

Price	4.78	4.66	4.11	4.13
Royalties paid	0.69	0.65	0.57	0.57
Operating cost	1.95	1.80	1.42	2.12
Netback	2.14	2.21	2.12	1.44

Production history – by field - Renwick (4 of 4)

Renwick

Q1 2017 Q2 2017 Q3 2017 Q4 2017

Production

Light oil + NGLs, bopd	83	96	83	81
Gas, Mcf/d	95	98	90	98
Boe/d	99	112	98	97

Light Oil and NGLs

Averages, \$/Boe

Price	66.91	65.98	59.71	68.72
Royalties paid	11.34	11.31	10.23	11.73
Operating cost	34.20	21.98	30.60	25.74
Netback	21.37	32.69	18.88	31.26

Natural Gas

Averages, \$/Mcf

Price	4.56	4.34	4.06	3.99
Royalties paid	0.65	0.61	0.55	0.55
Operating cost	2.69	1.78	2.43	2.03
Netback	1.22	1.95	1.08	1.41

Reserve definitions

Reserves are classified in accordance with the following definitions which meet the standards established by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities and found in Appendix 1 to Companion Policy 51-101 CP, Part 2 Definition of Reserves.

Reserve categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable and are disclosed.

Reserves are classified according to the degree of certainty associated with the estimates:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Development and production status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

Developed Reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing, or if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Appendix

NI 51-101 forecast case – Oil and gas reserves summary

NI 51-101 forecast case – Summary of net present values of future net revenue

NI 51-101 forecast case – Total future net revenue (with corporate tax pools)

NI 51-101 forecast case – Unit value of net reserves by production group

NI 51-101 forecast case – Reconciliation of company gross reserves by principal product

Deloitte 2017 12 31 Price Forecast

Form 51-101 F2

Dundee Energy Limited Partnership
NI 51-101 FORECAST CASE
OIL AND GAS RESERVES SUMMARY
Deloitte December 31, 2017 Forecast Pricing

Effective December 31, 2017

Canada

VOLUMES IN IMPERIAL UNITS																		
CATEGORY	Oil				Natural Gas												Total BOE	
	Light, Medium and Shale		Heavy		Solution		Conventional		Coalbed Methane		Natural Gas Liquids		Sulphur		WI Gross Mboe	Co. Share Net Mboe		
	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross MMcf	Co. Share Net MMcf	WI Gross MMcf	Co. Share Net MMcf	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mit	Co. Share Net Mit				
PDP	1,301.5	1,108.6	0.0	0.0	0.0	0.0	71,951.8	60,859.8	58.0	47.8	4.4	3.6	0.0	0.0	13,307.5	11,263.5		
PDNP	80.3	88.4	0.0	0.0	0.0	0.0	1,841.9	1,538.0	0.0	0.0	0.2	0.2	0.0	0.0	387.5	324.9		
PUD	600.0	503.3	0.0	0.0	0.0	0.0	8,820.7	7,218.6	0.0	0.0	3.4	2.8	0.0	0.0	2,040.2	1,709.3		
TP	1,981.7	1,680.3	0.0	0.0	0.0	0.0	82,414.4	69,610.4	58.0	47.8	8.1	6.6	0.0	0.0	15,735.2	13,297.6		
PB	794.6	675.5	0.0	0.0	0.0	0.0	18,492.0	15,465.3	36.9	30.4	2.5	2.0	0.0	0.0	3,885.2	3,260.2		
P+P	2,776.3	2,365.9	0.0	0.0	0.0	0.0	100,806.4	85,081.7	94.9	78.2	10.6	8.6	0.0	0.0	19,820.4	16,557.8		

VOLUMES IN METRIC UNITS																		
CATEGORY	Oil				Natural Gas												Total BOE	
	Light, Medium and Shale		Heavy		Solution		Conventional		Coalbed Methane		Natural Gas Liquids		Sulphur		WI Gross E ³ m ³ e	Co. Share Net E ³ m ³ e		
	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³	WI Gross E ³ m ³	Co. Share Net E ³ m ³				
PDP	206.8	176.2	0.0	0.0	0.0	0.0	2,027.2	1,714.7	1.6	1.3	0.7	0.6	0.0	0.0	2,114.7	1,789.9		
PDNP	12.8	10.9	0.0	0.0	0.0	0.0	51.9	43.3	0.0	0.0	0.0	0.0	0.0	0.0	61.6	51.6		
PUD	95.3	80.0	0.0	0.0	0.0	0.0	242.9	203.4	0.0	0.0	0.5	0.4	0.0	0.0	324.2	271.6		
TP	314.9	267.0	0.0	0.0	0.0	0.0	2,321.9	1,951.4	1.6	1.3	1.3	1.0	0.0	0.0	2,500.5	2,113.1		
PB	126.3	107.3	0.0	0.0	0.0	0.0	521.0	435.7	1.0	0.8	0.4	0.3	0.0	0.0	617.4	518.1		
P+P	441.2	374.4	0.0	0.0	0.0	0.0	2,842.9	2,397.1	2.7	2.2	1.7	1.4	0.0	0.0	3,117.9	2,631.2		

Dundee Energy Limited Partnership
NI 51-101 FORECAST CASE
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
Deloitte December 31, 2017 Forecast Pricing

Effective December 31, 2017

Canada

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					Unit Value
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	Before Income Tax
	MS	MS	MS	MS	MS	MS	MS	MS	MS	MS	Discounted at 10%
Proved Developed Producing	259,308.2	131,788.3	83,262.9	60,381.6	47,490.8	209,551.4	116,488.9	76,988.3	57,308.4	45,812.5	7.39
Proved Developed Non-Producing	9,564.2	5,794.5	3,924.6	2,860.3	2,190.9	7,029.7	4,374.6	3,057.3	2,299.1	1,812.8	12.08
Proved Undeveloped	51,979.9	28,680.6	17,725.8	11,635.3	7,872.2	38,067.0	20,961.7	12,861.7	8,342.8	5,541.0	10.37
Proved	320,852.3	166,263.4	104,913.4	74,877.3	57,553.9	254,648.1	141,825.2	92,907.3	67,950.4	53,166.3	7.89
Probable	134,952.4	50,772.9	26,324.4	16,258.8	11,073.6	99,242.0	37,331.3	19,373.0	11,989.6	8,190.8	8.07
Proved Plus Probable	455,804.7	217,036.3	131,237.8	91,136.1	68,627.6	353,890.1	179,156.6	112,280.4	79,940.0	61,357.1	7.93

Unit Value calculation based on Net Boe reserves.

Dundee Energy Limited Partnership
NI 51-101 FORECAST CASE
TOTAL FUTURE NET REVENUE - WITH CORPORATE TAX POOLS
Deloitte December 31, 2017 Forecast Pricing

Effective December 31, 2017

Canada

CATEGORY	Revenue*	Royalties	Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After income Taxes
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
PDP	621,300.9	95,480.0	183,904.8	0.0	82,607.9	259,308.2	49,756.8	209,551.4
PDNP	19,050.9	3,003.3	6,195.4	288.0	0.0	9,564.2	2,534.5	7,029.7
PUD	109,988.6	17,833.7	21,694.5	16,015.5	2,485.1	51,979.9	13,912.9	38,067.0
TP	750,340.4	116,317.0	211,794.6	16,303.5	85,073.0	320,852.3	66,204.2	254,648.1
PB	238,328.1	37,683.8	60,139.2	4,637.8	914.9	134,952.4	35,710.4	99,242.0
P+P	988,668.5	154,000.8	271,933.8	20,941.3	86,987.9	455,804.7	101,914.6	353,890.1

*Revenue includes product revenue and other income from facilities, wells and corporate if specified.

Dundee Energy Limited Partnership
NI 51-101 FORECAST CASE
FUTURE NET REVENUE BY PRODUCTION TYPE
Deloitte December 31, 2017 Forecast Pricing

Effective December 31, 2017

Canada

	FUTURE NET REVENUE BEFORE INCOME TAXES*	UNIT VALUE
	10% M\$	\$/Mcf \$/bbl
TOTAL PROVED		
Conventional Natural Gas	64,581.3	0.94 \$/Mcf
Coal Bed Methane	-13.4	-0.28 \$/Mcf
Light and Medium Crude Oil	40,345.5	24.02 \$/bbl
Total	104,913.4	8.02 \$/BOE
TOTAL PROVED + PROBABLE		
Conventional Natural Gas	77,660.3	0.93 \$/Mcf
Coal Bed Methane	3.8	0.05 \$/Mcf
Light and Medium Crude Oil	53,573.7	22.75 \$/bbl
Total	131,237.8	8.07 \$/BOE

*Primary product type and all associated by-products are included.

Dundee Energy Limited Partnership
NI 51-101 FORECAST CASE
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT

Opening: Deloitte December 31, 2016 Forecast Pricing
Closing: Deloitte December 31, 2017 Forecast Pricing

	Canada											
	Light & Medium Oil			Conventional Gas			Coalbed Methane			Natural Gas Liquids		
	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable	Proved	Probable	Proved + Probable
	Mstb	Mstb	Mstb	MMcf	MMcf	MMcf	MMcf	MMcf	MMcf	Mstb	Mstb	Mstb
Opening Balance	2,178.6	849.8	3,028.4	96,227.8	19,466.8	115,694.6	130.9	78.7	209.6	10.6	3.3	13.9
Production	-129.6	0.0	-129.6	-3,676.7	0	-3,676.7	-14.4	0	-14.4	-0.3	0	-0.3
Technical Revisions	-56.0	-49.8	-105.8	-10,094.3	-985.8	-11,080.1	-35.2	-52.2	-87.4	-2.1	-0.8	-2.9
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	-11.3	-5.4	-16.8	-42.4	-9.0	-51.4	-23.2	10.4	-12.9	-0.1	0.0	-0.1
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	1,961.7	794.6	2,776.3	82,414.4	18,492.0	100,906.4	58.0	36.9	94.9	8.1	2.5	10.6

Deloitte Resource Evaluation & Advisory
 Canadian Domestic Forecast
 Base Case Forecast Effective December 31, 2017

Date	Rate	Cost Inflation Rate	CAD to USD Exchange Rate	Crude Oil Pricing								Natural Gas Liquids Pricing Edmonton Par Prices				Natural Gas Pricing						Sulphur	
				WTI H Oklahoma US\$/bbl	WTI L Oklahoma US\$/bbl	Edmonton City Gate C\$/bbl	Edmonton City Gate C\$/bbl	20 S Dew-Point API Hardisty C\$/bbl	Bow River 25 Dew-Point API Hardisty C\$/bbl	Heavy Oil 12 Dew-Point API Hardisty C\$/bbl	Ethanol C\$/bbl	Propane C\$/bbl	Butane C\$/bbl	Pentanes + Condensate C\$/bbl	Alberta Reference AECO C\$/bbl	Alberta AECO AVE-2009 C\$/bbl	Alberta AECO AVE-2016 C\$/bbl	B.C. Exact HST 2 C\$/bbl	INEX HST 2 US\$/MMcf	INEX HST 2 US\$/MMcf	Ontario Down Reference Point C\$/bbl		Alberta Plant Gate C\$/bbl
1	2007	2.5%	1.0%	0.957	596.23	551.49	550.42	183.99	550.19	550.95	511.27	511.35	500.24	577.73	557.37	55.17	55.79	52.47	55.75	57.25	57.11	57.47	1123.01
1	2008	2.5%	2.0%	0.949	470.11	399.47	393.04	170.00	392.92	393.96	373.06	372.79	359.90	363.04	379.77	37.00	35.25	33.19	35.20	35.11	35.96	36.08	1003.68
1	2009	0.5%	0.0%	0.880	562.55	361.65	367.59	164.10	354.64	355.80	334.20	311.61	334.02	358.21	355.45	33.85	32.04	33.95	34.17	34.93	33.55	34.30	1051.01
1	2010	1.5%	1.0%	0.971	583.24	375.40	381.65	177.60	367.22	368.15	350.62	311.63	345.11	368.79	364.02	33.76	34.20	34.61	34.27	34.60	34.10	34.73	1024.64
0	2011	2.0%	2.0%	1.012	559.24	374.88	359.50	169.64	372.12	373.40	349.60	310.30	332.41	366.96	358.24	33.46	33.80	33.63	33.34	34.18	34.00	34.34	1101.60
0	2012	1.0%	1.0%	1.001	556.47	354.11	344.74	156.07	370.10	374.41	354.07	316.70	330.82	375.47	359.67	32.28	32.45	32.39	32.21	32.82	32.75	33.11	1104.61
1	2013	0.5%	0.0%	0.979	6100.74	447.51	344.28	163.36	374.97	378.20	344.46	314.64	334.64	379.44	353.80	32.66	32.27	33.17	33.11	32.84	33.70	34.13	1021.17
0	2014	1.0%	1.0%	0.906	596.15	353.25	356.51	164.00	357.26	359.45	335.70	317.95	342.59	369.43	350.47	34.00	34.64	34.50	34.45	34.53	34.36	35.75	1023.99
0	2015	1.5%	1.5%	0.793	346.98	343.69	348.49	151.00	344.50	344.03	333.43	317.49	343.39	343.15	32.70	32.76	32.64	31.81	32.70	32.63	33.72	1037.46	
1	2016	1.0%	1.0%	0.755	343.75	343.15	352.56	152.20	338.90	339.21	334.06	314.24	331.71	331.45	32.43	31.53	32.19	32.16	31.75	32.45	32.42	33.45	1045.40
2	12 Mo's H 0-Mths F	1.0%	1.0%	0.771	550.84	350.84	342.11	162.11	350.82	351.17	345.03	316.04	327.69	340.96	352.88	32.15	32.16	32.16	31.56	32.92	32.92	33.94	1050.11
1	1	Avg	N/A	N/A	0.771	550.84	350.84	342.11	162.11	350.84	351.17	316.04	327.69	340.96	352.88	32.15	32.16	32.16	31.56	32.92	32.92	33.94	1050.11
0	2017	1.0%	1.0%	0.750	585.85	347.00	343.40	159.40	349.24	349.24	329.24	317.70	331.31	342.25	358.24	32.45	32.70	32.70	31.25	32.50	32.50	33.72	1050.00
0	2017	1.0%	1.0%	0.600	507.10	344.45	346.90	154.15	350.50	350.00	341.80	314.41	337.11	344.35	371.65	32.45	32.25	32.30	31.74	32.90	32.94	34.00	1035.70
0	2020	1.0%	2.0%	0.620	560.00	342.40	347.90	170.65	351.24	357.10	340.60	317.70	336.30	345.98	374.20	33.00	32.69	32.75	32.35	33.10	33.28	34.15	1036.40
0	2021	1.0%	2.0%	0.600	585.00	343.00	347.75	174.15	340.20	342.35	337.00	313.35	334.30	345.90	373.90	33.25	32.80	32.95	32.25	33.30	33.50	34.40	1037.15
0	2022	1.0%	2.0%	0.600	570.00	341.75	347.45	174.00	347.00	349.10	344.10	313.31	333.65	344.60	368.21	33.45	32.95	33.20	32.75	33.40	33.70	34.60	1037.60
0	2023	1.0%	2.0%	0.600	570.00	341.00	347.45	174.15	347.15	349.25	344.15	313.31	333.65	344.70	368.22	33.70	33.40	33.60	33.00	33.80	34.10	34.90	1038.60
0	2024	1.0%	2.0%	0.600	570.00	341.44	347.68	174.48	347.68	349.80	344.48	313.31	333.65	344.80	368.23	34.00	33.70	33.90	33.30	34.10	34.40	35.20	1039.60
0	2025	1.0%	2.0%	0.600	570.00	342.40	347.90	174.90	347.90	350.00	344.90	313.31	333.65	344.90	368.24	34.25	33.95	34.10	33.50	34.30	34.60	35.40	1040.60
0	2026	1.0%	2.0%	0.600	570.00	343.40	348.15	175.15	348.15	350.25	345.15	313.31	333.65	344.90	368.25	34.50	34.20	34.35	33.75	34.50	34.80	35.60	1041.60
0	2027	1.0%	2.0%	0.600	570.00	344.40	348.40	175.40	348.40	350.50	345.50	313.31	333.65	344.90	368.26	34.75	34.45	34.60	34.00	34.75	35.00	36.00	1042.60
0	2028	1.0%	2.0%	0.600	570.00	345.40	348.65	175.65	348.65	350.75	345.75	313.31	333.65	344.90	368.27	35.00	34.70	34.85	34.25	35.00	35.30	36.30	1043.60
0	2029	1.0%	2.0%	0.600	570.00	346.40	348.90	175.90	348.90	351.00	346.00	313.31	333.65	344.90	368.28	35.25	34.95	35.10	34.50	35.25	35.55	36.60	1044.60
0	2030	1.0%	2.0%	0.600	570.00	347.40	349.15	176.15	349.15	351.25	346.25	313.31	333.65	344.90	368.29	35.50	35.20	35.35	34.75	35.50	35.80	36.90	1045.60
0	2031	1.0%	2.0%	0.600	570.00	348.40	349.40	176.40	349.40	351.50	346.50	313.31	333.65	344.90	368.30	35.75	35.45	35.60	35.00	35.75	36.00	37.20	1046.60
0	2032	1.0%	2.0%	0.600	570.00	349.40	349.65	176.65	349.65	351.75	346.75	313.31	333.65	344.90	368.31	36.00	35.70	35.85	35.25	36.00	36.30	37.50	1047.60
0	2033	1.0%	2.0%	0.600	570.00	350.40	349.90	176.90	349.90	352.00	347.00	313.31	333.65	344.90	368.32	36.25	35.95	36.10	35.50	36.25	36.55	37.80	1048.60
0	2034	1.0%	2.0%	0.600	570.00	351.40	350.15	177.15	350.15	352.25	347.25	313.31	333.65	344.90	368.33	36.50	36.20	36.35	35.75	36.50	36.80	38.10	1049.60
0	2035	1.0%	2.0%	0.600	570.00	352.40	350.40	177.40	350.40	352.50	347.50	313.31	333.65	344.90	368.34	36.75	36.45	36.60	36.00	36.75	37.00	38.40	1050.60
0	2036	1.0%	2.0%	0.600	570.00	353.40	350.65	177.65	350.65	352.75	347.75	313.31	333.65	344.90	368.35	37.00	36.70	36.85	36.25	37.00	37.30	38.70	1051.60
0	2037	1.0%	2.0%	0.600	570.00	354.40	350.90	177.90	350.90	353.00	348.00	313.31	333.65	344.90	368.36	37.25	36.95	37.10	36.50	37.25	37.55	39.00	1052.60
0	2037-2047	1.0%	2.0%	0.600	570.00	355.40	351.15	178.15	351.15	353.25	348.25	313.31	333.65	344.90	368.37	37.50	37.20	37.35	36.75	37.50	37.80	39.30	1053.60

Notes:

- All prices are in Canadian dollars except WTI and INEX, gas which are in U.S. dollars
- Edmonton city gate prices based on the natural gas oil prices posted by the Government of Alberta and the Energy Information Agency, 12 Dew-Point, 0.5% Sulphur
- Natural Gas Liquid prices are forecasted in Edmonton therefore an additional transportation cost must be included to plant gate level point
- 1 Month equivalent to 1 Month
- Real prices listed in 2017 dollars with no escalation considered
- Alberta gas prices, except AECO, include an average cost of service to the plant gate
- NGL prices have been estimated from a market reference to a spot reference

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May 30, 2018

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Lagasco Inc.
2807 Woodhull Road
London ON N6K 4S4

Attention: Jane Lowrie

Re: Dundee Energy Limited Partnership - Reserve Report Confirmation

In connection with Lagasco Inc.'s (Lagasco) successful purchase of the Dundee Energy Limited Partnership (DELP) oil and gas reserves, you have advised us that Lagasco, the Ontario court system, and potential financial lenders will be relying upon Deloitte's Dundee Energy Limited Partnership December 31, 2017 Reserve Report (the Report). It is Deloitte's understanding that Lagasco currently owns no additional oil and/or natural gas assets, and as such, the resultant cash flows found in the Dundee Report are considered to be representative of Lagasco's cash flows post-purchase.

This letter acknowledges this reliance and confirms certain aspects of our report as follows:

- Deloitte conducted an independent reserves evaluation of DELP using an evaluation effective date of December 31, 2017 under the Canadian Oil and Gas Evaluation Handbook (COGEH) as applied to National Instrument 51-101 (NI 51-101);
- Deloitte has knowledge of the relevant financial reporting requirements with respect to reserves disclosure to be filed with the appropriate regulatory agencies. We confirm that the evaluation was performed in accordance with accepted industry practices;
- Deloitte is a member in good standing with the Association of Professional Engineers, Geoscientists of Alberta (APEGA) and follow APEGA's Practice Standard for the Evaluation of Oil and Gas Reserves for Public Disclosure. Deloitte's APEGA permit to practice is found in the Executive Summary of the Report;
- Deloitte and its predecessor companies have engaged in the independent evaluation of oil and gas reserves in Canada since 1986;
- We ensure that the evaluation of the oil and gas properties is prepared with an objective state of mind and the report has not been influenced by any members of DELP or Lagasco;
- In accordance with NI 51-101, well abandonment and reclamation costs have been included in the Report. These costs were provided by the company and reviewed by Deloitte for reasonableness. The abandonment costs for existing wells have been scheduled and attributed on a Corporate level. The abandonment and reclamation costs for undeveloped locations are included at the well level;
- The Ministry of Natural Resources and Forestry (MNRF) in Ontario has assigned DELP an order to abandon a specific number of wells from 2018 to 2020. This schedule has been included in the Deloitte abandonment calculations;
- Deloitte confirms that the abandonment and reclamation process is consistent with industry standards for all NI 51-101 compliant reserve reports.

The following is a summary of the Proved Developed Producing cash flow as attached in the appendix (all values are presented in Canadian dollars):

WI Sales Revenue (MM\$)	\$620.3
Royalties & Burdens (MM\$)	(\$95.5)
Operating Costs (MM\$)	(\$183.9)
Abandonment & Salvage (MM\$)	(\$82.6)
Before Tax Cash Flow (MM\$)	\$259.3
Before Tax Cash Flow discounted at 10% (MM\$)	\$83.3

The key assumptions used by Deloitte in the Report can be found below. The signed Representation Letter included in the Executive Summary section of the Report frees Deloitte from having to perform detailed due diligence on land ownership, and revenue and expenses data, however, any data that is provided is reviewed for reasonableness and any differences were reconciled with DELP.

Reserves Category

Proved Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing, or if shut-in, they must have been previously on production, and the date of resumption of production must be known with reasonable certainty. These reserve volumes have a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Land

DELP provided land ownership information, which included lessor and lessee royalty burdens. The land data was accepted as factual and no investigation of title by Deloitte was made to verify the reports.

Royalties & Taxes

All royalties and taxes, including the lessor and overriding royalties, are based on government regulations, and/or negotiated leases or farm-out agreements that were in effect as of the evaluation effective date.

Capital and Operating Costs

Operating and capital costs were based on current costs escalated to the date the cost was incurred, and are in current year dollars. The economic runs provide the escalated dollar costs as described in the Pricing description below.

Operating costs were determined from historical data on the property as provided by DELP. If this data was not available or incomplete, the costs were based on Deloitte experience and historical database.

Capital costs were either provided by DELP (and reviewed by Deloitte for reasonableness); or determined by Deloitte taking into account well capability, facility requirement, and distance to markets. Facility expenditures for shut-in gas are forecast to occur prior to the well's first production.

Pricing

The price forecast used in the report was prepared by Deloitte with an effective date of December 31, 2017. These prices are based on information available from numerous government agencies, industry publications, oil refineries, natural gas marketers, and industry trends.

The prices are Deloitte's best estimate of how the future will look, based on the many uncertainties that exist in both the domestic Canadian and international petroleum industries. Inflation forecasts and exchange rates, an integral part of the forecast, have also been considered. In preparing the price forecast Deloitte considers the current monthly trends, the actual and trends for the year to date, and the prior year actual in determining the forecast. The base forecast for both oil and gas is based on NYMEX futures in US dollars.

The crude oil and natural gas forecasts are based on yearly variable factors weighted to higher percent in current data and reflecting a higher percent to the prior year historical. These forecasts are Deloitte's interpretation of current available information and, while they are considered reasonable, changing market conditions or additional information may require alteration from the indicated effective date.

Lagasco Inc.
Reserve Report Confirmation
Page 3

In our opinion, the proved developed producing volumes and value within the reserve report presents fairly the producing cash flow of DELP as of December 31, 2017 in accordance with NI 51-101, accepted reservoir engineering practices, and based upon reasonable pricing and other economic assumptions.

Sincerely,



Robin G. Bertram, P. Eng.
Deloitte LLP

Dundee Energy Limited Partnership
Economics Detail - Before Tax
Results as of January 1, 2018
Proved Developed Producing
Dundee Energy Limited Partnership

Year	WI Share Oil				WI Share Sales Gas				WI Share Condensate				WI Share Liquids				WI Other	
	WI Wells	Cal Day Rate bbl/d	Volume Mmbbl	Avg. Price \$/bbl	Sales Revenue MM\$C	Cal Day Rate Mcf/d	Volume MMcf	Avg. Price \$/Mcf	Sales Revenue MM\$C	Cal Day Rate bbl/d	Volume Mmbbl	Avg. Price \$/bbl	Sales Revenue MM\$C	Cal Day Rate bbl/d	Volume Mmbbl	Avg. Price \$/bbl	Sales Revenue MM\$C	Sales Revenue MM\$C
2018	507.12	390.6	142.6	69.21	9.9	8,722.7	3,548.8	3.88	13.8	-	-	-	1.2	0.5	40.79	0.0	-	23.7
2019	498.43	350.9	128.1	72.01	9.2	8,238.1	3,371.9	4.04	13.6	-	-	-	1.1	0.4	42.61	0.0	-	22.9
2020	470.93	311.0	113.8	74.33	8.5	8,798.1	3,220.1	4.20	13.5	-	-	-	1.0	0.4	44.04	0.0	-	22.0
2021	445.15	276.1	100.8	78.87	8.0	8,374.6	3,056.7	4.46	13.6	-	-	-	0.9	0.3	48.02	0.0	-	21.7
2022	421.47	247.1	90.2	87.80	7.9	7,970.0	2,909.1	4.67	13.6	-	-	-	0.9	0.3	53.91	0.0	-	21.5
2023	388.88	221.3	80.8	89.61	7.2	7,810.7	2,777.9	4.98	13.8	-	-	-	0.8	0.3	55.33	0.0	-	21.1
2024	378.68	197.1	72.1	91.40	6.6	7,269.2	2,660.5	5.35	14.2	-	-	-	0.7	0.3	56.75	0.0	-	20.8
2025	354.19	177.7	64.9	93.20	6.0	6,946.4	2,535.4	5.66	14.3	-	-	-	0.7	0.2	58.22	0.0	-	20.4
2026	333.01	157.9	57.7	95.04	5.5	6,539.4	2,423.4	5.87	14.2	-	-	-	0.6	0.2	59.71	0.0	-	19.7
2027	319.11	139.0	50.7	96.93	4.9	6,346.8	2,316.6	6.02	14.0	-	-	-	0.5	0.2	61.23	0.0	-	18.9
2028	301.62	124.3	45.5	98.89	4.5	6,066.6	2,221.1	6.18	13.7	-	-	-	0.4	0.2	62.78	0.0	-	18.2
2029	284.14	111.3	40.6	100.86	4.1	5,803.2	2,118.2	6.29	13.3	-	-	-	0.4	0.1	66.06	0.0	-	17.4
2030	261.92	98.2	35.9	102.86	3.7	5,550.4	2,025.9	6.44	13.0	-	-	-	0.3	0.1	67.70	0.0	-	16.7
2031	245.45	89.4	32.8	104.89	3.4	5,314.5	1,938.8	6.55	12.7	-	-	-	0.3	0.1	69.39	0.0	-	16.1
2032	233.47	79.7	29.2	106.96	3.1	5,088.8	1,862.5	6.70	12.5	-	-	-	0.3	0.1	71.94	0.0	-	15.6
2033	214.49	68.9	25.1	109.01	2.8	4,823.3	1,792.9	6.88	12.2	-	-	-	0.1	0.1	79.24	0.1	-	323.5
50.00 yr		1,301.5	91.76	119.4		72,099.8	6.55	600.7					4.4	66.90	0.3			620.3

Year	Crown Royalties			Freehold Royalties			Mineral Tax M\$C	Indian Royalties			Overriding Royalties			NPI Payable M\$C	Other Burdens M\$C	Total Roy. & Burden M\$C	Total Roy. & Burden %
	Unadj. Royalty M\$C	Royalty Deduction M\$C	Royalty Payable M\$C	Unadj. Royalty M\$C	Royalty Deduction M\$C	Royalty Payable M\$C		Unadj. Royalty M\$C	Royalty Deduction M\$C	Royalty Payable M\$C	Unadj. Royalty M\$C	Royalty Deduction M\$C	Royalty Payable M\$C				
2018	0.9	0.2	0.7	2,964.7	-	2,964.7	-	-	-	650.9	-	650.9	47.1	-	3,663.4	15.5	
2019	0.9	0.2	0.7	2,864.2	-	2,864.2	-	-	-	627.6	-	627.6	47.7	-	3,540.2	15.5	
2020	0.9	0.2	0.8	2,754.5	-	2,754.5	-	-	-	602.8	-	602.8	48.3	-	3,406.3	15.5	
2021	0.9	0.1	0.8	2,716.4	-	2,716.4	-	-	-	592.4	-	592.4	50.4	-	3,380.0	15.5	
2022	0.9	0.1	0.8	2,693.6	-	2,693.6	-	-	-	587.0	-	587.0	51.3	-	3,322.6	15.5	
2023	0.9	0.1	0.8	2,640.1	-	2,640.1	-	-	-	572.9	-	572.9	53.6	-	3,267.4	15.5	
2024	0.9	0.1	0.8	2,607.2	-	2,607.2	-	-	-	565.4	-	565.4	56.6	-	3,230.1	15.5	
2025	0.9	0.1	0.8	2,553.8	-	2,553.8	-	-	-	550.3	-	550.3	58.5	-	3,163.3	15.5	
2026	0.8	0.1	0.7	2,466.7	-	2,466.7	-	-	-	525.0	-	525.0	58.4	-	3,050.9	15.5	
2027	0.8	0.1	0.7	2,363.2	-	2,363.2	-	-	-	500.2	-	500.2	57.8	-	2,921.9	15.5	
2028	0.7	0.1	0.7	2,282.0	-	2,282.0	-	-	-	479.0	-	479.0	57.1	-	2,818.8	15.5	
2029	0.5	0.1	0.5	2,180.3	-	2,180.3	-	-	-	456.2	-	456.2	55.9	-	2,692.0	15.5	
2030	0.4	0.0	0.3	2,096.2	-	2,096.2	-	-	-	439.0	-	439.0	56.1	-	2,581.6	15.5	
2031	0.4	0.0	0.3	2,018.0	-	2,018.0	-	-	-	422.9	-	422.9	54.9	-	2,496.1	15.5	
2032	0.3	0.0	0.3	1,953.1	-	1,953.1	-	-	-	406.7	-	406.7	55.0	-	2,415.1	15.5	
2033	0.0	0.0	0.0	40,466.2	-	40,466.2	-	-	-	7,624.7	-	7,624.7	1,438.3	-	49,529.3	15.3	
50.00 yr	11.2	1.6	9.6	77,620.4	-	77,620.4	-	-	-	16,602.9	-	16,602.9	2,247.1	-	95,480.0	15.4	

Year	Capital Costs										Before Tax Cash Flow					NPV @ 10.00 % MM\$C
	WI Sales Revenue MM\$C	Royalty Revenue MM\$C	Co. Share Revenue & Burden MM\$C	Total Roy. & Burden MM\$C	Net Operating Revenue MM\$C	Abandon. Costs & Salvage MM\$C	Other Revenue MM\$C	Sask Cap Surch MM\$C	Net Op. Income MM\$C	COGPE MM\$C	CBE MM\$C	CDE MM\$C	CCA MM\$C	Total MM\$C	BTCF MM\$C	
2018	23.7	0.0	23.7	3.7	20.0	8.8	3.0	8.2	-	-	-	-	-	8.2	8.2	7.9
2019	22.9	0.0	22.9	3.5	19.4	8.5	0.5	10.4	-	-	-	-	-	10.4	18.6	8.0
2020	22.0	0.0	22.0	3.4	18.6	8.2	3.1	7.4	-	-	-	-	-	7.4	26.0	5.8
2021	21.7	0.0	21.7	3.4	18.4	7.8	2.2	8.4	-	-	-	-	-	8.4	34.4	8.0
2022	21.5	0.0	21.5	3.3	18.2	7.5	1.0	9.8	-	-	-	-	-	9.8	44.2	6.4
2023	21.1	0.0	21.1	3.3	17.8	7.2	1.1	9.6	-	-	-	-	-	9.6	53.8	5.7
2024	20.8	0.0	20.8	3.2	17.6	6.9	1.1	9.6	-	-	-	-	-	9.6	63.4	5.2
2025	20.4	0.0	20.4	3.2	17.3	6.7	1.5	9.2	-	-	-	-	-	9.2	72.5	4.5
2026	19.7	0.0	19.7	3.1	16.7	6.4	1.0	9.2	-	-	-	-	-	9.2	81.7	4.1
2027	19.9	0.0	19.9	2.9	16.0	6.2	1.2	9.3	-	-	-	-	-	9.3	91.0	3.5
2028	18.2	0.0	18.3	2.8	15.4	5.9	2.8	8.6	-	-	-	-	-	8.6	99.7	2.4
2029	17.4	0.0	17.4	2.7	14.7	5.7	0.7	8.4	-	-	-	-	-	8.4	105.4	2.8
2030	16.7	0.0	16.8	2.6	14.2	5.4	0.7	8.0	-	-	-	-	-	8.0	113.5	2.4
2031	16.1	0.0	16.1	2.5	13.6	5.3	1.2	7.1	-	-	-	-	-	7.1	120.6	2.0
2032	15.6	0.0	15.6	2.4	13.2	5.0	0.5	7.7	-	-	-	-	-	7.7	128.3	1.9
2033	323.5	0.6	324.2	49.5	274.6	82.4	61.2	131.0	-	-	-	-	-	131.0	259.3	13.6
50.00 yr	620.3	1.0	621.3	95.5	525.8	183.9	82.6	269.3	-	-	-	-	-	259.3	259.3	83.3

Country/Province: Canada
Mineral Owner: N/A
Prod. Category: N/A
Incentive: N/A
Econ. Calc. Date: Jan 2017
Avg. WI Share: 97.33 %
Econ. Life/To Aban.: 50.00 yr / 50.00 yr
Econ. RLI: 17.61 yr
Price Deck: Deloitte December 31 2017 Forecast
Price Set: N/A
Economic Limit: N/A
COS / COO: 100.0 % / 100.0 %
Oil Reserves Type: Light and Medium Oil
Gas Reserves Type: <multiple>

Product	Remaining Reserves				Net Revenue NPV (MM\$C)						
	Gross	WI	RI	Co. Share	Net	0.00 %	5.00 %	8.00 %	10.00 %	15.00 %	20.00 %
Oil (Mbbbl)	1,395.3	1,301.5	7.4	1,308.9	1,108.6	102.0	67.8	56.4	50.7	40.7	34.1
Sales Gas (MMcf)	73,634.6	72,009.8	7.1	72,016.9	60,907.6	423.6	186.9	134.7	113.0	80.5	62.8
Condensate (Mbbbl)	-	-	-	-	-	-	-	-	-	-	-
Liquids (Mbbbl)	4.6	4.4	-	4.4	3.6	0.2	0.1	0.1	0.1	0.1	0.1
Other Equiv. (MBOE)	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total (MBOE)	13,672.3	13,307.5	8.6	13,316.1	11,263.5	625.8	264.9	191.2	163.9	121.3	96.9
Total BTCF	-	-	-	-	-	259.3	131.8	98.0	83.3	60.4	47.6

Confidential Appendix “A”

[Redacted]

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

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
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