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COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES **FILED**
ARRANGEMENT ACT, R.S.C. 1985, c. C-36 **SIGNATURES**
AMENDED 2401 02680
Jun 17, 2025

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF 2669337 ALBERTA LTD.

DOCUMENT

**TENTH REPORT TO COURT OF FTI
CONSULTING CANADA INC., IN ITS CAPACITY
AS MONITOR OF 2669337 ALBERTA LTD.**

June 16, 2025

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB T2P 3R7
Dustin Olver / Brett Wilson
Telephone: (403) 454-6032 / (403) 454-6033
Fax: (403) 232-6116
E-mail: dustin.olver@fticonsulting.com
brett.wilson@fticonsulting.com

COUNSEL

Blake, Cassels & Graydon LLP
Suite 3500, Bankers Hall East
855 2nd Street S.W.
Calgary, AB T2P 4J8
Kelly Bourassa / Jenna Willis
Telephone: (403) 260-9697 / (403) 260-9650
E-mail: kelly.bourassa@blakes.com
jenna.willis@blakes.com

TENTH REPORT OF THE MONITOR

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INTRODUCTION

1. On January 30, 2024, Razor Energy Corp. (“**Razor Energy**”), Razor Holdings GP Corp. (“**Razor Holdings**”), Razor Royalties Limited Partnership (“**Razor Royalties LP**”), and Blade Energy Services Corp. (“**Blade**” and collectively with Razor Energy, Razor Holdings and Razor Royalties LP, the “**Razor Entities**”) filed Notices of Intention to Make a Proposal (“**NOI**”), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) consented to act as proposal trustee in the NOI proceedings (the “**NOI Proceedings**”) of the Razor Entities.
2. On February 28, 2024, (the “**Filing Date**”), Razor Energy, Razor Holdings, and Blade (collectively referred to as, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) granting, among other things, a continuation of the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**” and the “**CCAA Proceedings**”).
3. The Initial Order granted, among other things, the following relief within the CCAA Proceedings:
 - (a) a stay of proceedings until March 8, 2024 (the “**Stay Period**”);
 - (b) an extension of the stay of proceedings to Razor Royalties LP for the duration of the Stay Period;
 - (c) the appointment of FTI as monitor (FTI in such capacity, the “**Monitor**”) of the Razor Entities; and

- (d) approval of the priority and amount of the charges in favour of: (i) the Monitor, the Monitor’s counsel, and the Applicants’ legal counsel (the “**Administration Charge**”) in the amount of \$100,000; and (ii) the Applicants’ obligations to indemnify the Applicants’ directors and officers for liabilities they may incur after the Filing Date (the “**Directors’ Charge**”) in the amount of \$335,000 (together, the “**Initial Order Charges**”).
- 4. On March 6, 2024, the Applicants sought and obtained an Amended and Restated Initial Order from the Court (the “**ARIO**”). The ARIO granted, among other things, the following relief within the CCAA Proceedings:
 - (a) an extension of the Stay Period up to and including March 29, 2024; and
 - (b) confirmed the quantum and priority of the Initial Order Charges as provided in the Initial Order.
- 5. The Stay Period was further extended by Orders of the Court granted on March 25, 2024, May 3, 2024, June 6, 2024, July 17, 2024, and October 7, 2024.
- 6. On November 8, 2024, the Applicants sought various Orders from the Court (the “**November 8 Orders**”) including:
 - (a) an Approval and Reverse Vesting Order (“**RVO**”), among other things:
 - (i) approving the sale transaction (“**Transaction**”) and other steps contemplated by the Subscription Agreement, dated October 27, 2024 (the “**Subscription Agreement**”), between Razor Energy, as vendor, and TexCal Energy Canada Inc. (“**TexCal**” or the “**Purchaser**”), as purchaser, a copy of which was attached as Exhibit “C” to Affidavit #11 of Doug Bailey filed in the CCAA Proceedings (the “**Eleventh Bailey Affidavit**”); and

- (ii) vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Subscription Agreement), in a newly incorporated entity (“**ResidualCo**”);
- (b) a Retained Contracts Order, among other things:
 - (i) declaring that the Restricted Retained Contracts (as defined in the Subscription Agreement), together with all of the rights and obligations of the applicable Applicants under the Restricted Retained Contracts, shall be retained by such Applicants, and that such Restricted Retained Contracts shall remain in full force and effect, subject only to the payment of any applicable Cure Costs (as defined in the Subscription Agreement);
 - (ii) declaring that the Retained Contracts (as defined in the Subscription Agreement) which are not Restricted Retained Contracts shall be retained, pursuant to the RVO, free and clear of any claims of the counterparties to such Retained Contracts; and
 - (iii) declaring that the counterparties to all Retained Contracts, including Restricted Retained Contracts, shall be permanently stayed, enjoined, barred, and estopped from making or pursuing any demand, claim, action or suit, or exercising any remedy or right under any Retained Contracts, including any Restricted Retained Contract, arising on or prior to the closing of the Transaction, relating to the NOI Proceedings, the CCAA Proceedings, the insolvency of the Razor Entities, or any failure to perform a non-monetary obligation under any Retained Contract; and
- (c) a Stay Extension and Enhanced Monitor’s Powers Order, among other things:
 - (i) extending the Stay Period up to and including November 30, 2024;

- (ii) effective upon the filing of the Monitor’s Certificate substantially in the form appended to the RVO which confirms closing of the Transaction (the “**Monitor’s Certificate**”), extending the Stay Period, in respect of ResidualCo, up to and including June 30, 2025, or such other date as this Court may deem appropriate; and
- (iii) granting the Monitor certain enhanced powers with respect to ResidualCo (the “**Enhanced Powers**”), including to take possession of and exercise control over ResidualCo’s present and after-acquired assets, property, and undertakings, and authorizing the Monitor to take all such further steps and actions as the Monitor determines are necessary or desirable to enable the Monitor to guide ResidualCo through the remainder of these CCAA Proceedings

(collectively, the “**November 2024 Relief Requested**”).

- 7. On November 8, 2024, the Court granted an extension of the Stay Period to November 30, 2024, and the balance of the November 2024 Relief Requested was adjourned to allow further discussions between the Applicants and various stakeholders that opposed the November 2024 Relief Requested. On November 27, 2024, the Applicants again sought the November 2024 Relief Requested and the application was adjourned again, to December 6, 2024, to allow further discussions between the Applicants and the various stakeholders.
- 8. On December 6, 2024, the Court granted the November 8 Orders and the November 2024 Relief Requested, including an order extending the Stay Period to June 30, 2025, effective upon the filing of the Monitor’s Certificate.
- 9. The Transaction closed on December 11, 2025, and the Monitor’s Certificate was filed on December 12, 2025. Pursuant to the RVO, effective upon the filing of the Monitor’s Certificate, among other things:

- (a) the Applicants were deemed to cease to be applicants in the CCAA Proceedings;
 - (b) ResidualCo, which had been incorporated as 2669337 Alberta Ltd., was added as a debtor and applicant in the CCAA Proceedings; and
 - (c) the Monitor was automatically appointed as the monitor of ResidualCo.
10. Pursuant to the RVO and the Retained Contracts Order, the Monitor was directed to make a number of payments from the cash proceeds of the Transaction on account of Cure Costs, Post-Filing Municipal Taxes and other amounts. The remaining cash proceeds of the Transaction (which are described further below and referred to in this Report as the “ResidualCo Funds”) were to be retained and administered by the Monitor, for and on behalf of ResidualCo.
11. On February 19, 2025, the Court granted an Order (the “**Claims Process Order**”) authorizing the Monitor to commence a process (“**Claims Process**”) to call for claims against the ResidualCo Funds and the ResidualCo Property, as defined below.
12. This report (this “**Report**”) is being filed in connection with the Monitor’s application scheduled to be heard on June 24, 2025 (the “**June 24 Application**”), seeking the Stay Extension and Distribution Order and the CCAA Termination Order (each as defined below).
13. Electronic copies of all materials filed by the Monitor in connection with the June 24 Application and other materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/razor-blade> (the “**Website**”).

PURPOSE

14. The purpose of this Report is to provide the Court and ResidualCo's stakeholders with information and the Monitor's comments and recommendations with respect to the following:

- (a) the activities of the Monitor since its ninth report dated February 10, 2024 (the **"Ninth Report"**);
- (b) an update on the Claims Process;
- (c) an update on ResidualCo, the Monitor's discussions with certain creditors and the Monitor's proposed distribution of the ResidualCo Funds;
- (d) the Monitor's comments with respect to the application filed by Sabre (as defined below) seeking a determination of the Sabre Claim (as defined below); and
- (e) the Monitor's comments and recommendations with respect to two orders that it is seeking at the June 24 Application:
 - (i) the first order (**"Stay Extension and Distribution Order"**) seeking;
 - an extension of the Stay Period to December 31, 2025; and
 - authorization for the Monitor to make the Proposed Distributions (as defined herein) of Residual Co Funds.
 - (ii) the second order (**"CCAA Termination Order"**) seeking;
 - approval of the Monitor's reports and activities;

- approval of the Monitor's and the Monitor's legal counsel's fees and disbursements; and
- termination of the CCAA Proceedings and discharge of the Monitor, to be effective upon completing certain actions and filing a Monitor's certificate with the Court.

TERMS OF REFERENCE

15. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Razor Entities' books and records and discussions with various parties (collectively, the "**Information**").
16. Except as described in this Report:
 - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - (c) future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
17. The Monitor has prepared this Report in connection with the June 24 Application. This Report should not be relied on for other purposes.

18. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Blake, Cassels & Graydon LLP (the “**Monitor’s Counsel**”), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
19. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not defined herein are given the meaning ascribed to them in the ARIO, RVO, Retained Contracts Order or Claims Process Order.

ACTIVITIES OF THE MONITOR

20. The Monitor’s activities since the date of the Ninth Report include the following:
- (a) administering a review of 24 surplus pieces of leased equipment (“**Leased Equipment**”) that were transferred from Blade to ResidualCo pursuant to the RVO, to determine if the equipment has any equity value that could be recovered for the benefit of ResidualCo’s creditors or whether the Leased Equipment should be returned to the respective lessors;
 - (b) administering the Claims Process in accordance with the Claims Process Order including reviewing Proof of Claims submitted by the Claims Bar Date and accepting, revising or disallowing such claims;
 - (c) evaluating and consulting with creditors regarding the treatment of the ResidualCo Funds available for distribution in conjunction with the Claims Process Order; and
 - (d) preparing this Report.

Leased Equipment

21. The Monitor took the following steps in respect of its analysis of the Leased Equipment:
 - (a) contacted the lessors of the Leased Equipment to obtain the current buyout price (“**Buyout**”) for each unit;
 - (b) commissioned a desktop appraisal to determine an estimated sales value for each unit; and
 - (c) compared the Buyout to the appraised value (less costs to administer a sale) to determine if the estate would benefit from the sale of the Leased Equipment.
22. After the Monitor’s review it was determined that there was no equity value in the Leased Equipment.
23. The Monitor worked with the Monitor’s Counsel to complete an independent review of the security held by the lessors over the Leased Equipment. The Monitor’s Counsel concluded that, subject to standard assumptions and qualifications, the lessors held valid and enforceable security interests over the Lease Equipment.
24. The Monitor facilitated the release and return of the Leased Equipment to the respective lessors. Accordingly, there was no additional recovery available for ResidualCo’s creditors from the Leased Equipment.

CLAIMS PROCESS

25. The Claims Process Order called for four categories of claims, Proprietary/Trust Claims, Post-Filing Claims, Secured Claims and D&O Claims (together, “**Provable Claims**”).

26. The Claims Process Order did not call for pre-filing unsecured claims. As discussed in the Monitor’s Ninth Report, based on the Company’s books and records, the quantum of Provable Claims was expected to be substantially higher than the ResidualCo Funds available for distribution to creditors, meaning there would be no funds available for distribution to pre-filing unsecured creditors. As further set out below, and consistent with the above expectation, the Provable Claims filed and accepted in the Claims Process significantly exceed the ResidualCo Funds available for distribution to creditors.
27. Below is a summary of steps taken by the Monitor to administer the Claims Process in accordance with the Claims Process Order:
- (a) the Monitor caused a notice of the Claims Process to be published in the *Daily Oil Bulletin* on February 25, 2025;
 - (b) the Monitor sent a package to each of the Known Creditors with Provable Claims informing them of the Claims Process (the “**Claims Package**”) by prepaid ordinary mail, fax, courier or email on February 26, 2025; and
 - (c) the Monitor posted electronic copies of the Claims Package on the Monitor’s website on February 21, 2025.
28. In accordance with the Claims Process Order, creditors with Provable Claims were required to submit their Proofs of Claim to the Monitor prior to 5:00 pm (Mountain Time) on March 31, 2025 (the “**Claims Bar Date**”). The Monitor reviewed each Proof of Claim submitted by the Claims Bar Date.

29. The Monitor received a total of 71 Proofs of Claim by the Claims Bar Date, representing an aggregate of approximately \$43.2 million in claims, as set out below.

Claim Type (\$CAD 000s)	No. of Claims	Value of Claims	No. of Claims Accepted	Value of Claims Accepted	No. of Claims Revised/Disallowed	Value of Revised Claims	Note
Post-Filing	37	\$ 5,623	18	\$ 1,414	15	\$ 100	1
Proprietary/Trust	17	4,150	-	-	17	42	
Secured	7	23,633	-	-	3	-	1
D&O	3	8,979	-	-	3	49	
Unspecified	7	815	-	-	7	-	
Total	71	\$ 43,199	18	\$ 1,414	45	\$ 192	

Note 1: As explained further below, four Post-Filing Claims and four Secured Claims, being claims submitted by the AER, three municipalities and CNRL, have been accepted in part but are not fully reflected in this table for the number of accepted or revised claims.

- (a) 37 Proofs of Claim were received asserting Post-Filing Claims including from trade creditors, municipalities, joint venture partners and the Alberta Energy Regulator (“AER”);
- (b) 17 Proofs of Claim were received asserting Proprietary/Trust Claims including from trade creditors, freehold royalty and mineral rentals and joint venture partners;
- (c) 7 Proofs of Claim were received asserting Secured Claims including from municipalities, joint venture partners and equipment lessors;
- (d) 3 Proofs of Claim were received asserting D&O Claims including from the former directors and officers of the Razor Entities; and
- (e) 7 Proofs of Claim were received that did not specify the type of claim, which were primarily from trade creditors that provided pre-filing services.

30. No Proofs of Claim were received by the Monitor after the Claims Bar Date.

Notices of Revision or Disallowance

31. Pursuant to the Claims Process Order, the Monitor was required to review and, as appropriate, accept, revise or disallow the claim set out in each Proof of Claim received by the Claims Bar Date. If the Monitor determined to revise or disallow a Claim, the Monitor was required to send a notice of revision or disallowance (a “**NORD**”) to the applicable Creditor.
32. The Monitor issued a total of 45 NORDs representing an aggregate value of approximately \$17.4 million of revised or disallowed Claims. These Claims were revised or disallowed primarily on one of the following bases: (i) the Claim was for a pre-filing unsecured obligation and therefore not subject to the Claims Process, (ii) the amount claimed did not reconcile to the Razor Entities’ books and records, (iii) the Claim related to a claim from a lessor against Leased Equipment which was released and returned to the lessor in satisfaction of such Claim, or (iv) the Claim did not provide sufficient documentation to support the basis of the Claim.
33. The Claims Process Order set out that any Creditor who disputes the classification or amount of its Claim as set forth in a NORD shall deliver a Notice of Dispute to the Monitor by no later than 5:00 pm on the date that is fifteen (15) days after the date on which the NORD is deemed to be received under the Claims Process Order. In addition, the Claims Process Order requires that any such disputing Creditor must file an application with the Court supported by an affidavit setting out the basis for the dispute and must send the application and affidavit to the Monitor immediately upon filing. Such application and affidavit must be filed by the disputing Creditor within fifteen (15) days after sending the Notice of Dispute to the Monitor.

34. As of the date of this Report, the Monitor has received one Notice of Dispute, which was from Sabre Energy Partnership, Sabre Energy Ltd. and Sabre Oil and Gas Ltd. (“**Sabre**”) with respect to a Proof of Claim filed by Sabre asserting a Proprietary/Trust Claim for approximately \$177,000 (the “**Sabre Claim**”). Sabre filed an application and supporting affidavit (the “**Smith Affidavit**”) with the Court on May 20, 2025, which application is to be heard on June 24, 2025.

Sabre Claim

35. A copy of the Proof of Claim filed by Sabre is included at Appendix “A” to the Smith Affidavit. On April 15, 2025, the Monitor requested that Sabre provide a copy of the “GCA Transfer Agreement” and the “P&S Agreement” referred to in its Proof of Claim.
36. On April 15, 2025, Sabre provided additional documentation to the Monitor. A copy of Sabre’s April 15, 2025, email to the Monitor and attachments are attached to this Report at Appendix “A” (the “**Additional Sabre Documents**”).
37. The Monitor reviewed Sabre’s Proof of Claim and the Additional Sabre Documents and determined to disallow the Claim on the basis that, in the Monitor’s view, Sabre’s Proof of Claim and the Additional Sabre Documents did not establish a Proprietary/Trust Claim. The definition of “Proprietary/Trust Claim” in the Claims Process Order is as follows:

“**Proprietary/Trust Claim**” means any Claim which is based on (i) the Person asserting such Claim holding a proprietary interest in any ResidualCo Funds or other Property of ResidualCo, or (ii) any ResidualCo Funds or other Property of ResidualCo being subject to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) in respect of which the Person asserting such Claim is the beneficiary.

38. On April 21, 2025, the Monitor issued a NORD to Sabre disallowing its Claim, a copy of which is included at Appendix “B” to the Smith Affidavit. A copy of the Notice of Dispute submitted by Sabre to the Monitor dated May 5, 2025, is attached to the Smith Affidavit at Appendix “C”.
39. The Monitor has reviewed the Notice of Dispute submitted by Sabre as well as the Smith Affidavit and remains of the view that Sabre’s Claim does not constitute a valid Proprietary/Trust Claim.

Post-Filing Claims

40. The Monitor received 37 Proofs of Claim asserting Post-Filing Claims in the Claims Process, including from trade creditors, municipalities, joint venture partners and the AER. The Monitor issued a NORD in respect of 15 of these Claims, disallowing the Claim or revising the quantum of the claim to reflect only the post-filing portion of the Claim.
41. The Post-Filing Claims submitted by the AER and the municipalities are discussed further below. The other 18 Post-Filing Claims submitted were accepted in full. The accepted and revised Post-Filing Claims (excluding the Post-Filing Claims submitted by the AER and the municipalities) total approximately \$1.5 million.

42. As described in paragraphs 38 to 40 of the Monitor's Ninth Report, the Applicants had exhausted their liquidity at the time they were attempting to finalize the Subscription Agreement. They were unable to pay post-filing operating costs and did not have access to interim financing. Initially, the Monitor understood that the Cash Proceeds from the Transaction would be used to pay post-filing obligations upon closing. On that basis, the Monitor supported various extensions of the time required to close the Transaction. However, when the Applicants finally executed the Subscription Agreement and sought Court approval, the Transaction was met with significant opposition from various creditors and stakeholders. In particular, certain secured creditors and stakeholders opposed the proposed waterfall of how the Cash Proceeds would be distributed, including with respect to the payment of post-filing operating costs incurred prior to closing. This opposition resulted in various delays in obtaining Court approval of the Transaction which increased the amount of unpaid post-filing trade obligations.
43. The opposition was resolved by deferring the matter to post-closing. The funds that were contemplated to be paid to post-filing trade creditors were deposited in a trust account held by the Monitor on behalf of ResidualCo and it was intended that the Monitor would bring an application for approval of a Claims Process and to seek advice and direction with respect to the distribution of the ResidualCo Funds.
44. The Monitor continues to be of the view that the post-filing trade creditors should be paid before any distributions to pre-filing creditors (including pre-filing secured creditors). If not for the post-filing trade creditors providing services to the Applicants, the Subscription Agreement would not have been completed and the Applicants' assets would have been turned over to the Orphan Well Association with no distributions available for any creditors.
45. The Monitor notes that the largest Post-Filing Claim was submitted by Direct Energy Regulated Services for approximately \$1.1 million, in respect of electricity supplied to the Applicants prior to closing the Transaction.

Proprietary/Trust Claims

46. The Monitor received 17 Proofs of Claim asserting Proprietary/Trust Claims in the Claims Process. The Monitor issued a NORD for each of these claims revising the classification of the claims to Post-Filing Claims or disallowing the claims.
47. One Proprietary/Trust Claim was filed by a party asserting a possessory garage keeper's lien over certain equipment which was in the claimant's possession and related to which the claimant was owed labour and storage costs. The Monitor issued a NORD revising the value of the claim and, after considering the value and condition of the equipment, agreed with the claimant that they would retain the equipment in satisfaction of the revised claim.

Secured Claims

48. Seven Secured Claims were received in the Claims Process; three from municipalities, one from Canadian National Resources Limited (“**CNRL**”) and three from equipment lessors. The Monitor issued a NORD in respect of the three Proofs of Claim from equipment lessors against the Leased Equipment which was released and returned to the respective lessors in satisfaction of their claims. The CNRL and municipalities' Secured Claims are discussed further below.

AER and Municipalities Claims

49. During the administration of the Claims Process the Monitor received Proofs of Claim from the AER, Big Lakes County, the Municipal District of Greenview and Vulcan County (together, the “**Municipalities**”). The AER submitted a Post-Filing Claim for approximately \$1.1 million relating to unpaid administration fees for 2024. The Municipalities submitted Post-Filing Claims totaling approximately \$420,000 and Secured Claims totaling approximately \$11.9 million for unpaid pre-filing property taxes.

50. For efficiency in the circumstances, the Monitor has not made a final determination with respect to certain portions of these Claims relating to penalties, interest and the pre-filing period. The accepted portions of these Claims exceed the amounts available for distribution.
51. The Monitor engaged in discussions with the AER and the Municipalities. Based on these discussions, the Monitor understands that the AER and the Municipalities do not oppose the Proposed Distribution in this circumstance. The Proposed Distribution (described further below) involves a distribution first to all accepted and revised Post-Filing Claims described above, in the aggregate amount of approximately \$1.5 million, before a distribution of the remaining available ResidualCo Funds (the “**Remaining Funds**”) is made to the AER and the Municipalities in respect of their Post-Filing Claims. The Remaining Funds will not be sufficient to repay the accepted Post-Filing Claims of the AER and the Municipalities in full. The Remaining Funds are proposed to be split 15% to the AER and 85% to the Municipalities, reflecting an agreement among those parties.

CNRL Claims

52. CNRL submitted a Secured Claim in the amount of approximately \$10.9 million and a Post-Filing Claim in the amount of approximately \$167,000. CNRL’s Post-Filing Claim has been accepted by the Monitor and is reflected in the Post-Filing Claims discussed above. For efficiency in the circumstances, the Monitor has not made a final determination with respect to CNRL’s Secured Claim.
53. The Monitor engaged in discussions with CNRL and understands that CNRL does not oppose the Proposed Distribution set out below, which involves a distribution to CNRL in respect of the full amount of its Post-Filing Claim and no distribution being made in respect of its Secured Claim.

D&O Claims

54. The Monitor received three D&O Claims in the Claims Process. In respect of two of these claims, the Monitor issued a NORD revising the classification of the claims to Post-Filing Claims. The remaining D&O Claim was filed on behalf of former directors and officers of the Applicants (the “**Former Directors**”) relating to an action commenced against them, in their capacities as former directors and officers of the Applicants, by Arena Limited SPV, LLC and 405 Dolomite LLC (“**Arena**”) in the Court of King’s Bench of Alberta, Judicial Centre Calgary, Court File No. 2401-16672 (the “**Arena Action**”).
55. The Proof of Claim submitted by the Former Directors claimed: (i) a contingent claim (the “**Contingent Claim**”) of no less than \$8.9 million made up of the damages claimed by Arena in the Arena Action, the potential costs of the Arena Action and the Former Directors’ legal fees and disbursements anticipated to be incurred in defending the Arena Action; and (ii) a claim of \$49,331.16 arising from professional fees incurred by the Former Directors in relation to defending the Arena Action prior to the date of the Proof of Claim (the “**Cost Claim**”).
56. The Monitor determined that the D&O Claim is a valid claim secured by the Directors’ Charge granted pursuant to the ARIO, subject to (i) its contingent nature, and (ii) paragraph 23(b) of the ARIO which provides that the Applicants’ directors and officers would only be entitled to the benefit of the Directors’ Charge to the extent that they do not have sufficient coverage under any directors’ and officers’ insurance policy for the indemnified amounts. The Directors’ Charge is in the maximum amount of \$335,000.
57. The Monitor understands that the Former Directors are making claims under an insurance policy in connection with the Arena Action, but coverage has not been determined. The Monitor also understands that the relevant insurance policy includes a deductible of \$200,000.

58. On May 20, 2025, the Monitor issued a NORD revising the quantum of the D&O Claim to the value of the Cost Claim and advising that, given the Contingent Claim, the Monitor intends to continue to reserve the remaining quantum of the Directors' Charge for the foreseeable future and until further notice to the Claimants.
59. Since the submission of the Proof of Claim, the Monitor has received additional invoices in respect of the Former Directors' professional fees incurred in relation to the Arena Action after the date of the Former Directors' Proof of Claim in the aggregate amount of approximately \$72,000. The Monitor accepts these as valid claims against the Directors' Charge, in addition to the Costs Claim.

RESIDUALCO AND RESIDUALCO FUNDS

60. The RVO contemplated that ResidualCo would be incorporated following the granting of that Order and prior to the closing of the Transaction. Parties with claims that have been transferred to ResidualCo have retained the same priorities, rights, and entitlements against the assets of ResidualCo as they had against the Applicants immediately prior to the closing of the Transaction.
61. Two types of assets were transferred to ResidualCo pursuant to the RVO:
- (a) the fleet of Leased Equipment discussed above, all of which has been returned to the applicable lessors; and
 - (b) cash proceeds received from the Subscription Agreement and Adjustment Amount in the aggregate amount of approximately \$10.5 million (the “**Cash Proceeds**”).
- (collectively, the “**ResidualCo Property**”).

ResidualCo Funds

62. Pursuant to the RVO, the balance of the Cash Proceeds after the payments described in the paragraph below (the “**ResidualCo Funds**”), are to be held and administered by the Monitor, for and on behalf of ResidualCo, pending further Order of the Court.
63. Pursuant to the Subscription Agreement the Monitor received:
- (a) the Subscription Price of approximately \$8.4 million; and
 - (b) the Adjustment Amount of approximately \$2.1 million.
64. The Monitor made the following approximate distributions in accordance with the RVO and the Retained Contracts Order:
- (a) \$1.1 million in respect of Cure Costs;
 - (b) \$2.6 million for Post-Filing Municipal Taxes;
 - (c) \$0.5 million to APMC on account of Razor Energy’s royalty share for the month of January 2024;
 - (d) \$1.3 million for certain post-filing obligations of the Applicants;
 - (e) \$2.5 million to Arena in partial satisfaction of the Razor Entities’ secured indebtedness to Arena; and
 - (f) \$0.3 million to the Sales Agent.

65. The table below presents a summary of the sources and uses of the Cash Proceeds administered by the Monitor to date.

ResidualCo Funds	
(C\$ 000s)	
<u>Sources</u>	
Subscription Price	\$ 8,375
Adjustment Amount	2,126
Interest	37
Total - Sources	10,538
<u>Uses</u>	
Cure Costs	(1,062)
Post-Filing Municipal Taxes	(2,569)
APMC	(492)
Post-Filing obligations	(1,269)
Arena	(2,500)
Sales Agent Fee	(320)
Professional Fees	(283)
Other	(3)
Total - Uses	(8,498)
ResidualCo Funds	\$ 2,040

66. The Monitor is currently holding the ResidualCo Funds of approximately \$2.0 million, which includes the holdback of at least \$615,000 required pursuant to paragraph 10 of the RVO on account of the Directors' Charge, the Administration Charge and for potential trust or property claims.

PROPOSED DISTRIBUTION OF RESIDUALCO FUNDS

67. Below is a summary of the hold backs and proposed distribution of the ResidualCo Funds (collectively the “**Proposed Distributions**”).

ResidualCo Funds Available for Distribution	
(C\$ 000s)	
ResidualCo Funds	\$ 2,040
Directors' Charge Holdback	(335)
Administration Charge Holdback	(25)
ResidualCo Funds Available Distribution	1,680
Proposed Distribution for Accepted Post-Filing Claims	(1,247)
Proposed Distribution for Revised Post-Filing Claims	(267)
Estimated ResidualCo Funds	\$ 166

- (a) holdback of \$335,000 in respect of the Directors’ Charge (“**Directors’ Charge Holdback**”). The Monitor is seeking authorization to make distributions from time to time and without further Order of the Court, to the Former Directors in respect of their D&O Claim, in such amounts as determined by the Monitor to constitute valid claims secured by the Directors’ Charge from the Directors’ Charge Holdback, up to a maximum aggregate amount of \$335,000;
- (b) holdback of \$25,000 (“**Administration Charge Holdback**”) for estimated professional fees to complete the administration of the CCAA Proceedings;
- (the Directors’ Charge Holdback and the Administration Charge Holdback, collectively the “**Holdback Funds**”)
- (c) distributions on account of accepted Post-Filing Claims valued at approximately \$1.2 million and revised Post-Filing Claims valued at approximately \$0.3 million. A detailed schedule of the proposed distribution by creditor is attached as Appendix “**B**,” and

- (d) distributions on account of the AER's and the Municipalities' Post-Filing Claims of all remaining ResidualCo Funds, in the proportions agreed among those parties.
68. If any residual funds remain from the Holdback Funds after professional fees to complete the administration of the CCAA Proceedings or if the full amount of the Directors' Charge Holdback is not exhausted by distributions to the Former Directors in respect of their D&O Claim, the Monitor is seeking approval to distribute such remaining funds to the AER and the Municipalities without further order of the Court, in the proportions agreed among those parties.
69. The Monitor notes that if the Sabre Claim is determined to be valid, the Monitor would not proceed with the relief sought in respect of the Proposed Distributions at the June 24 Application, as there would be insufficient funds to make a distribution on account of the Sabre Claim and make the Proposed Distributions as described above. In that circumstance, the Monitor will seek an extension to the Stay Period and the relief sought in relation to the D&O Claim at the June 24 Application and adjourn the balance of the relief sought by the Monitor.

EXTENDING THE STAY PERIOD

70. The current Stay Period expires on June 30, 2025. The Monitor is seeking an extension to the Stay Period up to and including December 31, 2025. The Monitor has the following comments with respect to the proposed extension to the Stay Period:
- (a) there will be no material prejudice to ResidualCo's creditors and other stakeholders resulting from the extension of the Stay of Period;
 - (b) ResidualCo is continuing to act in good faith and with due diligence; and

- (c) if the proposed Stay Extension and Distribution Order is granted, the only remaining tasks for the Monitor to complete is to administer the Proposed Distributions. Distributions from the Directors' Charge Holdback are expected to be ongoing for a period of time. The proposed extension of the Stay of Period is expected to provide sufficient time for the Monitor to conclude the administration of the CCAA Proceedings.

MONITOR'S ACTIVITIES AND FEE APPROVAL

71. The Monitor has undertaken its duties, as prescribed by the CCAA, in good faith and with due diligence, to facilitate these CCAA proceedings. In the Monitor's view, it is just and appropriate for the Monitor's Reports and the activities referred to therein to be approved by this Court.
72. Pursuant to paragraph 30 of the ARIO, the Monitor and Monitor's Counsel are required to pass their accounts from time to time. The proposed CCAA Termination Order seeks to approve the fees of the Monitor and Monitor's Counsel.
73. The professional fees and disbursements incurred for the Monitor for the period of January 1, 2024, to May 31, 2025, total \$543,225.03 (exclusive of GST). This includes fees incurred by FTI in its prior capacity as proposal trustee in the NOI proceedings in January and February 2024. If the relief sought by the Monitor is granted at the June 24 Application, the Monitor anticipates having additional fees and disbursements of approximately \$10,000.
74. The professional fees and disbursements incurred for Monitor's Counsel for the period of February 1, 2024, to June 12, 2025, total \$385,597.91 (exclusive of GST). This includes fees incurred by Monitor's Counsel in its prior role as counsel to the proposal trustee in the NOI proceedings in January and February 2024. If the relief sought by the Monitor is granted at the June 24 Application, Monitor's Counsel anticipates having additional fees and disbursements of approximately \$15,000.

75. Copies of the invoices of the Monitor and Monitor's Counsel are available to this Court upon request.
76. The NOI Proceedings and CCAA Proceedings lasted approximately 18 months and included, administering a sale and investment solicitation process and negotiating a complicated and contentious transaction which required balancing the interest of many different stakeholders. Upon completing the Transaction, the Monitor and the Monitor's Counsel were required to administer ResidualCo and the Claims Process. Due to the length and complexity of the proceedings the Monitor considers the fees and disbursements charged by it and the Monitor's Counsel to be necessarily incurred and the hours and rates charged to be fair and reasonable in the circumstances.

CONDITIONAL DISCHARGE AND TERMINATION OF CCAA PROCEEDINGS

77. The Monitor is seeking a conditional CCAA Termination Order, which includes the following:
- (a) upon service of the Monitor's Termination Certificate, the CCAA proceedings shall be terminated;
 - (b) discharge of the Administration Charge;
 - (c) discharge of the Monitor;
 - (d) authorization for ResidualCo to make an assignment into bankruptcy;
 - (e) approval of the Monitor's reports in the CCAA proceedings and the activities of the Monitor set out therein;
 - (f) approval of the fees and disbursements of the Monitor's Counsel; and

- (g) release of the Monitor, the Monitor's Counsel, and Dustin Olver, in his capacity as representative of the Monitor and director and officer of ResidualCo (the "**CCAA Releases**").

78. In the Monitor's view the CCAA Releases are appropriate as the parties covered by the CCAA Releases were intimately involved in the CCAA Proceedings, ensuring compliance with the ARIO, completing the Transaction and the steps required by the RVO including the formation of ResidualCo, completing the Claims Process and, if the Stay Extension and Distribution Order is granted, completing the distributions of the ResidualCo Funds in accordance therewith.

RECOMMENDATIONS

79. Based on the foregoing, the Monitor recommends this Honourable Court grant the Stay Extension and Distribution Order and the CCAA Termination Order, which include;

- (a) authorizing the Proposed Distributions of the ResidualCo Funds set out in paragraph 67;
- (b) dismissing Sabre's application;
- (c) approving the Monitor's request for an extension to the Stay of Period up to and including December 31, 2025;
- (d) approval of the Monitor's reports and activities;
- (e) approval of the Monitor's and the Monitor's legal counsel's fees and disbursements; and

- (f) ordering that, upon service of the Monitor's Termination Certificate, the CCAA Proceedings shall be terminated and the Monitor discharged.

All of which is respectfully submitted this 16th day of June 2025.

FTI Consulting Canada Inc.,
Licensed Insolvency Trustee in its capacity as
Monitor of 2669337 Alberta Ltd., and not in its
personal or corporate capacity.



Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.

Appendix “A” – Additional Sabre Documents

From: [Josh Molcak](#) on behalf of [Josh Molcak <jmolcak@sabre-energy.com>](#)
To: [Razor](#)
Subject: [EXTERNAL] Re: Sabre Energy Partnership - Proof of Claim
Date: Tuesday, April 15, 2025 1:38:46 PM
Attachments: [Sabre - Razor - Swan Hills PSA - Execution Version.pdf](#)
[Execution Page to Sabre_Razor PSA Sabre Signature Razor Signature.pdf](#)
[Razor Sabre Swan Hills Unit Transaction - Adjustment to Final Statement of Adjustments \(Apr 26, 2023\) Letter.pdf](#)
[GCA Email - Agreement to transfer GCA.pdf](#)

Attached as requested is the PSA and the execution pages, along with the communications regarding the GCA.

In short, Gas Cost Allowance is credits provided by the government to account for the government's share of the costs associated with the construction and expenses related to the use of oil and gas facilities. They are allocated on a provisional basis by the AB government, and equalized annually once actual costs come in.

Razor requested in the attached email that we give them the provisional credits for Oct - Dec 2021. We informed them that we could do that, but that adjustments would be forthcoming, as once actual expenses for Oct-Dec were reported by the plant operator, credits would be reversed from our account and sent directly to them by means of an annual adjustment.

Once the adjustment was received, we billed them for the amounts that were clawed back from our account, and they never paid the balance. The rebill was not part of a specific transfer agreement, but such adjustments are permissible through the P&S agreement.

Thanks,

Josh Molcak
Director, Finance
Sabre Energy Ltd.
(403)296-2117

From: Razor
Sent: Tuesday, April 15, 2025 12:13 PM
To: Josh Molcak; Razor
Subject: RE: Sabre Energy Partnership - Proof of Claim

Josh,

We are completing our review of the claims received. Can you please provide a copy of the GCA Transfer Agreement (as defined in Para 12 of the Statement of Claim) and a copy of the P&S

Agreement (as defined in Para 5 of the Statement of Claim).

Thanks.

Regards,

Brett Wilson

+1 403.454.6033 T | +1 403.470.4054 M

brett.wilson@fticonsulting.com

From: Josh Molcak

Sent: Wednesday, March 19, 2025 8:25 AM

To: Razor

Subject: [EXTERNAL] Sabre Energy Partnership - Proof of Claim

Hello,

Please find attached, a Proof of Claim by Sabre Energy Ltd., Sabre Energy Partnership and Sabre Oil and Gas Ltd.

Please advise should anything further be required in this regard.

Thanks,

Josh Molcak

Director, Finance

Sabre Energy Ltd.

(403)296-2117

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ASSET PURCHASE AND SALE AGREEMENT

BETWEEN

**SABRE ENERGY PARTNERSHIP
AS VENDOR**

AND

**RAZOR ENERGY CORP.
AS PURCHASER**

DATED AS OF AUGUST 3, 2021

ASSET PURCHASE AND SALE AGREEMENT
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ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT dated August 3, 2021.

BETWEEN:

SABRE ENERGY PARTNERSHIP, a partnership formed pursuant to the laws of Alberta (hereinafter collectively called the "**the Vendor**")

- and -

RAZOR ENERGY CORP., a corporation formed pursuant to the laws of Alberta (hereinafter called the "**the Purchaser**")

WHEREAS the Vendor wishes to sell the Assets to the Purchaser and the Purchaser wishes to purchase the Assets from the Vendor, subject to and in accordance with the terms and conditions hereof;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, this Section and each Schedule:

- (a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:
 - (i) plug and/or abandon the Wells and close, decommission, dismantle and remove structures, foundations, buildings, pipelines, equipment and facilities that are or have been located on the Lands or that are or have been used in connection with the Wells including the Facilities; and
 - (ii) restore, remediate and reclaim the surface and subsurface locations of such wells, structures, foundations, buildings, pipelines, equipment and other facilities and lands used to gain access thereto or egress therefrom;all in accordance with good oil and gas field practices in the province of Alberta and in compliance with Applicable Laws;
- (b) "**ACCEL**" means ACCEL Canada Holdings Limited and ACCEL Energy Canada Limited;
- (c) "**ACCEL Disclaimer**" means (a) the Notice of Disclaimer dated August 21, 2020 given by PricewaterhouseCoopers Inc. in its capacity as court-appointed receiver of ACCEL to CNRL and (b) the letter in respect of that Notice of Disclaimer sent by Canadian Natural Resources (in its

capacity as operator of Swan Hills Unit No. 1) to the working interest owners in Swan Hills Unit No.1 captioned "Redistribution of Billing Interests Following Letter of Renunciation Swan Hills Unit No.1 dated December 21, 2020";

- (d) **"Accounting Referee"** means Ernst & Young LLP (Canada) or, if Ernst & Young LLP (Canada) is unable or willing to act as the Accounting Referee, such other nationally or internationally recognized firm of Chartered Accountants as is selected by the Parties;
- (e) **"Affiliate"** means, in reference to a Person, any other Person that controls it, is controlled by it or is controlled by a Person that controls it and the other Person and for which purpose a corporation shall be deemed to be controlled by a Person who owns or effectively controls, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation which owns shares of the corporation or otherwise) to elect the majority of the corporation's board of directors and a partnership shall be deemed to be controlled by a Person who can determine the policies or material decisions of that partnership, provided that a partnership which is composed solely of corporations and/or partnerships which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates;
- (f) **"Agreement"** means this agreement including the recitals hereto, this Section and each Schedule as amended after the date hereof by written agreement between the Vendor and the Purchaser;
- (g) **"Applicable Laws"** means, in relation to any Person, property or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments and orders of courts of competent jurisdiction;
 - (iii) regulations, orders and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations;which are applicable to such Person, property or circumstance;
- (h) **"Assets"** means, collectively, the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests excluding the Excluded Assets;
- (i) **"Assumed Obligations"** means:
 - (i) all obligations under the Title and Operating Documents that are required to be performed after the Effective Time;
 - (ii) all past, present and future Environmental Liabilities;
 - (iii) all Liabilities that arise as a result of or in connection with Operations undertaken after the Effective Time; and
 - (iv) all other Liabilities that are associated with or relate to the Assets that arise as a result of or in connection with events or circumstances that occur after the Effective Time;
- (j) **"Base Price"** has the meaning specified in Section 2.2(b)(i);

- (k) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta;
- (l) **"Canadian Securities Laws"** means all applicable securities laws in each of provinces and territories of Canada and the respective rules, regulations, instruments, blanket orders and blanket rulings under such laws together with applicable published policies, policy statements and notices of the Canadian Securities Regulators.
- (m) **"Claim"** means any claim, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing;
- (n) **"Closing"** means the closing of the Transaction;
- (o) **"Closing Adjustment"** has the meaning specified in Section 4.2(a);
- (p) **"Closing Date"** means August 12, 2021 or such other date agreed upon by the Parties;
- (q) **"Closing Escrow Agreement"** means the agreement entitled "Closing Escrow Agreement" entered into as of the Closing Date among the Vendor, the Purchaser and the Purchaser's Legal Counsel, as escrow agent, the form of such agreement is set forth in Schedule "T";
- (r) **"Closing Payment"** means:
 - (i) the Purchase Price;
 - (ii) plus the amount payable by the Purchaser at Closing on account of GST pursuant to Section 2.5;
 - (iii) plus (if it is payable by the Purchaser) or minus (if it is payable by the Vendor) the Closing Adjustment;
- (s) **"Closing Time"** means 2:00 p.m. local Calgary time on the Closing Date;
- (t) **"CNRL"** means Canadian Natural Resources Limited and Canadian Natural Resources by its Manager, Canadian Natural Resources Limited;
- (u) **"Conveyance Documents"** means all conveyances, assignments, transfers (including transfers of the well licenses for the Non-Unit Wells), novations, directions to pay and other documents and instruments that are reasonably required or desirable in accordance with generally accepted Canadian oil and gas industry practices, to convey, assign and transfer title to the Assets held in the name of the Vendor or any of its Affiliates of the Vendor to the Purchaser and to novate the Purchaser into the contracts, licenses, permits, approvals and authorizations comprised in the Miscellaneous Interests in the place and stead of the Vendor and its Affiliates insofar as such contracts, licenses, permits, approvals and authorizations pertain to the Assets;
- (v) **"Customary Post-Closing Consents"** means consents and approvals from any Government Authority or Third Party that are customarily obtained after closing in connection with transactions similar to the Transaction, including consents and approvals for the transfer of permits, licenses, approvals and authorizations for the Wells, Tangibles, Leases and Surface Interests;
- (w) **"De Minimis Claim"** has the meaning specified in Section 12.4(a)(vi);

- (x) **"Divot"** means Divot Energy Corporation;
- (y) **"Dollar"** or **"\$"** means a Canadian dollar;
- (z) **"Effective Time"** means 8:00 a.m. (Calgary time) on May 1, 2021;
- (aa) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, including humans, and the interacting natural systems that include such components;
- (bb) **"Environmental Laws"** means Applicable Laws which relate to Environmental or health or safety matters;
- (cc) **"Environmental Liabilities"** means:
 - (i) all past, present and future Liabilities (whether known or unknown) that have heretofore arisen from, hereafter arise from or are in respect of past, present or future:
 - (A) use, storage, holding, handling, transportation, release, spill, emission, escape or migration of any toxic or hazardous substance or waste including any substance or waste regulated under Environmental Laws;
 - (B) pollution or contamination of or damage or injury to the Environment;
 - (C) compliance with or the failure to comply with Environmental Lawsin connection with past, present or future Operations or other activities or omissions related to Lands or lands pooled or unitized therewith or that otherwise relate to the Lands or lands pooled or unitized therewith or the Tangibles; or
 - (ii) all past, present or future Liabilities (whether known or unknown) that have heretofore arisen from, hereafter arise from or are in respect of Abandonment and Reclamation Obligations, including Liabilities to test, monitor, remediate, protect and clean-up the Environment, legal fees (on a solicitor and client basis) associated with any of the foregoing and Liabilities to compensate Third Parties for their Losses that result from or arise in connection with any of the foregoing but excluding Liabilities to the extent paid, performed or discharged prior to the Effective Time;
- (dd) **"Excluded Assets"** means:
 - (i) Petroleum Substances beyond the wellhead at the Effective Time;
 - (ii) seismic data, evaluations and interpretations not held for a joint account under an operating agreement;
 - (iii) cash, accounts receivable, marketable securities, deposits and bank accounts;
 - (iv) rights under the Title and Operating Documents in respect of acts or omissions that occurred prior to the Effective Time, including audit rights;

- (v) the Vendor's rights (whether or not accrued and whether known or unknown on the date hereof) to make Claims against Third Parties in respect of acts, omissions or circumstances that occur prior to the Effective Time;
- (vi) tax and corporate financial records, other than accounting records and data specific to the Assets and the operation thereof;
- (vii) legal opinions and documents prepared by or on behalf of the Vendor or its Affiliates in contemplation of litigation and any other documents which have the benefit of solicitor-client privilege;
- (viii) records, correspondence, notes and confidentiality agreements relating to the Vendor's efforts to sell the Assets, including those relating to negotiation of the Transaction and attempts to implement similar transactions with Third Parties; and
- (ix) records, policies, manuals and other proprietary, confidential business or technical information other than those used exclusively in the operation of the Assets;
- (ee) **"Facilities"** means the facilities described in Schedule "B";
- (ff) **"GST"** means goods and services tax in respect of the Transaction required to be paid pursuant to the GST Legislation;
- (gg) **"GST Legislation"** means the *Excise Tax Act*, 1985 R.S.C. c.E-13;
- (hh) **"General Conveyance"** means the General Conveyance in the form of Schedule "E";
- (ii) **"Government Authority"** means a federal, provincial, territorial, municipal or other government or government department, agency or authority (including a court of law) having jurisdiction over a Party, the Assets or the Transaction;
- (jj) **"Indemnified Party"** has the meaning specified in Section 12.3;
- (kk) **"Indemnifying Party"** has the meaning specified in Section 12.3;
- (ll) **"Inventory"** means all inventories of equipment, tools and supplies located on or near the Lands that are held for use in respect of Operations;
- (mm) **"Land Schedule"** means Schedule "A";
- (nn) **"Lands"** means the lands set forth and described in the Land Schedule, including the Petroleum Substances within, upon or under such lands subject to the restrictions and exclusions set forth in the Leases;
- (oo) **"Leases"** means the petroleum and/or natural gas leases and licenses described in the Land Schedule;
- (pp) **"Liabilities"** means liabilities and obligations, whether under common law, in equity, under Applicable Laws or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise;

- (qq) **"Losses"** means in respect of a Person and in relation to a matter, any and all losses, damages, costs, expenses, charges and Liabilities (including all penalties, assessments and fines) which such Person suffers, sustains, pays or incurs in connection with such matter and includes reasonable costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes on any settlement payment or damage award received by such Person in respect of such matter (net of any reduction of taxes resulting from the Losses giving rise to such payment or award);
- (rr) **"Miscellaneous Interests"** means all of the Vendor's right, title, interest and estate (whether contingent or absolute, legal or beneficial, present or future, vested or not) in all property, rights and assets (other than the Petroleum and Natural Gas Rights and the Tangibles) that relate or pertain to (but only to the extent they relate or pertain to) the Petroleum and Natural Gas Rights, the Lands or lands pooled or unitized therewith or the Tangibles, including the Vendor's right, title, interest and estate in the following property, rights and assets:
- (i) the Title and Operating Documents;
 - (ii) all books, records and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or the other items listed in this definition, including the Title and Operating Documents;
 - (iii) the Surface Interests;
 - (iv) production, operating and similar data and information arising from or obtained in the course of Operations;
 - (v) data and interpretations held for a joint account under an operating agreement applicable to the P&NG Rights or the Tangibles;
 - (vi) all subsisting rights to carry out operations relating to the Lands and Tangibles, including all easements and well, pipeline and all other permits, licenses, approvals and authorizations granted or issued under the Applicable Laws;
 - (vii) the Wells, including the wellbores and any and all casing therein; and
 - (viii) the Inventory,
- but specifically excluding Excluded Assets;
- (ss) **"Non-Unit Lands"** means the geological zones within the Lands that are not unitized pursuant to the Swan Hills Unit No. 1 Unit Agreement;
- (tt) **"Non-Unit Wells"** means all wells located on the Lands other than wells that are subject to Swan Hills Unit No. 1 Unit Operating Agreement, including the wells described in Schedule "C";
- (uu) **"Operations"** means any and all operations on or in respect of the Lands or lands pooled or unitized therewith, the Facilities or the Wells or relating to Petroleum Substances produced from the Wells, including: (i) drilling, completion, testing, recompleting, deepening, plugging back, side tracking, whipstocking, fracking, stimulating, injecting, equipping, operating and plugging or abandoning wells; (ii) construction, repair, expansion, decommissioning, maintenance and operation of oilfield

facilities and equipment; (iii) producing, gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping Petroleum Substances (including processing, treatment and storage of sulphur and transmission, transportation, treatment and disposition of water); (iv) miscible flood and other enhanced recovery schemes; and (v) geological, geophysical and seismic activities;

(vv) **"Party"** means a Person who is bound by this Agreement;

(ww) **"Permitted Encumbrances"** means any of the following:

- (i) liens for taxes, assessments and governmental charges which are not due or delinquent;
- (ii) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for:
 - (A) highways or other roads;
 - (B) railways, sewers, drains, gas and oil pipelines or gas or water mains; or
 - (C) electric light, power, telephone, telegraph or cable television conduits, poles, wires or cables

which, individually or in aggregate, do not materially impair the use of the Assets affected thereby in the upstream oil and gas exploration and production business;

- (iii) the right reserved to or vested in any Government Authority by the terms of any lease, license, franchise, grant or permit or by any Applicable Laws, to terminate such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (iv) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or the income or revenue attributable thereto and governmental requirements as to production rates on the operations of any property;
- (v) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (vi) the reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interest therein and statutory exceptions to title;
- (vii) undetermined or inchoate liens incurred or created in the ordinary course of business or a lien created as security in favour of the Person conducting the operation of the Assets to which such liens relate for the Vendor's proportionate share of the costs and expenses of such operations which are not due or delinquent or, if due, the validity of which are being diligently contested in good faith by or on behalf of the Vendor;
- (viii) mechanics', builders' or materialman's liens in respect of services rendered or goods supplied, but only insofar as such liens relate to goods or services for which payment is not due or delinquent;

- (ix) the terms and conditions of the Title and Operating Documents, except provisions thereof that create security interests that would not be Permitted Encumbrances under paragraph (vii) or (viii);
- (x) the burdens, encumbrances, royalties, adverse Claims (including reductions and conversions) and penalties set forth in the Land Schedule;
- (xi) liens granted in the ordinary course of business to a public utility or Government Authority in connection with Operations;
- (xii) Rights of First Refusal except to the extent applicable to but not complied with in respect of transactions that occurred prior to the date hereof; and
- (xiii) any other circumstance, matter or thing disclosed in any Schedule hereto;

provided that the following items must be identified in the Land Schedule to qualify as Permitted Encumbrances: (1) overriding royalties, net profits interests and similar encumbrances, (2) potential future alterations of the Vendor's interest because of existing vested or contingent rights to convert a royalty at payout or because of a farmin, farmout or similar agreement; and (3) any penalty or forfeiture that applies to the Assets on the date hereof because of the Vendor's election prior to the date hereof not to participate in a particular Operation;

- (xx) "**Person**" means any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other entity;
- (yy) "**Petroleum and Natural Gas Rights**" means all of the Vendor's right, title, estate and interest in and to mines and minerals within, under or upon the Lands, including:
 - (i) interests in the Leases
 - (ii) royalty and similar interests; and
 - (iii) the fee simple interests in mines and minerals described in the Land Schedule, if any,described in the Land Schedule;
- (zz) "**Petroleum Substances**" means petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons but except coal) and all other mineral substances, whether liquid, solid or gaseous and whether hydrocarbons or not (including sulphur and hydrogen sulphide), produced in association with such petroleum, natural gas or related hydrocarbons or found in any water;
- (aaa) "**Post-Closing Statement of Adjustments**" has the meaning specified in Section 4.2(c);
- (bbb) "**Prime Rate**" means the rate of interest expressed as a rate per annum used by the main branch of Royal Bank Canada in Calgary, Alberta, from time to time, as a reference rate for determining rates of interest that it charges on Canadian dollar commercial loan made in Canada and which it refers to as its "prime rate";
- (ccc) "**Production Handling and Marketing Agreements**" means contracts for the processing, compression, treatment, refrigeration, handling, gathering, storage, transportation, purchase or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith;

- (ddd) **"Proposal"** has the meaning specified in Section 5.3(a);
- (eee) **"Purchase Price"** has the meaning specified in Section 2.2;
- (fff) **"Purchaser Indemnified Parties"** means the Purchaser and its Related Parties;
- (ggg) **"Purchaser's CNRL Arears"** the amount that is due and payable by the Purchaser to CNRL (in its capacity as operator or otherwise) pursuant to the Swan Hills Unit No.1 Unit Operating Agreement and the Ownership and Operating Agreement for the Swan Hill Gas Gathering System, including the Purchaser's share of amounts that ACCEL has failed to pay;
- (hhh) **"Purchaser's Legal Counsel"** means McCarthy Tétrault LLP, having an office at 4000, 421 7 Ave SW, Calgary, AB T2P 4K9;
- (iii) **"Purchaser's Losses"** means Losses of the Purchaser and its Related Parties;
- (jjj) **"Related Parties"** means, in reference to a Party, its Affiliates, successors and assigns and its and their directors, officers and employees;
- (kkk) **"Representatives"** means in respect of a Party:
 - (i) its Related Parties; and
 - (ii) the agents, consultants, advisors and other representatives of such Party and its Related Parties;
- (lll) **"Right of First Refusal"** means a right of first refusal, pre-emptive right of purchase or similar right;
- (mmm) **"ROFR Assets"** has the meaning specified in Section 10.1;
- (nnn) **"ROFR Escrow Agent"** means McCarthy Tétrault LLP, in its capacity as escrow agent under the ROFR Escrow Agreement;
- (ooo) **"ROFR Escrow Agreement"** means the agreement entitled "ROFR Escrow Agreement" entered into as of the Closing Date among the Vendor, the Purchaser and the ROFR Escrow Agent, the form of such agreement is set forth in Schedule "H";
- (ppp) **"ROFR Notice"** has the meaning specified in Section 10.2;
- (qqq) **"ROFR Value"** has the meaning specified in Section 10.1;
- (rrr) **"Schedule"** means a schedule to this Agreement;
- (sss) **"Surface Interests"** means all right, title, interest and estate of the Vendor to enter upon, use, occupy and enjoy the surface of lands for purposes related to the use, ownership and operation of the Petroleum and Natural Gas Rights, the Wells or the Tangibles or to gain access thereto or egress therefrom, whether the same are held by surface lease, right of way, road use agreement, fee simple interest or otherwise;
- (ttt) **"Take or Pay Obligation"** means: (i) obligations to sell or deliver Petroleum Substances or any of them, rights to which are granted, reserved or otherwise conferred pursuant to the Title and

Operating Documents, without being entitled in due course to receive and retain full payment for such Petroleum Substances; or (ii) obligations to use transportation, pipeline or processing capacity with minimum volume commitments where any shortfalls in deliveries or use is satisfied through payment obligations;

(uuu) **"Tangibles"** means:

- (i) the interest of the Vendor described in Schedule "B" in the Facilities;
- (ii) all right, title, interest and estate of the Vendor (whether absolute or contingent, legal or beneficial, present or future, vested or not) in all other equipment, systems, plants and facilities used or useful in producing Petroleum Substances from the Lands or lands pooled or unitized therewith or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances including any and all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, scrubbers, separators, pumps, tanks, boilers and communication equipment (including any SCADA systems);

(vvv) **"Third Party"** means a Person other than a Party or an Affiliate of a Party;

(www) **"Third Party Claim"** has the meaning specified in Section 12.3;

(xxx) **"Thirteenth Month Adjustment"** means a reconciliation payment made pursuant to an agreement which provides that, during a period of time (usually a calendar year), revenues and expenses (such as operating expenses, processing fee revenues, excess capacity utilization fees and recoveries, royalties, gas cost allowances or similar cost allowances) will be distributed to or paid on the basis of estimates thereof and, following the end of such period of time, the actual amount of such revenues and costs will be determined and adjustments made by the parties to the agreement to reconcile the estimated amounts and the actual amounts;

(yyy) **"Title and Operating Documents"** means all agreements, contracts, instruments and other documents that govern the ownership or use of the Assets or relate to Operations, including:

- (i) the Leases;
- (ii) permits, licenses, approvals and authorizations;
- (iii) operating agreements, unit agreements, pooling agreements, trust declarations, participation agreements, farmin agreements, farmout agreements and royalty agreements;
- (iv) agreements that create or relate to Surface Interests;
- (v) gas gathering and common stream agreements;
- (vi) agreements for the construction, ownership and/or operation of Tangibles;
- (vii) the Production Handling and Marketing Agreements listed in Schedule "D"; and
- (viii) trust declarations and other documents and instruments that evidence the Vendor's interests in the Assets;

excluding Production Handling and Marketing Agreements other than those listed in Schedule "D";

- (zzz) **"Transaction"** means the entering into of this Agreement and the sale and purchase of the Assets in accordance with this Agreement;
- (aaaa) **"Triggered ROFRs"** means the Rights of First Refusal in:
 - (i) the Joint Operating Agreement dated August 1, 1957 originally among PanAmerican Petroleum Corporation and The British American Oil Company Limited the current parties to which are the Vendor, the Purchaser and Divot; and
 - (ii) the Joint Operating Agreement dated August 1, 1964 originally among Benedum-Trees Oil Company and Marathon Oil Company the current parties to which are the Vendor, the Purchaser and Divot;
- (bbbb) **"Vendor's CNRL Arears"** means the amount payable by the Vendor to CNRL (in its capacity as operator or otherwise) pursuant to the Swan Hills Unit No.1 Unit Operating Agreement and the Ownership and Operating Agreement for the Swan Hill Gas Gathering System in respect of periods prior to the Effective Time (including the Vendor's share of amounts that ACCEL has failed to pay) that the Vendor has not paid;
- (cccc) **"Vendor's CNRL Arears Payment"** means the payment on account of the Vendor's CNRL Arears to be made to CNRL in accordance with this Agreement if the Closing occurs, which shall be the Vendor's reasonable, good faith estimate on the second Business Day prior to Closing of the amount of the Vendor's CNRL Arears, which the Vendor estimates on the date hereof is \$4,900,000.00;
- (dddd) **"Vendor's Knowledge"** means the actual knowledge of the employees and officers of the Vendor at the manager-level or higher who are responsible for the matters in question or have had significant involvement in the negotiation and preparation of this Agreement, in each case, without any duty to make any inquiry but does not include the knowledge of any other Person or constructive knowledge;
- (eeee) **"Vendor's Legal Counsel"** means Robert Desbarats Professional Corporation, having an office at 228 Varsity Green Bay N.W., Calgary AB T3B 3A8;
- (ffff) **"Vendor's Losses"** means Losses of the Vendor and its Related Parties; and
- (gggg) **"Wells"** means all producing, suspended, shut in, abandoned (including those abandoned wells which are reclamation certified or reclamation exempt), water source, disposal, injection or similar wells (including all relevant events) drilled into the Lands or lands pooled or unitized therewith prior to, on or after the date hereof, including all wells that are part of Swan Hills Unit No. 1 and the Non-Unit Wells.

1.2 Interpretation

- (a) Unless otherwise stated or the context otherwise necessarily requires, in this Agreement:
 - (i) the headings of Articles and Sections are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

- (ii) when the singular or masculine or neuter is used, it shall be interpreted as meaning the plural or feminine or body politic or corporate and vice versa, as the context requires;
 - (iii) "this Agreement", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Agreement as a whole (including Schedules) and not to any particular Article, Section, Schedule or other provision hereof;
 - (iv) a reference to an agreement or instrument, including this Agreement, is a reference to the agreement or instrument as varied, amended, modified, or supplemented or replaced from time to time;
 - (v) a reference to an Article, Section or Schedule is, unless otherwise stated, a reference to an Article, Section or Schedule to this Agreement;
 - (vi) "including" means "including without limitation" and "includes" means "includes without limitation"; and
 - (vii) a reference to a statute includes the regulations made pursuant thereto and all amendments made to such statute or such regulations and in force at the date hereof.
- (b) If there is any conflict or inconsistency between the provisions of this Agreement and those of a Schedule attached hereto, the General Conveyance or the Conveyance Documents, the provisions of this Agreement shall prevail to the extent of the conflict, unless expressly stated in that Schedule, General Conveyance or Conveyance Document.
- (c) Each provision of this Agreement that presumes that the Purchaser has acquired the applicable Assets hereunder will be construed as having been contingent upon Closing having occurred.

1.3 Schedules

The following Schedules (the "**Schedules**") are attached to, form part of and are incorporated in this Agreement:

- (i) Schedule "A" – Lands, Leases and Petroleum and Natural Gas Rights
- (ii) Schedule "B" – Facilities
- (iii) Schedule "C" – Non-Unit Wells
- (iv) Schedule "D" – Production Handling and Marketing Agreements
- (v) Schedule "E" – General Conveyance
- (vi) Schedule "F" – the Vendor's Closing Certificate
- (vii) Schedule "G" – the Purchaser's Closing Certificate
- (viii) Schedule "H" – ROFR Escrow Agreement
- (ix) Schedule "I" – Closing Escrow Agreement

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

- (a) Subject to satisfaction or waiver of the conditions in Sections 9.1 and 9.2, the Purchaser hereby agrees to purchase the Assets from the Vendor and the Vendor hereby agrees to sell and convey the Assets to the Purchaser on the Closing Date at and for the Purchase Price in accordance with the terms of this Agreement. Possession of the Assets will pass to the Purchaser at the Closing Time.
- (b) In determining the Purchase Price, the Parties have taken into account the Purchaser's assumption of responsibility for the Assumed Obligations (including the Environmental Liabilities) pursuant to this Agreement and the release of the Vendor and its Related Parties of all responsibility therefor.

2.2 Base Price and Purchase Price

- (a) The "**Base Price**" is Five Million Dollars (\$5,000,000.00) provided that if the amount of the Vendor's CNRL Arears is greater than Five Million Dollars (\$5,000,000.00), the Base Price shall be increased by the amount that the Vendor's CNRL Arears exceeds Five Million Dollars (\$5,000,000.00) up to a maximum increase of One Hundred and Fifty Thousand Dollars (\$150,000.00). If an increase in the Base Price pursuant to this Section is ascertained after Closing, the Purchaser shall pay the increase to the Vendor not later than thirty (30) days after a written request for the payment is made by the Vendor to the Purchaser, provided that the Purchaser shall not be required to make such payment unless such request is made within twenty-four (24) months following the Closing Date.
- (b) The purchase price payable by the Purchaser to the Vendor for the Assets (the "**Purchase Price**") shall be:
 - (i) the Base Price; plus
 - (ii) an amount equal to interest on the Base Price at the Prime Rate calculated daily and not compounded, from and including the Effective Time to and June 30, 2021.

2.3 Payment of Purchase Price

If this Agreement is not terminated pursuant to Section 9.1 or 9.2, subject to Section 3.1 and 7.2(b), the Purchase Price shall be paid by payment of the Closing Payment by the Purchaser at Closing in accordance with Section 3.1(c)(i).

2.4 Allocation of Purchase Price

The Purchase Price payable by the Purchaser to the Vendor for the Assets shall be allocated among the Assets as follows:

- | | | |
|-----|-------------------------------------|-----------------------------------|
| (a) | To Miscellaneous Interests | \$10.00 |
| (b) | To Tangibles | \$1,000,000.00 |
| (c) | To Petroleum and Natural Gas Rights | The balance of the Purchase Price |

2.5 GST and Sales Tax

- (a) The Purchase Price does not include GST. At Closing, the Purchaser shall pay to the Vendor, by way of wire transfer in accordance with Section 2.3, an amount equal to five percent (5%) of the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 2.4. The Vendor shall remit such amount to the appropriate taxation authorities in accordance with the Excise Tax Act (Canada). The Purchaser shall be responsible for the payment of any additional GST payable in respect of its purchase of the Assets pursuant to this Agreement.
- (b) Each Party represents that it holds a valid GST registration account number at the date of Closing and that its registration number for GST purposes is:
 - (i) the Vendor: 858587116RT0001
 - (ii) the Purchaser: 744933698RT0001
- (c) The Purchaser shall also be solely liable for any and all sales and similar taxes (excluding income taxes) imposed by provincial or federal legislation in respect of the purchase of the Assets pursuant hereto. If the Vendor, as agent for the Crown, is required to collect such taxes, the Purchaser shall pay the aggregate amount of such taxes to the Vendor at Closing. The Vendor shall remit such amount to the appropriate authorities in accordance with applicable legislation.
- (d) If, after Closing, any amounts of GST or sales or similar taxes (excluding income taxes) in respect of the purchase and sale of the Assets pursuant hereto in excess of the amounts collected by the Vendor from the Purchaser at Closing are imposed by Governmental Authorities:
 - (i) the Purchaser shall be responsible for the amount of such additional GST or sales and similar taxes and all interest payable in respect thereof; and
 - (ii) all penalties payable in respect of such additional amounts of GST or sales or similar taxes shall be shared equally by the Vendor and the Purchaser.

2.6 Assumption of Assumed Obligations

At Closing, the Purchaser will assume the Assumed Obligations as provided in the General Conveyance.

2.7 ACCEL Disclaimed Interests

The Parties agree that the Assets include any and all increases, changes and alterations to the Vendor's interests that have resulted from the ACCEL Disclaimer.

2.8 Swan Hills Unit Interest

The Parties agree that the Assets include the Vendor's entire interest in Swan Hills Unit No.1, which (inclusive of the portion of ACCEL's interest allocated to the Vendor pursuant to the December 21, 2020 letter from Canadian Natural Resources referred to in the definition of ACCEL Disclaimer in Section 1.1) is a 32.51123580% unit interest.

ARTICLE 3 CLOSING

3.1 Closing

Unless otherwise agreed in writing by the Parties and subject to Section 10.4, Closing shall take place electronically and in escrow pursuant to the terms of the Closing Escrow Agreement (to be executed concurrent herewith); in accordance with the following:

- (a) on the Business Day prior to the Closing Date, each Party will deliver electronic copies of the documents to be delivered by it at Closing to the Purchaser's Legal Counsel at the following email address: kerrihoward@mccarthy.ca
- (b) the Purchaser's Legal Counsel shall hold such electronic copies of the Closing documents in escrow until distributed or destroyed by it in accordance with the provisions set forth below and the Closing Escrow Agreement;
- (c) forthwith after its receipt of all of such electronic copies of such Closing documents, the Purchaser's Legal Counsel shall advise both Parties by email that it has received them and:
 - (i) not later than 9:00 a.m., Calgary time on the Closing Date, the Purchaser shall initiate a wire transfer of the Closing Payment to the Purchaser's Legal Counsel; and
 - (ii) the Vendor shall initiate a wire transfer to the Purchaser's Legal Counsel of the amount (if any) by which the Vendor's CNRL Arears Payment exceeds the Closing Payment minus the GST Amount;

which wire transfers shall be made to the bank account specified by the Purchaser's Legal Counsel prior to the Closing Date;

- (d) promptly after its receipt of the wire transfers specified in Section 3.1(c), the Purchaser's Legal Counsel shall:
 - (i) disburse the funds received by it pursuant to such wire transfer as follows:
 - (A) it shall pay the Vendor's CNRL Arears Payment to CNRL; and
 - (B) it shall pay the balance of the funds, if any, to the Vendor by wire transfer to the bank account specified by the Vendor not later than two (2) Business Days prior to the Closing Date; and
 - (ii) promptly after it has received confirmation of receipt of such payments from CNRL and the Vendor, as applicable, or has otherwise confirmed receipt of the funds:

- (A) advise the Vendor, the Purchaser and the Vendor's Legal Counsel thereof by email and the Closing shall thereupon have occurred; and
- (B) electronically distribute electronic copies of the Closing documents tabled with the Purchaser's Legal Counsel pursuant to the foregoing to the Vendor, the Purchaser and the Vendor's Legal Counsel.

3.2 Preparation of Conveyance Documents

The Vendor and the Purchaser shall cooperate in the preparation of the Conveyance Documents, none of which shall require the Vendor to assume or incur any obligation or provide any representation or warranty beyond those contained in this Agreement. The Vendor shall use reasonable efforts to prepare and deliver drafts of the Conveyance Documents to the Purchaser for its review and approval at least 5 Business Days prior to the Closing Date. The Purchaser shall provide comments on such drafts to the Vendor at least three (3) Business Day prior to Closing, and the Vendor shall deliver the Conveyance Documents incorporating the comments of the Purchaser that the Vendor accepts at Closing to the Purchaser's Legal Counsel in accordance with the Section 3.1. Following Closing, the Purchaser and the Vendor shall cooperate in arranging for the timely execution and delivery of any Conveyance Documents not delivered at Closing.

3.3 Electronic Execution of Conveyance Documents

The Vendor and the Purchaser consider it desirable to execute a substantial portion of the Conveyance Documents by means of mechanical / digital signatures which are facsimile signatures of duly authorized signatories of the Vendor and the Purchaser. Therefore, the Parties agree that any mechanical / digital signatures appearing on any Conveyance Documents are sufficient to cause such Conveyance Documents to be valid and binding obligations of the Vendor and the Purchaser, as the case may be, without any need for original signatures to appear thereon.

3.4 Vendor's Closing Deliveries

- (a) At Closing, if this Agreement is not terminated pursuant to Section 9.1 or 9.2, the Vendor shall deliver to the Purchaser's Legal Counsel in accordance with Section 3.1, against those deliveries required to be made by the Purchaser at Closing pursuant to this Agreement, the following:
 - (i) the following duly executed by the Vendor:
 - (A) receipt for payment of the Closing Payment;
 - (B) the General Conveyance executed by the Vendor;
 - (C) a certificate in the form of Schedule "G" executed by the Vendor"; and
 - (D) all Conveyance Documents that have been prepared prior to, and are available for, execution at, Closing;
 - (ii) discharges, releases or no interest letters of any security interests granted by, through or under the Vendor that are registered against the Assets (including those registered in the name of Pirie Resource Management Limited) in a form satisfactory to the Purchaser acting reasonably other than security interests registered in the name of Canadian Natural Resources or its Affiliates registered solely in connection with the operating agreements to which Vendor and CNRL are parties; and

- (iii) all other documents which are required to be delivered by the Vendor to the Purchaser pursuant hereto.
- (b) All deliveries of the Vendor at Closing shall, except as otherwise stated, be in a form acceptable to each of the Vendor and the Purchaser and their respective solicitors, acting reasonably.

3.5 Purchaser's Closing Deliveries

- (a) At Closing, if this Agreement is not terminated pursuant to Section 9.1 or 9.2, the Purchaser shall deliver or cause to be delivered to the Purchaser's Legal Counsel, against those deliveries required to be made by the Vendor at Closing pursuant to this Agreement, the following:
 - (i) payment of the Closing Payment to the Vendor in accordance with Section 2.3;
 - (ii) a certificate in the form of Schedule "F" executed by the Purchaser;
 - (iii) the General Conveyance executed by the Purchaser; and
 - (iv) all other documents which are required to be delivered by the Purchaser to the Vendor pursuant hereto.
- (b) All deliveries of the Purchaser at Closing shall, except as otherwise stated, be in a form acceptable to each of the Vendor and the Purchaser and their respective solicitors, acting reasonably.

3.6 Circulation and Registration of Conveyance Documents After Closing

- (a) Except to the extent otherwise provided in this Section 3.6, promptly following Closing (in the case of Conveyance Documents available for execution at Closing) or after the execution thereof (in the case of Conveyance Documents not available for execution at Closing), the Vendor shall circulate or deliver to Third Parties the Conveyance Documents that are notices of assignments, novation agreements, notices and similar documents that, in accordance with normal oil and gas industry practices in western Canada, should be circulated or delivered to Third Parties and the Purchaser shall cause the registration at the Land Titles Office of the Conveyance Documents that are transfers of fee simple interests or transfers of caveats.
- (b) Within one (1) Business Day following the Closing Date, the Vendor shall prepare and electronically submit as many as is reasonably practicable of the transfers or applications to the appropriate Government Authorities to effect transfers to the Purchaser of the interests in the Leases that can be electronically registered and, as soon as reasonably practicable after Closing, the Vendor shall prepare and electronically submit the remainder of such transfers or applications that were not submitted within one (1) Business Day following the Closing Date. To the extent necessary to effect the submission of such transfers, the Purchaser shall electronically ratify and confirm such applications and transfers. Should any Government Authority deny any such electronic application because of a misdescription or other minor deficiency in the application, the Vendor shall, within two (2) Business Days, correct the application and amend and re-submit such application for the electronic transfer and, to the extent necessary, the Purchaser shall electronically ratify and confirm such application.
- (c) Subject to Section 3.6(d) below, the Purchaser shall pay all costs of registering or recording Conveyance Documents at offices of Governmental Authorities. The Purchaser shall bear all costs

of preparing and registering any further assurances required to convey title to the Assets that are required after the preparation of Conveyance Documents by the Vendor pursuant to Section 3.2.

- (d) If any Governmental Authority requires a security deposit or other financial or performance assurances for purposes of effecting the transfer of a well license for a Non-Unit Well:
 - (i) if the security deposit or other financial or performance assurances is equal to or less than \$25,000, the Purchaser shall post the security deposit or provide the other financial or performance assurances;
 - (ii) if the security deposit or other financial or performance assurances is greater than \$25,000, the Purchaser shall not be required to post the security deposit or provide the other financial or performance assurance; provided that:
 - (A) the Assets shall nevertheless continue to include the Non-Unit Wells; and
 - (B) if thereafter the well license for the well can be transferred to the Purchaser without providing a security deposit or other financial or performance assurances in excess of \$25,000, the Purchaser shall provide the security deposit or other financial or performance assurances and the Parties well take such other actions and execute all documents required to transfer the well license for the Non-Unit Well to the Purchaser.

ARTICLE 4 ADJUSTMENTS

4.1 Benefits and Obligations to be Apportioned

Except as provided in Sections 4.3 and 4.4, all costs and revenues of any kind and nature (including costs and revenues attributable to interests that were owned by ACCEL that, as a result of the ACCEL Disclaimer, the Vendor is or becomes responsible for or entitled to) accruing, payable, paid, received or receivable with respect to the ownership of the Assets or Operations (including rentals; freehold mineral taxes; costs of Operations, including maintenance, development, capital and operating costs; royalties and proceeds from the sale of production; processing fees and fee revenue from the Facilities) shall be apportioned on an accrual basis, as of the Effective Time, between the Vendor and the Purchaser, on and subject to the following:

- (a) except as otherwise provided in this Section 4.1, costs and revenues shall be deemed to accrue in accordance with generally accepted accounting principles and practices in Canada;
- (b) except as otherwise provided in this Section 4.1, all such costs and revenues accruing up to the Effective Time shall be for the Vendor's account and all those accruing on and after the Effective Time shall be for the Purchaser's account;
- (c) all costs of whatever nature pertaining to work performed or goods or services provided with respect to the Assets prior to the Effective Time shall be for the account of the Vendor, notwithstanding that such costs may be payable in whole or in part after the Effective Time and all costs of whatever nature pertaining to work performed or goods or services provided with respect to the Assets on and after the Effective Time shall be for the account of the Purchaser;

- (d) Petroleum Substances produced from the Lands or lands pooled or unitized therewith that are beyond the wellhead at the Effective Time, including those in tanks or storage at the Effective Time, are not included in the Assets and the proceeds of the sale thereof, the royalties payable in respect thereof and the costs of treating, processing and transporting them will be for the account of the Vendor, whether accrued or incurred before or after the Effective Time. The Purchaser will be entitled to all Petroleum Substances produced from the Lands or lands pooled or unitized therewith that are not beyond the wellhead at the Effective Time and the royalties payable in respect thereof and the costs of treating, processing and transporting them will be for the account of the Purchaser.
- (e) all rentals, property taxes, freehold mineral taxes and other periodic payments (other than income taxes) shall be apportioned between the Vendor and the Purchaser on a per diem basis as of the Effective Time;
- (f) the Assets include tank bottoms and pipeline linepack and there shall be no adjustments in respect thereof;
- (g) there will be no adjustments for royalty tax credits or similar incentives that accrue to a Party because of financial or organizational attributes specific to it, other than gas cost allowances (or similar cost allowances);
- (h) no adjustments will be made in respect of the value of, or the costs of acquiring, Inventory comprised in the Assets as of the Effective Time;
- (i) there shall not be any adjustment on account of income taxes; and
- (j) any deposits or advances made by the Vendor or standing to its credit are not Assets and will either be returned to the Vendor and replaced by the Purchaser or transferred to the Purchaser, in which event there shall be an adjustment pursuant to this Section in favour of the Vendor equal to the amount of the deposit or advance transferred to the Purchaser.

4.2 Adjustment Procedure

- (a) Subject to Section 4.2(b), an interim accounting and adjustment (the "**Closing Adjustment**") will be conducted at Closing based on the Vendor's good faith estimate of all adjustments to be made pursuant to this Article 4. The Vendor shall prepare and deliver a statement setting forth a reasonably detailed calculation of the Closing Adjustment not later than 3 Business Days prior to the Closing Date. The Parties will use good faith efforts to resolve any disputes regarding the Closing Adjustment prior to Closing. If any such dispute is not resolved by agreement of the Parties prior to Closing, the Vendor's estimate of the amount in dispute will be used for purposes of Closing without limitation to the Purchaser's right to object to that determination after Closing.
- (b) The Vendor shall not be required to provide a credit at Closing for any revenues accruing after the Effective Time that are not received by the Vendor at least 5 Business Days prior to the Closing Date. If Closing occurs, any such revenues received by the Vendor shall be governed by Section 15.1.
- (c) The Vendor shall prepare and deliver a statement of the adjustments required to be made pursuant to Section 4.1 ("**Post-Closing Statement of Adjustments**") not less than ninety (90) days and not more than one hundred and eighty (180) days following the Closing Date. The Post-Closing Statement of Adjustments will be based on information available to the Vendor when the statement

is prepared, which, at a minimum, will include all information reasonably available to the Vendor ninety (90) days following the Closing Date.

- (d) The Parties will use good faith efforts to resolve any disputes regarding the Post-Closing Statement of Adjustments as promptly as possible following Closing. Following finalization of the Post-Closing Statement of Adjustments, the Parties shall make any payment required to be made to reconcile, on the one hand, the Closing Adjustment and other amounts previously received or paid by one Party that are for the account of the other Party under Section 4.1 and, on the other hand, the amounts set forth in the Post-Closing Statement of Adjustments.
- (e) During the 30 days following receipt by the Purchaser of the Post-Closing Statement of Adjustments, the Purchaser may audit the books, records and accounts of the Vendor respecting the Assets for the purpose of effecting adjustments pursuant to this Article 4. Such audit shall be conducted upon reasonable notice to the Vendor at the Vendor's offices during the Vendor's normal business hours and shall be conducted at the sole expense of the Purchaser. Any Claims of discrepancies disclosed by such audit shall be made in writing by the Purchaser to the Vendor within thirty (30) days following the Purchaser's completion of the audit. The Vendor shall respond in writing to any Claims of discrepancies within sixty (60) days of the receipt of such Claims. The Parties shall settle, by an appropriate payment by one to the other, any errors in the adjustments previously made pursuant to this Article 4 that are finally determined by such audit process not later than thirty (30) days after the audit process is completed.
- (f) No adjustments shall be made pursuant to this Article 4 after the Post-Closing Statement of Adjustments is finalized pursuant to Section 4.2(e) unless a specific request in writing is made by the Party requesting such adjustment to the other Party identifying in reasonable detail the adjustment required by this Agreement within:
 - (i) twenty-four (24) months following the Closing Date for:
 - (A) adjustments arising from joint venture audits initiated by a Third Party under a joint operating agreement relating to the Assets;
 - (B) adjustments arising from royalty audits initiated by the royalty payee; and
 - (C) Thirteenth Month Adjustments; or
 - (ii) one (1) year following the Closing Date for any other adjustment.

The Parties shall settle, by an appropriate payment by one to the other, any adjustment pursuant to this Section 4.2(f) not later than thirty (30) days after notice requesting the adjustment is given by the Party entitled to the adjustment payment to the other Party required to make the payment.

- (g) All adjustments shall be settled by the prompt payment by the Party obliged to make payment pursuant to this Agreement. Interest at the Prime Rate plus two percent (2%) per annum shall be paid on any adjustment which remains unpaid by one Party to the other Party when due, with such interest accruing from the date such amount is due to the date payment is made.
- (h) If a Party gives notice of a dispute respecting an adjustment under this Article 4 after Closing, the Parties will use good-faith efforts to resolve the dispute. If the dispute is not resolved by agreement of the Parties within thirty (30) days after a Party gave notice of the dispute to the other Party, at the request of either Party, the Parties will engage the Accounting Referee to resolve forthwith the

dispute as an expert and not as an arbitrator. The Accounting Referee shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within fourteen (14) days after the dispute is referred to it. The decision of the Accounting Referee will be final and binding upon the Parties and shall not be subject to appeal by either Party. The fees and expenses of the Accounting Referee shall be shared, one half to the Vendor and one half to the Purchaser.

- (i) Nothing in this Agreement shall restrict or otherwise interfere with the audit rights of the Vendor under any Title and Operating Document in respect of any period prior to the Effective Time, it being the intention of the Parties that any adjustments occurring as a result of the exercise of such audit rights by the Vendor shall be for the sole account of the Vendor. Such audit rights shall include the right to initiate an audit or to participate in or receive the benefits from such an audit.

4.3 ACCEL Insolvency

Notwithstanding anything to the contrary in this Agreement, the Purchaser shall be responsible for and shall indemnify and save harmless the Vendor from and against the following Losses which the Vendor suffers, sustains, pays or incurs in connection with ACCEL's insolvency, receivership or bankruptcy:

- (a) Losses that relate to Swan Hills Unit No.1 (including liabilities of the Vendor arising from the ACCEL Disclaimer) and liabilities, whether or not arising as a consequence of the ACCEL Disclaimer, to pay amounts attributable to interests that were owned by ACCEL at any time), subject to the following:
 - (i) the aggregate cumulative amount of such Losses for which the Purchaser shall be responsible and from and against which the Purchaser shall indemnify and save harmless the Vendor shall be One Hundred and Fifty Thousand Dollars (\$150,000.00) less the amount (if any) by which the Base Price is increased pursuant to the proviso in Section 2.2(a); and
 - (ii) the Purchaser shall only be responsible for and be obligated to indemnify and save harmless the Vendor from and against such Losses to the extent the Vendor provides a written notice to the Purchaser requesting the Purchaser to be responsible for them containing a reasonable description of the Losses within twenty-four (24) months following the Closing Date; and
- (b) Losses that relate to the Judy Creek Gas Plant Facilities whether related to the period prior to or after the Effective Time.

4.4 CNRL Arears

- (a) Notwithstanding anything to the contrary in this Agreement:
 - (i) the Purchaser shall be solely responsible for the payment of the Purchaser's CNRL Arears (including the Purchaser's share of amounts that ACCEL has failed to pay) and no adjustment shall be made pursuant to Article 4 in respect thereof; and
 - (ii) the payment of the Vendor's CNRL Arears Payment will not alter or affect the costs and revenues for which each Party is responsible or to which each Party is entitled pursuant to Article 4;

(iii) if, after Closing, a refund or other recovery of any of the Vendor's share of amounts that ACCEL has failed to pay that is included in the Vendor's CNRL Arears is paid or credited to the Vendor or the Purchaser:

- (A) such refund or recovery shall be for the account of the Vendor to the extent it is funded by or results from the application of production revenue or other amounts accruing prior to the Effective Time in respect of the interest that ACCEL held in the Swan Hills Unit No.1 or the Facilities at the date of the ACCEL Disclaimer;
- (B) such refund or recovery shall be for the account of the Purchaser to the extent it is funded by or results from the application of production revenue or other amounts accruing on or after the Effective Time in respect of the interest that ACCEL held in the Swan Hills Unit No.1 or the Facilities at the date of the ACCEL Disclaimer; and
- (C) in all other cases, such refund or recovery shall be for the account of the Vendor.

(iv) If:

- (A) in accordance with this Section, the Vendor receives or is credited with a refund or recovery of any of the Vendor's share of amounts that ACCEL has failed to pay that is included in the Vendor's CNRL Arears; and
- (B) the Vendor had previously been paid an increase in the Base Price pursuant to the proviso in Section 2.2(a),

the Vendor shall refund to the Purchaser the lesser of the amount of such refund or recovery and the amount of such increase in the Base Price (net of any prior refunds pursuant to this Section 4.4(a)(iv)).

ARTICLE 5 INTERIM PROVISIONS

5.1 Assets to be Maintained in Proper Manner

Until the Closing Date, the Vendor shall, to the extent that its interest permits and subject to the Title and Operating Documents:

- (a) take the actions that a prudent non-operator would take in accordance with accepted oil and gas industry practices to ensure that the operators of the Wells and the Facilities:
 - (i) operate and maintain them, in all material respects, in accordance with the Title and Operating Documents, Applicable Laws and generally accepted oil and gas industry practices; and
 - (ii) pay all costs and expenses relating to the Assets which become due prior to the Closing Date which the operators are responsible to pay under the Title and Operating Documents; and
- (b) perform and comply in all material respects with all other covenants in the Title and Operating Documents required to be performed and complied with by the Vendor prior to Closing.

5.2 Restrictions on Conduct of Business

Between the date hereof and the Closing, to the extent that its interest permits, the Vendor shall not, without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed:

- (a) sell, transfer, assign, farmout, surrender, abandon, forfeit, grant an encumbrance (other than a Permitted Encumbrance) on or otherwise dispose of or alienate any of the Assets, save and except the sale of production of Petroleum Substances produced from the Lands in the ordinary course of business and the sale of materials and supplies no longer required for Operations;
- (b) other than in the ordinary course of business or as otherwise contemplated herein, amend in any material respect or terminate any material agreement or instrument relating to the Assets or enter into any new material agreement or commitment relating to the Assets; or
- (c) enter into any obligations or commitments with respect to the Assets of which the Vendor's share is in excess of Twenty-Five Thousand Dollars (\$25,000) for any single item or related series of items excluding normal operating costs (including maintenance and routine repairs) of the Wells and the Tangibles consistent with its past practices and costs approved pursuant to Section 5.3,

except to the extent reasonably necessary, in the reasonable opinion of the Vendor, for the protection of life, property or the Environment, in which case the Vendor shall promptly notify the Purchaser thereof. The Purchaser shall not, and shall not be entitled to, propose to the Vendor or propose to others the conduct of any Operations or the exercise of any right or option relative to the Assets.

5.3 Third Party Proposals

- (a) If the Vendor receives any notice from a Third Party that triggers a right of the Vendor under a Title and Operating Document (including a right to participate in a proposed Operation, a right to participate in a well abandonment or surrender of a Lease or a right to exercise a Right of First Refusal or a right under an area of mutual interest provision) relating to the Assets (a "**Proposal**") the Vendor shall give prompt notice thereof to the Purchaser, including full particulars of the Proposal, and, as soon as is practicable, the Vendor shall give the Purchaser notice of the response to the Proposal that it proposes to make. The notice to the Purchaser shall contain the length of any period during which the Vendor is required to respond to the Proposal in accordance with the applicable operating agreement.
- (b) The Purchaser will advise the Vendor, by notice, not later than two (2) Business Days prior to the time the Vendor is required to make its election for the Proposal to the applicable Third Parties, if the Purchaser wishes the Vendor to exercise its rights on behalf of the Purchaser, provided that (i) this period will be reduced to 12 hours if the period within which the Vendor is required to reply is 48 hours or less and (ii) failure to make an election within the applicable period will be deemed to be the Purchaser's election not to participate in the Proposal.
- (c) The Purchaser may not, without the written consent of the Vendor, request the Vendor to propose the conduct of any operation respecting the Assets during the Interim Period, except insofar as provided in this Agreement or this Article.
- (d) Notwithstanding any other provision of this Section, the Vendor may refuse to follow instructions of the Purchaser that it reasonably believes to be unlawful, unethical or in conflict with the Applicable Laws or any of the Title and Operating Documents by providing notice to that effect to

the Purchaser in a timely manner. The Vendor will identify in any such notice the basis for that conclusion in reasonable detail.

5.4 Assisting Purchaser's Disclosure Obligations

- (a) Prior to the Closing and for a period of 90 days thereafter, to the extent reasonably requested by the Purchaser, at the sole cost of the Purchaser, the Vendor shall use commercially reasonable efforts to:
 - (i) provide the Purchaser, its personnel and advisors (including auditors, accountants and legal, engineering and environmental advisors) information concerning it and the Assets in the possession of the Vendor reasonably required by the Purchaser for purposes of satisfying its disclosure obligations under Canadian Securities Laws; and
 - (ii) make available such of the Vendor's personnel as may be reasonably required by the Purchaser or its auditors for such purposes.
- (b) The Vendor and its Representatives shall have no liability to the Purchaser or its Representatives or any Third Party in respect of the information provided by the Vendor or its Representatives pursuant to Section 5.4(a), except liability under Section 12.1 in respect of the representations and warranties in Sections 6.1 and 6.2, and Purchaser's use of such information will be at its sole risk.
- (c) The Purchaser shall indemnify and save harmless the Vendor and its Representatives from and against any and all Claims made by Third Parties in respect of the disclosure or use by the Purchaser of the information provided by the Vendor or its Representatives pursuant to Section 5.4(a) and all Losses that the Vendor and its Representatives suffer, sustain, pay or incur as a consequence of such Claims except Claims that arise out of the gross negligence or wilful misconduct of the Vendor.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PARTIES

6.1 Mutual Representations and Warranties

Each Party represents and warrants to the other Party that:

- (a) **Organization and Standing:** it is a corporation or partnership duly organized and validly existing under the laws of Alberta;
- (b) **Requisite Authority:** it has all requisite corporate power and authority to enter into this Agreement and all other documents to be executed and delivered hereunder and to perform its obligations under this Agreement and all other documents to be executed and delivered hereunder and has authorized and taken all corporate action necessary to authorize the execution, delivery and performance of this Agreement, all documents to be executed and delivered hereunder and the completion of the Transaction in accordance with this Agreement;
- (c) **No Conflicts:** the execution and delivery of this Agreement and all other documents to be executed and delivered hereunder do not and the consummation of the Transaction and the fulfillment of and compliance with the terms and provisions hereof, do not and will not:

- (i) result in the breach of or violate any term or provision of its articles of incorporation or organization or by-laws;
 - (ii) result in the violation of, be in conflict with or constitute a default under any term or provision of any agreement or instrument to which it is a party or by which it is bound; or
 - (iii) except for Customary Post-Closing Consents, require the consent of any Government Authority;
- (d) **Execution and Enforceability:** this Agreement has been duly executed and delivered by it and the Conveyance Documents and all other documents to be executed or delivered by it pursuant hereto on the Closing Date or thereafter shall be duly executed and delivered by it and this Agreement does, and such documents will, constitute legal and valid binding obligations of it enforceable against it in accordance with their respective terms; and
- (e) **Finder's Fee:** it has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation with respect to the Transaction for which the other Party will have any obligation or liability whatsoever.

6.2 The Vendor's Additional Representations and Warranties

In addition to the representations and warranties made by it in Section 6.1, the Vendor represents and warrants to the Purchaser that, as relates to the Assets:

- (a) **No Take or Pay Obligations:** other than as provided in the contracts listed on Schedule "D" hereof, there are no Take or Pay Obligations;
- (b) **Production Handling and Marketing Agreements:** except the contracts listed in Schedule "D" and contracts which may be cancelled on notice of not more than ninety (90) days or less without penalty, there are no Production Handling and Marketing Agreements to which the Vendor or any Person acting on its behalf, is a party or is bound that is applicable to the Vendor's share of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith, or to which the Lands or lands pooled or unitized therewith have been dedicated by the Vendor;
- (c) **Payment of Royalties:** with respect to payments of Crown royalties, rentals and freehold and overriding royalties in respect of the Assets which have become due and payable prior to the Closing Date:
 - (i) if a Third Party operator under a Title and Operating Document is responsible to cause them to be paid, to the Knowledge of the Vendor, they will have been paid prior to the Closing Date; and
 - (ii) if a Third Party operator under a Title and Operating Document is not responsible to cause them to be paid, they will have been paid prior to the Closing Date;
- (d) **Outstanding AFEs:** except for authorizations for expenditure or similar approvals issued under a Title and Operating Document to which the Purchaser or its affiliate, as applicable, is a party, as at the date hereof, there are no authorizations for expenditure or similar approvals or other commitments to incur capital costs with respect to any of the Assets;

- (e) **No Production Penalties:** as at the date hereof, none of the Wells is subject to a production penalty arising under a contract as a result of an election by it not to participate in a drilling or other Operation except as indicated in the Land Schedule.
- (f) **Environmental Matters:** except notices of which the Purchaser is aware because of its interests in Swan Hills Unit No.1 and/or the Facilities, as at the date hereof, the Vendor has not received:
 - (i) any notice of any orders or directives under any Environmental Law that requires any work, repairs, construction or capital expenditures with respect to the Assets, where such orders or directives have not been complied with in all material respects; or
 - (ii) any notice of demands or notices issued under Environmental Laws with respect to the breach of any Environmental Law applicable to the Assets, including in respect of the use, storage, treatment, transportation, handling or disposition of environmental contaminants, or the protection of the Environment, which demand or notice remains outstanding on the date hereof;
- (g) **Rights of First Refusal:** except the Triggered ROFRs, there are no:
 - (i) Rights of First Refusal created by, through or under the Vendor; or
 - (ii) to the Vendor's Knowledge, any other Rights of First Refusalthat are triggered by the Transaction or for which there is not an exception that applies to the Transaction;
- (h) **Residency:** the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) R.S.C. 1985, c.1 (5th Supplement);
- (i) **Title to the Assets:** except Permitted Encumbrances, security interests registered in the name of Pirie Resource Management Limited for which no interest letters that release and discharge such security interests will be delivered to the Purchaser by the Vendor at Closing and security interests registered in the name of Canadian Natural Resources or its Affiliates registered solely in connection with the operating agreements to which Vendor and CNRL are parties:
 - (i) the Vendor has not alienated or encumbered the Assets or any part or portion thereof;
 - (ii) at the Closing Time, the Assets shall be free and clear of all encumbrances created by, through or under the Vendor; and
 - (iii) the Vendor has done no act or thing whereby any of the Assets may be reduced, cancelled or determined;

- (j) **Breaches of Applicable Laws:** except those of which the Purchaser is aware because of its interests in Swan Hills Unit No.1 and/or the Facilities, the Vendor has not received written notice of any breach or purported breach of any Applicable Laws pertaining to the Assets or the ownership or operation thereof (excluding any Applicable Laws relating to the Environment) that remains outstanding in any material respect or that has not been remedied in all material respects and, to the Vendor's knowledge, there has been no act or omission by the Vendor that reasonably could constitute a breach of any such Applicable Laws that has not been remedied in all material respects or which, if unremedied, could reasonably be expected to have a material adverse effect on the value of the Assets taken as a whole;
- (k) **No Claims:** except those of which the Purchaser has actual knowledge, there are no unsatisfied judgments and no Claims in existence or, to the Vendor's Knowledge, contemplated or threatened which might result in impairment to or loss of the interest of the Vendor in and to the Assets or which might otherwise materially adversely affect any of the Assets;
- (l) **No Interruption:** subject to:
 - (i) any limitations expressed elsewhere in this Agreement or the Schedules;
 - (ii) the Permitted Encumbrances; and
 - (iii) the satisfaction of the obligations required to maintain the Title and Operating Documents in good standing;from and after Closing, the Purchaser may, for the residue of the term of the Title and Operating Documents, take possession of and use the Assets for its own use and benefit without any interruption by the Vendor or any Person claiming by, through or under the Vendor;
- (m) **Payment of Taxes:** with respect to payments of ad valorem and property taxes and production, severance and similar taxes based upon or measured by the ownership or production of Petroleum Substances produced from the Lands or lands pooled or unitized therewith which have become due and payable prior to the Closing Date:
 - (i) if a Third Party operator under a Title and Operating Document is responsible to cause them to be paid, to the Vendor's Knowledge, they will have been paid prior to the Closing Date; and
 - (ii) if a Third Party operator under a Title and Operating Document is not responsible to cause them to be paid, they will have been paid prior to the Closing Date; and
- (n) **AMIs:** there are no:
 - (i) active area of mutual interest, non-competition area or area of exclusion provisions created by, through or under the Vendor relating to the Assets or to the Lands or lands pooled or unitized therewith; or
 - (ii) to the Vendor's Knowledge, other active area of mutual interest, non-competition area or area of exclusion provisions relating to the Assets or to the Land or lands pooled or unitized therewith.

6.3 No Additional Representations or Warranties by the Vendor

- (a) The Vendor makes no representation or warranty, express or implied, in fact or by law, with respect to:
 - (i) its title to the Assets or any encumbrances on the Assets except as set forth in Sections 6.2(i), and 6.2(l);
 - (ii) the quality, condition, merchantability, serviceability or suitability or fitness for any particular purpose of any of the Assets;
 - (iii) the quality, quantity or recoverability of the Petroleum Substances within, upon or under the Lands or any lands pooled or unitized therewith;
 - (iv) the value of the Assets or the future revenue or cash flow therefrom;
 - (v) any engineering, geological, production or other information or interpretations thereof or any economic evaluations of the Assets;
 - (vi) except to the extent expressly set forth in the representations and warranties made in Sections 6.1 and 6.2, any materials, information or statements provided or made by the Vendor, its Related Parties or any of their representatives or agents (including documents, books, records, data, reports and similar information and whether provided or made orally, in writing, electronically or otherwise);
 - (vii) the Environmental condition of any of the Lands, any lands pooled or unitized therewith or any of the Assets or any Environmental Liability, except as set forth in Section 6.2(f);
 - (viii) except to the extent expressly set forth in the representations and warranties made in Sections 6.1 and 6.2, any Liabilities or Claims related to the Assets or Operations in respect of the Assets .
- (b) The Purchaser acknowledges that, with the exception of the representations and warranties in Sections 6.1 and 6.2 and the performance by the Vendor of its obligations under this Agreement, the Purchaser is acquiring the Assets on an “as is where is” basis and is relying solely on its and its Representatives’ investigations, due diligence, evaluations and inspections of the Assets and is not relying on any representation or warranty or covenant not contained in this Agreement.
- (c) The Purchaser shall have no Claim or action against the Vendor in respect of the location, state, condition, suitability or fitness of the Assets, or any of them, for the Purchaser's intended use or purpose or their merchantability, other than in the case of a breach of or untruth of any express representation or warranty made by the Vendor in Section 6.1 or 6.2 or a breach by the Vendor of Section 5.1 or 5.2.
- (d) Except for the representations and warranties of the Vendor in Sections 6.1 and 6.2 and certificates deliverable at Closing, the Vendor expressly negates and disclaims and, the Vendor shall not be liable for, any representation, warranty or covenant made in any other document or instrument or in any statement or information (including engineering reports and any other opinion, information or advice) provided by the Vendor or its Representatives to the Purchaser or its Representatives.

6.4 The Purchaser's Representations and Warranties

In addition to the representations and warranties made by it in Section 6.1, the Purchaser represents and warrants to the Vendor and acknowledges that the Vendor is relying on the following representations and warranties:

- (a) **Acquiring as Principal:** it is acquiring the Assets as principal and not on behalf of any Third Party;
- (b) **Availability of Funds:** it has the financial resources in place and available to it to enable it to pay the Closing Payment at the Closing on the Closing Date and all other amounts to be paid by it hereunder in accordance with and on the basis contemplated by this Agreement; and
- (c) **Continued Existence of the Purchaser:** there is no present plan or intention for it to cease to remain in existence.

6.5 Survival of Representations and Warranties

The representations and warranties in Sections 6.1, 6.2 and 6.4 shall survive the Closing and not be merged in any conveyances or other documents provided pursuant to this Agreement, provided that no Claim shall be made or be enforceable by a Party pursuant to or based in any way upon such representations and warranties or any indemnity in respect thereof unless written notice of such Claim with reasonable particulars shall have been provided by such Party to the Party against whom such Claim is made within twelve (12) months from the Closing Date.

ARTICLE 7 THIRD PARTY RIGHTS AND CONSENTS

7.1 Consents

The Vendor shall promptly request all consents to the Transaction of Third Parties required under the Title and Operating Documents except Customary Post-Closing Consents. The occurrence of Closing will not be subject to or conditional on all or any of such consents being obtained.

- (a)

7.2 Operatorship

Nothing in this Agreement shall be interpreted as any assurance by the Vendor that the Purchaser will be able to serve as operator of any of the Assets in which interests are held by Third Parties. The Vendor shall have no liability to the Purchaser or its Related Parties as a result of the Purchaser not being designated as the operator of any of the Lands, Wells or Tangibles.

ARTICLE 8 PURCHASER'S DUE DILIGENCE

8.1 Due Diligence Completed

- (a) The Purchaser acknowledges that it has completed its due diligence in respect of the Assets, including in respect of the Vendor's title to the Assets, Environmental Liabilities and the environmental condition of the Lands and the Assets and that, except only as provided in Section 8.1(b), its obligation to close the purchase of the Assets pursuant hereto will not be subject to any condition respecting the Vendor's title to the Assets, Environmental Liabilities or the

environmental condition of the Lands and the Assets or any other due diligence in respect of the Assets.

- (b) Nothing contained in Section 8.1(a) shall derogate from or affect:
 - (i) the Purchaser's rights to terminate this Agreement if a condition in Section 9.1(a) or 9.1(b) is not satisfied; or
 - (ii) the Purchaser's rights to indemnification under Section 12.1 in respect of the Vendor's representations, warranties and covenants in this Agreement

ARTICLE 9 CLOSING CONDITIONS

9.1 Conditions Precedent for the Benefit of the Purchaser

The obligation of the Purchaser to purchase the Assets pursuant hereto is subject to the satisfaction of the following conditions, which are for the exclusive benefit of the Purchaser and may be waived in whole or in part in the sole discretion of the Purchaser by written notice to the Vendor at or before Closing:

- (a) in all material respects, the Vendor shall have performed or complied with all of the covenants of this Agreement required to be performed or complied with by the Vendor at or prior to the Closing;
- (b) in all material respects, the representations and warranties of the Vendor set forth in Sections 6.1 and 6.2 shall be true and correct as of the date hereof and at the Closing Time as if made as of the Closing Time unless expressly stated to be made as at the date hereof, in which event they must be true as at the date hereof;
- (c) there shall have been no material physical damage to the Tangibles between the date hereof and the Closing Time; and
- (d) at Closing, the Vendor shall have delivered a no interest letter in respect of the security interests granted by, through or under the Vendor to Pirie Resource Management Limited that are registered against the Assets to the extent they encumber the Vendor's interest in and to the Assets or any part or portion thereof.

If any of the conditions in this Section 9.1 are not satisfied or waived by the Purchaser, at or before the Closing Time, the Purchaser may terminate this Agreement by written notice to the Vendor.

9.2 Closing Conditions for the Benefit of the Vendor

The obligation of the Vendor to sell the Assets to the Purchaser pursuant hereto is subject to satisfaction of the following conditions for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor by written notice to the Purchaser at or before Closing:

- (a) in all material respects, the Purchaser shall have performed or complied with all of the covenants of this Agreement to be performed or complied with by the Purchaser at or prior to the Closing Time;
- (b) the representations and warranties of the Purchaser set forth in Sections 6.1 and 6.4 shall be true and correct as of the date hereof and at and as of the Closing Time; and

- (c) at the Closing Time, the Purchaser shall have tendered or caused to be tendered to the Vendor the Closing Payment in accordance with Section 2.3.

If any of the said conditions in this Section 9.2 shall not be complied with or waived by the Vendor, at or before the Closing Time, the Vendor may terminate this Agreement by written notice to the Purchaser.

9.3 Efforts To Fulfill Closing Conditions

The Vendor and the Purchaser will each use reasonable efforts to cause the conditions precedent set forth in Sections 9.1 and 9.2 to be fulfilled and satisfied as soon as practicable. For any Customary Post-Closing Consents, the Parties shall co-operate after Closing, in seeking any such approvals or consents. The Purchaser shall pay the filing fees in regard to obtaining the Customary Post-Closing Consents.

ARTICLE 10 RIGHTS OF FIRST REFUSAL

10.1 ROFR Values

Promptly after execution of this Agreement, the Purchaser will provide to the Vendor a statement setting the amount of the Base Price (the "**ROFR Value**") that, in the good faith opinion of the Purchaser, is allocable to the Assets that are subject to a Triggered ROFR ("**ROFR Assets**"). If the Vendor, acting reasonably, rejects such a value, the Parties will meet to attempt to agree on such value. If the Parties cannot agree on any such ROFR Value, the Purchaser's determination thereof will be used in the notice given to Divot pursuant to Section 10.2.

10.2 ROFR Notices

The Vendor will promptly serve the notice (a "**ROFR Notice**") in respect of the Transaction required to be given to Divot and the Purchaser pursuant to the terms of a Triggered ROFR, which will include a request for a waiver of the Triggered ROFR insofar as it pertains to the Transaction.

10.3 Exercise of a ROFR

- (a) The Purchaser hereby exercises the Triggered ROFRs.
- (b) If Divot exercises a Triggered ROFR:
 - (i) the Vendor will promptly notify the Purchaser of that exercise;
 - (ii) the interest in the ROFR Assets for that Triggered ROFR that Divot is entitled to purchase as a result of exercising it (the "**Divot ROFR Interest**") will cease to be Assets and, instead, will be excluded from the Transaction; and
 - (iii) the Base Price will be reduced by the following amount: the ROFR Value for such ROFR Assets as determined by the Purchaser pursuant to Section 10.1 multiplied by the fraction that the Divot ROFR Interest therein is of the sum of such Divot ROFR Interest plus the interest therein that the Purchaser is entitled to purchase as a result of exercising it; and
 - (iv) the Closing Payment will be reduced by the amount that the Closing Payment would otherwise have been that is attributable to such Divot ROFR Interest calculated on the basis

that the Base Price attributable to such Divot ROFR Interest is the amount that the Base Price is reduced on account of such Divot ROFR Interest pursuant to Section 10.3(b)(iii).

10.4 Unexercised ROFR.

If, at the Closing Time, a Triggered ROFR has not been exercised or waived by Divot and the time within which it may be exercised by Divot has not elapsed (each such Triggered ROFR is referred to herein as an "**Outstanding ROFR**"):

- (a) Closing shall not proceed in respect of the Divot ROFR Interests that are subject to the Outstanding ROFRs, but will proceed with respect to all other interests in the Assets in accordance with Section 3.1.
- (b) With respect to each Outstanding ROFR, in accordance with the ROFR Escrow Agreement (to be executed by the Parties at Closing to the extent there is an Outstanding ROFR):
 - (i) The Purchaser shall deposit into trust with the ROFR Escrow Agent the amount of the Closing Payment attributable to the Divot ROFR Interest that is subject to such Outstanding ROFR determined in accordance with Section 10.3(b)(iv);
 - (ii) the Parties shall deliver to the ROFR Escrow Agent all Conveyance Documents required for the sale of such Divot ROFR Interest to the Purchaser pursuant hereto, and
 - (iii) the ROFR Escrow Agent shall hold such monies and Conveyance Documents in accordance with the ROFR Escrow Agreement.
- (c) if the Outstanding ROFR is subsequently exercised by Divot, the Parties will promptly notify the ROFR Escrow Agent in writing and, in accordance with the ROFR Escrow Agreement:
 - (i) the funds deposited with the ROFR Escrow Agent in respect of such Outstanding ROFR pursuant to Section 10.4(b)(i) will be refunded by the ROFR Escrow Agent to the Purchaser together with any interest earned thereon while held by the ROFR Escrow Agent; and
 - (ii) the Conveyance Documents related to the Divot ROFR Interest in the ROFR Assets that are subject to such Outstanding ROFR deposited with the ROFR Escrow Agent pursuant to Section 10.4(b)(ii) will be of no force or effect and the ROFR Escrow Agent shall destroy such documentation.
- (d) if the Outstanding ROFR is waived by Divot or is not exercised by Divot within the time within which it may be exercised, the Parties will notify the ROFR Escrow Agent and, in accordance with the ROFR Escrow Agreement:
 - (i) the ROFR Escrow Agent will promptly pay to the Vendor the funds deposited with the ROFR Escrow Agent in respect of such Outstanding ROFR pursuant to Section 10.4(b)(i) together with any interest earned thereon while held by the ROFR Escrow Agent;
 - (ii) the ROFR Escrow Agent will promptly deliver copies of the Conveyance Documents deposited with the ROFR Escrow Agent in respect of such Outstanding ROFR pursuant to Section 10.4(b)(ii) to each Party, such documentation shall be effective and the sale of the Divot ROFR Interest in the ROFR Assets that are subject to such Outstanding ROFR to the Purchaser pursuant hereto shall thereupon have closed; and

- (e) If an Outstanding ROFR is the subject of a challenge by a Third Party, the ROFR Escrow Agent may exercise its interpleader rights under the Escrow Agreement with respect to the funds and Conveyance Documents related to such Outstanding ROFR that are described in Sections 10.4(b)(i) and 10.4(b)(ii).
- (f) The Parties shall promptly issue all notices as may be required under the ROFR Escrow Agreement to give effect to this Section 10.4.

10.5 ROFR Challenges and the Purchaser Indemnity

If Divot makes any Claim challenging the ROFR Value in a ROFR Notice:

- (a) if the Claim is made before Closing and is not resolved prior to Closing, the ROFR shall be deemed to be outstanding at the Closing Time and Section 10.4 shall be applicable; and
- (b) irrespective of when the Claim is made, the Purchaser shall indemnify and save harmless the Vendor and its Representatives from and against all Losses and Liabilities arising out of, or attributable to, such Claim.

ARTICLE 11 CONFIDENTIALITY

11.1 Purchaser's Obligation to Maintain Information Confidential

Information respecting the Assets, the Vendor and its Related Parties disclosed by the Vendor or its Representatives to the Purchaser or its Representatives shall be retained in confidence by the Purchaser and its Representatives and used only for the purposes of the Transaction, subject to the following:

- (a) information in the public domain or the possession of the Purchaser shall not be subject to the obligations of confidentiality contained in this Article;
- (b) the obligations of confidentiality contained in this Article will not apply to disclosures that the Purchaser is required to make by Applicable Laws or the rules of a securities commission or recognized stock exchange; and
- (c) if Closing occurs, thereafter information respecting the Assets shall not be subject to the obligations of confidentiality contained in this Article but any information respecting the Vendor, its Related Parties or additional information obtained as a result of such access which does not relate to the Assets shall continue to be governed by such obligations.

ARTICLE 12 LIABILITIES AND INDEMNITIES

12.1 Vendor's Indemnities

Subject to Sections 4.3, 6.5 and 12.4, after Closing, the Vendor shall indemnify, defend and save harmless the Purchaser and its Related Parties from and against any and all the Purchaser's Losses resulting from breaches of the representations or warranties made by the Vendor in Sections 6.1 and 6.2 or breaches of covenants or agreements made by the Vendor in this Agreement.

12.2 Purchaser's Indemnities

Subject to Sections 6.5 and 12.4, after Closing, the Purchaser shall indemnify, defend and save harmless the Vendor and its Related Parties, from and against all the Vendor's Losses resulting from:

- (a) all breaches of the representations or warranties made by the Purchaser in Sections 6.1 and 6.4 or breaches of covenants or agreements made by the Purchaser in this Agreement;
- (b) subject to the Purchaser's rights to indemnification under Section 12.1 to the extent such rights are not precluded or limited by Section 12.4, the failure of the Purchaser to pay, observe or perform the Assumed Obligations; or
- (c) all Environmental Liabilities that arise from or relate to, acts, omissions, events or circumstances occurring before, on or after the Effective Time, including the effects of and the costs of complying with any order or direction of any Government Authority having jurisdiction, provided that:
 - (i) the Purchaser's liabilities under this Section 12.2(c) are subject to the Purchaser's rights to indemnification under Section 12.1 in respect of the representation and warranty in Section 6.2(f), to the extent such rights are not precluded or limited by Section 12.4 ;
 - (ii) the Purchaser will have no liabilities under this Section 12.2(c) in respect of costs paid by the Vendor prior to the date hereof or costs incurred prior to the Effective Time which are included in the adjustments made pursuant to Article 4; and
 - (iii) the Purchaser's liabilities under this Section 12.2(c) are notwithstanding any representations, warranties or covenants of the Vendor in this Agreement except as provided in Section 12.2(c)(i).

In respect to the matters referenced in Sections 12.2(b) and 12.2(c), the Purchaser acknowledges that the Purchaser and its Related Parties shall not be entitled to any rights or remedies under the common law or in equity or under any Applicable Laws against the Vendor or its Related Parties, including the right to name the Vendor or any of its Related Parties as a Third Party to any action commenced by any Person against the Purchaser, except insofar as the Purchaser remains entitled to make a Claim against the Vendor pursuant to Section 12.1.

12.3 Indemnification Procedure – Third Party Claims

The following procedures shall be applicable to any Claim by a Party and/or its Related Parties (the "**Indemnified Party**") for indemnification pursuant to this Agreement from the other Party (the "**Indemnifying Party**") in respect of a Claim by a Third Party (a "**Third Party Claim**"):

- (a) Upon the Indemnified Party becoming aware of the Third Party Claim, the Indemnified Party shall promptly provide written notice thereof to the Indemnifying Party. The notice shall describe the Third Party Claim in reasonable detail and, if practicable, indicate the estimated amount of the Losses that have been or may be suffered, sustained, paid or incurred by the Indemnified Party in respect thereof. If the Indemnified Party does not give prompt notice to the Indemnifying Party as aforesaid, then such failure shall only lessen or limit the Indemnified Party's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of prompt notice.

- (b) If the Indemnifying Party acknowledges to the Indemnified Party in writing that the Indemnifying Party is responsible to indemnify the Indemnified Party in respect of the Third Party Claim pursuant hereto, the Indemnifying Party shall have the right, on written notice to the Indemnified Party given not later than sixty (60) days after receipt of the notice described in Section 12.3(a), to do either or both of the following:
 - (i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost unless counsel to the Indemnified Party shall have reasonably determined in good faith that the assumption of that defence by the Indemnifying Party would be inappropriate due to a conflict of interest; and/or
 - (ii) settle the Third Party Claim but only if the Indemnifying Party pays the full monetary amount of the settlement and the settlement does not impose any unreasonable restrictions or obligations on the Indemnified Party.
- (c) If the Indemnifying Party assumes defence of the Third Party Claim:
 - (i) the Indemnified Party shall have the option of joining the defence of the Third Party Claim (which shall be at the sole cost and expense of the Indemnified Party) with its own counsel, in which event, counsel for each Party shall, to the extent consistent with that counsel's professional responsibilities, cooperate with the other Party and its counsel but the Indemnifying Party shall have carriage of the defence; and
 - (ii) in any event, the Indemnifying Party shall thereafter keep the Indemnified Party reasonably informed with respect to the status of the Third Party Claim.
- (d) If the Indemnifying Party has:
 - (i) failed to notify the Indemnified Party of its desire to assume the defence of the Third Party Claim within the period of time described in Section 12.3(b);
 - (ii) notified the Indemnified Party that it will not assume the defence of the Third Party Claim; or
 - (iii) failed to defend the Third Party Claim with reasonable diligence;then the Indemnified Party may assume the defence of the Third Party Claim in such manner as the Indemnified Party may deem appropriate and subject to the right of the Indemnifying Party to dispute the Indemnified Party's claim for indemnification.
- (e) Each Party shall cooperate with the other in the defence of the Third Party Claim, including making available to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim.
- (f) The Indemnified Party shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, delayed or conditioned) unless the Indemnifying Party has:
 - (i) failed to notify the Indemnified Party of its desire to assume the defence of the Third Party Claim within the period of time described in Section 12.3(b);

- (ii) notified the Indemnified Party that it will not assume the defence of the Third Party Claim;
or
 - (iii) failed to defend the Third Party Claim with reasonable diligence.
- (g) Upon payment of the Third Party Claim, the Indemnifying Party shall be subrogated to all claims against Third Parties that the Indemnified Party may have relating thereto. The Indemnified Party shall give such further assurances and cooperate with the Indemnifying Party to permit the Indemnifying Party to pursue such subrogated claims as reasonably requested by it.
- (h) If the Indemnifying Party has paid an amount pursuant to the indemnification obligations herein and the Indemnified Party subsequently receives reimbursement of any amount of the Third Party Claim from any Third Party, the Indemnified Party shall promptly pay the amount of the reimbursement (including interest actually received) to the Indemnifying Party, net of taxes required to be paid by the Indemnified Party as a result of any such receipt.

12.4 Limitations on Liability

- (a) Notwithstanding anything else in this Agreement or any other document delivered pursuant to or in connection with this Agreement to the contrary:
- (i) the indemnities provided in Sections 12.1 and 12.2 shall not apply to Losses to the extent reimbursed by insurance to, or caused by the negligence, willful default or misconduct of the Party claiming indemnity, provided that the indemnities in Section 12.2(c) in respect of Environmental Liabilities will not be subject to this limitation;
 - (ii) the Vendor shall have no obligation to indemnify the Purchaser Indemnified Parties in respect of any Environmental Liabilities except to the extent resulting from a breach of the representations and warranties in Section 6.2(f) and then subject to the provisions of Section 6.5 and the other provisions of this Section 12.4;
 - (iii) the sole remedy of a Party and its Related Parties in respect of a breach by the other Party of a warranty or covenant by such other Party in this Agreement or any document delivered pursuant hereto or the incorrectness of a representation or warranty given by such Party in this Agreement or in any document delivered pursuant hereto shall be a Claim for indemnification pursuant to Section 12.1 or Section 12.2, as applicable;
 - (iv) if a Party makes an indemnification payment pursuant to the indemnification provisions in this Agreement in respect of Losses of the other Party or its Related Parties and subsequent to the making of the indemnity payment the Losses of the recipient of the indemnity payment are reduced by any net tax benefit or recovery, the amount of such reduction shall promptly be repaid by the other Party to the Party who made the indemnity payment;
 - (v) no Party shall be liable for consequential or indirect losses or loss of profits suffered by the other Party or its Related Parties, provided that this paragraph will not exclude liability of a Party to indemnify a Party and its Related Parties pursuant to this Agreement for amounts that they become liable to pay to a Third Party for consequential or indirect losses or loss of profits that the Third Party or another Third Party suffers, sustains, pays or incurs;
 - (vi) the Purchaser Indemnified Parties shall not make, or be entitled to indemnification in respect of, a Claim for indemnification pursuant to Section 12.1 for which the aggregate Losses of

the Purchaser Indemnified Parties do not exceed Fifty Thousand Dollars (\$50,000.00) (a “**De Minimis Claim**”);

- (vii) the Purchaser Indemnified Parties shall not make, or be entitled to indemnification in respect of, a Claim for indemnification pursuant to Section 12.1 unless and until the aggregate amount of the Purchaser’s Losses in respect of all Claims by the Purchaser Indemnified Parties against the Vendor for indemnification pursuant to Section 12.1 (excluding De Minimis Claims) exceeds Five Percent (5%) of the Base Price. Once the aggregate amount of the Purchaser’s Losses in respect of all Claims by the Purchaser Indemnified Parties against the Vendor for indemnification pursuant to Section 12.1 (excluding De Minimis Claims) exceeds Five Percent (5%) of the Base Price, the Purchaser Indemnified Parties shall be entitled to indemnification for the entire amount of the Purchaser’s Losses in respect of such Claims;
- (viii) in no event shall the total of the Liabilities of the Vendor under this Agreement or any document delivered pursuant to or in connection with this Agreement (including in respect of its covenants, representations and warranties or indemnification obligations) exceed the Base Price; and
- (ix) a Party and its Related Parties shall have no Claim against the other Party in respect of any untruth or inaccuracy of a representation and warranty made by the other Party in this Agreement or any document delivered pursuant to or in connection with this Agreement if such first mentioned Party had knowledge of such untruth or inaccuracy at the Closing Date.

12.5 Substitution and Subrogation

Insofar as is possible, each Party shall have full rights of substitution and subrogation in and to all covenants, representations and warranties by others previously given or made in respect of the Assets or any of them.

12.6 Limitations Act

The Parties acknowledge and agree that an obligation under this Agreement to provide written notice of a Claim within twelve (12) months from the Closing Date and in a manner specified under this Agreement is intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).

ARTICLE 13 TERMINATION

13.1 Termination

This Agreement may only be terminated pursuant to Section 9.1 or 9.2, in which event:

- (a) each Party shall be released from all obligations hereunder other than their obligations under Articles 11 (Confidentiality), 17 (Assignment) and 19 (Public Announcements); and
- (b) each Party will each bear all costs incurred by it in connection with this Agreement.

ARTICLE 14

INFORMATION, MATERIALS AND CONTINUING REPORTS

14.1 Delivery of the Vendor's Records

Within ten (10) Business Days of the Closing, the Vendor shall deliver to the Purchaser originals of the files, reports and data pertaining to the Assets comprised in the Miscellaneous Interests except those that the Vendor requires for the preparation of Conveyance Documents not delivered at Closing (which files will be delivered to the Purchaser promptly after they are no longer required for such purpose) unless and to the extent that or the Purchaser agrees to allow the Vendor to deliver all or any of such records, files, reports and data at a later date.

14.2 Vendor's Access to Information Post-Closing

After Closing and upon reasonable notice, the Purchaser shall provide the Vendor (at the Vendor's cost) with access during the Purchaser's normal business hours to the Title and Operating Documents and the other files, reports and data pertaining to the Assets comprised in the Miscellaneous Interests and to copy (at the Vendor's cost) such information in respect of matters arising or relating to any period of time through the Closing if copies of such records or if the information derived from such access would be helpful or beneficial to the Vendor or its Affiliates:

- (a) in connection with audits;
- (b) in connection with the preparation of tax returns;
- (c) in connection with the Vendor's dealings with Government Authorities;
- (d) in connection with any pre-Effective Time activities of the Vendor;
- (e) to comply with any Applicable Laws; or
- (f) in connection with any Claim commenced or threatened by the Purchaser or any Third Party against the Vendor or its Related Parties or for which the Vendor or any of its Related Parties may have any liability.

ARTICLE 15

POST-CLOSING ADMINISTRATION

15.1 Coordination of Administrative Matters

- (a) After Closing, until the Purchaser becomes the recognized holder of the Assets in the place of the Vendor, the Vendor shall, to the extent that the Purchaser is not so recognized:
 - (i) hold title to the Assets that are in the Vendor's name in trust for the Purchaser until such title is transferred to the Purchaser;
 - (ii) hold all funds received by the Vendor to which the Purchaser is entitled under Section 4.1 in trust for the Purchaser with entitlement to commingle any of them with its own funds and shall hold all other benefits and advantages accruing to the Vendor from the Assets in trust for the Purchaser;

- (iii) in a timely manner deliver to the Purchaser all funds (including revenue from the sale of production) received by the Vendor that are for the Purchaser's account under Section 4.1, provided that the Vendor may set off any of such funds against:
 - (A) amounts that are for the Purchaser's account under Section 4.1 that have previously been paid by the Vendor or that are promptly paid by the Vendor thereafter; or
 - (B) any other amounts payable to the Vendor by the Purchaser, whether under this Agreement or otherwise;
 - (iv) in a timely manner deliver to the Purchaser all Third Party notices and communications received by the Vendor in respect of the Assets;
 - (v) as agent of the Purchaser, represent the Purchaser in all matters under a Title and Operating Document until the Purchaser is substituted as a party thereto in the place of the Vendor (whether by novation, notice of assignment or otherwise) and execute and deliver all notices, communications and payments under the Title and Operating Document that the Purchaser reasonably requests for the purpose of facilitating the exercise of rights incidental to the ownership of the Assets, provided that, in the case of notices and communications, the Purchaser shall have provided such notices and other communications to the Vendor and, in the case of payment, the Purchaser shall have provided sufficient funds to the Vendor to make the payment; and
 - (vi) take all other reasonable actions requested by the Purchaser to maintain the Assets, including the Title and Operating Documents on behalf of the Purchaser, at the Purchaser's sole cost and expense.
- (b) The Vendor shall not be liable to the Purchaser for any the Purchaser's Losses in connection with the arrangements set forth in Section 15.1(a), except to the extent that the Purchaser's Losses are caused by the Vendor's gross negligence or its wilful misconduct. Except to the extent caused by the Vendor's gross negligence or its wilful misconduct, the Purchaser shall:
- (i) be liable to the Vendor for all of the Vendor's Losses whatsoever arising out of or related to the performance by the Vendor of its obligations under Section 15.1(a); and
 - (ii) indemnify and save harmless the Vendor and its Related Parties from and against all of such the Vendor's Losses.

An act or omission of the Vendor or its Related Parties shall not be regarded as gross negligence or wilful misconduct, however, to the extent it was done or omitted to be done in accordance with the instructions of or with the concurrence of the Purchaser. Nothing in this Section 15.1 shall be construed as extending or restricting or limiting in any manner any of the other covenants, warranties, representations or other obligations of the Parties under this Agreement.

15.2 Co-operate in Efforts to Have Purchaser Recognized

After Closing, the Parties will use commercially reasonable efforts to cause the Purchaser to be recognized by Third Parties (including operators under Title and Operating Documents) as the owner of the Assets, including (if and to the extent commercially practicable and subject to agreement of the Parties on the sharing of the costs thereof by the Parties) commencing and prosecuting litigation to compel such recognition.

15.3 Payment by Vendor of Costs that are for its Account

The Vendor shall pay all costs and other amounts that are for its account under Section 4.2 (including such amounts that are payable to operators under the Title and Operating Documents and including amounts included in the interim adjustments made at Closing pursuant to Section 4.2(a)) on or before the date they are due and payable.

ARTICLE 16 WAIVER

16.1 Waiver Must be in Writing

No waiver by any Party of any of term, condition or other provision of this Agreement (including this Section) or of a breach or requirement to perform same or of a requirement that same be satisfied shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and any waiver so given shall be effective only to the extent expressed in the waiver and shall not otherwise limit or affect such term, condition or provision or limit or affect any other term, condition, provision of this Agreement.

ARTICLE 17 ASSIGNMENT

17.1 Assignments Before Closing

Prior to Closing, neither Party may assign its interest in or under this Agreement without the prior written consent of the other Party.

17.2 Assignments by the Purchaser After Closing

No assignment, transfer or other disposition of this Agreement or all or any portion of the Assets by the Purchaser after Closing shall relieve the Purchaser from its obligations to the Vendor herein.

ARTICLE 18 NOTICE

18.1 Service of Notice

All notices required or permitted hereunder or with respect to this Agreement shall be in writing and shall be deemed to have been properly given and delivered when delivered personally to the Party to whom it is given as follows:

the Vendor:

Sabre Energy Partnership
800, 1122 – 4th Street S.W.
Calgary, Alberta T2R 1M1

Attention: Sam Smith / Neal Pirie
Email:ssmith@sabre-energy.com / nepirie@sabre-energy.com

the Purchaser: Razor Energy Corp.
800, 500 – 5th Street S.W.
Calgary, Alberta T2P 3L5

Attention: Doug Bailey
Email: dbailey@razor-energy.com

Any notice or communication sent by personal service or electronic transmission shall be deemed received when delivery is made or reception of the transmission is complete except that, if such delivery or transmission is sent on a day which is not a Business Day or after 4:00 p.m. then the same shall be deemed received on the next Business Day.

18.2 Right to Change Address

A Party may change its address for service by notice to the other Party, and such changed address for service thereafter shall be effective for all purposes of this Agreement.

ARTICLE 19 PUBLIC ANNOUNCEMENTS

19.1 Public Announcements

No public announcement or press release by a Party concerning the Transaction shall identify the name or attributes or financial information (including financial condition) of the other Party or any shareholder thereof or be made by a Party without the prior written consent and approval of the other Party; provided that nothing contained herein shall prevent a Party from furnishing any information to any Government Authority or to the public if it is required to do so by Applicable Laws or the rules of a stock exchange. A Party which proposes to make such a public disclosure shall, to the extent reasonably possible, provide the other Party with a draft of such statement in sufficient time prior to its release to enable the other Party to review such draft and advise that Party of any comments each may have with respect thereto.

ARTICLE 20 MISCELLANEOUS PROVISIONS

20.1 Further Assurances

From time to time, as and when reasonably requested by the other Party, a Party shall take any reasonable action to implement or give effect to the Transaction specifically requested by the other Party (including execution and delivery of reasonable documents and instruments), provided such action is consistent with the provisions of this Agreement. All such actions shall be taken at no additional consideration other than reimbursement of any expenses reasonably incurred by the Party taking such action by the Party at whose request it was taken other than overhead and general administrative costs.

20.2 Applicable Laws and Attornment

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The Parties irrevocably submit to the jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom in respect of all matters relating to this Agreement or the Transaction. The Parties each hereby attorn to and accept the exclusive jurisdiction of such courts.

20.3 Time

Time shall be of the essence in this Agreement.

20.4 No Merger - Continuing Agreement

There will not be any merger of any covenant, representation, warranty or indemnity contained in this Agreement by virtue of the execution and delivery of the General Conveyance, the Conveyance Documents or any other documents executed pursuant to or in connection with this Agreement, notwithstanding any rule of law, equity or statute to the contrary and, after Closing, the covenants and agreements contained in this Agreement shall continue in effect until performed and discharged except to the extent the continued effectiveness or enforceability of any such agreement or covenant is limited in duration as expressly provided herein.

20.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, including any letter agreements or letters of intent between the Purchaser and the Vendor. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all Parties.

20.6 Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns. No Person other than the Parties and their successors and permitted assigns shall be entitled to any rights or benefits hereunder.

20.7 Severability

If:

- (a) but for this Section, a provision of this Agreement, the General Conveyance or a Conveyance Document or a portion thereof or the performance thereof would result in breach of Applicable Laws; or
- (b) a provision of this Agreement, the General Conveyance or a Conveyance Document or a portion thereof is judicially determined to be unenforceable,

such provision or portion thereof will be of no further force and effect, provided that the Parties will mutually attempt in good faith to negotiate a replacement provision that will secure the purposes of the original provision in a legally valid manner. The remainder of the Agreement will remain in full force and effect between the Parties in such event.

20.8 Counterparts

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. Signature pages from separate counterparts may be faxed or electronically submitted and may be combined to form a single counterpart. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written.

SABRE ENERGY PARTNERSHIP

RAZOR ENERGY CORP

By its Managing Partner

Sabre Energy Ltd.

By: _____

By: _____

Name:

Name:

Title:

Title:

This is the execution page to the Asset Purchase and Sale Agreement made August 3, 2021 between Sabre Energy Partnership and Razor Energy Corp.

**SCHEDULE "A" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND
SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY
CORP. DATED AUGUST 3, 2021**

LAND SCHEDULE

LANDS, LEASES AND PETROLEUM AND NATURAL GAS RIGHTS

See attached.

Sabre Energy Partnership's interest is the aggregate of the interests attributed to SEP and DOUBLE on the Land Schedule.

SCHEDULE "B" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

FACILITIES

Facility	Sabre Energy Partnership Interest
Judy Creek Gas Plant Facilities	
Facility Participation	8.576510%
Processing Plant Functional Unit	8.576510%
South Swan Hills Gas Gathering System Functional Unit	4.86371%
Station 8 Compression Functional Unit	8.57561%
Ethane Extraction Plant Functional Unit	10.41192%
Judy Creek Gas Gathering Functional Unit	0.05632%
Virginia Hills Gas Gathering Functional Unit	3.61184%
Swan Hills Gas Gathering System	27.568220%
Freeman Lake Water Plant	11.3875234%

SCHEDULE "C" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

NON-UNIT WELLS

<i>UWI</i>	<i>License Number</i>	<i>Surface Hole Location</i>	<i>Current Licensee</i>	<i>Fluid</i>	<i>Mode</i>	<i>Type</i>	<i>Rig Release Date</i>
102/06-21-066-10W5/0	0305331	102062106610W500	SABRE ENERGY LTD.	N/A	Abandoned	Vertical	5/31/2004
100/14-22-066-10W5/0	0319435	100142206610W500	SABRE ENERGY LTD.	Gas	Abandoned	Vertical	12/16/2004
102/12-19-067-09W5/0	0292149	102121906709W500	SABRE ENERGY LTD.	N/A	Abandoned	Vertical	9/30/2003

SCHEDULE "D" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

PRODUCTION HANDLING AND MARKETING AGREEMENTS

1. Casinghead Gas Purchase Contract Judy Creek Swan Hills and Virginia Hills Fields dated December 1, 1987 between Sabre Energy Ltd. and Imperial Oil Resources.
2. Sellers B Settlement Agreement made effective July 1, 2001 among KeySpan Energy Development Co., KeySpan Energy Partnership, Conoco Canada Resources Limited and ConocoPhillips Western Canada Partnership.
3. Judy Creek Gas Conservation Plant Class B Owners Agreement dated January 1966 between Imperial Oil Limited, The British American Oil Company Limited, APCO Oil Ltd., Canadian Kenwood Company, Canadian Gridoil Limited, P.J. McMahon, R.W. McMahon, and Petroleum International Inc.
4. NOVA Gas Transmission Contract described as follows:

Contract Number	Service Type	Location Number	Location Name	Quantity (10³m³/d)	Price Point/Term	Contract Start Date	Contract End Date
2018998500	FT-R	2022	Judy Creek	10.0	C	2020-Oct-31	2021-Oct-31

SCHEDULE "E" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

GENERAL CONVEYANCE

This General Conveyance made this ● day of ●, 2021.

BETWEEN:

SABRE ENERGY LTD., a partnership formed pursuant to the laws of Alberta (hereinafter called the "**the Vendor**")

- and -

RAZOR ENERGY CORP., a corporation incorporated pursuant to the laws of Alberta (hereinafter called the "**the Purchaser**")

WHEREAS:

- A. The Vendor and the Purchaser entered into the Asset Purchase and Sale Agreement dated August 3, 2021 (the "**Sale Agreement**") with respect to the Assets (which term, when used in this Conveyance, has the same meaning as in the Sale Agreement);
- B. All of the conditions set forth in the Sale Agreement to the obligations of the Parties to close the transactions contemplated by the Sale Agreement have either been fulfilled or waived in the manner provided for waiver in the Sale Agreement;

NOW THEREFORE in the consideration provided for in the Sale Agreement, the receipt and sufficiency of which is acknowledged by the Vendor and the covenants and agreements hereinafter set forth and contained, the Parties covenant and agree as follows:

1. **Definitions**

Defined terms not otherwise defined in this General Conveyance have the meaning set forth in the Sale Agreement and such definitions are incorporated herein by this reference.

2. **Conveyance**

The Vendor hereby sells, assigns, transfers and conveys the Assets to the Purchaser and the Purchaser hereby purchases from the Vendor all of the right, title, estate and interest of the Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Sale Agreement.

3. **Assumed Obligations**

The Purchaser hereby assumes and agrees to pay, observe and perform the Assumed Obligations, provided that the foregoing will not limit or affect the Purchaser's rights to indemnification under Section 12.1 of the Sale Agreement.

4. **No Merger**

There will not be any merger of any covenant, representation, warranty or indemnity contained in the Sale Agreement by virtue of the execution and delivery of this General Conveyance, notwithstanding any rule of law, equity or statute to the contrary.

5. **Subordinate Document**

This General Conveyance is executed and delivered by the Parties pursuant to the Sale Agreement for the purposes of the provisions of the Sale Agreement, and the terms of this General Conveyance shall be read in conjunction with the terms of the Sale Agreement. The Sale Agreement shall prevail if there is a conflict between the provisions of the Sale Agreement and this General Conveyance.

6. **Substitution**

The assignment and conveyance effected by this General Conveyance is made with full right of substitution of the Purchaser in and to all covenants, representations, warranties and indemnities by others heretofore given or made in respect of the Assets or any part thereof.

7. **Applicable Laws and Attornment**

This General Conveyance shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The Parties irrevocably submit to the jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom. The Parties each hereby attorn to and accept the exclusive jurisdiction of such courts.

8. **Enurement**

This General Conveyance enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

9. **Counterpart Execution**

This General Conveyance may be executed in counterpart and all executed counterparts together shall constitute one agreement. Signature pages from separate counterparts may be faxed or electronically submitted and may be combined to form a single counterpart. This General Conveyance shall not be binding upon any Party unless and until executed by all Parties.

IN WITNESS WHEREOF the Parties have duly executed this Conveyance as of the day and year first above written.

SABRE ENERGY PARTNERSHIP

By its Managing Partner

Sabre Energy Ltd.

By: _____

Name:

Title:

RAZOR ENERGY CORP.

By: _____

Name:

Title:

This is the counterpart execution page to the General Conveyance dated ●, 2021 between Sabre Energy Partnership and Razor Energy Corp.

SCHEDULE "F" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

VENDOR'S OFFICER'S CERTIFICATE

RE: Asset Purchase and Sale Agreement ("**Sale Agreement**") dated August 3, 2021, between Sabre Energy Partnership, as the Vendor, and Razor Energy Corp., as the Purchaser.

Unless otherwise stated, the definitions provided for in the Sale Agreement are adopted in this Certificate.

Sabre Energy Partnership (the "**the Vendor**") hereby certifies that:

1. Each of the representations and warranties of the Vendor contained in Section 6.1 and Section 6.2 of the Sale Agreement, except those expressly stated to be made as at the date of the Sale Agreement, is true and correct in all material respects as of the Closing Date.
2. Each of the representations and warranties of the Vendor contained in Section 6.1 and Section 6.2 of the Sale Agreement expressly stated to be made as at the date of the Sale Agreement is true and correct in all material respects as at the date of the Sale Agreement.
3. The Vendor has performed or complied in all material respects with all of the covenants and obligations required to be performed by it under the Sale Agreement as of the Closing Date.
4. All Closing conditions for the benefit of the Vendor contained in Section 9.2 of the Agreement have been satisfied or waived by the Vendor.
5. This Certificate is made for and on behalf of the Vendor and is binding upon it.
6. This Certificate is made with full knowledge that the Purchaser is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate on the ● day of ●, 2021.

SABRE ENERGY PARTNERSHIP

By its Managing Partner

Sabre Energy Ltd.

By: _____

Name:

Title:

SCHEDULE "G" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

PURCHASER'S OFFICER'S CERTIFICATE

RE: Asset Purchase and Sale Agreement ("**Sale Agreement**") dated August 3, 2021, between Sabre Energy Partnership., as the Vendor, and Razor Energy Corp., as the Purchaser.

Unless otherwise stated, the definitions provided for in the Sale Agreement are adopted in this Certificate.

Razor Energy Corp. (the "**the Purchaser**") hereby certifies that:

1. Each of the representations and warranties of the Purchaser contained in Section 6.1 and Section 6.4 of the Sale Agreement is true and correct in all material respects as of the Closing Date.
2. The Purchaser has performed or complied in all material respects with all of the covenants and obligations required to be performed under the Sale Agreement as of the Closing Date.
3. All Closing conditions for the benefit of the Purchaser contained in Section 9.1, of the Agreement have been satisfied or waived by the Purchaser.
4. This Certificate is made for and on behalf of the Purchaser and is binding upon it,
5. This Certificate is made with full knowledge that the Vendor is relying on the same for the Closing of the Transaction.

IN WITNESS WHEREOF I have executed this Certificate on the ● day of ●, 2021.

RAZOR ENERGY CORP.

By: _____

Name:

Title:

SCHEDULE "H" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

ROFR ESCROW AGREEMENT

THIS ROFR ESCROW AGREEMENT (the “**Agreement**”) is dated as of ●, 2021.

among:

SABRE ENERGY PARTNERSHIP

a partnership formed pursuant to the laws of the Province of Alberta and having an office in Calgary, Alberta (the “**Vendor**”)

and

RAZOR ENERGY CORP.

a corporation, registered to carry on business in the Province of Alberta and having an office in Calgary, Alberta (the “**Purchaser**”)

and

MCCARTHY TETRAULT LLP

a limited liability partnership formed under the laws of the Province of Alberta for the practice of law and having an office in Calgary, Alberta (the “**Escrow Agent**”)

(each a “**Party**” and collectively the “**Parties**”)

RECITALS:

Pursuant to a Asset Purchase and Sale Agreement dated August 3, 2021 between Vendor and Purchaser (the “**Asset Purchase and Sale Agreement**”), Vendor agreed to sell the Assets and Purchaser agreed to purchase the Assets on the terms specified in the Asset Purchase and Sale Agreement.

Some of the Assets are subject to ROFRs which may be exercised after the Closing Date.

Vendor and Purchaser desire to place the ROFR Conveyance Documents and Escrow Amount (each as hereinafter defined) into escrow with the Escrow Agent on the date hereof pursuant to the Asset Purchase and Sale Agreement.

The Escrow Agent is willing to continue to hold the ROFR Conveyance Documents and Escrow Amount in escrow on behalf of Purchaser and Vendor subject to the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. Definitions

Capitalized terms used and not defined herein (including the recitals) shall have the meaning attributed to them in the Asset Purchase and Sale Agreement and, in addition:

“Asset Purchase and Sale Agreement” has the meaning provided in the recitals;

“Divot” means Divot Energy Corporation;

“Divot ROFR Interest” means, in respect of an Outstanding ROFR, the interest in the ROFR Assets for that Outstanding ROFR that Divot is entitled to purchase as a result of exercising such right of first refusal;

“Escrow Amount” means, the amount of the Closing Payment attributable to the Divot ROFR Interests that are subject to the Outstanding ROFRs as specified in 0;

“Escrow Period” means, in the case of an Outstanding ROFR that is not also the subject of a ROFR Action, the period of time from and including the Closing Date to and including the last day upon which that Outstanding ROFR may be or could have been exercised; and, in the case of an Outstanding ROFR that is the subject of a ROFR Action, the period of time from and including the Closing Date to and including the date on which the ROFR Action is settled or fully and finally judicially resolved and all appeal periods therefrom have expired;

“Joint Instruction” has the meaning provided in Section 11(a);

“Outstanding ROFR” means a Triggered ROFR that has not been exercised or waived by Divot and the time within which it may be exercised by Divot has not elapsed and that is set out in 0.

“Parties” has the meaning provided in the recitals;

“ROFR Action” means any litigation, legal proceedings or arbitration with respect to a ROFR Allocation that is set out in 0;

“ROFR Conveyance Documents” means a General Conveyance and Conveyance Documents that pertain to the Divot ROFR Interest that are either subject to Outstanding ROFRs or a ROFR Action, which documents convey Vendor’s interest therein to Purchaser in accordance with the Asset Purchase and Sale Agreement; and

“ROFR Notice Period” means the applicable notice period for each respective ROFR, including any period stayed pursuant to a ROFR Action.

2. Article, Section and Schedule References

The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Except as otherwise expressly provided, a reference in this Agreement to an “Article”, “Section”, “subsection”, “paragraph” or “Schedule” is a reference to an article, section, subsection, paragraph or schedule to this Agreement.

3. Interpretation Not Affected by Headings

The headings in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

4. Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting one gender shall be construed as suggesting other genders. Where the words “including” or “includes” appear in this Agreement, including the Schedules, those words mean “including (or includes) without limitation”.

5. Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

6. Schedules

The following Schedules are attached to and form part of this Agreement.

- 0 - Outstanding ROFRs and Allocation of Escrow Amount
- 0 - Form of Joint Instruction

Wherever any term or condition, express or implied, of such Schedules conflicts or is at variance with any term of condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

7. Appointment of Escrow Agent

Vendor and Purchaser appoint the Escrow Agent to act as the escrow agent to receive, hold and administer the Escrow Amount and the ROFR Conveyance Documents subject to the terms and conditions of this Agreement and the Escrow Agent accepts such appointment. The Escrow Agent shall hold the Escrow Amount and the ROFR Conveyance Documents in trust for Vendor and Purchaser until authorized for release in accordance with the provisions of this Agreement. Except as specifically provided for in this Agreement, the Escrow Agent shall not release, deliver, give-up possession of or otherwise deal with the Escrow Amount or the ROFR Conveyance Documents, or interests therein, in any way.

8. Deposit in Escrow

Concurrent with the execution hereof, Purchaser shall deliver the Escrow Amount to the Escrow Agent and Vendor shall deliver the ROFR Conveyance Documents to the Escrow Agent, and Vendor and Purchaser agree that such ROFR Conveyance Documents shall not have any effect or confer any rights upon any Party until released from escrow in accordance with the terms hereof. Upon receipt of the Escrow Amount and the ROFR Conveyance Documents, the Escrow Agent shall acknowledge, by giving prompt written notice to each of Vendor and Purchaser, the receipt of the Escrow Amount and ROFR Conveyance Documents pursuant to the Asset Purchase and Sale Agreement.

9. Delivery of Notices of Disposition

Vendor shall have prepared and delivered all ROFR Notices for each ROFR in accordance with section 10.2 of the Asset Purchase and Sale Agreement.

10. Holder of a ROFR

Notwithstanding anything else herein contained, Purchaser acknowledges that if Divot exercises an Outstanding ROFR, the Divot ROFR Interests that are subject to that Outstanding ROFR shall not form part of the Assets under the Asset Purchase and Sale Agreement, and shall not be conveyed to Purchaser.

11. Operation of Escrow

- (a) Should any Outstanding ROFR be properly exercised by Divot prior to expiration of the applicable ROFR Notice Period, then, upon the Escrow Agent's receipt of a direction signed by both Vendor and Purchaser (which may be executed in counterpart) in the form attached as 0 (a "**Joint Instruction**") stating that Section 11(a) of the ROFR Escrow Agreement has been triggered in respect of such Outstanding ROFR and:
 - (i) the Escrow Amount deposited with the Escrow Agent in respect of such Outstanding ROFR pursuant to Section 10.4(b)(i) of the Asset Purchase and Sale Agreement will be refunded by the Escrow Agent to Purchaser together with any interest earned thereon while held by the Escrow Agent, within two (2) Business Days of the Escrow Agent's receipt of the Joint Instruction; and
 - (ii) the ROFR Conveyance Documents related to the Divot ROFR Interest in the ROFR Assets that are subject to such Outstanding ROFR deposited with the Escrow Agent pursuant to Section 10.4(b)(ii) of the Asset Purchase and Sale Agreement will be of no force or effect and the Escrow Agent shall destroy such documentation.
- (b) If an Outstanding ROFR is waived by Divot, is not exercised by Divot within the time within which it may be exercised or terminates unexercised during the Escrow Period by agreement among Vendor, Purchaser and Divot, then, Vendor and Purchaser shall give a Joint Instruction to the Escrow Agent stating that Section 11(b) of the ROFR Escrow Agreement has been triggered in respect of such Outstanding ROFR and upon the Escrow Agent's receipt of such Joint Instruction:
 - (i) the Escrow Agent will promptly pay to Vendor the Escrow Amount in respect of such Outstanding ROFR pursuant to Section 10.4(b)(i) of the Asset Purchase and Sale Agreement, together with any interest earned thereon while held by the Escrow Agent, within two (2) Business Days of the Escrow Agent's receipt of the Joint Instruction; and
 - (ii) the Escrow Agent will promptly, and in any event within two (2) Business Days of the Escrow Agent's receipt of the Joint Instruction, deliver copies of the ROFR Conveyance Documents deposited with the Escrow Agent in respect of such Outstanding ROFR pursuant to Section 10.4(b)(ii) of the Asset Purchase and Sale Agreement to each Party and such documentation shall then be effective.
- (c) Unless the Parties otherwise agree, if at the end of the Escrow Period any Outstanding ROFR is the subject of a ROFR Action or any appeal periods arising in connection therewith have not expired, the ROFR Conveyance Documents and Escrow Amount in respect of the

relevant Outstanding ROFR shall be interpleaded by the Escrow Agent in accordance with Section 16.

12. Deemed Closing Time

If Section 11(b) of this Agreement is applicable in respect of an Outstanding ROFR, then, for the purposes of the Asset Purchase and Sale Agreement, the Closing and the Closing Date in respect of the ROFR Assets that are subject to such Outstanding ROFR shall be the Closing Date.

13. Obligations of Vendor and Purchaser – Joint Instructions

Each of Vendor and Purchaser shall execute and deliver to the Escrow Agent as soon as possible all Joint Instructions it is required to execute pursuant to the provisions of Sections 11.(a) and 11.1(b) of this Agreement and if Vendor executes any such Joint Instructions, then Purchaser shall execute such Joint Instructions no later than one (1) Business Day after Vendor's execution and delivery to Purchaser of such Joint Instructions. Vendor shall provide copies of all such supporting documentation to Purchaser immediately upon Vendor's receipt of same.

14. No Agency

Vendor and Purchaser acknowledge that Escrow Agent is acting solely as escrow agent at their request and for their convenience and Escrow Agent shall not be deemed to be the agent of either Purchaser or Vendor in respect of the escrow herein referred to. The Escrow Agent shall not be liable to either Purchaser or Vendor for any error in judgement or for any act or omission on its part in respect of the escrow herein referred to unless such error in judgement, act or omission is made, taken or suffered in bad faith or involves gross negligence or wilful misconduct.

15. Indemnity

Purchaser and Vendor hereby jointly and severally agree to indemnify and hold the Escrow Agent and its partners, agents and employees (collectively, the "**Indemnitees**") harmless from and against all costs, claims (including those from third parties), liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket expenses, incidental expenses and reasonable and documented legal fees and expenses (the "**Losses**") that may be imposed on, incurred by or asserted against the Indemnitees, or any of them, in connection with or arising from the performance of the Escrow Agent's duties or rights hereunder; provided that this indemnity shall not extend to actions or omissions taken or suffered by the Escrow Agent in bad faith or involving gross negligence or wilful misconduct on the part of the Escrow Agent, having regard to the fact that the Escrow Agent is not engaged in the business of providing escrow services. This indemnity shall survive the termination of the escrow arrangements provided for in this Agreement.

16. Actions Instituted by Escrow Agent

The Escrow Agent may, but is not obliged to, institute an action in any court of competent jurisdiction seeking instructions, inter alia, as to the release or retention of the Escrow Amount and ROFR Conveyance Documents and shall be entitled in its sole and arbitrary discretion, in the event of a dispute arising in respect of the Escrow Amount and ROFR Conveyance Documents, or any portion thereof, or otherwise in respect of this Agreement, to interplead any such dispute at the Court of Queen's Bench in Calgary, Alberta.

17. Fees

Purchaser and Vendor, each as to half, shall pay to the Escrow Agent forthwith upon receipt of an invoice therefor the Escrow Agent's reasonable accounts for time, disbursements and applicable goods and services taxes relating to the performance by Escrow Agent of its duties or rights hereunder or other work incidental to or contemplated pursuant to the terms of this Agreement.

18. Limitation on Duties

It is understood and agreed that the Escrow Agent's only duties and obligations in respect of the Escrow Amount and ROFR Conveyance Documents are expressly set out in this Agreement, and the Escrow Agent's rights, duties, liabilities and immunities may not be altered without the Escrow Agent's prior written consent. The Escrow Agent shall have the right to consult with independent counsel of its own choosing (if it deems such consultation advisable) and shall not be liable for any action taken, suffered or omitted to be taken by it if the Escrow Agent acts in accordance with the reasonable advice of such counsel. The Escrow Agent shall be protected if it acts upon any written or oral communication, notice, certificate or other instrument or document believed by the Escrow Agent to be genuine and to be properly given or executed without the necessity of verifying the truth or accuracy of the same or the authority of the person giving or executing the same.

19. Resignation of the Escrow Agent

The Escrow Agent may, at any time, resign its obligations under this Agreement and be discharged from all further duties and liabilities hereunder by giving each of Purchaser and Vendor at least ten (10) days' notice in writing of its intention to resign or such shorter notice as Purchaser and Vendor may accept as sufficient. Purchaser and Vendor agree that they shall forthwith upon receipt of such notice appoint a new law firm to act in the place and stead of the Escrow Agent and if they fail to agree on such appointment, any of Purchaser, Vendor or the Escrow Agent may apply to a Justice of the Alberta Court of Queen's Bench on such notice as such Justice may direct for the appointment of a new escrow agent. Upon any new appointment, the new escrow agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as escrow agent and such new escrow agent shall enter into an agreement with Purchaser and Vendor agreeing to be bound by all of the provisions of this Agreement.

20. Discharge from Duties

Upon disposing of the Conveyance Documents, the Escrow Amount and interest accrued thereon, if any, in accordance with the provisions of this Agreement, the Escrow Agent shall be relieved and discharged from all claims and liabilities relating to the Conveyance Documents, the Escrow Amount and interest accrued thereon, if any, and the Escrow Agent shall not be subject to any claims made by or on behalf of any Party, save any claims for prior actions or omissions taken or suffered by the Escrow Agent in bad faith or involving gross negligence or wilful misconduct on the part of the Escrow Agent.

21. Termination

This Agreement shall only terminate: (i) as specifically provided in this Agreement; (ii) upon the written agreement of all Parties; or (iii) when the Conveyance Documents, the Escrow Amount and any interest accrued thereon have been released from escrow pursuant to this Agreement.

22. No Conflict

The fact that the Escrow Agent is acting as escrow agent under this Agreement shall not in any way prevent it from representing Purchaser, whether before or after Closing, in connection with the transactions contemplated by the Asset Purchase and Sale Agreement or in any litigation arising from the Asset Purchase and Sale Agreement or this Agreement or from representing Purchaser or any other Party in any other capacity or in any other transaction.

23. Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

24. Governing Law

This Agreement shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

25. Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

26. Time of Essence

Time shall be of the essence in this Agreement.

27. Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

Vendor: Sabre Energy Partnership
800, 1122 – 4th Street S.W.
Calgary, Alberta T2R 1M1

Attention: Sam Smith / Neal Pirie
Email: ssmith@sabre-energy.com / nepirie@sabre-energy.com

Purchaser: Razor Energy Corp.
800, 500 – 5th Street S.W.
Calgary, Alberta T2P 3L5

Attention: Doug Bailey
Email: dbailey@razor-energy.com

Escrow Agent: McCarthy Tétrault LLP
4000, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Kerri Howard
Email: kerrihoward@mccarthy.ca

Any notice, communication or statement (a “**notice**”) required, permitted or contemplated hereunder shall be in writing and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by fax or email to a Party to the fax number or email address of such Party for notices, in which case, if the notice was faxed or emailed prior to 4:00 p.m. on a Business Day the notice shall be deemed to have been received by that Party when it was faxed or emailed and if it is faxed or emailed on a day which is not a Business Day or is faxed or emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day;
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party on the fifth Business Day following the date of mailing.

A Party may from time to time change its address, fax number or email address for service by giving written notice of such change to the other Party.

28. Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect and shall not in any way be affected or impaired.

29. Waiver

No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend

only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

30. Remedies Generally

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law or in equity or by statute or otherwise conferred.

31. Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

32. Counterpart Execution

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and by facsimile or other electronic means and all of which, taken together, will be deemed to constitute one and the same agreement.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the Parties have executed this Agreement, effective as of the day and year first written above.

SABRE ENERGY PARTNERSHIP, by its
managing partner **SABRE ENERGY LTD.**

RAZOR ENERGY CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

MCCARTHY TÉTRAULT LLP

Per: _____
Name: Kerri Howard
Title: Partner

Error! Unknown document property name.

SCHEDULE A
OUTSTANDING ROFRS AND ALLOCATION OF ESCROW AMOUNT

**SCHEDULE B
JOINT INSTRUCTION**

TO: McCarthy Tétrault LLP
4000, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9
Attention: Kerri Howard

RE: ROFR Escrow Agreement dated ●, 2021 (the “**ROFR Escrow Agreement**”) among Sabre Energy Partnership, Razor Energy Corp. and McCarthy Tétrault LLP (the “**Escrow Agent**”)

AND RE: Asset Purchase and Sale Agreement dated August 3, 2021 between Razor Energy Corp., as Purchaser, and Sabre Energy Partnership, as Vendor (the “**Purchase and Sale Agreement**”)

All capitalized terms used herein will have the meaning ascribed to such terms in the ROFR Escrow Agreement.

The undersigned hereby unconditionally and irrevocably direct you, as Escrow Agent, in accordance with the ROFR Escrow Agreement that [NTD: **Select option that applies** - Section 11(a) OR Section 11(b)] of the ROFR Escrow Agreement has been triggered with respect to the Outstanding ROFRs set forth in Appendix A attached to this Joint Instruction and that the ROFR Conveyance Documents and portion of the Escrow Amount applicable to such Outstanding ROFRs as set forth in Appendix A attached to this Joint Instruction are to be released as follows:

[NTD: Select option that applies]

- (a) [the ROFR Conveyance Documents to Vendor; and
- (b) the Escrow Amount, together with the interest earned thereon while held by the Escrow Agent, to Purchaser;

in each case which relate to the Outstanding ROFRs set forth in Appendix A attached to and made part of this Joint Instruction in accordance with Section 11(a) of the ROFR Escrow Agreement.]

OR

- (a) [the ROFR Conveyance Documents to Purchaser; and
- (b) the Escrow Amount, together with the interest earned thereon while held by the Escrow Agent, to Vendor;

in each case which relate to the Outstanding ROFRs set forth in Appendix A attached to and made part of this Joint Instruction in accordance with Section [11(b)] of the ROFR Escrow Agreement]

Dated this _____ day of _____, 2021.

SABRE ENERGY PARTNERSHIP, by its
managing partner **SABRE ENERGY LTD.**

RAZOR ENERGY CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

APPENDIX A

EXPIRED ROFRS, ROFR ACTIONS AND ALLOCATION OF ESCROW AMOUNT

SCHEDULE "I" ATTACHED TO AND FORMING PART OF THE ASSET PURCHASE AND SALE AGREEMENT BETWEEN SABRE ENERGY PARTNERSHIP AND RAZOR ENERGY CORP. DATED AUGUST 3, 2021

CLOSING ESCROW AGREEMENT

THIS CLOSING ESCROW AGREEMENT (the “**Agreement**”) is dated as of ●, 2021.

among:

SABRE ENERGY PARTNERSHIP

a partnership formed pursuant to the laws of the Province of Alberta and having an office in Calgary, Alberta (the “**Vendor**”)

and

RAZOR ENERGY CORP.

a corporation, registered to carry on business in the Province of Alberta and having an office in Calgary, Alberta (the “**Purchaser**”)

and

MCCARTHY TETRAULT LLP

a limited liability partnership formed under the laws of the Province of Alberta for the practice of law and having an office in Calgary, Alberta (the “**Escrow Agent**”)

(each a “**Party**” and collectively the “**Parties**”)

RECITALS:

Pursuant to a Asset Purchase and Sale Agreement dated August 3, 2021 between Vendor and Purchaser (the “**Asset Purchase and Sale Agreement**”), Vendor agreed to sell the Assets and Purchaser agreed to purchase the Assets on the terms specified in the Asset Purchase and Sale Agreement.

Vendor and Purchaser desire to place the Closing Documents and the Escrow Amount (each as hereinafter defined) into escrow with the Escrow Agent on or prior to the Closing Date pursuant to the Asset Purchase and Sale Agreement.

The Escrow Agent is willing to hold the Closing Documents and the Escrow Amount in escrow on behalf of Purchaser and Vendor subject to the terms and conditions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. Definitions

Capitalized terms used and not defined herein (including the recitals) shall have the meaning attributed to them in the Asset Purchase and Sale Agreement and, in addition:

“**Asset Purchase and Sale Agreement**” has the meaning provided in the recitals;

“**Closing Documents**” means those documents to be delivered by each of Vendor and Purchaser at Closing pursuant to the Asset Purchase and Sale Agreement;

“**CNRL**” means Canadian Natural Resources Limited and Canadian Natural Resources by its Manager, Canadian Natural Resources Limited;

“**Escrow Amount**” has the meaning provided in Section 9(b);

“**Parties**” has the meaning provided in the recitals;

2. Article, Section and Schedule References

The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Except as otherwise expressly provided, a reference in this Agreement to an “Article”, “Section”, “subsection”, “paragraph” or “Schedule” is a reference to an article, section, subsection, paragraph or schedule to this Agreement.

3. Interpretation Not Affected by Headings

The headings in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

4. Included Words

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting one gender shall be construed as suggesting other genders. Where the words “including” or “includes” appear in this Agreement, including the Schedules, those words mean “including (or includes) without limitation”.

5. Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

6. Appointment of Escrow Agent

Vendor and Purchaser appoint the Escrow Agent to act as the escrow agent to receive, hold and administer the Escrow Amount and the Closing Documents subject to the terms and conditions of this Agreement and the Escrow Agent accepts such appointment. The Escrow Agent shall hold the Escrow Amount and the Closing Documents in trust for Vendor and Purchaser until authorized for release in

accordance with the provisions of this Agreement. Except as specifically provided for in this Agreement, the Escrow Agent shall not release, deliver, give-up possession of or otherwise deal with the Escrow Amount or the Closing Documents, or interests therein, in any way.

7. Deposit Into Escrow and Operation of Escrow

- (a) On or before the Business Day prior to the Closing Date, Vendor and Purchaser will each deliver electronic copies of the Closing Documents to the Escrow Agent.
- (b) Forthwith after the Escrow Agent's receipt of all of such electronic copies of such Closing Documents, the Escrow Agent shall advise both Vendor and Purchaser by email that it has received them, and:
 - (i) not later than 9:00 a.m., Calgary time on the Closing Date, Purchaser shall initiate a wire transfer of the Closing Payment to the Escrow Agent
 - (ii) Vendor shall initiate a wire transfer to the Escrow Agent of the amount (if any) by which the Vendor's CNRL Arears Payment exceeds the Closing Payment minus the GST amount;(the Closing Payment and the amount specified in Section 9(b)(i)(B) are collectively, the **"Escrow Amount"**).
- (c) Promptly after receipt by the Escrow Agent of the wire transfers specified in Section 9(b) above, the Escrow Agent shall disburse the Escrow Amount, together with any interest earned thereon as follows:
 - (i) it shall pay the Vendor's CNRL Arears Payment to CNRL stating that it is a payment on account of the amount payable by the Vendor to CNRL under the Swan Hills Unit No.1 Unit Operating Agreement and the Ownership and Operating Agreement for the Swan Hill Gas Gathering System in respect of periods prior to the Effective Time; and
 - (ii) it shall pay the balance of the Escrow Amount (together with any interest earned thereon), if any, to Vendor by wire transfer; and
- (d) Promptly after the Escrow Agent has received confirmation of receipt of such payments from CNRL and Vendor, as applicable, or has otherwise confirmed delivery thereof, the Escrow Agent shall:
 - (i) advise Vendor, Purchaser and Vendor's Legal Counsel thereof by email; and
 - (ii) electronically distribute electronic copies of the Closing Documents tabled with the Escrow Agent pursuant to the foregoing to Vendor, Purchaser and Vendor's Legal Counsel.

8. No Agency

Vendor and Purchaser acknowledge that Escrow Agent is acting solely as escrow agent at their request and for their convenience and Escrow Agent shall not be deemed to be the agent of either Purchaser or Vendor in respect of the escrow herein referred to. The Escrow Agent shall not be liable to either Purchaser or Vendor for any error in judgement or for any act or omission on its part in respect of the escrow herein referred to unless such error in judgement, act or omission is made, taken or suffered in bad faith or involves gross negligence or wilful misconduct.

9. Indemnity

Purchaser and Vendor hereby jointly and severally agree to indemnify and hold the Escrow Agent and its partners, agents and employees (collectively, the “**Indemnitees**”) harmless from and against all costs, claims (including those from third parties), liabilities, losses, damages, fines, penalties and expenses, including out-of-pocket expenses, incidental expenses and reasonable and documented legal fees and expenses (the “**Losses**”) that may be imposed on, incurred by or asserted against the Indemnitees, or any of them, in connection with or arising from the performance of the Escrow Agent’s duties or rights hereunder; provided that this indemnity shall not extend to actions or omissions taken or suffered by the Escrow Agent in bad faith or involving gross negligence or wilful misconduct on the part of the Escrow Agent, having regard to the fact that the Escrow Agent is not engaged in the business of providing escrow services. This indemnity shall survive the termination of the escrow arrangements provided for in this Agreement.

10. Actions Instituted by Escrow Agent

The Escrow Agent may, but is not obliged to, institute an action in any court of competent jurisdiction seeking instructions, inter alia, as to the release or retention of the Escrow Amount and the Closing Documents and shall be entitled in its sole and arbitrary discretion, in the event of a dispute arising in respect of the Escrow Amount and the Closing Documents, or any portion thereof, or otherwise in respect of this Agreement, to interplead any such dispute at the Court of Queen’s Bench in Calgary, Alberta.

11. Fees

Purchaser and Vendor, each as to half, shall pay to the Escrow Agent forthwith upon receipt of an invoice therefor the Escrow Agent’s reasonable accounts for time, disbursements and applicable goods and services taxes relating to the performance by Escrow Agent of its duties or rights hereunder or other work incidental to or contemplated pursuant to the terms of this Agreement.

12. Limitation on Duties

It is understood and agreed that the Escrow Agent’s only duties and obligations in respect of the Escrow Amount and the Closing Documents are expressly set out in this Agreement, and the Escrow Agent’s rights, duties, liabilities and immunities may not be altered without the Escrow Agent’s prior written consent. The Escrow Agent shall have the right to consult with independent counsel of its own choosing (if it deems such consultation advisable) and shall not be liable for any action taken, suffered or omitted to be taken by it if the Escrow Agent acts in accordance with the reasonable advice of such counsel. The Escrow Agent shall be protected if it acts upon any written or oral communication, notice, certificate or other instrument or document believed by the Escrow Agent to be genuine and to be properly given or

executed without the necessity of verifying the truth or accuracy of the same or the authority of the person giving or executing the same.

13. Resignation of the Escrow Agent

The Escrow Agent may, at any time, resign its obligations under this Agreement and be discharged from all further duties and liabilities hereunder by giving each of Purchaser and Vendor at least ten (10) days' notice in writing of its intention to resign or such shorter notice as Purchaser and Vendor may accept as sufficient. Purchaser and Vendor agree that they shall forthwith upon receipt of such notice appoint a new law firm to act in the place and stead of the Escrow Agent and if they fail to agree on such appointment, any of Purchaser, Vendor or the Escrow Agent may apply to a Justice of the Alberta Court of Queen's Bench on such notice as such Justice may direct for the appointment of a new escrow agent. Upon any new appointment, the new escrow agent will be vested with the same powers, rights, duties and obligations as if it had been originally named herein as escrow agent and such new escrow agent shall enter into an agreement with Purchaser and Vendor agreeing to be bound by all of the provisions of this Agreement.

14. Discharge from Duties

Upon disposing of the Closing Documents, the Escrow Amount and interest accrued thereon, if any, in accordance with the provisions of this Agreement, the Escrow Agent shall be relieved and discharged from all claims and liabilities relating to the Closing Documents, the Escrow Amount and interest accrued thereon, if any, and the Escrow Agent shall not be subject to any claims made by or on behalf of any Party, save any claims for prior actions or omissions taken or suffered by the Escrow Agent in bad faith or involving gross negligence or wilful misconduct on the part of the Escrow Agent.

15. Termination

This Agreement shall only terminate: (i) as specifically provided in this Agreement; (ii) upon the written agreement of all Parties; or (iii) when the Closing Documents, the Escrow Amount and any interest earned thereon have been released from escrow pursuant to this Agreement.

16. No Conflict

The fact that the Escrow Agent is acting as escrow agent under this Agreement shall not in any way prevent it from representing Purchaser, whether before or after Closing, in connection with the transactions contemplated by the Asset Purchase and Sale Agreement or in any litigation arising from the Asset Purchase and Sale Agreement or this Agreement or from representing Purchaser or any other Party in any other capacity or in any other transaction.

17. Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

18. Governing Law

This Agreement shall be subject to and interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

19. Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

20. Time of Essence

Time shall be of the essence in this Agreement.

21. Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

Vendor:	Sabre Energy Partnership 800, 1122 – 4th Street S.W. Calgary, Alberta T2R 1M1
Attention:	Sam Smith / Neal Pirie
Email:	ssmith@sabre-energy.com / nepirie@sabre-energy.com
Purchaser:	Razor Energy Corp. 800, 500 – 5th Street S.W. Calgary, Alberta T2P 3L5
Attention:	Doug Bailey
Email:	dbailey@razor-energy.com

Escrow Agent: McCarthy Tétrault LLP
4000, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Kerri Howard
Email: kerrihoward@mccarthy.ca

Any notice, communication or statement (a “**notice**”) required, permitted or contemplated hereunder shall be in writing and shall be delivered as follows:

- (a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party when it is delivered;
- (b) by fax or email to a Party to the fax number or email address of such Party for notices, in which case, if the notice was faxed or emailed prior to 4:00 p.m. on a Business Day the notice shall be deemed to have been received by that Party when it was faxed or emailed and if it is faxed or emailed on a day which is not a Business Day or is faxed or emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party on the fifth Business Day following the date of mailing.

A Party may from time to time change its address, fax number or email address for service by giving written notice of such change to the other Party.

22. Severability

If any provision of this Agreement is determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect and shall not in any way be affected or impaired.

23. Waiver

No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

24. Remedies Generally

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy in law or in equity or by statute or otherwise conferred.

25. Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

26. Counterpart Execution

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and by facsimile or other electronic means and all of which, taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement, effective as of the day and year first written above.

SABRE ENERGY PARTNERSHIP, by its
managing partner **SABRE ENERGY LTD.**

RAZOR ENERGY CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

MCCARTHY TÉTRAULT LLP

Per: _____
Name: Kerri Howard
Title: Partner

20.8 Counterparts

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. Signature pages from separate counterparts may be faxed or electronically submitted and may be combined to form a single counterpart. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written.

SABRE ENERGY PARTNERSHIP

By its Managing Partner
Sabre Energy Ltd.

By: _____

Name: SAM SMITH

Title: CHIEF OPERATING OFFICER

RAZOR ENERGY CORP

By: _____

Name: Doug Bailey

Title: President & CEO

This is the execution page to the Asset Purchase and Sale Agreement made August 3, 2021 between Sabre Energy Partnership and Razor Energy Corp.

Sabre Energy Ltd.

800, 1122 – 4th STREET S.W., CALGARY, ALBERTA T2R 1M1

April 26, 2023

Razor Energy Corp.
800, 500 5th Ave SW
Calgary, Alberta T2P 3L5

(delivered by email)

Attention: Doug Bailey, President & Chief Executive Officer
Kevin Braun, Chief Financial Officer

**RE: Adjustment to Post Closing Statement – Asset Purchase and Sale Agreement
between Sabre Energy Partnership (“Sabre”) and Razor Energy Corp. (“Razor”)
dated August 3, 2021**

Pursuant to Article 4 of the referenced Asset Purchase and Sale Agreement (“PSA”), Sabre is requesting an adjustment to the Post-Closing Statement of Adjustments (as defined within the PSA) of \$176,994.47 (Razor owes to Sabre). Such adjustment is in relation to a Thirteenth Month Adjustment (as defined with the PSA) and Crown gas cost allowance adjustments.

Sabre has previously provided to Razor details of the adjustment calculations (various emails from Josh Molcak (Sabre's Controller) to Stephanie Brennan, Cristina Raducan, Nora Ring and Peggy Wasylyshen (Razor) dated: 1. August 18, 2022; 2. September 8, 2022; 3. November 15, 2022; and 4. January 12, 2023. For reference, attached to this letter is a copy of Josh Molcak's email sent to Razor on August 18, 2022, which provides a summary of the gas cost allowance adjustment(s). Also attached is the amended Final Statement of Adjustments.

Sabre requests Razor's prompt attention in addressing the adjustment and amount payable. If the amount remains outstanding after 30 days, Sabre shall pursue its rights or remedies available at law or equity, including, but not limited to, the right to enforce the terms and conditions of the PSA.

Yours very truly,

SABRE ENERGY PARTNERSHIP
By its Managing Partner
Sabre Energy Ltd.



Sam Smith,
Chief Operating Officer

Enclosure: 1. Copy of email from Josh Molcak to Christina Raducan / Stephanie Brennan dated August 18, 2022
2. Amended Final Statement of Adjustments (excel version also attached to email)

POST-CLOSE STATEMENT OF ADJUSTMENTS

25-Apr-23

VENDOR: SABRE ENERGY PARTNERSHIP
PURCHASER: RAZOR ENERGY CORP.
EFFECTIVE DATE: MAY 01, 2021
CLOSING DATE: AUGUST 12, 2021

DESCRIPTION	SCHEDULE	Interim Statement	Final Statement	Post-Close Statement	Variance
BASE PURCHASE PRICE		\$5,000,000.00	\$5,000,000.00	\$5,000,000.00	\$ -
INTERIM PERIOD REVENUE	1. A	(\$6,026,024.90)	(\$6,402,193.99)	(\$6,402,193.99)	\$ -
INTERIM PERIOD ROYALTIES	1. B	\$ 1,311,792.16	\$ 1,241,238.44	\$ 1,418,232.91	\$ 176,994.47
INTERIM PERIOD OPERATING EXPENSES	1. C	\$ 5,081,136.72	\$ 5,016,802.89	\$ 5,016,802.89	\$ -
INTERIM PERIOD CAPITAL & ABANDON COSTS	2.	\$ 175,454.27	\$ 334,066.10	\$ 334,066.10	\$ -
INVENTORY	3.	\$ 163,236.97	\$ 163,235.24	\$ 163,235.24	\$ -
PRE-SALE FIXED COSTS	4.	\$639,303.12	\$628,703.45	\$628,703.45	\$ -
PREPAID MINERAL LEASE RENTALS	5.	\$14,952.90	\$14,952.90	\$14,952.90	\$ -
PREPAID SURFACE LEASE RENTALS	6.	\$31,185.84	\$62,061.72	\$62,061.72	\$ -
INTEREST ON PURCHASE PRICE	7.	\$ 20,472.60	\$ 20,472.60	\$ 20,472.60	\$ -
TOTAL BEFORE GST		\$6,311,509.67	\$6,079,339.35	\$6,266,333.82	\$ 176,994.47
GST ON TANGIBLE ASSETS (\$1,000,010 X 5%)		\$ 50,000.50	\$ 50,000.50	\$ 50,000.50	\$ -
AMOUNT DUE TO VENDOR (SABRE ENERGY PARTNERSHIP)		\$6,361,510.17	\$6,129,339.85	\$6,306,334.32	\$ 176,994.47
LESS: DEPOSIT PAID		\$ -	\$ -	\$ -	\$ -
TOTAL PAYABLE TO VENDOR (SABRE ENERGY PARTNERSHIP)		\$6,361,510.17	\$6,129,339.85	\$6,306,334.32	\$ 176,994.47
POST-CLOSE ADJUSTMENTS (NOT SETTLED ON JIB)			(\$126,955.77)	(\$126,955.77)	\$ -
LESS CURRENT AP/AR BALANCE (SCH 8)			\$281,334.76	\$281,334.76	\$ -
AMOUNT PAYABLE BY / (DUE TO) PURCHASER			\$6,283,718.84	\$6,460,713.31	\$ 176,994.47

PREPARED BY
JOSH MOLCAK
(403)296-2117

Sam Smith

From: Josh Molcak
Sent: Thursday, August 18, 2022 2:31 PM
To: Cristina Raducan; Stephanie Brennan
Cc: Esther Davidchuk
Subject: Cost Restriction - Rebill needed
Attachments: SHU Crown Royalty Review - Razor Cost Restriction Billing.xlsx

Hello all,

I've taken a look at the Gross Crown Royalties billed to Sabre's account for 2021 production periods and below are the results of said review. As a pre-cursor to this, Gas Cost Allowance credits are payable to a Company as long as they have incurred enough Gross Gas / NGL crown royalties to offset the overall credit applicable. The Crown will never end in an overall credit (owing) position with a producer. In the cases where royalties paid are less than the credits available for a specific area, the excess credits are clawed back via a Cost Restriction. This effectively reduces overall royalties to zero. For Swan Hills in 2021, the asset was cost restricted, so net Gas and NGL royalties should be zero.

Per the Allowable Cost Restriction Adjustment report that we received from the Crown, Sabre was billed a total of \$451,783.20 for 2021 Production periods at the two facilities that SHU production flows through (AB GP 0001069 – Judy Creek Gas Plant and AB GS 002437 – Swan Hills GGS), and received \$870,482.17 in Crown credits that were allocated to Sabre for the 2021 production year. As such, the Crown is clawing back \$418,698.97 as cost restrictions. On the attached spreadsheet, I have taken all gross line items billed to the Swan Hills Unit for the 2021 production year and broken the charges out to individual companies based on the DOIs that they were booked to.

NATURAL GAS ROYALTY (\$)				COSTS (\$)			Net Royalty Before Cost Restriction (\$)	Total Costs (\$)
Client ID	Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual GG	Annual GP	Annual GP Fee		
Facility: AB GP 0001069								
0022	419,612.17	0.00	0.00	125,047.31	491,408.62	0.00	419,612.17	616,455.94
FACILITY AB GP 0001069 TOTAL							419,612.17	616,455.94
Facility: AB GS 0002437								
0022	32,171.03	0.00	0.00	36,029.48	165,996.75	0.00	32,171.03	232,026.23
FACILITY AB GS 0002437 TOTAL							32,171.03	232,026.23

In principal, all parties should effectively be net-zero for 2021 royalties once the cost restriction has been properly booked. Based on where gross charges went, it looks like Razor was overcharged by \$171,014.01, and Sabre/Double Diamond were undercharged by the same amount. The charges to Razor break out as follows:

September royalties payable of \$56,997.27 were billed to Razor in Oct GL with a minor adjustment to August 2021 of (\$1,854.03) in Feb GL

September – November CCA & OCA were credited to Razor in Oct & Dec GL periods totalling (\$232,137.71) or (\$77,379.23 monthly)

Annual adjustments for Op Costs and Capital Costs were booked in their entirety to Razor along with the entire Cost Restriction in May 2022 GL totaling \$348,008.48.

Total billed to Razor for 2021 production periods: **\$171,014.01**

Based on where charges and credits previously went (see attached spreadsheet), the Cost restriction billed in May GL of \$418,698.97 should have been billed as follows to get everyone to a net-zero position:

Razor:	\$247,684.93
Sabre:	\$168,927.72
Double Diamond:	\$2,086.32

Razor should be able to do a similar summary for their Oct-December royalties paid vs. credits received from the Crown via the annual adjustment. I suspect that unless the last 4 months to Razor were not cost restricted, that Razor will get to a net zero position after such.

If the amount was booked correctly in May GL, **Razor should have been billed a net amount of \$176,994.47 in May GL** as their share of the annual adjustment. If Razor is in agreement, Sabre will do a reverse and rebill of the cost restriction noted above to effect this entry in on the July JIB.

Josh Molcak
Controller
Sabre Energy Ltd.
(403)296-2117

RE: Swan hills crown and GCA

From Esther Davidchuk <edavidchuk@sabre-energy.com>

Date Tue 1/11/2022 8:51 AM

To Josh Molcak <jmolcak@sabre-energy.com>

Thank goodness for PSA provisions.

Sent from [Mail](#) for Windows

From: [Josh Molcak](#)

Sent: January 11, 2022 8:49 AM

To: [Esther Davidchuk](#)

Subject: Re: Swan hills crown and GCA

There are technically provisions within the PSA that allow for adjustments after the fact for GCA and EQs. We can ensure that Razor is aware that there will be future adjustments. We may need to figure out how to allocate as technically, the adjustments through May 1 belong to us. It will likely be volume based, but until we see the total charges for the year, it may be tough to figure it out.

From: Esther Davidchuk <edavidchuk@sabre-energy.com>

Sent: Tuesday, January 11, 2022 8:14 AM

To: Josh Molcak <jmolcak@sabre-energy.com>

Subject: RE: Swan hills crown and GCA

Thanks Josh,

AB Energy said I will need to write a letter to them to dissolve our GCA at Swan Hills. I went into the office on Sunday to pick up some letterhead and I can do that this week.

I will also have to do an AC1 to transfer all GCA to razor.

One concern I have is, if we use Oct 1 as the effective date for crown and GCA, will we have issues collecting from Razor Swan Hills crown adjustments?

Sent from [Mail](#) for Windows

From: [Josh Molcak](#)

Sent: January 10, 2022 3:34 PM

To: [Esther Davidchuk](#)

Subject: Re: Swan hills crown and GCA

Hi Esther,

Please go ahead and give them the information needed.

Thanks,

Josh

From: Esther Davidchuk <edavidchuk@sabre-energy.com>

Sent: Monday, January 10, 2022 9:42 AM

To: Josh Molcak <jmolcak@sabre-energy.com>

Subject: Swan hills crown and GCA

Hi Josh,

Welcome back, I hope you had a nice warm holiday,

I have received an email from Razor stating that Conifer has recognized Razor as of October 1 regarding the crown royalties for Swan Hills.

Razor has been billed for Oct 2021 crown royalties, but they have not been credited the GCA, as Sabre needs to reassign them to Razor.

I could not remember how to do this, and then I remembered in the past for PCU11 we had to do a letter to AB Energy to end the GCA credit's to Sabre.

Josh, do you remember this steep?

I spoke with Peggy of Razor last week and AB Energy told her she has to apply for the GCA credits. She wants me to send her the GCA details for Swan Hills that Sabre receives.

Are you ok with me sending her this information?

If so, I will do it today as I am not working at the store due to isolating in order to see my 91 year old mother on Wednesday for her birthday.

I will also to an AC1 to transfer ownership as I have not done that step either.

Thanks

Esther

Sent from Mail for Windows

Appendix “B” – Proposed Distributions

Accepted Post-Filing Claims	
Creditor	Amount
Airborne Energy Solutions Inc.	\$17,837.40
Allan Bartsch	\$1,500.00
Allwest Line Locators Ltd.	\$3,606.75
Andrew Schmidt & Brandy Humford	\$2,850.00
Bear Creek	\$698.25
Canadian Natural Resources Limited	\$166,882.77
Dragan Colic	\$4,540
Data Scavenger Inc.	\$1,727.25
DBH LLP	\$1,107.75
Delores & Phillip Gurr	\$2,800.00
Direct Energy Regulated Services	\$1,159,473.22
Grimlin Contracting Ltd.	\$20,779.50
Louis Bertschy	\$4,990.00
Kevin & Patricia Petryshen	\$4,000.00
Richard Heerink	\$5,746.00
Swan Hills Geothermal	\$10,458.00
Fred Bertschy	\$3,850.00
Digital Media Innovations	\$950.25
Total	\$1,413,797.14

Revised Post-Filing Claims	
Creditor	Amount
Albert Dalton	\$2,890.00
Can-Tex Drilling & Exploration ULC	\$377.16
Frederick Whatmore	\$205.01
Freehold Royalties Partnership	\$2,341.46
Geremia Farms Ltd.	\$2,000.00
Greaves Farms	\$39,926.00
Journey Energy Inc.	\$7,404.88
McElhanney Ltd.	\$3,822.00
Nuova Strada Ventures Ltd.	\$8,074.58
Prairiesky Royalty Ltd.	\$8,774.49
Tourmaline Oil Corp.	\$245.34
Lane Investment Ltd.	\$9,445.00
Wesseling Farms	\$2,786.00
Harry & Carol Wall	\$3,700.00
David & Francisca Geremia	\$8,500.00
Total	\$100,491.92