

COURT FILE NUMBER 1701-11639
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT NATIONAL BANK OF CANADA
RESPONDENT SCOLLARD ENERGY INC.
DOCUMENT **SECOND REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS COURT
APPOINTED RECEIVER AND MANAGER OF
SCOLLARD ENERGY INC.**

January 25, 2018

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
720, 440 – 2nd Avenue SW
Calgary, AB T2P 5E9

Deryck Helkaa / Dustin Olver
Telephone: (403) 454-6031/6032
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
dustin.olver@fticonsulting.com

COUNSEL

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 - 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1
Attention: Randal Van de Mosselaer
Phone: (403) 260-7060
Fax: (403) 260-7024
Email: rvandemosselaer@osler.com
File: 1184923

INTRODUCTION

1. On September 1, 2017 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**” or the “**Assets**”) of Scollard Energy Inc. (“**Scollard**” or the “**Company**”) pursuant to an Order of the Honourable Madam Justice B.E.C. Romaine (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to market and solicit offers to purchase the Assets of the Company, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. The Receiver’s reports and other information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/>.
4. As described in the Receiver’s first report dated November 23, 2017, (“**First Report**”) the Receiver engaged GMP Securities L.P. (“**GMP FirstEnergy**”) to run a sales and marketing process (“**Receivership SISP**”) to solicit offers to purchase the Property of Scollard. The Receivership SISP was launched on September 27, 2017. Further details with respect to the Receivership SISP and results thereof are provided below.
5. On November 29, 2017, Firenze Energy Ltd. (“**Firenze**”), who has a joint interest with Scollard in various oil and gas properties (“**Joint Properties**”), made an application (“**Firenze Application**”) to lift the stay of proceedings granted by the Receivership Order. The purpose of the application to lift the stay of proceedings was to request authorization from the Court to enforce certain provisions of the Joint Operating Agreement (“**JOA**”) between Scollard and Firenze that in Firenze’s view, due to the insolvency of Scollard, would allow Firenze to immediately take over as operator of the Joint Properties.

6. The Receiver opposed the Firenze Application for the reasons outlined in the First Report. As at the date of this report, the Court has not issued a decision in respect of the Firenze Application. However, the Receiver has now advanced its sales and marketing efforts for the Assets to a point where it has two binding purchase and sale agreements, including one for certain of the Joint Properties. The Westbrick PSA (as defined below) includes the sale of Scollard's interest in certain of the Joint Properties (referred to as the "**West Pembina Joint Properties**"), among other properties.
7. As discussed in further detail below, the Receiver is of the view that the provisions within Westbrick PSA and the approval being sought by the Receiver will satisfy the concerns of Firenze with respect to its right to assume operatorship of the West Pembina Joint Properties pursuant to the terms of the JOA as set out in the Firenze Application.
8. The purpose of this report ("**Second Report**") is to inform the Court on the following:
 - (a) the Receiver's activities since the Receiver's First Report;
 - (b) the Receiver's receipts and disbursements from the Date of Appointment to January 12, 2018;
 - (c) the Receiver's summary of the marketing efforts undertaken by GMP FirstEnergy to solicit offers to purchase Scollard's oil and gas Assets;
 - (d) the Receiver's summary and recommendations with respect to the following executed asset purchase and sale agreements;
 - i. an asset purchase and sale agreement dated January 19, 2018 ("**Westbrick PSA**") between the Receiver as vendor and Westbrick Energy Ltd. as purchaser; and

- ii. an asset purchase and sale agreement dated January 9, 2018 (“**Sandpoint PSA**”) between the Receiver as vendor and Sandpoint Resources Inc. and Blue Moon Oil and Gas Inc. (collectively “**Sandpoint**”) as purchaser; and
 - (e) an order which, *inter alia*, approve an interim distribution to the National Bank in an amount up to the net proceeds to be received from the closing of the Westbrick PSA and the Sandpoint PSA (the “**Proposed Interim Distribution**”).
9. The Receiver is requesting the following relief from this Honourable Court:
- (a) approval of the activities of the Receiver since the Date of Appointment including its receipts and disbursements;
 - (b) approval of the Westbrick PSA;
 - (c) approval of the Sandpoint PSA;
 - (d) approval for the Receiver’s Confidential Supplement to this Second Report (the “**Confidential 2nd Supplemental Report**”) be sealed; and
 - (e) approval for the Proposed Interim Distribution.

TERMS OF REFERENCE

10. In preparing this Second Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
11. Except as described in this Second Report:

- (a) the Receiver 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 Canadian Institute of Chartered Accountants Handbook; and
 - (b) the Receiver 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 Canadian Institute of Chartered Accountants Handbook.
- 12. Future oriented financial information reported or relied on in preparing this Second Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
- 13. The Receiver has prepared this Second Report in connection with its sale approval application scheduled to be heard on January 24, 2018. This Second Report should not be relied on for other purposes.
- 14. Information and advice described in this Second Report has been provided to the Receiver by its counsel, Osler, Hoskin & Harcourt LLP (the “**Receiver’s Counsel**”) and has been provided to the Receiver to assist it in considering its course of action and is not intended as legal or other advice to, and may not be relied upon by, any other stakeholder.
- 15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

CURRENT STATUS OF THE RECEIVERSHIP PROCEEDINGS

Receiver’s Activities

- 16. Since the Receiver’s First Report the Receiver;

- (a) has worked collectively with management of Scollard and GMP FirstEnergy to continue the Receivership SISP in an effort to solicit firm commitments to purchase Scollard's Assets; and
- (b) continued to run ongoing operations in relatively normal course. The Receiver advises that there has been no material change to Scollard's operations since the Receiver's First Report.

SUMMARY OF RECEIPTS AND DISBURSEMENT

17. Receipts and Disbursements from the Date of Appointment to January 12, 2018 are summarized as follows:

Schedule of Receipts and Disbursements	
As of January 12, 2018	
Receipts	
Oil & Gas Revenue	1,788,167
Receiver's Borrowings	300,000
JV Receipts	364,612
Equipment Sales	118,641
Hedging Revenue	202,484
Other Receipts	5,750
Net Taxes	12,958
Total - Receipts	2,792,612
Disbursements	
Operating Expenses	558,152
Non-Op JV	523,090
Employee Costs	323,583
Royalty and Lease Payments	170,191
Outside Consulting	106,909
Rent and Utilities	34,564
Software Expenses	19,505
Insurance	14,901
Interest on Receiver's Borrowings	4,713
Bank Charges	974
Other Miscellaneous Disbursements	640
Receiver's Fees	78,767
Other Professional Fees	25,000
Legal Fees	18,127
Transfer to Pre-Receivership Account	160,000
Total - Disbursements	2,039,114
Net Cash on Hand	753,498

- (a) Oil and Gas Revenue – revenue collected by the Receiver in respect to the Company’s oil and gas production;
- (b) Receiver’s Borrowings – amounts borrowed to date under terms of the Receivership Order;
- (c) JV Receipts – receipts from joint venture billings invoices;
- (d) Equipment Sales – proceeds collected from the sale of the Surplus Equipment;
- (e) Hedging Revenue – revenue from the Company’s hedging contracts;
- (f) Other Receipts – miscellaneous receipts collected by the Receiver;
- (g) Net Taxes – GST collected and paid on receipts and payments including amounts remitted to the CRA for GST filings;
- (h) Operating Expenses– operating expenses relating to the Company’s production activities;
- (i) Non-Op JV – amounts paid to joint venture partners for operations expenses paid by the operator of wells in which the Company has a working interest;
- (j) Employee Costs – amounts disbursed by the Receiver relating to payroll and employee deductions and consultants;
- (k) Royalty and Lease Payments – amounts disbursed in respect of the Company’s petroleum and natural gas leases;
- (l) Outside Consulting – amounts paid to outside consultants for services provided. This includes amounts paid to former CEO Ken Moen;

- (m) Rent and Utilities – amounts disbursed relating to occupation rent and office utilities;
 - (n) Software Expenses – amounts disbursed relating to software programs necessary for operations;
 - (o) Insurance – insurance costs including operator’s insurance, general liability and employee benefits;
 - (p) Interest on Receiver’s Borrowings – amounts disbursed in respect of interest on amounts borrowed under the terms of the Receiver’s Certificate;
 - (q) Bank Charges – wire payment fees, and other miscellaneous bank fees;
 - (r) Other Miscellaneous Disbursements – amounts disbursed including filing fees paid to the Official Receiver, and off-site storage;
 - (s) Receiver’s Fees – Receiver’s fees and disbursements in respect of the Receivership Proceedings;
 - (t) Other Professional Fees – retainer fees paid to the selling agent in respect of the marketing process for the Company’s Assets;
 - (u) Legal Fees – Receiver’s Counsel’s fees and disbursements in respect of the Receivership Proceedings; and
 - (v) Transfer to Pre-Receivership Account – amounts transferred to the Company’s pre-receivership Account for cheques related to critical operations cut by the Company prior to the Date of Appointment, but cleared subsequent to the granting of the Receivership Order.
18. Cash on Hand – at January 12, 2018, the Receiver currently holds \$753,498 in funds.

MARKETING PROCESS

19. Prior to the Receivership, Scollard had retained GMP FirstEnergy on March 2, 2017 to complete a sale and investor solicitation process (the “**Pre-Receivership SISP**”). The Pre-Receivership SISP was launched on March 20, 2017 with an initial bid deadline of April 26, 2017. The following summarizes the major aspects of the Pre-Receivership SISP:
 - (a) 47 potential purchasers were specifically identified and contacted;
 - (b) 11 parties signed confidentiality agreements to gain access into the virtual data room;
 - (c) 6 potential purchasers attended management presentations; and
 - (d) 3 non-binding letters of intent were received, but none of them resulted in definitive agreements.
20. Ultimately the Pre-Receivership SISP did not result in any transactions acceptable to the Company with respect to any of the Assets.

MARKETING PROCESS

21. After the Date of Appointment, the Receiver engaged in discussions with Management and the senior secured lender National Bank of Canada (“**National Bank**”) regarding the marketing of the Property. After discussions with Management and National Bank and given GMP FirstEnergy’s familiarity with the Property and prospective purchasers as a result of its involvement in the Pre-Receivership SISP, the Receiver retained GMP FirstEnergy on September 20, 2017 to complete a marketing of the Assets on behalf of the Receiver (the “**Receivership SISP**”).
22. A summary of the Receivership SISP to date is presented below:

- (a) GMP FirstEnergy was retained on September 20, 2017;
 - (b) GMP FirstEnergy launched the Receivership SISP on about September 27, 2017;
 - (c) GMP FirstEnergy commenced its preparation and updating of the marketing materials (that had been used in the Pre-Receivership SISP) immediately upon its appointment;
 - (d) on September 28, 2017, GMP FirstEnergy sent marketing materials to 1,140 individuals, at 591 companies, as well as publicly posting the opportunity on GMP FirstEnergy's website;
 - (e) a total of 39 parties signed confidential agreements and were provided access to the confidential data room;
 - (f) the bid date for non-binding letters of intent (“**LOIs**”) was set for November 1, 2017;
 - (g) a total of 22 LOIs were received. All the LOIs received were for specific individual properties or asset packages. None of the LOIs were en bloc or included all Scollard's assets. Therefore, the Receiver determined it would be necessary to negotiate with various purchasers and likely enter into several purchase and sale agreements in order to maximize value to the estate.
 - (h) Since the initial bid deadline of November 1, 2017, the Receiver and GMP FirstEnergy have been in negotiations and discussions with various bidders in an effort to advance the non-binding letters of intent into firm definitive purchase and sale agreements.
23. At the date of this Report, the Receiver has entered into two definitive agreements for which it is seeking this Court's approval to close:

- (a) the Westbrick PSA; and
 - (b) the Sandpoint PSA.
24. Due to the confidential and commercially sensitive nature of Westbrick PSA and Sandpoint PSA the Receiver has drafted the Confidential 2nd Supplemental Report which contains certain provisions of the agreements that the Receiver considers necessary to keep confidential at this time. The Confidential 2nd Supplemental Report contains confidential commercial terms which would, if made public, prejudice the Scollard estate in future marketing efforts if the transactions contemplated by either the Westbrick PSA or the Sandpoint PSA did not close. The Receiver is seeking therefore a sealing Order for the Confidential 2nd Supplemental Report.

Westbrick PSA

25. The Receiver entered into the Westbrick PSA on January 19, 2018. A redacted copy of the Westbrick PSA is attached as Appendix A to this Report and a non-redacted copy is attached at Appendix A to the Confidential 2nd Supplemental Report. A summary of the key commercial terms of the Westbrick PSA are as follows:
- (a) Properties – the properties included in the Westbrick PSA represent approximately 15 oil and gas wells, mineral rights and related facilities/infrastructure located in the West Pembina area and approximately 22% of Scollard’s November 2017 production (“**West Pembina Assets**”);

- (b) Purchase Price – the Receiver is of the view that the Purchase Price is commercially sensitive information and that disclosing the purchase price publicly prior to the closing of the transaction set out in the Westbrick PSA could cause significant financial harm to a future sales process in the event the Westbrick PSA does not close. Accordingly, the Receiver has only disclosed the purchase price in the Confidential 2nd Supplemental Report. While the purchase price remains confidential, the Receiver can confirm that the purchase price represents the highest offer received for the West Pembina Assets. The Receiver further notes that GMP FirstEnergy believes this to be the highest and best offer and that further marketing of these assets would not produce any higher offers;
- (c) Full purchase price is due upon Closing, less usual adjustments;
- (d) Effective date – October 1, 2017;
- (e) Closing date – 5 business days following approval from this Honourable Court;
- (f) Not subject to any material conditions other than being subject to approval by this Honourable Court and final credit committee approval by the National Bank which should be received prior to the date of this application. The Receiver will further advise the Court of the status of the credit committee approval when received; and

(g) Operatorship – Given the concerns raised by Firenze at the Firenze Application regarding operatorship of the West Pembina Joint Properties, the Receiver has included additional non-standard language in the Westbrick PSA and the proposed form of approval and vesting order “(**Approval Order**)”. The additional language is to provide clarity to all parties involved with respect to operatorship of the West Pembina Assets and confirms that Westbrick is acquiring Scollard’s interest in the properties (nothing more and nothing less). The Receiver notes that all Scollard’s Assets were marketed based on the agreements in place including the various CAPL agreements which were provided in the electronic dataroom. Westbrick (and any purchaser) would only acquire Scollard’s interest in the Assets and the various agreements that are in place, accordingly, the Receiver does not believe such language to be required in the Approval Order, however, for complete transparency and to provide additional comfort to Firenze such language has been included.

i. Section 6.3 of the Westbrick PSA states “*Nothing in this Agreement shall transfer or be deemed to transfer operatorship, or shall be interpreted as any assurance by the Vendor that the Purchaser will be able to serve as operator with respect to any of the Assets in which interests are held by Third Parties, whether or not such Assets are presently operated by the Vendor. The Vendor shall have no liability to the Purchaser for any Losses and Liabilities arising as a result of the Purchaser not being designated as the operator of any of the Assets operated by the Vendor prior to Closing.*”; and

ii. Paragraph 15 of the proposed form of Approval Order states “*Nothing in this Order prejudices the rights of any third parties under the title and operating documents applicable to the Purchased Assets, including any rights they have to take over operatorship of any of the Purchased Assets as the result of the closing of the Transaction.*”

26. The Receiver is of the view that the inclusion of the above language should satisfy the concerns of Firenze with respect to operatorship of the West Pembina Joint Properties. The Receiver further can advise this Honourable Court that Westbrick and Firenze are satisfied with this additional language.

Sandpoint PSA

27. The Receiver entered into the Sandpoint PSA on January 9, 2018. A copy of the redacted Sandpoint PSA is attached as Appendix B to this Report and a non-redacted copy is attached as Appendix B to the Confidential 2nd Supplemental Report. A summary of the key commercial terms of the Sandpoint PSA are as follows:
- (a) Properties – the properties included in the Sandpoint PSA represent 2 oil and gas wells and related mineral rights located in the Watalet area and approximately 5% of Scollard’s November production (“Watalet Wells”);
 - (b) Purchase Price – the Receiver is of the view that the Purchase Price is commercially sensitive information and that disclosing the purchase price publicly prior to the closing of the transaction set out in the Sandpoint PSA could cause financial harm to a future sales process in the event the Sandpoint PSA does not close. Accordingly, the Receiver has only disclosed the purchase price in the Confidential 2nd Supplemental Report. While the purchase price remains confidential, the Receiver can confirm that the purchase price represents the highest offer received for the Watalet Wells;
 - (c) Effective date – January 1, 2018;
 - (d) Closing date – 5 business days following approval from this Honourable Court; and
 - (e) Not subject to any material conditions other than that it is subject to approval by this Honourable Court.

RECEIVER'S ANALYSIS OF THE OFFERS TO PURCHASE

28. The Receiver has concluded that the Westbrick PSA represents the best value that could be reasonably be obtained for the West Pembina Assets and the Sandpoint PSA represents the best value that could reasonably by obtained for the Watalet Wells in the present circumstances based on following:
- (a) the Assets have been adequately exposed to the market through the marketing processes completed by the Company prior to the Date of Appointment and through the Receivership SISP completed by the Receiver and GMP FirstEnergy;
 - (b) The Receivership SISP produced interest in the Assets of the Company as supported by the number of bids received however no en bloc offers were received. Therefore, to maximize value to the estate the Receiver determined it would be necessary to sell Scollard's Assets on a property by property basis as dictated by the results of the Receivership SISP. The properties included in the Westbrick PSA and the Sandpoint PSA represent approximately 27% of Scollard's total production; and
 - (c) The National Bank is the senior secured creditor in the Receivership Proceeding and likely the only stakeholder who will receive a recovery on its pre-filing debts. The National Bank supports the Receiver closing the Westbrick PSA and the Sandpoint PSA.
29. The Receiver is currently in discussions with other prospective buyers regarding Scollard's remaining Assets in an attempt to finalize binding agreements, however, at the date of this report, negotiations continue.

PROPOSED INTERIM DISTRIBUTION

30. On September 11, 2017, Osler, Hoskin & Harcourt LLP delivered to the Receiver its independent security opinion, concluding that under the laws of Alberta, and subject to customary qualifications and assumptions, the secured agreement between Scollard and the National Bank creates a valid security interest in the property of Scollard.

31. Accordingly, the Receiver recommends the approving the Proposed Interim Distribution as:
 - (a) a sufficient cash reserve has been retained to continue with the remaining operations in the normal course;
 - (b) the Proposed Interim Distribution is based on the net proceeds from the closing of the transactions and accordingly will address any closing amounts due (as set out in the interim and final statement of adjustments);
 - (c) no party has contacted the Receiver nor the Receiver's counsel asserting a claim in priority to the National Bank and the Receiver is not aware of any party asserting priority to the National Bank's security; and
 - (d) The amount owing to the National Bank is significantly in excess of the Proposed Interim Distribution.

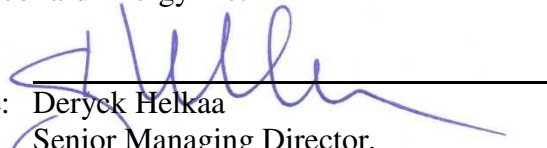
32. The Receiver intends to make further distribution when future assets are sold.

RECEIVER'S RECOMMENDATIONS

33. The Receiver respectfully requests that this Honourable Court grant the following relief:
- (a) approving the Receiver's actions, conduct and activities since the Date of Appointment;
 - (b) approval of the Westbrick PSA;
 - (c) approval of the Sandpoint PSA;
 - (d) approval of its request to seal the Confidential 2nd Supplemental Report; and
 - (e) approval of the Proposed Interim Distribution

All of which is respectfully submitted this 25th day of January, 2018.

FTI Consulting Canada Inc. in its capacity as
Receiver of the assets, property and undertaking
of Scollard Energy Inc.



Name: Deryck Helkaa
Title: Senior Managing Director,
FTI Consulting Canada Inc.



Name: Dustin Olver
Title: Managing Director,
FTI Consulting Canada Inc.

Appendix A

Redacted Westbrick PSA

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN:

**FTI CONSULTING CANADA INC., in its capacity as court-appointed Receiver of
SCOLLARD ENERGY LTD., and not in its personal or corporate capacity**

- AND -

WESTBRICK ENERGY LTD.

January 23, 2018

Table of Contents

	Page
Article 1 DEFINITIONS AND INTERPRETATION.....	1
1.1 Definitions	1
1.2 Interpretation.....	10
1.3 Schedules	11
1.4 Interpretation If Closing Does Not Occur.....	11
1.5 Knowledge or Awareness	11
Article 2 PURCHASE AND SALE.....	11
2.1 Purchase and Sale.....	11
2.2 Transfer of Assets.....	11
2.3 Excluded Liabilities	12
Article 3 PURCHASE PRICE AND PAYMENT	12
3.1 Purchase Price	12
3.2 Allocation of the Purchase Price	12
3.3 Closing Payment.....	12
3.4 Taxes and Fees	12
Article 4 ADJUSTMENTS	13
4.1 Adjustments	13
Article 5 CLOSING	15
5.1 Closing.....	15
Article 6 INTERIM PROVISIONS	15
6.1 Restrictions on Conduct of Business.....	15
6.2 Maintenance of Assets.....	15
6.3 Following Closing.....	16
6.4 Operatorship	16
Article 7 ACCESS TO INFORMATION AND RECORDS.....	17
7.1 Technical and Operating Information	17
7.2 No Right to Reduction in Purchase Price	17
7.3 Access to Records	17
Article 8 THIRD PARTY CONSENTS	17
8.1 Consents	17
Article 9 CONDITIONS PRECEDENT TO CLOSING.....	18
9.1 Requirement for Court Approval.....	18
9.2 Vendor's Closing Conditions	18
9.3 Purchaser's Closing Conditions	19
9.4 Parties to Exercise Diligence and Good Faith with respect to Conditions.....	20

Article 10 REPRESENTATIONS AND WARRANTIES	20
10.1 Vendor's Representations and Warranties	20
10.2 No Additional Representations and Warranties by the Vendor	20
10.3 Purchaser's Representations and Warranties	22
10.4 Enforcement of Representations and Warranties	23
Article 11 CLOSING DELIVERIES.....	23
11.1 Vendor Closing Deliveries	23
11.2 Purchaser's Closing Deliveries	23
11.3 Deliveries	24
Article 12 CONVEYANCES AND TRANSFER.....	24
12.1 Conveyances	24
12.2 License and Authorization Transfers	25
Article 13 LIABILITIES AND INDEMNITIES	25
13.1 General Indemnity.....	25
13.2 Environmental Indemnity.....	26
13.3 No Merger.....	26
13.4 Holding of Indemnities	26
Article 14 TERMINATION	27
14.1 Grounds for Termination	27
14.2 Effect of Termination.....	27
Article 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS.....	27
15.1 Confidentiality	27
15.2 Signs.....	27
Article 16 GOVERNING LAW AND DISPUTE RESOLUTION	28
16.1 Governing Law.....	28
16.2 Resolution of Disputes	28
Article 17 NOTICES	28
17.1 Service of Notices	28
Article 18 PERSONAL INFORMATION	29
18.1 Personal Information.....	29
Article 19 ASSIGNMENT	29
19.1 Assignment.....	29
Article 20 MISCELLANEOUS	30
20.1 Remedies Cumulative	30
20.2 Costs	30
20.3 No Waiver	30

20.4	Entire Agreement	30
20.5	Further Assurances.....	30
20.6	Time of the Essence	31
20.7	Enurement	31
20.8	Severability	31
20.9	Counterpart Execution	31
20.10	Electronic Execution	31

SCHEDULES:

SCHEDULE "A"

- Part 1 Lands and Petroleum and Natural Gas Rights
- Part 2 Surface Rights
- Part 3 Wells
- Part 4 Facilities and Pipelines

SCHEDULE "B" Form of General Conveyance

SCHEDULE "C" Form of Officer's Certificate

SCHEDULE "D" Form of Court Approval Order

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 23rd day of January, 2018.

BETWEEN:

FTI CONSULTING CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD. (the "Debtor Company"), and not in its personal or corporate capacity (the "Vendor")

- and -

WESTBRICK ENERGY LTD. (the "Purchaser")

WHEREAS the Receiver was appointed as receiver of the Property of the Debtor Company pursuant to the terms of the Receivership Order granted on September 1, 2017;

AND WHEREAS the Vendor wishes to sell the Assets to the Purchaser and the Purchaser wishes to purchase the Assets from the Vendor, all upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants, agreements and warranties in this Agreement, the Parties covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals, this Section 1.1 and the Schedules attached hereto, unless the context otherwise requires, or unless otherwise defined herein, the following words and phrases shall have the following meanings:

- (a) **"Abandonment and Reclamation Obligations"** means all past, present and future obligations and liabilities to:
 - (i) abandon or re-abandon the Wells;
 - (ii) close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, equipment, tanks and other facilities (including the Tangibles) located in or on the Lands or lands pooled or unitized therewith or used in respect of Petroleum Substances produced from the Lands or lands pooled or unitized therewith; and
 - (iii) restore, remediate and reclaim any surface and subsurface locations of the Lands or lands pooled or unitized therewith on which the Wells and the structures, foundations, buildings, pipelines, equipment, tanks and other facilities (including the Tangibles) described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, equipment,

tanks and other facilities (including the Tangibles) which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to them,

in each case, in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents.

- (b) **"Accounting Firm"** means a nationally or internationally recognized firm of chartered accountants as may be selected by the Parties.
- (c) **"Adjustment Date"** means 8:00 a.m. on October 1, 2017.
- (d) **"Affiliate"** means any Person that controls, is controlled by or is under common control with a Party, or which controls, is controlled by or under common control with a Person which controls such Party; for the purposes of this definition, the term **"controls"** and **"controlled by"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact, provided that direct or indirect ownership of shares of a corporation carrying not less than fifty (50%) percent of the voting rights shall constitute control of such corporation. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (e) **"Agreement"** means this Asset Purchase and Sale Agreement including the recitals hereto and the Schedules attached hereto.
- (f) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations,which are applicable to such Person, asset, transaction, event or circumstance.
- (g) **"Assets"** means all of the Debtor Company's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests.
- (h) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.

- (i) **"Claim"** means any claim, actions, causes of action, demand, lawsuit, proceeding, judgment, awards, decrees, determinations, adjudications, writs, orders, pronouncements, audits, arbitration, mediation, hearings, investigations, governmental investigation or actions of every kind, nature or description, in each case, whether asserted, threatened, pending, contingent or existing, and whether based on contract, tort, statute or other legal or equitable theory of recovery.
- (j) **"Closing"** means the transfer of possession, risk, beneficial and legal ownership of the Assets from the Vendor to the Purchaser, the exchange of Conveyance Documents and payment of the Purchase Price by the Purchaser to the Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
- (k) **"Closing Date"** has the meaning provided in Section 5.1.
- (l) **"Closing Payment"** has the meaning provided in Section 3.3.
- (m) **"Closing Statement"** has the meaning provided in Section 4.1(c).
- (n) **"Conveyance Documents"** means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of the Debtor Company to the Purchaser and to novate the Purchaser into the contracts, licenses, permits, approvals and authorizations comprising the Miscellaneous Interests in the place and stead of the Debtor Company.
- (o) **"Court"** means the Court of Queen's Bench of Alberta.
- (p) **"Court Approval"** means the approval of the Transaction by the Court by the granting of the Vesting Order.
- (q) **"Debtor Company"** has the meaning provided in the preamble.
- (r) **"Encumbrance"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, pledges, options, privilege, interests, assignments, actions, executions, levies, taxes, judgments, writs of execution, lease, reservation of ownership, rights of pre-emption, claims (whether financial, monetary or otherwise) or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, any encumbrances or charges created by the Receivership Order or any other order in the Receivership Proceedings and all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system.
- (s) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface

water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.

- (t) **"Environmental Law"** means all Applicable Laws relating to the protection of, or the control, remediation or reclamation of contamination or pollution of the Environment.

- (u) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Claims and other duties and obligations of whatsoever nature or kind that relate to the Lands or the Assets, or that have arisen or hereafter arise in connection with or as a result of past, present or future operations on the Lands, or in connection with the Assets and by whomsoever caused, whether arising under contract, Applicable Law or otherwise, in respect of, arising from, related to or associated with:
 - (i) Abandonment and Reclamation Obligations;
 - (ii) Environmental Matters; and
 - (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law applicable to or otherwise involving the Assets.

- (v) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to the past, present or future assets, activities or operations regarding:
 - (i) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances including any corrosion to or deterioration of any structures or other property;
 - (ii) the sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operation or the failure to restore, cleanup or reclaim the Environment or to monitor the restoration, cleanup or reclamation of the Environment;
 - (iii) damage, pollution, contamination, protection, reclamation, remediation or restoration or other adverse situations pertaining to the Environment, howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination, protection, reclamation, remediation, restoration or other adverse situations occur or arise in whole or in part prior to, at, or subsequent to the date of this Agreement; and
 - (iv) the protection, reclamation, remediation or restoration of the Environment,in each case relating to or arising in connection with the past, present or future ownership or operation of surface or subsurface mineral rights, activities or omissions conducted or omitted to be conducted in respect of or in connection therewith including obligations to compensate Third Parties for Losses and

Liabilities, including those Losses and Liabilities that arise from operations that affect lands other than the surface or subsurface mineral rights on which such operations were conducted.

- (w) **"Final Statement of Adjustments"** has the meaning provided in Section 4.1(d).
- (x) **"General Conveyance"** means the general conveyance in the form attached as Schedule "B".
- (y) **"Government Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction.
- (z) **"GST"** the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 3.4(a).
- (aa) **"Hazardous Substances"** means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (bb) **"Insider"** has the meaning given to that term in the *Securities Act* (Alberta).
- (cc) **"Land Schedule"** means Part 1 of Schedule "A".
- (dd) **"Lands"** means the entire interest of the Debtor Company in and to the lands set forth and described in the Land Schedule, and includes (i) the surface of such lands and (ii) the Petroleum Substances within, upon or under such lands, together with the rights to drill for, explore for, mine, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (ee) **"Leases"** means the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the lands set forth and described in the Land Schedule and include, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (ff) **"Losses and Liabilities"** means, in respect of a Person and in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, interest, assessments and fines) which such Person suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a solicitor and own client basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and

- (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Person suffers, sustains, pays or incurs, directly or indirectly, as a result of or in connection with such matter;

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

- (gg) **"Miscellaneous Interests"** means all of the right, title, interest and estate of the Debtor Company in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Tangibles), to the extent relating to the Petroleum and Natural Gas Rights or the Tangibles, and to which the Debtor Company is entitled, including the following property, rights and assets:

- (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights and the Tangibles, including the Title and Operating Documents and any rights of the Debtor Company in relation thereto;
- (ii) the Surface Rights;
- (iii) all:
 - (A) geological, geochemical and mineralogical data, reports and findings and archive samples;
 - (B) core samples and cuttings from wells drilled on the Lands or lands pooled or unitized therewith; and
 - (C) engineering and technical information, to the extent relating to the Petroleum and Natural Gas Rights and the Tangibles;

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

- (iv) all permits, licenses, approvals, orders and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Tangibles or the Wells are located, including well and pipeline licenses and other permits, licenses, approvals, orders and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles; and

- (v) the Wells, including the entire wellbores and casings, and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Wells, including the Title and Operating Documents and any rights of the Debtor Company in relation thereto.
- (hh) **"Objection Date"** has the meaning provided in Section 4.1(e).
- (ii) **"Operations"** means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.
- (jj) **"Party"** means the Vendor or the Purchaser, and **"Parties"** means the Vendor and the Purchaser.
- (kk) **"Permitted Encumbrances"** means any of the following:
 - (i) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable;
 - (ii) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iii) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
 - (iv) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
 - (v) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands in respect of which no charges, payments, taxes, or assessments are due or delinquent unless they are being diligently contested in good faith by the Vendor;
 - (vi) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
 - (vii) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;

- (viii) the terms and conditions of the Leases and the Title and Operating Documents, provided that any royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances must be identified in the Land Schedule in order to be considered to be a Permitted Encumbrance hereunder; and
- (ix) any other circumstance, matter or thing to the extent disclosed in any Schedule hereto.

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which the Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor Company's interests in the Assets because of a payout conversion or farmin, farmout or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

- (ll) **"Person"** means any individual, company, corporation, limited or unlimited liability company, sole proprietorship, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or other entity.
- (mm) **"Petroleum and Natural Gas Rights"** means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Debtor Company in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances, including those petroleum and natural gas rights set out in the Land Schedule.
- (nn) **"Petroleum Substances"** means any of crude oil, crude bitumen, oil sands and products derived therefrom, synthetic crude oil, heavy oil, coalbed methane, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur, hydrogen sulphide, produced water and salt water.
- (oo) **"Place of Closing"** means the offices of Osler, Hoskin & Harcourt LLP at 2500, 450 – 1st Street S.W. in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (pp) **"Property"** has the meaning given to it in the Receivership Order.
- (qq) **"Purchase Price"** has the meaning given in Section 3.1.
- (rr) **"Receivership Order"** means the order issued by the Court in the Receivership Proceedings on September 1, 2017, as amended, modified or supplemented from time to time.
- (ss) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court Action No. 1701-11639.

- (tt) **"Release"** means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (uu) **"Representatives"** means, with, respect to any Party, the respective directors, officers, employees, agents, advisors, consultants and representatives of that Party.
- (vv) **"Surface Rights"** means all right, title, interest and estate of the Debtor Company to enter upon, use, occupy and enjoy the surface of the Lands, and any lands with which the same have been pooled or unitized, and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto or egress therefrom, in each case, for purposes related to the use or ownership of the Petroleum and Natural Rights, the Tangibles or the Wells or Operations, whether the same are held in fee simple, under a surface lease, by right of way, easement, license of occupation or otherwise, and including those surface rights set out in Part 2 of Schedule "A".
- (ww) **"Tangibles"** means all right, title, interest and estate of the Debtor Company, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within, upon, to the Lands and which are used, useful or intended to be used to produce, process, gather, treat, measure, make marketable, compress, dehydrate, scrub, separate, extract, collect, refrigerate, store, remove, transport or ship Petroleum Substances or in connection with water condensate, injection or removal operations or other in situ operations that pertain to the Petroleum and Natural Gas Rights, and including those facilities and pipelines set out in Part 4 of Schedule "A".
- (xx) **"Third Party"** means any Person other than the Parties, their Affiliates and their respective Representatives.
- (yy) **"Title and Operating Documents"** means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural gas Rights were issued, granted or created, (ii) permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, unit operating agreements, production allocation agreements, trust declarations, participation agreements, option agreements, joint venture agreements, farm-in agreements, farm-out agreements and royalty agreements, (iv) agreements that create or relate to Surface Rights, including surface rights documentation and road use agreements, (v) agreements for the construction, ownership and/or operation of the Tangibles and the Wells, (vi) trust declarations and other documents and instruments that evidence the Debtor Company's interests in the Assets; and (vii) trust declarations pursuant to which the Debtor Company holds interests in the Lands in trust for other Persons.

- (zz) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.
- (aaa) **"Vendor Consents"** has the meaning provided in Section 8.1.
- (bbb) **"Vendor Entity"** means the Vendor and its Representatives, and each of their respective successors and assigns.
- (ccc) **"Vesting Order"** means the order of the Court vesting the Assets in the name of the Purchaser free and clear of any Encumbrances other than the Permitted Encumbrances, substantially in the form attached hereto as Schedule "D".
- (ddd) **"Wells"** means all wells, including all producing, shut-in, abandoned, suspended, capped, water source, service, observation, evaluation, delineation, injection and disposal wells, located in, on or under the Lands or lands pooled or unitized therewith in which the Debtor Company has an interest, and includes, but is not limited to, any wells set out in Part 3 of Schedule "A".

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict;
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation"; and

- (i) all references to currency shall mean the lawful money of Canada, unless otherwise specifically stated.

1.3 Schedules

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

SCHEDULE "A"	
Part 1	Lands and Petroleum and Natural Gas Rights
Part 2	Surface Rights
Part 3	Wells
Part 4	Facilities and Pipelines
SCHEDULE "B"	Form of General Conveyance
SCHEDULE "C"	Form of Officer's Certificate
SCHEDULE "D"	Form of Court Approval Order

1.4 Interpretation If Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Assets shall be construed as having been contingent upon Closing having occurred.

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in Sections 10.1 and 10.3 mean the actual knowledge or awareness, as the case may be, of the officers of such Party who are primarily responsible for the matters in question, and does not include knowledge and awareness of any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell, assign, transfer, convey and set over the Assets to the Purchaser, and the Purchaser agrees to purchase and accept the Assets from the Vendor, at and for the Purchase Price.

2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk, beneficial and legal ownership of the Assets shall transfer from the Vendor to the Purchaser on the Closing Date.

2.3 Excluded Liabilities

For clarity, the Purchaser shall not assume any liabilities or obligations of the Vendor other than as may be specifically provided in this Agreement.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

3.1 Purchase Price

The purchase price to be paid by the Purchaser to the Vendor for the Assets shall be [REDACTED] (the "**Purchase Price**").

3.2 Allocation of the Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

- | | | |
|-----|---|-------------------------------|
| (a) | to the Petroleum and Natural Gas Rights | 80% of the Purchase Price |
| (b) | to the Miscellaneous Interests | \$10.00 |
| (c) | to the Tangibles | Balance of the Purchase Price |

3.3 Closing Payment

The Purchaser shall pay to the Vendor at Closing, by certified cheque, bank draft or electronic wire transfer, the Purchase Price plus any taxes and fees (including GST) payable under Section 3.4 (the "**Closing Payment**").

3.4 Taxes and Fees

- (a) The Purchase Price does not include GST. At Closing, the Purchaser shall pay to the Vendor an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply. The Purchaser shall be liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless the Vendor in respect thereof. The GST Registration Number of the Debtor Company is 79445 2722 RT00002. The GST Registration Number of the Purchaser is 819967803 RT0001.
- (b) The Purchaser shall also be liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendor to the Purchaser and the Purchaser shall be responsible for all recording charges and registration fees payable in connection therewith.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustments

- (a) All benefits and obligations of any kind or nature received, accruing, payable or paid in respect of the Assets, including maintenance, development, capital and operating costs, royalties and proceeds from the sale of production, shall be apportioned between the Vendor and the Purchaser on an accrual basis in accordance with generally accepted accounting principles as of the Adjustment Date, subject to the following:
- (i) all rentals and similar payments, all cash advances and all property taxes, freehold mineral taxes and other taxes (excluding taxes based on income, net revenue or capital) paid, payable or levied on or in respect to the Assets, the ownership thereof or Petroleum Substances produced therefrom or allocated thereto shall be apportioned between the Vendor and the Purchaser on a per diem basis as of the Adjustment Date;
 - (ii) all costs relating to any work performed or goods and services provided in respect of the Assets will be deemed to have accrued as of the date the work was performed or the goods or services were provided, regardless of the time at which those costs become payable;
 - (iii) all deposits, prepaid amounts and other security and financial assurances provided by the Vendor to Government Authorities or other Third Parties in respect to the Assets, the operation thereof, Petroleum Substances produced therefrom or allocated thereto or services provided in connection therewith do not comprise part of the Assets and shall be for the sole benefit and the account of the Vendor;
 - (iv) all overhead recoveries, operator's fees and similar amounts provided for in the Title and Operating Documents and received or receivable by the Vendor as operator of any Assets and relating to the period up to Closing shall be for the Vendor's benefit and account, with such amounts received or receivable in respect of the month in which Closing occurs apportioned between the Vendor and the Purchaser on a per diem basis as of the Closing Date;
 - (v) Petroleum Substances that were produced from or allocated to the Assets and that were beyond the wellhead as of the Adjustment Date do not comprise part of the Assets and shall remain the property of, and be for the benefit and the account of, the Vendor; and
 - (vi) no adjustments shall be made on account of any taxes calculated by reference to or assessed based on income, net revenue or capital that are payable by the Vendor or the Purchaser.
- (b) For the purposes of Section 3.2 all adjustments between the Parties pursuant to this Section 4.1 shall be allocated to the Petroleum and Natural Gas Rights.

- (c) The Vendor shall prepare a statement based on the Vendor's good faith estimate of all adjustments to be made between the Parties pursuant to and in accordance with Section 4.1(a) (the "**Closing Statement**") and deliver a copy of such statement, together with reasonable supporting documentation, to Purchaser no later than the fifth (5th) Business Day immediately prior to the Closing Date. The Vendor and the Purchaser shall cooperate in settling and agreeing to the amounts and adjustments set forth in the Closing Statement. If the Parties are unable to agree on the calculation thereof prior to Closing, the Vendor's good faith estimate of such adjustments shall be used for the purposes of calculating the payment to be made by Purchaser at Closing.
- (d) Within ninety (90) days following Closing, the Vendor shall prepare (or cause to be prepared) and deliver to the Purchaser a written statement (the "**Final Statement of Adjustments**") setting forth any adjustments to be made between the Parties pursuant to and in accordance with Section 4.1(a) that were not included in the Closing Statement or, if included in the Closing Statement, were not accurately included therein, together with the net amount payable by one Party to the other in respect of such adjustments. No further adjustments shall be made between the Parties after settlement of the adjustments set forth in the Final Statement of Adjustments. The Vendor shall assist the Purchaser in verifying the amounts and adjustments set forth in the Final Statement of Adjustments.
- (e) If the Purchaser is of the opinion, acting reasonably, that any change is required to be made to the Final Statement of Adjustments as prepared by the Vendor, it shall, within thirty (30) days after the delivery of the Final Statement of Adjustments by the Vendor to the Purchaser, (the "**Objection Date**"), give written notice to the Vendor of any such proposed change, including the amount of such proposed change and other particulars of such proposed change, in reasonable detail. If the Purchaser does not notify the Vendor of any proposed change on or before the Objection Date, then the Purchaser shall be deemed to have accepted the Final Statement of Adjustments.
- (f) If the Purchaser gives written notice to the Vendor of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by the Vendor and the Parties fail to resolve the dispute within ten (10) days after receipt by the Vendor of such notice, then the Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm 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 Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. Each of the Vendor and the Purchaser shall be responsible for and shall pay 50% of the fees and expenses of the Accounting Firm.
- (g) Amounts payable under this Section 4.1 shall be paid within ten (10) days of delivery of the Final Statement of Adjustments or receipt of notice by a Party that is liable to pay such amount as provided above in this Section 4.1 provided that, if there is a dispute regarding the liability for or the amount of any permitted (or

purportedly permitted) adjustment, the amount in dispute shall become due and payable within ten (10) days of settlement or other resolution of such dispute.

ARTICLE 5 CLOSING

5.1 Closing

The Closing of the Transaction shall take place at the Place of Closing or such other place as the Parties may agree on the fifth Business Day following the date of the Court Approval or such other Business Day as the Parties may agree in writing (the "**Closing Date**").

ARTICLE 6 INTERIM PROVISIONS

6.1 Restrictions on Conduct of Business

The Vendor shall not, between the date of this Agreement and the Closing Date, without the written consent of the Purchaser, which consent will not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure out of the ordinary course of business with respect to the Assets, of which the Debtor Company's share is in excess of \$25,000, except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety or in respect of amounts which the Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety;
- (c) surrender or abandon any of the Assets;
- (d) sell, encumber or otherwise dispose of any of the Assets or any interest therein;
or
- (e) exercise any right or option of the Debtor Company relative to or arising as a result of the ownership of the Assets.

6.2 Maintenance of Assets

Subject to Section 6.1, from the date hereof until the Closing Date, the Vendor shall, to the extent that the nature of its interest permits, and subject to the Title and Operating Documents and any other agreements and documents to which the Assets are subject:

- (a) maintain the Assets in a proper and prudent manner in accordance with generally accepted oil and gas industry practice in the province where the Assets are located;
- (b) pay or cause to be paid all costs and expenses relating to the Assets which become due from the date hereof to the Closing Date, as applicable to the administration of oil and gas assets in transactions of a similar nature; and
- (c) comply with all material covenants and conditions contained in the Title and Operating Documents.

6.3 Following Closing

- (a) Following Closing, the Vendor shall hold title to the Assets in trust for the Purchaser, as bare legal trustee, until all necessary notifications, registrations and other steps required to transfer such title to the Purchaser have been completed and, in furtherance thereof:
 - (i) the Vendor shall forward all statements, notices and other information received by it pursuant to such Title and Operating Document that pertains to the Assets to the Purchaser promptly following its receipt thereof; and
 - (ii) the Vendor shall forward to other parties to the Title and Operating Documents such notices and elections pursuant to such Title and Operating Documents pertaining to the Assets as the Purchaser may reasonably request;

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

- (b) The Purchaser shall indemnify and save and hold harmless the Vendor, the Debtor Company and each other Vendor Entity from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 6.3, except to the extent caused by the gross negligence or wilful misconduct of such Person. Acts or omissions taken by any Vendor Entity or the Debtor Company on the written instructions of, or with the express written approval of, the Purchaser shall not constitute gross negligence or wilful misconduct.

6.4 Operatorship

Nothing in this Agreement shall transfer or be deemed to transfer operatorship, or shall be interpreted as any assurance by the Vendor that the Purchaser will be able to serve as operator with respect to any of the Assets in which interests are held by Third Parties, whether or not such Assets are presently operated by the Vendor. The Vendor shall have no liability to the Purchaser for any Losses and Liabilities arising as a result of the Purchaser not being designated as the operator of any of the Assets operated by the Vendor prior to Closing.

ARTICLE 7 ACCESS TO INFORMATION AND RECORDS

7.1 Technical and Operating Information

The Vendor shall, upon request and subject to contractual restrictions relating to disclosure, make available all technical data relating to the Assets (including, as may be available, drilling reports, land files, surface disposition files, environmental files, well files and production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure) as are in the possession or control of the Vendor or the Debtor Company for such inspection as the Purchaser reasonably requires in connection herewith; provided that the Purchaser shall reimburse the Vendor for all reasonable out of pocket costs incurred by the Vendor in obtaining and delivering any core samples and cuttings to the Purchaser. Upon reasonable written notice to the Vendor the Purchaser shall be entitled to conduct a field inspection of the Lands.

7.2 No Right to Reduction in Purchase Price

Notwithstanding anything to the contrary in this Agreement, the Purchaser acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without limitation, any environmental liability or deficiency or title deficiency, whether identified in connection with the Purchaser's right to information as provided by Section 7.1 or otherwise.

7.3 Access to Records

The Vendor may, at its sole expense, for a period of two (2) years after Closing, obtain from the Purchaser copies or photocopies of any Title and Operating Documents, correspondence, documents, records, policies, manuals, reports, or other proprietary, confidential business or technical information which were delivered to the Purchaser at Closing by the Vendor and which the Vendor reasonably requires for tax purposes.

ARTICLE 8 THIRD PARTY CONSENTS

8.1 Consents

The Vendor shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to:

- (a) identify and request in writing all necessary consents, permissions and approvals by Third Parties (including the waiver of all rights of first refusal (if any)) and Government Authorities in connection with the Transaction customarily obtained by a vendor prior to Closing (the "**Vendor Consents**"); and
- (b) provide prior written notice to all Third Parties and Government Authorities in sufficient time to allow any Vendor Consents having an expiry period to expire (if not refused) prior to the Closing Date.

ARTICLE 9 CONDITIONS PRECEDENT TO CLOSING

9.1 Requirement for Court Approval

The Parties acknowledge and agree that Closing is conditional upon the Vendor having obtained the Court Approval in form and substance satisfactory to the Purchaser, acting reasonably. The Purchaser and the Vendor shall proceed diligently and in good faith and use reasonable commercial efforts to obtain the Court Approval. In the event that the Court refuses to grant the Court Approval, this Agreement shall terminate and the Vendor and the Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction.

9.2 Vendor's Closing Conditions

The obligation of the Vendor to complete the sale of the Assets pursuant to this Agreement is subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects on the Closing Date, and the Vendor shall have received a certificate from an officer of the Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;
- (b) **Purchaser's Obligations:** The Purchaser shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Purchaser on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Purchaser shall have executed and delivered to the Vendor all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **Restrictions:** All Vendor Consents, as well as all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions;
- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction;
- (f) **Credit Committee Approval:** The approval of the credit committee of National Bank of Canada shall have been obtained; and
- (g) **Court Approval:** The Court Approval and the Vesting Order shall have been obtained.

The foregoing conditions shall be for the benefit of the Vendor and may, without prejudice to any of the rights of the Vendor hereunder excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that the Vendor is not entitled to waive the Court Approval condition contained in Section 9.2(f). The Vendor shall proceed diligently and in good faith and use commercially reasonable efforts to fulfill and assist

in the fulfillment of the foregoing conditions in case any of the said conditions shall not be complied with, or waived by the Vendor, at or before the Closing Date, the Vendor may terminate this Agreement by written notice to the Purchaser.

9.3 Purchaser's Closing Conditions

The obligation of the Purchaser to complete the purchase of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Vendor contained in this Agreement shall be true in all material respects on the Closing Date, and the Purchaser shall have received a certificate from an officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;
- (b) **Vendor's Obligations:** The Vendor shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Vendor (and shall have caused the Debtor Company to perform and satisfy in a timely manner all of its obligations hereunder) on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Vendor shall have executed and delivered to the Purchaser all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **Restrictions:** All Vendor Consents, as well as all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions;
- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction;
- (f) **Material Damage:** From the date hereof to the Closing Date, the Assets shall not have suffered any damage which materially and adversely reduces the value of the Assets by more than 10% of the Purchase Price; and
- (g) **Court Approval:** The Court Approval and the Vesting Order shall have been obtained.

The foregoing conditions shall be for the benefit of the Purchaser and may, without prejudice to any of the rights of the Purchaser hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to the Vendor in writing, in whole or in part, at any time, provided that the Purchaser is not entitled to waive the Court Approval condition contained in Section 9.3(f). The Purchaser shall proceed diligently and in good faith and use commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by the Purchaser at or before the Closing Date, the Purchaser may terminate this Agreement by written notice to the Vendor.

9.4 Parties to Exercise Diligence and Good Faith with respect to Conditions

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 9.2 and 9.3.

ARTICLE 10 REPRESENTATIONS AND WARRANTIES

10.1 Vendor's Representations and Warranties

The Vendor hereby represents and warrants to the Purchaser that:

- (a) the Debtor Company is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration;
- (b) the Receiver has been appointed by the Court as receiver of the assets, undertakings and properties of the Debtor Company and such appointment is valid and subsists;
- (c) the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Company and not in its personal or corporate capacity, has good right, full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and to sell, assign, transfer, convey and set over the interest of the Debtor Company in and to the Assets, subject to the terms and conditions of the Receivership Order and the Vesting Order;
- (d) provided the Court Approval is obtained this Agreement has been and all documents and agreements to be executed and delivered by the Vendor at Closing pursuant to this Agreement shall be, duly executed and delivered by it;
- (e) the Debtor Company is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and
- (f) the Receiver has not received notice of any Claims in existence, contemplated, pending or threatened seeking to prevent Closing of the Transaction.

10.2 No Additional Representations and Warranties by the Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, the Vendor makes no representations or warranties except as expressly set forth in Section 10.1 and in particular, and without limiting the generality of the foregoing, the Vendor disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchaser in any manner including any opinion, information, or advice which may have been provided to the Purchaser by the Debtor Company, the Receiver or their Representatives in connection with the Assets or in relation to the Transaction. For greater certainty,

the Vendor makes no representation or warranty, express or implied, of any kind, at law or in equity, with respect to:

- (i) the accuracy or completeness of any data or information supplied by the Vendor or the Debtor Company or any of their Representatives in connection with the Assets;
- (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
- (iii) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;
- (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
- (v) the ability of the Purchaser to obtain any necessary approval from any Government Authority in order for the Purchaser to operate the Assets;
- (vi) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or
- (vii) the title of the Debtor Company to the Assets.

The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Assets and it has not relied on advice from the Vendor, the Debtor Company or any of their Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Assets pursuant hereto. The Purchaser further acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis. The Purchaser acknowledges and agrees that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as expressly contained in Section 10.1 of this Agreement.

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

10.3 Purchaser's Representations and Warranties

The Purchaser hereby represents and warrants to the Vendor that:

- (a) it is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;
- (b) except for the Court Approval, it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendor or the Debtor Company shall have any obligations or liability;
- (d) it has not received notice of any Claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction;
- (e) provided the Court Approval is obtained, this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (f) to its knowledge, and provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by it or on its behalf for the due execution and delivery of this Agreement;
- (g) provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which is it bound or any judgment, law, decree, order or ruling applicable to it;
- (h) it is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party within the next 60 Business Days;
- (i) it has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and otherwise to fully perform its obligations under this Agreement; and
- (j) to its knowledge, having made due enquiry, no Insider of the Purchaser is also an Insider of the Vendor or the Debtor Company.

10.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the representations and warranties set forth in Article 10 and all certificates, documents and agreements delivered pursuant to this Agreement shall survive Closing, provided that no Claim in respect of such representations and warranties shall be made or be enforceable unless written notice of such Claim is given by a Party to the other Party within ninety (90) days of the Closing Date. Effective on the expiry of such ninety (90) day period, each Party hereby releases and forever discharges the other Party from any breach of any representations and warranties set forth in Article 10 hereof and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance with this Section 10.4. No Claim shall be made by a Party in respect of the representations and warranties in this Agreement made by the other Party except pursuant to and in accordance with this Section 10.4.
- (b) There shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.
- (a) The representations and warranties of the Vendor and the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Purchaser or the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 11 CLOSING DELIVERIES

11.1 Vendor Closing Deliveries

At Closing, the Vendor shall table the following:

- (a) a certified copy of the Vesting Order;
- (b) a receipt for the Closing Payment;
- (c) the General Conveyance, fully executed by the Vendor;
- (d) a certificate of a senior officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (e) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 12.1(a).

11.2 Purchaser's Closing Deliveries

At Closing, the Purchaser shall table the following:

- (a) the Closing Payment;
- (b) the General Conveyance, fully executed by the Purchaser;
- (c) a certificate of a senior officer of the Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (d) the Conveyance Documents, to the extent delivered by the Vendor on or by the Closing Date in accordance with Section 12.1(a), fully executed by the Purchaser.

11.3 Deliveries

The Vendor shall deliver or cause to be delivered to the Purchaser within ten (10) Business Days following Closing, the original copies of the Title and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of the Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to a greater degree to interests other than the Assets, at the Vendor's expense, photocopies or other copies may be provided to the Purchaser in lieu of original copies.

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

- (a) The Vendor shall provide at the Closing Date those Conveyance Documents required to acquire the Debtor Company's interest in any Assets purchased herein, but no such documents shall require the Vendor to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement. The Vendor shall not be required to have such documents signed by Third Parties at or before the Closing Date but shall cooperate with the Purchaser as reasonably required to secure execution of such documents by such Third Parties as soon as practicable thereafter. The Purchaser shall execute and promptly return to the Vendor at least one copy of each such document and the Vendor shall use all reasonable efforts to obtain timely execution and return of such documents by Third Parties wherever required. The Parties agree that certain assignments may be in the form of electronic transfers including Alberta Energy Regulator well license transfers and agree that reasonable efforts shall be made to ensure such assignments will be completed on the Closing Date.
- (b) The Purchaser shall promptly register in the applicable registry all registrable transfers and conveyances of its interests in the Assets and the Vendor shall make application to all applicable Government Authorities to change the recorded name of all Wells and Tangibles forming part of the Assets. All reasonable costs incurred in registering any transfers and conveyances inclusive of well license transfers, and all costs of registering any further assurances required to convey the Assets, shall be borne by the Purchaser.

12.2 License and Authorization Transfers

- (a) On or before the Closing Date, the Purchaser shall communicate with the relevant Government Authority to determine all conditions and deposits which the relevant Government Authority will require in order for the relevant Government Authority to approve the transfer by the Vendor to the Purchaser of any and all licenses and authorizations for the Wells and any Tangibles licensed to the Vendor, and shall advise the Vendor in writing of such conditions and required deposits. In such case, on or before Closing, the Purchaser shall satisfy the deposit requirements of the relevant Government Authority which pertain to the Purchaser in order to approve any of those license and authorization transfers to the Purchaser. The Purchaser further covenants to comply with all conditions imposed by the relevant Government Authority in respect of such transfers.
- (b) Within five (5) Business Days following Closing, the Vendor shall prepare and electronically submit an application to the relevant Government Authority for the transfer of any Wells and any Tangibles held in the name of the Debtor Company and the Purchaser shall promptly execute and return such applications to the Vendor for registration in accordance with Section 12.1(b).
- (c) Should the relevant Government Authority deny any license transfer because of misdescription or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days of receipt of such denial, correct the application and amend and re-submit an application for the license transfers and the Purchaser shall electronically ratify and sign such application.
- (d) After Closing, whether or not the Purchaser requested prior determination of the relevant Government Authority transfer conditions under Section 12.2, if for any reason the relevant Government Authority requires the Purchaser to make a deposit in order to approve the license or authorization transfer, the Purchaser shall and covenants to immediately make such deposit.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 General Indemnity

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

- (a) assume, perform, pay, discharge and be liable to the Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor, the Debtor Company and each other Vendor Entity from and against,

all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Closing Date and which relate to the Assets or the terms and conditions of the Title and Operating Documents, including but not limited to all Losses and Liabilities attributable to the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Closing Date. The Purchaser's indemnity obligation set forth in this Section 13.1 shall survive the Closing Date indefinitely.

13.2 Environmental Indemnity

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

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

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

13.3 No Merger

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

13.4 Holding of Indemnities

The Vendor will hold the indemnities contained in Sections 13.1 and 13.2 in trust on behalf of all of the Debtor Company and the other Vendor Entities and may enforce the same on their behalf.

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

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

- (a) by mutual written agreement of the Vendor and the Purchaser; or
- (b) by either the Vendor or the Purchaser pursuant to the provisions of Sections 9.2 or 9.3, as applicable.

14.2 Effect of Termination

If this Agreement is terminated by the Vendor or the Purchaser as permitted under Section 14.1, then Article 15 and Section 20.2 shall remain in full force and effect following any such permitted termination.

ARTICLE 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Confidentiality

Each Party agrees to keep in strict confidence:

- (a) all information regarding the terms of this Agreement; and
- (b) any information exchanged or received in connection with:
 - (i) the performance of due diligence by the Purchaser prior to or after the date hereof (including due diligence conducted under or in connection with this Agreement); or
 - (ii) negotiation or drafting of this Agreement;

provided that, except as otherwise agreed by the Parties, a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval.

In addition to the foregoing, the Purchaser shall continue to be bound by the Confidentiality Agreement dated October 10, 2017 in accordance with the terms thereof.

15.2 Signs

Within sixty (60) days following the Closing Date, the Purchaser shall remove the names of the Vendor, the Debtor Company and predecessors from all signs located at or near the Wells or any Tangibles. If the Purchaser fails to comply with the foregoing, the Vendor shall have the right, at its discretion, to remove its name as aforesaid and the Purchaser shall be responsible for and shall reimburse the Vendor for all reasonable costs incurred by the Vendor in so doing.

**ARTICLE 16
GOVERNING LAW AND DISPUTE RESOLUTION**

16.1 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and to the laws of Canada applicable therein.

16.2 Resolution of Disputes

- (a) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined by the Court.
- (b) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party in any court of competent jurisdiction in the Province of Alberta. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

**ARTICLE 17
NOTICES**

17.1 Service of Notices

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

the Purchaser: Westbrick Energy Ltd.
Bow Valley Square 3
2500, 255 – 5th Ave SW
Calgary, AB T2P 3G6

Attention: James O'Connor
Email: joconnor@westbrick.ca
Fax: (403) 232-8815

the Vendor: FTI Consulting Canada Inc.
c/o GMP FirstEnergy
1100, 311 – 6th Ave SW
Calgary, AB T2P 3H2

Attention: Erik B. Bakke
Email: ebbakke@gmpfirstenergy.com

Fax: (403) 262-0688

Attention: Anthony M. De Nino

Email: amdenino@gmpfirstenergy.com

Fax: (403) 262-0688

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

Attention: Randal Van de Mosselaer

Email: rvandemosselaer@osler.com

Fax: 403-260-7024

Any of the Parties may from time to time change its address for service herein by giving written notice to the other. Any notice may be served by personal service upon the above person specified by a Party, or if no person is specified, upon any officer of a Party, by mailing the same by prepaid post in a properly addressed envelope addressed to the Party at its respective address for service hereunder, or by email to such Party at the email address specified hereunder. Any notice personally served upon an office or the person specified by a Party, as the case may be, shall be deemed to be given on the date of such service, any notice served by mail shall be deemed to be given to and received by the addressee on the fourth Business Day, after the mailing thereof and any notice given by email shall be deemed to be given and received on the day when it is sent, if it is sent during normal business hours (8:00 a.m. to 4:00 p.m.) and, otherwise, on the next following normal Business Day. No notices shall be served by mail during times of interruption or threat of interruption of mail service due to strikes, lockout or other causes.

ARTICLE 18 PERSONAL INFORMATION

18.1 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to the Purchaser or otherwise obtained by the Purchaser in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. The Purchaser's obligations set forth in this Section 18.1 shall survive the Closing Date indefinitely.

ARTICLE 19 ASSIGNMENT

19.1 Assignment

- (a) Neither Party may assign their interest in or under this Agreement or to the Assets prior to Closing without the prior written consent of the other Party, which consent may be withheld in such other Party's sole and unfettered discretion.

- (b) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve the Purchaser from its obligations to the Vendor herein. The Vendor shall have the option to claim performance or payment of the obligations from the Purchaser or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendor to receive duplicate performance or payment of the same obligation.

ARTICLE 20 MISCELLANEOUS

20.1 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

20.2 Costs

Except as otherwise specified in this Agreement, each Party shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

20.3 No Waiver

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

20.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, but expressly excluding the Confidentiality Agreement dated October 10, 2017, which shall continue to apply in accordance with its terms. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

20.5 Further Assurances

From time to time, as and when reasonably requested by the other Party, a Party shall execute and deliver or cause to be executed and delivered all such documents and instruments and shall take or cause to be taken all such further or other actions to implement or give effect to the Transaction, provided such documents, instruments or actions are consistent with the provisions of this Agreement. All such further documents, instruments or actions shall be delivered or taken at no additional consideration other than reimbursement of any expenses reasonably incurred

by the Party providing such further documents or instruments or performing such further acts, by the Party at whose request such documents or instruments were delivered or acts performed.

20.6 Time of the Essence

Time shall be of the essence in this Agreement.

20.7 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective heirs, executors, successors and permitted assigns.

20.8 Severability

In the case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

20.9 Counterpart Execution

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

20.10 Electronic Execution


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

[Remainder of page intentionally left blank]

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

FTI CONSULTING CANADA INC., in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD., and not in its personal or corporate capacity

WESTBRICK ENERGY LTD.

Per: 
Name: DERLYCK HELKAA
Title: _____

Per: _____
Name: James O'Connor
Title: Vice President, Land


Per: _____
Name: _____
Title: _____

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

FTI CONSULTING CANADA INC., in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD., and not in its personal or corporate capacity

WESTBRICK ENERGY LTD.

Per: _____
Name:
Title:

Per: 
Name: James O'Connor
Title: Vice President, Land

Per: _____
Name:
Title:

SCHEDULE "A"

Attached to and made a part of that Asset Purchase and Sale Agreement dated January 23, 2018.

Part 1 – Lands and Petroleum and Natural Gas Rights

Lands and Petroleum and Natural Gas Rights

TITLE DOCUMENTS	LAND & RIGHTS	WORKING INTEREST	ENCUMBRANCES
Crown Petroleum and Natural Gas Lease No. 0501020164 dated effective February 8, 2001	P&NG from Surface to base Rock Creek excluding Ellerslie, Notikewan and Rock Creek formations and 100/09-03-50-14W5 and 100/14-03-50-14W5 wellbores Section 3 Twp 50 Rge 14 W5M	50% working interest	Crown royalty
	P&NG in Ellerslie, Notikewan and Rock Creek formations and production from 100/09-03-50-14W5 and 100/14-03-50-14W5 wellbores Section 3 Twp 50 Rge 14 W5M	45% working interest	Crown royalty
Crown Petroleum and Natural Gas Lease No. 0501020165 dated effective February 8, 2001	P&NG from base Belly River to top of Rock Creek N and SE of Section 10 Twp 50 Rge 14 W5M	50% working interest	Crown royalty
	P&NG in Rock Creek N and SE of Section 10 Twp 50 Rge 14 W5M	45% working interest	Crown royalty
Crown Petroleum and Natural Gas Lease No. 5401030161 dated effective March 22, 2001	P&NG from Surface to base Rock Creek excluding P&NG in Notikewan and Rock Creek and 100/02-35-049-14W5/00 and 100/15-35-049-14W5/00 wellbores Section 35 Twp 49 Rge 14 W5M	50% working interest	Crown royalty
	P&NG from base Belly River to base Rock Creek excluding P&NG in Viking, Fahler, Notikewan and Rock Creek formation and 100/16-09-50-14W5, 100/06-16-50-14W5 and 100/13-16-50-14W5 wellbores Sections 9 and 16 Twp 50 Rge 14 W5M	50% working interest	Crown royalty
	P&NG in Notikewan and Rock Creek and production from 100/02-35-049-14W5 and 100/15-35-049-14W5 wellbores Sections 35 Twp 49 Rge 14 W5M	45% working interest	Crown royalty
	P&NG in Viking, Fahler, Notikewan and Rock Creek formations and production from 100/16-09-50-14W5, 100/06-16-50-14W5 and 100/13-16-50-14W5 wellbores Sections 9 and 16 Twp 50 Rge 14 W5M	45% working interest	Crown royalty
Crown Petroleum and Natural Gas Lease No. 5401070130 dated effective July 26, 2001	P&NG from Surface to base Rock Creek Section 11 Twp 50 Rge 14 W5M	25% working interest	Crown royalty

TITLE DOCUMENTS	LAND & RIGHTS	WORKING INTEREST	ENCUMBRANCES
Crown Petroleum and Natural Gas Lease No. 0500110789 dated effective November 30, 2000	P&NG from base Belly River to base Rock Creek excluding in Viking, Notikewan and Rock Creek formations and 102/07-08-50-14W5 and 100/145-08-50-14W5 wellbores Section 8 Twp 50 Rge 14 W5M	50% working interest	Crown royalty and 7.5% overriding royalty
	P&NG in Viking, Notikewan and Rock Creek formations and production from 102/07-08-50-14W5 and 100/145-08-50-14W5 wellbores Section 8 Twp 50 Rge 14 W5M	45% working interest	Crown royalty and 7.5% overriding royalty
Crown Petroleum and Natural Gas Lease No. 0502090201 dated effective September 5, 2002	P&NG from base Bluesky-Bullhead to top Rock Creek SW of Section 10 Twp 50 Rge 14 W5M	50% working interest	Crown royalty
	P&NG from Surface to base Rock Creek SW of Section 10 Twp 50 Rge 14 W5M	45% working interest	Crown royalty
Crown Petroleum and Natural Gas Lease No. 0505100203 dated effective October 6, 2005	P&NG from Surface to base Bluesky-Bullhead Section 3 Twp 51 Rge 15 W5M	50% working interest	Crown royalty
Crown Petroleum and Natural Gas Lease No. 0581020256 dated effective February 23, 1981	P&NG from Surface to base Rock Creek excluding 100/8-22-52-14 W5M penalty well and production therefrom Section 22 Twp 52 Rge 14 W5M	43.75% working interest	Crown royalty, 10% overriding royalty and 15% gas and sliding scale oil (5-15%) overriding royalty
	100/8-22-52-14 W5M penalty well and production therefrom Section 22 Twp 52 Rge 14 W5M	50% working interest	Crown royalty, 10% overriding royalty and 15% gas and sliding scale oil (5-15%) overriding royalty

Part 2 – Surface Rights

Surface Rights

SURFACE LEASES:					
PLA 081874	PLA 062228	PLA 061439	PLA 051945	PLA 013330	PLA 082203
PLA 082297	PLA 100321	PLA 100463	PLA 062561	PLA 072818	PLA 081693
PLA 081699	PLA 082208	PLA 081732	MSL 052906	LOC 051917	MSL 100662
MSL 021391	LOC 021105	LOC 100449	LOC 081573	MSL 100673	MSL 081075
LOC 080811	MSL 082088	LOC 081529	MSL 060097	LOC 060064	MSL 081032
LOC 080786	MSL 081034	LOC 080788	MSL 081033	LOC 080787	MSL 011270
MSL 050405	LOC 050278	MSL 055700	LOC 053978	PIL 080501	PIL 080491
Road Use Agreement dated effective October 1, 2012 with ConocoPhillips					
Road Use Agreement dated effective July 30, 2013 with Weyerhaeuser					

Part 3 – Wells

Wells

UNIQUE WELL IDENTIFIER	FIELD NAME	LICENSEE NAME	WELL STATUS	WORKING INTEREST
100/2-35-49-14W5	West Pembina	Area 2 Energy	Gas Plunger	45%
100/15-35-49-14W5	West Pembina	Area 2 Energy	Gas Plunger	45%
100/09-03-050-14W5/00 100/09-03-050-14W5/02	West Pembina	Area 2 Energy	Gas Plunger	45%
100/14-03-050-14W5/00 100/14-03-050-14W5/02 100/14-03-050-14W5/03	West Pembina	Area 2 Energy	Gas Plunger	45%
102/07-08-050-14W5/00 102/07-08-050-14W5/02	West Pembina	Area 2 Energy	Gas Plunger	45%
100/14-08-050-14W5/00 100/14-08-050-14W5/02	West Pembina	Area 2 Energy	Gas Plunger	45%
100/16-09-050-14W5/00	West Pembina	Area 2 Energy	Gas Plunger	45%
100/01-10-050-14W5/00	West Pembina	Area 2 Energy	Gas Plunger	45%
100/15-10-050-14W5/00	West Pembina	Area 2 Energy	Gas Plunger	45%
100/05-11-050-14W5/00 100/05-11-050-14W5/02	West Pembina	Vermillion	Gas Plunger	25%
100/06-16-050-14W5/00	West Pembina	Area 2 Energy	Gas Plunger	45%

100/13-16-050-14W5/00 100/13-16-050-14W5/02	West Pembina	Area 2 Energy	Gas Plunger	45%
100/08-03-051-15W5/00 100/08-03-051-15W5/02 100/08-03-051-15W5/03	West Pembina	Scollard Energy Ltd.	Gas Susp	50%
100/07-22-052-14W5/00 100/07-22-052-14W5/02	West Pembina	Scollard Energy Ltd.	Standing	43.75%
100/08-22-052-14W5/00	West Pembina	Scollard Energy Ltd.	Standing	50%

Part 4 – Facilities and Pipelines

Facilities

LICENSE	DESCRIPTION	UNIQUE WELL IDENTIFIER	FIELD NAME	LICENSEE NAME	STATUS	WORKING INTEREST
F39204	Sour single well battery	00/16-03-050-14W5	West Pembina	Scollard	Suspended	45%
F40138	Multi well gas battery	00/14-03-050-14W5	West Pembina	Scollard	Active	45%

Pipelines (NG)

LICENSE	LINE	STATUS	FROM Legal Description	FROM Facility	TO Legal Description	TO Facility	WORKING INTEREST
Scollard Operated							
37766	7	Operating	8-21-52-14W5	WE	1-21-52-14W5	PL	50%
49942	1	Operating	15-17-50-14W5	PL	9-17-50-14W5	PL	45%
54586	1	Operating	16-17-50-14W5	PL	14-3-50-14W5	B	45%
54586	2	Operating	13-16-50-14W5	WE	15-17-50-14W5	PL	45%
54586	3	Discontinued	14-8-50-14W5	BE	1-18-50-14W5	BE	45%
54586	4	Operating	16-3-50-14W5	WE	14-3-50-14W5	PL	45%

LICENSE	LINE	STATUS	FROM Legal Description	FROM Facility	TO Legal Description	TO Facility	WORKING INTEREST
54586	5	Operating	8-3-51- 15W5	WE	10-3-51- 15W5	PL	50%
54586	6	Discontinued	15-17-50- 14W5	BE	15-17-50- 14W5	BE	45%
54587	1	Operating	16-10-50- 14W5	WE	15-9-50- 14W5	PL	45%
54587	2	Operating	9-3-50- 14W5	WE	14-3-50- 14W5	B	45%
54587	3	Operating	6-16-50- 14W5	WE	14-3-50- 14W5	B	45%
54587	4	Operating	7-8-50- 14W5	WE	4-9-50- 14W5	PI	45%
54587	5	Operating	4-9-50- 14W5	PL	14-3-50- 14W5	B	45%
54587	6	Operating	2-35-49- 14W5	WE	12-35-49- 14W5	PL	45%
54587	7	Operating	12-35-49- 14W5	PL	14-3-50- 14W5	B	45%
54587	8	Operating	15-35-49- 14W5	WE	10-35-49- 14W5	PL	45%
54587	9	Operating	16-9-50- 14W5	WE	10-9-50- 14W5	PL	45%
54587	10	Operating	14-8-50- 14W5	WE	7-8-50- 14W5	PL	45%
Non-Operated							
27145	25	Operating	5-11-50- 14W5	WE	12-2-50- 14W5	PL	25%

SCHEDULE "B"
GENERAL CONVEYANCE

Attached to and made part of that Asset Purchase and Sale Agreement dated January 23, 2018.

GENERAL CONVEYANCE

This General Conveyance made this ● day of ●, 2018.

BETWEEN:

FTI CONSULTING CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD. (the "Debtor Company"), and not in its personal or corporate capacity (the "Vendor")

- and -

WESTBRICK ENERGY LTD. (the "Purchaser")

WHEREAS the Vendor and the Purchaser entered into an Asset Purchase and Sale Agreement dated January 23, 2018 (the "**Agreement**");

AND WHEREAS the Vendor has agreed to sell and convey the Debtor Company's entire right, title, estate and interest in the Assets to the Purchaser and the Purchaser has agreed to purchase and accept all of the Debtor Company's rights, title, estate and interest in and to the Assets in accordance with the terms and conditions contained in the Agreement;

NOW THEREFORE in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties hereto covenant and agree as follows:

1. Definitions

All capitalized terms not defined herein shall have the same meaning as set out in the Agreement.

2. "As is, Where is" Basis

The Assets are being purchased by the Purchaser on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by the Vendor or its Representatives other than provided for in the Agreement. Without limiting the generality of the foregoing, the Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets, or (c) the Debtor Company's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

3. Conveyance

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Debtor Company (whether absolute or contingent, legal or beneficial) in and to the Assets to the Purchaser, its successors and assigns, and the Purchaser purchases and accepts such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

4. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

5. Enurement

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

6. Further Assurances

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

7. Governing Law

This General Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have duly executed this General Conveyance.

**FTI CONSULTING CANADA INC., in its
capacity as court-appointed Receiver of
SCOLLARD ENERGY LTD., and not in its
personal or corporate capacity**

WESTBRICK ENERGY LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

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

Attached to and made part of that Asset Purchase and Sale Agreement dated January 23, 2018.

Re: Asset Purchase and Sale Agreement ("**Agreement**") dated January 23, 2018 between FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, undertakings and properties Of Scollard Energy Ltd. and not in its personal or corporate capacity as the Vendor and Westbrick Energy Ltd. as the Purchaser

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

I, [●], [Insert Position], hereby certify on behalf of the [the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Company/the Purchaser] and not in any personal capacity that:

1. Each of the representations and warranties of the [Vendor/Purchaser] contained in Section [10.1/ 10.3] of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the [Vendor/Purchaser], pursuant to Section [9.2/ 9.3] of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the [Vendor/Purchaser] and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the [Purchaser/Vendor] is relying on the same for the Closing of the Transaction.

Dated this ● day of ●, 2018.

[INSERT NAME]

Per: _____
Name:
Title:

SCHEDULE "D"
FORM OF COURT ORDER

Attached to and made part of that Asset Purchase and Sale Agreement dated January 23, 2018.

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

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

UPON THE APPLICATION by FTI Consulting Canada Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, properties and undertakings of Scollard Energy Ltd. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Westbrick Energy Ltd. (the "**Purchaser**") dated January 23, 2018 and appended to the First Report of the Receiver dated [●] (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

AND UPON HAVING READ the Receivership Order dated September 1, 2017 (the "**Receivership Order**"), the Report, all other prior materials filed in the within proceedings, and the Affidavit of Service of [●]; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchaser, [names of other parties appearing], and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

5. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

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

VESTING OF PROPERTY

7. Upon the delivery of a Receiver's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), subject only to the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "B"** hereto (the "**Permitted Encumbrances**"), and approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator (the "**AER**") pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule "C" shall vest absolutely in the name of the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and
- (c) those claims listed on Schedule "D" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances); and

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

8. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims registered against the interests of the

Debtor in respect of the Purchased Assets and, without limiting the generality hereof, the Minister of Energy shall cancel and discharge all security notices and all assignments under section 426 (formerly section 177) of the *Bank Act* (Canada).

9. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims in the nature of builders' liens against the interest of the Debtor in and to the Purchased Assets located in the Province of Alberta.
10. The closing of the Transaction shall be effected in accordance with the terms of the Sale Agreement and such amendments to the Sale Agreement as may be agreed to in writing between the Purchaser and the Receiver.
11. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
12. The Purchaser (and its nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
13. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser.
14. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
15. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.
16. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser.

MISCELLANEOUS MATTERS

17. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtor

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

18. The Receiver, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
19. Nothing in this Order prejudices the rights of any third parties under the title and operating documents applicable to the Purchased Assets, including any rights they have to take over operatorship of any of the Purchased Assets as the result of the closing of the Transaction.
20. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
21. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
22. Service of this Order on any party not attending this Application is hereby dispensed with.

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

Schedule "A"**Form of Receiver's Certificate**

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

RECITALS

- A. Pursuant to an Order of the Honourable Justice B. E. C. Romaine of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated September 1, 2017, FTI Consulting Canada Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Scollard Energy Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of January 23, 2018 (the "**Sale Agreement**") between the Receiver and Westbrick Energy Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 9 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 9 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, undertakings and properties of Scollard Energy Ltd., and not in its personal or corporate capacity.

Per: _____

Name:

Title:

Schedule "B"**Permitted Encumbrances**

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

Permitted Encumbrances mean:

- (a) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable;
- (b) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (c) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
- (d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (e) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands in respect of which no charges, payments, taxes, or assessments are due or delinquent unless they are being diligently contested in good faith by the Vendor;
- (f) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (g) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (h) the terms and conditions of the Leases and the Title and Operating Documents, provided that any royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances must be identified in the Land Schedule in order to be considered to be a Permitted Encumbrance hereunder; and
- (i) any other circumstance, matter or thing to the extent disclosed in any Schedule hereto.

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which the Purchaser will assume the obligation for payment; (B) any existing potential alteration of the Debtor Company's interests in the Assets because of a payout conversion or farmin, farmout or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

Schedule "C"

Purchased Assets

All of the Debtor's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, as each term is defined in the Sale Agreement.

Schedule "D"

Encumbrances

Action No. Q1601 05768 with Kevin Ree as plaintiff (last status date – September 27, 2016)

Action No. Q1601 08495 with 1063202 Alberta Ltd. and Pete Knight, as plaintiffs (last status date – August 30, 2016)

Action No. Q1701 03830 with Baker Hughes Canada Co., as plaintiff

Appendix B

Redacted Sandpoint PSA

ASSET PURCHASE AND SALE AGREEMENT

BETWEEN:

**FTI CONSULTING CANADA INC., in its capacity as court-appointed Receiver of
SCOLLARD ENERGY LTD., and not in its personal or corporate capacity**

- AND -

**SANDPOINT RESOURCES INC. and
BLUE MOON OIL AND GAS INC.**

January 9, 2018

Table of Contents

	Page
Article 1 DEFINITIONS AND INTERPRETATION.....	1
1.1 Definitions	1
1.2 Interpretation.....	10
1.3 Schedules	10
1.4 Interpretation If Closing Does Not Occur.....	11
1.5 Knowledge or Awareness	11
Article 2 PURCHASE AND SALE.....	11
2.1 Purchase and Sale.....	11
2.2 Transfer of Assets.....	11
2.3 Excluded Liabilities	11
Article 3 PURCHASE PRICE AND PAYMENT	12
3.1 Purchase Price	12
3.2 Allocation of the Purchase Price	12
3.3 Closing Payment.....	12
3.4 Taxes and Fees	12
Article 4 ADJUSTMENTS	13
4.1 Adjustments	13
Article 5 CLOSING	15
5.1 Closing.....	15
Article 6 INTERIM PROVISIONS	15
6.1 Restrictions on Conduct of Business.....	15
6.2 Following Closing.....	15
Article 7 ACCESS TO INFORMATION AND RECORDS	16
7.1 Technical and Operating Information	16
7.2 No Right to Reduction in Purchase Price	16
7.3 Access to Records	17
Article 8 THIRD PARTY CONSENTS	17
8.1 Consents	17
Article 9 CONDITIONS PRECEDENT TO CLOSING.....	17
9.1 Requirement for Court Approval.....	17
9.2 Vendor's Closing Conditions	17
9.3 Purchasers' Closing Conditions	18
9.4 Parties to Exercise Diligence and Good Faith with respect to Conditions.....	19

Article 10 REPRESENTATIONS AND WARRANTIES	19
10.1 Vendor's Representations and Warranties	19
10.2 No Additional Representations and Warranties by the Vendor	20
10.3 Purchasers' Representations and Warranties	21
10.4 Enforcement of Representations and Warranties	22
Article 11 CLOSING DELIVERIES.....	22
11.1 Vendor Closing Deliveries	22
11.2 Purchasers' Closing Deliveries	23
11.3 Deliveries	23
Article 12 CONVEYANCES AND TRANSFER.....	23
12.1 Conveyances	23
12.2 License and Authorization Transfers	24
Article 13 LIABILITIES AND INDEMNITIES	25
13.1 General Indemnity.....	25
13.2 Environmental Indemnity.....	25
13.3 No Merger.....	26
13.4 Holding of Indemnities	26
Article 14 TERMINATION	26
14.1 Grounds for Termination	26
14.2 Effect of Termination.....	26
Article 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS.....	26
15.1 Confidentiality	26
15.2 Signs.....	27
Article 16 GOVERNING LAW AND DISPUTE RESOLUTION	27
16.1 Governing Law.....	27
16.2 Resolution of Disputes	27
Article 17 NOTICES	28
17.1 Service of Notices	28
Article 18 PERSONAL INFORMATION	29
18.1 Personal Information.....	29
Article 19 ASSIGNMENT	29
19.1 Assignment.....	29
Article 20 MISCELLANEOUS	29
20.1 Remedies Cumulative	29
20.2 Costs	30
20.3 No Waiver	30

20.4 Entire Agreement30
20.5 Further Assurances.....30
20.6 Time of the Essence30
20.7 Enurement30
20.8 Severability30
20.9 Counterpart Execution31
20.10 Electronic Execution31

SCHEDULES:

SCHEDULE "A"

- Part 1 Lands and Petroleum and Natural Gas Rights
- Part 2 Surface Rights
- Part 3 Wells
- Part 4 Proprietary Seismic

SCHEDULE "B" Form of General Conveyance

SCHEDULE "C" Form of Officer's Certificate

SCHEDULE "D" Form of Court Approval Order

ASSET PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of the 9th day of January, 2018.

BETWEEN:

FTI CONSULTING CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD. (the "Debtor Company"), and not in its personal or corporate capacity (the "Vendor")

- and -

SANDPOINT RESOURCES INC. and BLUE MOON OIL AND GAS INC. (the "Purchasers")

WHEREAS the Receiver was appointed as receiver of the Property of the Debtor Company pursuant to the terms of the Receivership Order granted on September 1, 2017;

AND WHEREAS the Vendor wishes to sell the Assets to the Purchasers and the Purchasers wish to purchase the Assets from the Vendor, all upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, mutual covenants, agreements and warranties in this Agreement, the Parties covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals, this Section 1.1 and the Schedules attached hereto, unless the context otherwise requires, or unless otherwise defined herein, the following words and phrases shall have the following meanings:

- (a) **"Abandonment and Reclamation Obligations"** means all past, present and future obligations and liabilities to:
 - (i) abandon or re-abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities or Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and
 - (ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities or Tangibles described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities or Tangibles which were abandoned or decommissioned prior to the date

hereof) are or were located and all lands used to gain access to any of them;

in each case, in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Applicable Laws and the Title and Operating Documents.

- (b) **"Accounting Firm"** means a nationally or internationally recognized firm of chartered accountants as may be selected by the Parties.
- (c) **"Adjustment Date"** means 8:00 a.m. on January 1, 2018.
- (d) **"Affiliate"** means any Person that controls, is controlled by or is under common control with a Party, or which controls, is controlled by or under common control with a Person which controls such Party; for the purposes of this definition, the term **"controls"** and **"controlled by"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact, provided that direct or indirect ownership of shares of a corporation carrying not less than fifty (50%) percent of the voting rights shall constitute control of such corporation. For certainty, a partnership which is a Party and which is comprised of corporations which are Affiliates shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (e) **"Agreement"** means this Asset Purchase and Sale Agreement including the recitals hereto and the Schedules attached hereto.
- (f) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:
 - (i) statutes (including regulations enacted thereunder);
 - (ii) judgments, decrees and orders of courts of competent jurisdiction;
 - (iii) regulations, orders, ordinances and directives issued by Government Authorities; and
 - (iv) the terms and conditions of all permits, licenses, approvals and authorizations,which are applicable to such Person, asset, transaction, event or circumstance.
- (g) **"Assets"** means all of the Debtor Company's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests.
- (h) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in Calgary, Alberta.

- (i) **"Claim"** means any claim, actions, causes of action, demand, lawsuit, proceeding, judgment, awards, decrees, determinations, adjudications, writs, orders, pronouncements, audits, arbitration, mediation, hearings, investigations, governmental investigation or actions of every kind, nature or description, in each case, whether asserted, threatened, pending, contingent or existing, and whether based on contract, tort, statute or other legal or equitable theory of recovery.
- (j) **"Closing"** means the transfer of possession, risk, beneficial and legal ownership of the Assets from the Vendor to the Purchasers, the exchange of Conveyance Documents and payment of the Purchase Price by the Purchasers to the Vendor, and all other items and consideration required to be delivered on the Closing Date pursuant hereto.
- (k) **"Closing Date"** has the meaning provided in Section 5.1.
- (l) **"Closing Payment"** has the meaning provided in Section 3.3.
- (m) **"Closing Statement"** has the meaning provided in Section 4.1(c).
- (n) **"Conveyance Documents"** means all conveyances, assignments, transfers, novations, notices of assignment, trust agreements and declarations, subleases, directions to pay and other documents and instruments that are reasonably required desirable in accordance with generally accepted oil and gas industry practice in the province where the Assets are located, to convey, assign and transfer title to the Assets held in the name of the Debtor Company to the Purchasers and to novate the Purchasers into the contracts, licenses, permits, approvals and authorizations comprising the Miscellaneous Interests in the place and stead of the Debtor Company.
- (o) **"Court"** means the Court of Queen's Bench of Alberta.
- (p) **"Court Approval"** means the approval of the Transaction by the Court by the granting of the Vesting Order.
- (q) **"Debtor Company"** has the meaning provided in the preamble.
- (r) **"Encumbrance"** means all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, royalties, pledges, options, privilege, interests, assignments, actions, executions, levies, taxes, judgments, writs of execution, lease, reservation of ownership, rights of pre-emption, claims (whether financial, monetary or otherwise) or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing, any encumbrances or charges created by the Receivership Order or any other order in the Receivership Proceedings and all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system.
- (s) **"Environment"** means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface

water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.

- (t) **"Environmental Law"** means all Applicable Laws relating to the protection of, or the control, remediation or reclamation of contamination or pollution of the Environment.

- (u) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Claims and other duties and obligations of whatsoever nature or kind that relate to the Lands or the Assets, or that have arisen or hereafter arise in connection with or as a result of past, present or future operations on the Lands, or in connection with the Assets and by whomsoever caused, whether arising under contract, Applicable Law or otherwise, in respect of, arising from, related to or associated with:
 - (i) Abandonment and Reclamation Obligations;
 - (ii) Environmental Matters; and
 - (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law applicable to or otherwise involving the Assets.

- (v) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to the past, present or future assets, activities or operations regarding:
 - (i) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances including any corrosion to or deterioration of any structures or other property;
 - (ii) the sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operation or the failure to restore, cleanup or reclaim the Environment or to monitor the restoration, cleanup or reclamation of the Environment;
 - (iii) damage, pollution, contamination, protection, reclamation, remediation or restoration or other adverse situations pertaining to the Environment, howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination, protection, reclamation, remediation, restoration or other adverse situations occur or arise in whole or in part prior to, at, or subsequent to the date of this Agreement; and
 - (iv) the protection, reclamation, remediation or restoration of the Environment, in each case relating to or arising in connection with the past, present or future ownership or operation of surface or subsurface mineral rights, activities or omissions conducted or omitted to be conducted in respect of or in connection therewith including obligations to compensate Third Parties for Losses and

Liabilities, including those Losses and Liabilities that arise from operations that affect lands other than the surface or subsurface mineral rights on which such operations were conducted.

- (w) **"Final Statement of Adjustments"** has the meaning provided in Section 4.1(d).
- (x) **"General Conveyance"** means the general conveyance in the form attached as Schedule "B".
- (y) **"Government Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, or department, including any government-owned entity, having jurisdiction over a Party, the Assets or the Transaction.
- (z) **"GST"** the goods and services tax required to be paid pursuant to the *Excise Tax Act* (Canada) and in accordance with Section 3.4(a).
- (aa) **"Hazardous Substances"** means hazardous or toxic substances, hazardous wastes, radioactive substances, asbestos, dangerous goods and Petroleum Substances, including any and all substances and wastes regulated under Environmental Law.
- (bb) **"Insider"** has the meaning given to that term in the *Securities Act* (Alberta).
- (cc) **"Land Schedule"** means the lands listed in Part 1 of Schedule "A".
- (dd) **"Lands"** means the entire interest of the Debtor Company in and to the lands set forth and described in the Land Schedule, and includes (i) unless the context otherwise requires, the surface of such lands and (ii) the Petroleum Substances within, upon or under such lands, together with the rights to drill for, explore for, mine, win, take, own or remove same, insofar as the same are granted by the Leases to such lands.
- (ee) **"Leases"** means the leases, reservations, permits, licenses or other documents of title set forth and described in the Land Schedule by virtue of which the holder thereof is entitled to drill for, explore for, mine, win, take, own or remove Petroleum Substances underlying the Lands and include, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.
- (ff) **"Losses and Liabilities"** means, in respect of a Person and in relation to a matter, any and all:
 - (i) losses, costs, damages, expenses and charges (including all penalties, interest, assessments and fines) which such Person suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Claims arising from the matter, regardless of whether such

Claims are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and

- (ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which such Person suffers, sustains, pays or incurs, directly or indirectly, as a result of or in connection with such matter;

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

- (gg) **"Miscellaneous Interests"** means all of the right, title, interest and estate of the Debtor Company in and to all property, assets and rights, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Tangibles), to the extent relating to the Petroleum and Natural Gas Rights or the Tangibles, and to which the Debtor Company is entitled, including the following property, rights and assets:

- (i) all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Petroleum and Natural Gas Rights and the Tangibles, including the Title and Operating Documents and any rights of the Debtor Company in relation thereto;
- (ii) the Surface Rights;
- (iii) all:
 - (A) geological, geochemical and mineralogical data, reports and findings and archive samples;
 - (B) core samples and cuttings from wells drilled on the Lands or lands pooled or unitized therewith;
 - (C) engineering and technical information, to the extent relating to the Petroleum and Natural Gas Rights and the Tangibles;

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

- (iv) the Proprietary Seismic;
- (v) all permits, licenses, approvals, orders and other authorizations, crossing privileges and other subsisting rights to carry out operations on the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Tangibles or the Wells are located, including

well and pipeline licenses and other permits, licenses, approvals, orders and authorizations relating to the Petroleum and Natural Gas Rights or the Tangibles; and

- (vi) the Wells, including the entire wellbores and casings, and all contracts, agreements, books, records, files, maps and documents to the extent that they relate to the Wells, including the Title and Operating Documents and any rights of the Debtor Company in relation thereto.
- (hh) "**Objection Date**" has the meaning provided in Section 4.1(e).
- (ii) "**Operations**" means any and all work, activities and operations of any kind whatsoever conducted on or with respect to the Assets.
- (jj) "**Party**" means the Vendor or the Purchasers, and "**Parties**" means the Vendor and the Purchasers.
- (kk) "**Permitted Encumbrances**" means any of the following:
 - (i) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles, wires and cable;
 - (ii) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iii) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
 - (iv) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
 - (v) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
 - (vi) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;

- (vii) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (viii) the terms and conditions of the Leases and the Title and Operating Documents; and
- (ix) any other circumstance, matter or thing disclosed in any Schedule hereto.

Additionally, the following items must be identified in a Schedule to qualify as a Permitted Encumbrance: (A) any overriding royalty, net profits or other similar encumbrance applicable to the Petroleum and Natural Gas Rights for which the Purchasers will assume the obligation for payment; (B) any existing potential alteration of the Debtor Company's interests in the Assets because of a payout conversion or farmin, farmout or other similar agreement; and (C) any security interest which would not be a Permitted Encumbrance under the preceding paragraphs of this definition.

- (ll) **"Person"** means any individual, company, corporation, limited or unlimited liability company, sole proprietorship, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or other entity.
- (mm) **"Petroleum and Natural Gas Rights"** means all of the right, title, estate and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Debtor Company in and to the Lands and the Leases, subject in all events to the Permitted Encumbrances, including those petroleum and natural gas rights set out in Part 1 of Schedule "A".
- (nn) **"Petroleum Substances"** means any of crude oil, crude bitumen, oil sands and products derived therefrom, synthetic crude oil, heavy oil, coalbed methane, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur, hydrogen sulphide, produced water and salt water.
- (oo) **"Place of Closing"** means the offices of Osler, Hoskin & Harcourt LLP at 2500, 450 – 1st Street S.W. in the City of Calgary in the Province of Alberta, or as otherwise agreed to in writing by the Parties.
- (pp) **"Property"** has the meaning given to it in the Receivership Order.
- (qq) **"Purchase Price"** has the meaning given in Section 3.1.
- (rr) **"Receivership Order"** means the order issued by the Court in the Receivership Proceedings on September 1, 2017, as amended, modified or supplemented from time to time.
- (ss) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court Action No. 1701-11639.

- (tt) **"Release"** means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Hazardous Substance into or through the Environment or into or out of any lands, including the movement of a Hazardous Substance through or in any part of the Environment.
- (uu) **"Representatives"** means, with, respect to any Party, the respective directors, officers, employees, agents, advisors, consultants and representatives of that Party.
- (vv) **"Surface Rights"** means all right, title, interest and estate of the Debtor Company to enter upon, use, occupy and enjoy the surface of the Lands, and any lands with which the same have been pooled or unitized, and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto or egress therefrom, in each case, for purposes related to the use or ownership of the Petroleum and Natural Rights, the Tangibles or the Wells or Operations, whether the same are held in fee simple, under a surface lease, by right of way, easement, license of occupation or otherwise, and including those surface rights set out in Part 2 of Schedule "A".
- (ww) **"Tangibles"** means all right, title, interest and estate of the Debtor Company, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within, upon, to the Lands and which are used, useful or intended to be used to produce, process, gather, treat, measure, make marketable, compress, dehydrate, scrub, separate, extract, collect, refrigerate, store, remove, transport or ship Petroleum Substances or in connection with water condensate, injection or removal operations or other in situ operations that pertain to the Petroleum and Natural Gas Rights.
- (xx) **"Third Party"** means any Person other than the Parties, their Affiliates and their respective Representatives.
- (yy) **"Title and Operating Documents"** means all agreements, contracts, instruments and other documents that govern the ownership, operation or use of the Assets or relate to Permitted Encumbrances, including (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural gas Rights were issued, granted or created, (ii) permits, licenses, approvals, orders and authorizations, (iii) operating agreements, pooling agreements, unit agreements, unit operating agreements, production allocation agreements, trust declarations, participation agreements, option agreements, joint venture agreements, farm-in agreements, farm-out agreements and royalty agreements, (iv) agreements that create or relate to Surface Rights, including surface rights documentation and road use agreements, (v) agreements for the construction, ownership and/or operation of the Tangibles and the Wells, (vi) trust declarations and other documents and instruments that evidence the Debtor Company's interests in the Assets; and (vii) trust declarations pursuant to which the Debtor Company holds interests in the Lands in trust for other Persons.
- (zz) **"Transaction"** means the transaction for the purchase and sale of the Assets as contemplated by this Agreement.

- (aaa) "**Vendor Consents**" has the meaning provided in Section 8.1.
- (bbb) "**Vendor Entity**" means the Vendor and its Representatives, and each of their respective successors and assigns.
- (ccc) "**Vesting Order**" means the order of the Court vesting the Assets in the name of the Purchasers free and clear of any Encumbrances other than the Permitted Encumbrances, substantially in the form attached hereto as Schedule "D".
- (ddd) "**Wells**" means all wells in which the Debtor Company has an interest as set out in Part 3 of Schedule "A".

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation or construction of this Agreement;
- (b) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (c) any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and in force at the date hereof;
- (d) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and *vice versa*, as the context requires;
- (e) the words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (f) reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict;
- (h) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation"; and
- (i) all references to currency shall mean the lawful money of Canada, unless otherwise specifically stated.

1.3 Schedules

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

SCHEDULE "A"	
Part 1	Lands and Petroleum and Natural Gas Rights
Part 2	Surface Rights
Part 3	Wells
Part 4	Proprietary Seismic
SCHEDULE "B"	Form of General Conveyance
SCHEDULE "C"	Form of Officer's Certificate
SCHEDULE "D"	Form of Court Approval Order

1.4 Interpretation If Closing Does Not Occur

If Closing does not occur, each provision of this Agreement which presumes that the Purchasers have acquired the Assets shall be construed as having been contingent upon Closing having occurred.

1.5 Knowledge or Awareness

References to a Party's knowledge or awareness and similar references contained in Sections 10.1 and 10.3 mean the actual knowledge or awareness, as the case may be, of the officers of such Party who are primarily responsible for the matters in question, and does not include knowledge and awareness of any other Person or any other Person or any constructive or imputed knowledge. A Party shall not have any obligation to make inquiry of any Person or the files and records of any Person or of any Government Authority in connection with any representations and warranties contained herein that are made to its knowledge, information, belief or awareness.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell, assign, transfer, convey and set over the Assets to the Purchasers, and the Purchasers agree to purchase and accept the Assets from the Vendor, at and for the Purchase Price.

2.2 Transfer of Assets

Provided that Closing occurs, and subject to the terms and conditions of this Agreement, possession, risk, beneficial and legal ownership of the Assets shall transfer from the Vendor to the Purchasers on the Closing Date. The Parties agree that Vendor shall transfer an undivided forty percent (40%) working interest in the Assets to Sandpoint Resources Inc. and an undivided sixty percent (60%) working interest in the Assets to Blue Moon Oil and Gas Inc. but that notwithstanding such split of ownership between the Purchasers that each Purchaser shall be jointly and severally liable to the Vendor under this Agreement, including under Sections 3.4 and 6.2 and Article 13.

2.3 Excluded Liabilities

For clarity, the Purchasers shall not assume any liabilities or obligations of the Vendor other than as may be specifically provided in this Agreement.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

3.1 Purchase Price

The purchase price to be paid by the Purchasers to the Vendor for the Assets shall be [REDACTED] (the "**Purchase Price**").

3.2 Allocation of the Purchase Price

The Purchase Price shall be allocated among the Assets as follows:

- (a) to the Petroleum and Natural Gas Rights 70% of the Purchase Price
- (b) to the Miscellaneous Interests \$1.00
- (c) to the Tangibles Balance of the Purchase Price

3.3 Closing Payment

The Purchasers shall pay to the Vendor at Closing, by certified cheque, bank draft or electronic wire transfer, the Purchase Price plus any taxes and fees (including GST) payable under Section 3.4 (the "**Closing Payment**").

3.4 Taxes and Fees

- (a) The Purchase Price does not include GST. At Closing, the Purchasers shall pay to the Vendor an amount equal to the statutory rate of GST on the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Section 3.2 and on the amount attributable to any other Assets or expenses to which GST may apply. The Purchasers shall be jointly and severally liable for the payment and remittance of any additional amount of GST payable in respect of the purchase of the Assets pursuant hereto, including any interest, penalties, or any other costs payable in respect of such additional GST, and shall indemnify and save harmless the Vendor in respect thereof. The GST Registration Number of Scollard Energy Ltd. is 79445 2722 RT00002. The GST Registration Numbers of Sandpoint Resources Inc. is 89766 8166 RT0001 and Blue Moon Oil and Gas Inc. is 777 476 292 RT0001.
- (b) The Purchasers shall also be jointly and severally liable for and shall pay any and all land transfer taxes, federal or provincial sales taxes and all other taxes, duties or other similar charges properly payable upon and in connection with the conveyance and transfer of the Assets by the Vendor to the Purchasers and the Purchasers shall be responsible for all recording charges and registration fees payable in connection therewith.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustments

- (a) All benefits and obligations of any kind or nature received, accruing, payable or paid in respect of the Assets, including maintenance, development, capital and operating costs, royalties and proceeds from the sale of production, shall be apportioned between the Vendor and the Purchasers on an accrual basis in accordance with generally accepted accounting principles as of the Adjustment Date, subject to the following:
- (i) all rentals and similar payments, all cash advances and all property taxes, freehold mineral taxes and other taxes (excluding taxes based on income, net revenue or capital) paid, payable or levied on or in respect to the Assets, the ownership thereof or Petroleum Substances produced therefrom or allocated thereto shall be apportioned between Vendor and Purchasers on a per diem basis as of the Adjustment Date;
 - (ii) all costs relating to any work performed or goods and services provided in respect of the Assets will be deemed to have accrued as of the date the work was performed or the goods or services were provided, regardless of the time at which those costs become payable;
 - (iii) all deposits, prepaid amounts and other security and financial assurances provided by the Vendor to Government Authorities or other Third Parties in respect to the Assets, the operation thereof, Petroleum Substances produced therefrom or allocated thereto or services provided in connection therewith do not comprise part of the Assets and shall be for the sole benefit and the account of the Vendor;
 - (iv) all overhead recoveries, operator's fees and similar amounts provided for in the Title and Operating Documents and received or receivable by the Vendor as operator of any Assets and relating to the period up to Closing shall be for the Vendor's benefit and account, with such amounts received or receivable in respect of the month in which Closing occurs apportioned between the Vendor and the Purchasers on a per diem basis as of the Closing Date;
 - (v) Petroleum Substances that were produced from or allocated to the Assets and that were beyond the wellhead as of the Adjustment Date do not comprise part of the Assets and shall remain the property of, and be for the benefit and the account of, the Vendor;
 - (vi) no adjustments shall be made on account of any taxes calculated by reference to or assessed based on income, net revenue or capital that are payable by the Vendor or the Purchasers; and
 - (vii) all costs of the pump replacement on the 00/10-02-047-26W4/0 Well shall be solely to the Vendor's account and no adjustment shall be made in respect of the cost of such work.

- (b) For the purposes of Section 3.2 all adjustments between the Parties pursuant to this Section 4.1 shall be allocated to the Petroleum and Natural Gas Rights.
- (c) The Vendor shall prepare a statement based on the Vendor's good faith estimate of all adjustments to be made between the Parties pursuant to and in accordance with Section 4.1(a) (the "**Closing Statement**") and deliver a copy of such statement, together with reasonable supporting documentation, to the Purchasers no later than the fifth (5th) Business Day immediately prior to the Closing Date. The Vendor and the Purchasers shall cooperate in settling and agreeing to the amounts and adjustments set forth in the Closing Statement. If the Parties are unable to agree on the calculation thereof prior to Closing, the Vendor's good faith estimate of such adjustments shall be used for the purposes of calculating the payment to be made by Purchasers at Closing.
- (d) Within ninety (90) days following Closing, the Vendor shall prepare (or cause to be prepared) and deliver to the Purchasers a written statement (the "**Final Statement of Adjustments**") setting forth any adjustments to be made between the Parties pursuant to and in accordance with Section 4.1(a) that were not included in the Closing Statement or, if included in the Closing Statement, were not accurately included therein, together with the net amount payable by one Party to the other in respect of such adjustments. No further adjustments shall be made between the Parties after settlement of the adjustments set forth in the Final Statement of Adjustments. The Vendor shall assist the Purchasers in verifying the amounts and adjustments set forth in the Final Statement of Adjustments.
- (e) If the Purchasers are of the opinion, acting reasonably, that any change is required to be made to the Final Statement of Adjustments as prepared by the Vendor, it shall, within thirty (30) days after the delivery of the Final Statement of Adjustments by the Vendor to the Purchasers (the "**Objection Date**"), give written notice to the Vendor of any such proposed change, including the amount of such proposed change and other particulars of such proposed change, in reasonable detail. If the Purchasers do not notify the Vendor of any proposed change on or before the Objection Date, then the Purchasers shall be deemed to have accepted the Final Statement of Adjustments.
- (f) If the Purchasers give written notice to the Vendor of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by the Vendor and the Parties fail to resolve the dispute within ten (10) days after receipt by the Vendor of such notice, then the Accounting Firm shall be immediately engaged by the Parties to resolve the dispute and the Accounting Firm 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 Firm shall be final and binding upon the Parties and shall not be subject to appeal by either Party. Each Party shall be responsible for and shall pay 50% of the fees and expenses of the Accounting Firm.
- (g) Amounts payable under this Section 4.1 shall be paid within ten (10) days of delivery of the Final Statement of Adjustments or receipt of notice by a Party that is liable to pay such amount as provided above in this Section 4.1 provided that,

if there is a dispute regarding the liability for or the amount of any permitted (or purportedly permitted) adjustment, the amount in dispute shall become due and payable within ten (10) days of settlement or other resolution of such dispute.

ARTICLE 5 CLOSING

5.1 Closing

The Closing of the Transaction shall take place at the Place of Closing or such other place as the Parties may agree on the fifth Business Day following the date of the Court Approval or such other Business Day as the Parties may agree in writing (the "**Closing Date**").

ARTICLE 6 INTERIM PROVISIONS

6.1 Restrictions on Conduct of Business

The Vendor shall not, between the date of this Agreement and the Closing Date, without the written consent of the Purchasers, which consent will not be unreasonably withheld, conditioned or delayed:

- (a) make any commitment or propose, initiate or authorize any capital expenditure out of the ordinary course of business with respect to the Assets, of which the Debtor Company's share is in excess of \$25,000, except in the case of an emergency or as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets (including Lease rental payments) or in respect of amounts which the Vendor may be committed to expend or be deemed to authorize for expenditure without its consent;
- (b) other than in the ordinary course of business, materially amend or terminate any agreement or instrument relating to the Assets or enter into any new agreement or commitment relating to the Assets, except as may be reasonably necessary to protect or ensure life and safety or to preserve the Assets or title to the Assets;
- (c) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and the Purchasers do not provide same in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;
- (d) sell, encumber or otherwise dispose of any of the Assets or any interest therein;
or
- (e) exercise any right or option of the Debtor Company relative to or arising as a result of the ownership of the Assets.

6.2 Following Closing

- (a) Following Closing, the Vendor shall hold title to the Assets in trust for the Purchasers, as bare legal trustee, until all necessary notifications, registrations

and other steps required to transfer such title to the Purchasers have been completed and, in furtherance thereof:

- (i) the Vendor shall forward all statements, notices and other information received by it pursuant to such Title and Operating Document that pertains to the Assets to the Purchasers promptly following its receipt thereof; and
- (ii) the Vendor shall forward to other parties to the Title and Operating Documents such notices and elections pursuant to such Title and Operating Documents pertaining to the Assets as the Purchasers may reasonably request;

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

- (b) The Purchasers shall indemnify and save and hold harmless the Vendor, the Debtor Company and each other Vendor Entity from and against all Losses and Liabilities arising as a consequence of the provisions of this Section 6.2, except to the extent caused by the gross negligence or wilful misconduct of such Person. Acts or omissions taken by any Vendor Entity or the Debtor Company on the instructions of, or with the express written approval of, the Purchasers shall not constitute gross negligence or wilful misconduct.

ARTICLE 7 ACCESS TO INFORMATION AND RECORDS

7.1 Technical and Operating Information

The Vendor shall, upon request and subject to contractual restrictions relating to disclosure, make available all technical data relating to the Assets (including, as may be available, seismic data, drilling reports, land files, surface disposition files, environmental files, well files and production records, but excluding data and information which are subject to confidentiality restrictions prohibiting their disclosure) as are in the possession or control of the Vendor or the Debtor Company for such inspection as the Purchasers reasonably require in connection herewith; provided that the Purchasers shall reimburse the Vendor for all reasonable out of pocket costs incurred by the Vendor in obtaining and delivering any core samples and cuttings to the Purchasers. Upon reasonable written notice to the Vendor the Purchasers shall be entitled to conduct a field inspection of the Lands.

7.2 No Right to Reduction in Purchase Price

Notwithstanding anything to the contrary in this Agreement, the Purchasers acknowledges and agrees that it shall have no right or other entitlement to any abatement or reduction in the Purchase Price as a result of, arising from or in connection with any deficiency or allegation of deficiency in respect of the Assets, including, without limitation, any environmental liability or deficiency or title deficiency, whether identified in connection with the Purchasers' right to information as provided by Section 7.1 or otherwise.

7.3 Access to Records

The Vendor may, at its sole expense, for a period of two (2) years after Closing, obtain from the Purchasers copies or photocopies of any Title and Operating Documents, correspondence, documents, records, policies, manuals, reports, or other proprietary, confidential business or technical information which were delivered to the Purchasers at Closing by the Vendor and which the Vendor reasonably requires for tax purposes.

ARTICLE 8 THIRD PARTY CONSENTS

8.1 Consents

The Vendor shall, forthwith upon execution of this Agreement, use commercially reasonable efforts to:

- (a) identify and request in writing all necessary consents, permissions and approvals by Third Parties (including the waiver of all rights of first refusal (if any)) and Government Authorities in connection with the Transaction customarily obtained by a vendor prior to Closing (the "**Vendor Consents**"); and
- (b) provide prior written notice to all Third Parties and Government Authorities in sufficient time to allow any Vendor Consents having an expiry period to expire (if not refused) prior to the Closing Date.

ARTICLE 9 CONDITIONS PRECEDENT TO CLOSING

9.1 Requirement for Court Approval

The Parties acknowledge and agree that Closing is conditional upon the Vendor having obtained the Court Approval in form and substance satisfactory to the Purchasers, acting reasonably. The Purchasers and the Vendor shall proceed diligently and in good faith and use reasonable commercial efforts to obtain the Court Approval. In the event that the Court refuses to grant the Court Approval, this Agreement shall terminate and the Vendor and the Purchasers shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction.

9.2 Vendor's Closing Conditions

The obligation of the Vendor to complete the sale of the Assets pursuant to this Agreement is subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Purchasers contained in this Agreement shall be true in all material respects on the Closing Date, and the Vendor shall have received a certificate from an officer of each Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date;

- (b) **Purchasers' Obligations:** The Purchasers shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Purchasers on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Purchasers shall have executed and delivered to the Vendor all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **Restrictions:** All Vendor Consents, as well as all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions;
- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (f) **Court Approval:** The Court Approval and the Vesting Order shall have been obtained.

The foregoing conditions shall be for the benefit of the Vendor and may, without prejudice to any of the rights of the Vendor hereunder excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived, be waived by it in writing, in whole or in part, at any time, provided that the Vendor is not entitled to waive the Court Approval condition contained in Section 9.2(f). The Vendor shall proceed diligently and in good faith and use commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions in case any of the said conditions shall not be complied with, or waived by the Vendor, at or before the Closing Date, the Vendor may terminate this Agreement by written notice to the Purchasers.

9.3 Purchasers' Closing Conditions

The obligation of the Purchasers to complete the purchase of the Assets pursuant to this Agreement is subject to the satisfaction, at or prior to the Closing Date, of the following conditions precedent:

- (a) **Representations and Warranties True:** All representations and warranties of the Vendor contained in this Agreement shall be true in all material respects on the Closing Date;
- (b) **Vendor's Obligations:** The Vendor shall have, in all material respects, timely performed and satisfied all obligations required by this Agreement to be performed and satisfied by the Vendor (and shall have caused the Debtor Company to perform and satisfy in a timely manner all of its obligations hereunder) on or prior to the Closing Date;
- (c) **Conveyance Documents:** The Vendor shall have executed and delivered to the Purchasers all Conveyance Documents required under Section 12.1(a) and the General Conveyance;
- (d) **Restrictions:** All Vendor Consents, as well as all necessary governmental and other regulatory approvals to the sale of the Assets that are required prior to Closing shall have been obtained without conditions;

- (e) **No Injunction:** There will not be any judicial restraining order or injunction, preliminary or otherwise, in effect prohibiting the Closing or the Transaction; and
- (f) **Court Approval:** The Court Approval and the Vesting Order shall have been obtained.

The foregoing conditions shall be for the benefit of the Purchasers and may, without prejudice to any of the rights of the Purchasers hereunder (excluding reliance on or enforcement of any representations, warranties or covenants dealing with the subject of or similar to the condition waived), be waived by it by notice to the Vendor in writing, in whole or in part, at any time, provided that the Purchasers are not entitled to waive the Court Approval condition contained in Section 9.3(f). The Purchasers shall proceed diligently and in good faith and use commercially reasonable efforts to fulfill and assist in the fulfillment of the foregoing conditions. In case any of the said conditions shall not be complied with, or waived by the Purchasers at or before the Closing Date, the Purchasers may terminate this Agreement by written notice to the Vendor.

9.4 Parties to Exercise Diligence and Good Faith with respect to Conditions

Each Party covenants to the other that it will proceed diligently, honestly, and in good faith, and use commercially reasonable efforts with respect to all matters within its reasonable control to satisfy its respective conditions in Sections 9.2 and 9.3.

ARTICLE 10 REPRESENTATIONS AND WARRANTIES

10.1 Vendor's Representations and Warranties

The Vendor hereby represents and warrants to the Purchasers that:

- (a) the Debtor Company is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration;
- (b) the Receiver has been appointed by the Court as receiver of the assets, undertakings and properties of the Debtor Company and such appointment is valid and subsists;
- (c) the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Company and not in its personal or corporate capacity, has good right, full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and to sell, assign, transfer, convey and set over the interest of the Debtor Company in and to the Assets, subject to the terms and conditions of the Receivership Order and the Vesting Order;
- (d) provided the Court Approval is obtained this Agreement has been and all documents and agreements to be executed and delivered by the Vendor at Closing pursuant to this Agreement shall be, duly executed and delivered by it; and
- (e) the Debtor Company is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

10.2 No Additional Representations and Warranties by the Vendor

- (a) Notwithstanding anything to the contrary in this Agreement, the Vendor makes no representations or warranties except as expressly set forth in Section 10.1 and in particular, and without limiting the generality of the foregoing, the Vendor disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, which may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to the Purchasers in any manner including any opinion, information, or advice which may have been provided to the Purchasers by the Debtor Company, the Receiver or their Representatives in connection with the Assets or in relation to the Transaction. For greater certainty, the Vendor makes no representation or warranty, express or implied, of any kind, at law or in equity, with respect to:
- (i) the accuracy or completeness of any data or information supplied by the Vendor or the Debtor Company or any of their Representatives in connection with the Assets;
 - (ii) the quality, quantity or recoverability of any Petroleum Substances with or under the Lands;
 - (iii) the value of the Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Assets or the Lands or any estimates of other revenues or expenses attributable to the Assets;
 - (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
 - (v) the ability of the Purchasers to obtain any necessary approval from any Government Authority in order for the Purchasers to operate the Assets;
 - (vi) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles;
 - (vii) the title of the Debtor Company to the Assets; or
 - (viii) the quality of the Seismic Data, the rights of any Third Party to use the Seismic Data, or the misappropriation, infringement, dilution or violation of the Seismic Data by a Third Party.

The Purchasers acknowledge and confirm that it is relying on its own investigations concerning the Assets and it has not relied on advice from the Vendor, the Debtor Company or any of their Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Assets pursuant hereto. The Purchasers further acknowledge and agree that it is acquiring the Assets on an "as is, where is" and "without recourse" basis. The Purchasers acknowledge and agree that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the

Purchasers with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchasers (insofar as the Vendor could reasonably provide such access) and that the Purchasers are not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as expressly contained in Section 10.1 of this Agreement.

- (b) Except for its express rights under this Agreement, the Purchasers hereby waive all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against the Vendor, the Debtor Company or any Vendor Entity in respect of the Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to the Purchasers or their Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

10.3 Purchasers' Representations and Warranties

Each Purchaser hereby represents and warrants to the Vendor that:

- (a) It is and at the Closing Date shall continue to be a valid and subsisting corporation under the laws of its jurisdiction of registration and is authorized to carry out business in the jurisdiction where the Assets are located;
- (b) except for the Court Approval, it has taken all action and has full power and absolute authority to enter into this Agreement and the other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Transaction and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) it has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the Transaction for which the Vendor or the Debtor Company shall have any obligations or liability;
- (d) it has not received notice of any Claims in existence, contemplated, pending or threatened against it seeking to prevent the consummation of the Transaction;
- (e) provided the Court Approval is obtained, this Agreement has been, and all documents and agreements to be executed and delivered by it at Closing pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by the Vendor and it, this Agreement constitutes, and all documents and agreements required to be executed and delivered by it at Closing will constitute legal, valid and binding obligations of it enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;
- (f) to its knowledge, and provided that Court Approval is obtained, no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Assets is required by it or on its behalf for the due execution and delivery of this Agreement;

- (g) provided the Court Approval is obtained, the consummation of the Transaction will not constitute or result in a material violation, breach or default by it under any provision of any agreement or instrument to which it is a party or by which it is bound or any judgment, law, decree, order or ruling applicable to it;
- (h) it is acquiring the Assets in its capacity as a principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party within the next 60 Business Days;
- (i) it has sufficient funds available to it to enable it to pay in full the Purchase Price to the Vendor as herein provided and otherwise to fully perform its obligations under this Agreement; and
- (j) to its knowledge, having made due enquiry, no Insider of such Purchaser is also an Insider of the Vendor or the Debtor Company.

10.4 Enforcement of Representations and Warranties

- (a) Notwithstanding anything to the contrary herein expressed or implied and notwithstanding the Closing or deliveries of covenants and/or representations and warranties in any other agreements at Closing or prior or subsequent thereto, the representations and warranties set forth in Article 10 and all certificates, documents and agreements delivered pursuant to this Agreement shall survive Closing, provided that no Claim in respect of such representations and warranties shall be made or be enforceable unless written notice of such Claim is given by a Party to the other Party within ninety (90) days of the Closing Date. Effective on the expiry of such ninety (90) day period, each Party hereby releases and forever discharges the other Party from any breach of any representations and warranties set forth in Article 10 hereof and all certificates, documents and agreements delivered pursuant to this Agreement, except in respect of those Claims in which notice has been given in accordance with this Section 10.4. No Claim shall be made by a Party in respect of the representations and warranties in this Agreement made by the other Party except pursuant to and in accordance with this Section 10.4.
- (b) There shall not be any merger of any covenant, representation or warranty in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.
- (a) The representations and warranties of the Vendor and the Purchasers made herein or pursuant hereto are made for the exclusive benefit of the Purchasers or the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

ARTICLE 11 CLOSING DELIVERIES

11.1 Vendor Closing Deliveries

At Closing, the Vendor shall table the following:

- (a) a certified copy of the Vesting Order;
- (b) a receipt for the Closing Payment;
- (c) the General Conveyance, fully executed by the Vendor;
- (d) a certificate of a senior officer of the Vendor substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (e) the Conveyance Documents, to the extent prepared on or by the Closing Date in accordance with Section 12.1(a).

11.2 Purchasers' Closing Deliveries

At Closing, the Purchasers shall table the following:

- (a) the Closing Payment;
- (b) the General Conveyance, fully executed by the Purchasers;
- (c) a certificate of a senior officer of each Purchaser substantially in the form attached hereto as Schedule "C" dated as of the Closing Date; and
- (d) the Conveyance Documents, to the extent delivered by the Vendor on or by the Closing Date in accordance with Section 12.1(a), fully executed by the Purchasers.

11.3 Deliveries

The Vendor shall deliver or cause to be delivered to the Purchasers within ten (10) Business Days following Closing, the original copies of the Title and Operating Documents and any other agreements and documents in its possession related to the Assets and the original copies of contracts, agreements, records, books, documents, licenses, reports and data included in the Miscellaneous Interests which are now in the possession of the Vendor. Notwithstanding the foregoing, if and to the extent such contracts, agreements, records, books, documents, licenses, reports and data also pertain to a greater degree to interests other than the Assets, at the Vendor's expense, photocopies or other copies may be provided to the Purchasers in lieu of original copies.

ARTICLE 12 CONVEYANCES AND TRANSFER

12.1 Conveyances

- (a) The Vendor shall provide at the Closing Date those Conveyance Documents required to acquire the Debtor Company's interest in any Assets purchased herein, but no such documents shall require the Vendor to assume or incur any obligation, or to provide any representation or warranty, beyond that contained in this Agreement. The Vendor shall not be required to have such documents signed by Third Parties at or before the Closing Date but shall cooperate with the Purchasers as reasonably required to secure execution of such documents by

such Third Parties as soon as practicable thereafter. The Purchasers shall execute and promptly return to the Vendor at least one copy of each such document and the Vendor shall use all reasonable efforts to obtain timely execution and return of such documents by Third Parties wherever required. The Parties agree that certain assignments may be in the form of electronic transfers including Alberta Energy Regulator well license transfers and agree that reasonable efforts shall be made to ensure such assignments will be completed on the Closing Date.

- (b) The Purchasers shall promptly register in the applicable registry all registrable transfers and conveyances of its interests in the Assets and the Vendor shall make application to all applicable Government Authorities to change the recorded name of all Wells and Tangibles forming part of the Assets. All reasonable costs incurred in registering any transfers and conveyances inclusive of well license transfers, and all costs of registering any further assurances required to convey the Assets, shall be borne by the Purchasers.

12.2 License and Authorization Transfers

- (a) On or before the Closing Date, the Purchasers shall communicate with the relevant Government Authority to determine all conditions and deposits which the relevant Government Authority will require in order for the relevant Government Authority to approve the transfer by the Vendor to the Purchasers of any and all licenses and authorizations for the Wells and any Tangibles licensed to the Vendor, and shall advise the Vendor in writing of such conditions and required deposits. In such case, on or before Closing, the Purchasers shall satisfy the deposit requirements of the relevant Government Authority in order to approve any of those license and authorization transfers to the Purchaser. The Purchasers further covenant to comply with all conditions imposed by the relevant Government Authority in respect of such transfers.
- (b) Within five (5) Business Days following Closing, the Vendor shall prepare and electronically submit an application to the relevant Government Authority for the transfer of any Wells and any Tangibles held in the name of the Debtor Company and the Purchasers shall promptly execute and return such applications to the Vendor for registration in accordance with Section 12.1(b).
- (c) Should the relevant Government Authority deny any license transfer because of misdescription or other minor deficiencies in the application, the Vendor shall, within two (2) Business Days, correct the application and amend and re-submit an application for the license transfers and the Purchasers shall electronically ratify and sign such application.
- (d) After Closing, whether or not the Purchasers requested prior determination of the relevant Government Authority transfer conditions under Section 12.2, if for any reason the relevant Government Authority requires the Purchasers to make a deposit in order to approve the license or authorization transfer, the Purchasers shall and covenants to immediately make such deposit.

ARTICLE 13 LIABILITIES AND INDEMNITIES

13.1 General Indemnity

If Closing occurs the Purchasers shall, without any further necessary action on the part of the Vendor or the Purchasers, jointly and severally:

- (a) assume, perform, pay, discharge and be liable to the Vendor for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Vendor, the Debtor Company and each other Vendor Entity from and against,

all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Closing Date and which relate to the Assets or the terms and conditions of the Title and Operating Documents, including but not limited to all Losses and Liabilities attributable to the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Closing Date. The Purchasers' indemnity obligation set forth in this Section 13.1 shall survive the Closing Date indefinitely.

13.2 Environmental Indemnity

- (a) Each Purchaser acknowledges that it:
 - (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
 - (ii) is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets.
- (b) The Purchasers agree that once Closing has occurred the Vendor shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing has occurred, the Purchasers shall, without any further necessary action on the part of the Vendor or the Purchasers, jointly and severally:
 - (i) be solely liable and responsible for all of the Vendor's Losses and Liabilities; and
 - (ii) as a separate covenant, indemnify, save and hold the Vendor, the Debtor Company and each other Vendor Entity, harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities, however and whenever arising or occurring, and the Purchasers shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of the Vendor or the

Purchasers or any other person or otherwise. Each Purchaser acknowledges and agrees that it shall not be entitled to any rights or remedies as against the Vendor, the Debtor Company or any Vendor Entity under the common law or statute pertaining to any Environmental Liabilities, including the right to name the Vendor, the Debtor Company or any Vendor Entity as a “third party” to any action commenced by any Person against such Purchaser. The Purchasers’ indemnity obligation set forth in this Section 13.2(b) shall survive the Closing Date indefinitely.

13.3 No Merger

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

13.4 Holding of Indemnities

The Vendor will hold the indemnities contained in Sections 13.1 and 13.2 in trust on behalf of all of the Debtor Company and the other Vendor Entities and may enforce the same on their behalf.

ARTICLE 14 TERMINATION

14.1 Grounds for Termination

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

- (a) by mutual written agreement of the Vendor and the Purchasers; or
- (b) by either the Vendor or the Purchasers pursuant to the provisions of Sections 9.2 or 9.3, as applicable.

14.2 Effect of Termination

If this Agreement is terminated by the Vendor or the Purchasers as permitted under Section 14.1, then Article 15 and Section 20.2 shall remain in full force and effect following any such permitted termination.

ARTICLE 15 CONFIDENTIALITY, PUBLIC ANNOUNCEMENTS AND SIGNS

15.1 Confidentiality

Each Party agrees to keep in strict confidence:

- (a) all information regarding the terms of this Agreement; and
- (b) any information exchanged or received in connection with:

- (i) the performance of due diligence by the Purchasers prior to or after the date hereof (including due diligence conducted under or in connection with this Agreement); or
- (ii) negotiation or drafting of this Agreement;

provided that, except as otherwise agreed by the Parties, a Party shall be entitled to disclose all information as may be required or desirable in connection with obtaining the Court Approval.

In addition to the foregoing, the Purchasers shall continue to be bound by the Confidentiality Agreement dated October 31, 2017 in accordance with the terms thereof.

15.2 Signs

Within sixty (60) days following the Closing Date, the Purchasers shall remove the names of the Vendor, the Debtor Company and predecessors from all signs located at or near the Wells or any Tangibles. If the Purchasers fail to comply with the foregoing, the Vendor shall have the right, at its discretion, to remove its name as aforesaid and the Purchasers shall be responsible for and shall reimburse the Vendor for all reasonable costs incurred by the Vendor in so doing.

ARTICLE 16 GOVERNING LAW AND DISPUTE RESOLUTION

16.1 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and to the laws of Canada applicable therein.

16.2 Resolution of Disputes

- (a) Each Party hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court, and waives any defences it might have regarding jurisdiction in any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party, or for recognition or enforcement of any judgment in respect thereof, and each Party hereto hereby irrevocably and unconditionally agrees that all Claims in respect of any such action or proceeding may be heard and determined by the Court.
- (b) Each Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any ancillary agreement to which it is a Party in any court of competent jurisdiction in the Province of Alberta. Each of the Parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

ARTICLE 17 NOTICES

17.1 Service of Notices

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

the Purchasers: Sandpoint Resources Inc. and
320, 700 – 4th Ave SW
Calgary, AB T2P 3J4

Attention: Brad Osborne, President
Email: sandpointresources@gmail.com
Fax: 403-303-2503

and to: Blue Moon Oil and Gas Inc.
P.O. Box 1755
Station M
Calgary, AB T2P 2L8

Attention Richard Mellis, Director
Email: mellisr@shaw.ca
Fax: 403-249-8015

the Vendor: FTI Consulting Canada Inc.
c/o GMP FirstEnergy
1100, 311 – 6th Ave SW
Calgary, AB T2P 3H2

Attention: Erik B. Bakke
Email: ebbakke@gmpfirstenergy.com
Fax: 403-262-0688

Attention: Anthony M. De Nino
Email: amdenino@gmpfirstenergy.com
Fax: 403-262-0688

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

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

Any of the Parties may from time to time change its address for service herein by giving written notice to the other. Any notice may be served by personal service upon the above person specified by a Party, or if no person is specified, upon any officer of a Party, by mailing the

same by prepaid post in a properly addressed envelope addressed to the Party at its respective address for service hereunder, or by email to such Party at the email address specified hereunder. Any notice personally served upon an office or the person specified by a Party, as the case may be, shall be deemed to be given on the date of such service, any notice served by mail shall be deemed to be given to and received by the addressee on the fourth Business Day, after the mailing thereof and any notice given by email shall be deemed to be given and received on the day when it is sent, if it is sent during normal business hours (8:00 a.m. to 4:00 p.m.) and, otherwise, on the next following normal Business Day. No notices shall be served by mail during times of interruption or threat of interruption of mail service due to strikes, lockout or other causes.

ARTICLE 18 PERSONAL INFORMATION

18.1 Personal Information

The Purchasers covenant and agree to use and disclose any personal information contained in any of the books, records or files transferred to the Purchasers or otherwise obtained by the Purchasers in connection with the Transaction only for those purposes for which it was initially collected from or in respect of the individual to which such information relates or as otherwise permitted or authorized by Applicable Law. The Purchasers' obligations set forth in this Section 18.1 shall survive the Closing Date indefinitely.

ARTICLE 19 ASSIGNMENT

19.1 Assignment

- (a) Neither Party may assign their interest in or under this Agreement or to the Assets prior to Closing without the prior written consent of the other Party, which consent may be withheld in such other Party's sole and unfettered discretion.
- (b) No assignment, transfer, or other disposition of this Agreement or the Assets or any portion of the Assets shall relieve the Purchasers from their obligations to the Vendor herein. The Vendor shall have the option to claim performance or payment of the obligations from the Purchasers or the assignee or transferee, and to bring proceedings in the event of default against either or all of them, provided that nothing herein shall entitle the Vendor to receive duplicate performance or payment of the same obligation.

ARTICLE 20 MISCELLANEOUS

20.1 Remedies Cumulative

No failure on the part of any Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

20.2 Costs

Except as otherwise specified in this Agreement, each Party shall pay its respective costs incurred in connection with the preparation, negotiation and execution of this Agreement and the consummation of the Transaction.

20.3 No Waiver

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

20.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof, but expressly excluding the Confidentiality Agreement dated October 31, 2017, which shall continue to apply in accordance with its terms. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

20.5 Further Assurances

From time to time, as and when reasonably requested by the other Party, a Party shall execute and deliver or cause to be executed and delivered all such documents and instruments and shall take or cause to be taken all such further or other actions to implement or give effect to the Transaction, provided such documents, instruments or actions are consistent with the provisions of this Agreement. All such further documents, instruments or actions shall be delivered or taken at no additional consideration other than reimbursement of any expenses reasonably incurred by the Party providing such further documents or instruments or performing such further acts, by the Party at whose request such documents or instruments were delivered or acts performed.

20.6 Time of the Essence

Time shall be of the essence in this Agreement.

20.7 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective heirs, executors, successors and permitted assigns.

20.8 Severability

In the case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

20.9 Counterpart Execution

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall not be binding upon any Party unless and until executed by all Parties.

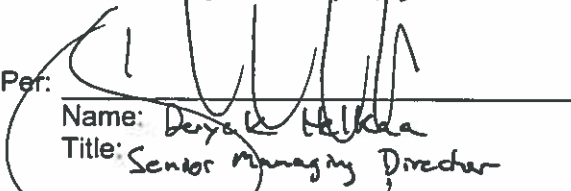
20.10 Electronic Execution

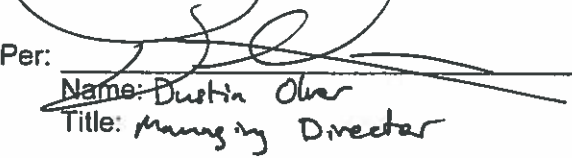
Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by any Party.

[Remainder of page intentionally left blank]


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

FTI CONSULTING CANADA INC., in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD., and not in its personal or corporate capacity


Per: 
Name: Deryak Halke
Title: Senior Managing Director

Per: 
Name: Dustin Oler
Title: Managing Director

SANDPOINT RESOURCES INC.

Per: 
Name: Bradley Osborne
Title: President

BLUE MOON OIL AND GAS INC.

Per: 
Name: Ben VanRooyseken
Title: President

SCHEDULE "A"

Attached to and made a part of that Asset Purchase and Sale Agreement dated January 9, 2018.

Part 1 – Lands and Petroleum and Natural Gas Rights

Lands and Petroleum and Natural Gas Rights

TITLE DOCUMENTS	LAND & RIGHTS	WORKING INTEREST
Freehold Natural Gas Lease dated effective June 1, 2013	NG in Sparky Section 33 Twp 46 Rge 26 W4M	100% working interest
Crown Petroleum and Natural Gas Lease No. 0405090424 dated effective September 22, 2005	P&NG to Base Mannville Group Section 2 Twp 47 Rge 26 W4M	100% working interests

Part 2 – Surface Rights

Surface Rights

SURFACE LEASES:
Freehold Surface Lease dated effective November 28, 2007 granted by Martin and Helena Kaiser
Freehold Surface Lease dated effective October 10, 2008 granted by Randy Craig Fandrick

Part 3 – Wells

Wells

UNIQUE WELL IDENT.	LICENSE NO.	LICENSEE NAME	WELL STATUS	EQUIPMENT
00/08-33-046-26W4/0	0403485	Scollard Energy Ltd.	Pumping Gas	Plunger Lift, Separator and Tank with Containment
00/10-02-047-26W4/0	0386495	Scollard Energy Ltd.	Pumping Oil	456 Pumpjack, Electric Motor, Separator, 2 – 400 bbl Tanks

Part 4 – Proprietary Seismic

Proprietary Seismic

LICENSE NO.	FROM/TO	LICENSEE NAME	STATUS
48163: Segment 1	15-11-047-26W4 to 07-14-047-26W4	Scollard Energy Ltd.	Operating
49960: Segment 1	03-02-047-26W4 to 15-11-047-26W4	Scollard Energy Ltd.	Operating
49960: Segment 2	10-02-047-26W4 to 11-02-047-26W4	Scollard Energy Ltd.	Operating
49960: Segment 4	04-02-047-26W4 to 03-02-047-26W4	Scollard Energy Ltd.	Operating

SCHEDULE "B"
GENERAL CONVEYANCE

Attached to and made part of that Asset Purchase and Sale Agreement dated January 9, 2018.

GENERAL CONVEYANCE

This General Conveyance made this ● day of ●, 2018.

BETWEEN:

FTI CONSULTING CANADA INC., (the "Receiver") in its capacity as court-appointed Receiver of SCOLLARD ENERGY LTD. (the "Debtor Company"), and not in its personal or corporate capacity (the "Vendor")

- and -

SANDPOINT RESOURCES INC. and BLUE MOON OIL AND GAS INC. (the "Purchasers")

WHEREAS the Vendor and the Purchasers entered into an Asset Purchase and Sale Agreement dated January 9, 2018 (the "**Agreement**");

AND WHEREAS the Vendor has agreed to sell and convey the Debtor Company's entire right, title, estate and interest in the Assets to the Purchasers and the Purchasers have agreed to purchase and accept all of the Debtor Company's rights, title, estate and interest in and to the Assets in accordance with the terms and conditions contained in the Agreement;

NOW THEREFORE in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the Parties hereto covenant and agree as follows:

1. Definitions

All capitalized terms not defined herein shall have the same meaning as set out in the Agreement.

2. "As is, Where is" Basis

The Assets are being purchased by the Purchasers on an "as is, where is" and "without recourse" basis and without representation or warranty of any nature, kind or description by the Vendor or its Representatives other than provided for in the Agreement. Without limiting the generality of the foregoing, the Vendor makes no representation or warranty with respect to (a) the value of the Assets, (b) the quality or condition of the Assets, or (c) the Debtor Company's compliance with any Applicable Laws pertaining to the Assets. The covenants, representations and warranties contained in the Agreement are incorporated herein as fully and effectively as if they were set out herein and there shall not be any merger of any covenant, representation or warranty contained in the Agreement by virtue of the execution and delivery hereof, any rule of law, equity or statute to the contrary notwithstanding.

3. Conveyance

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys the entire right, title, benefit and interest of the Debtor Company (whether absolute or contingent, legal or beneficial) in and to the Assets to the Purchasers, its successors and assigns, and the Purchasers purchase and accept such interests from the Vendor, TO HAVE AND TO HOLD the same absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Leases and all other Title and Operating Documents.

4. Subordinate Document

This General Conveyance is executed and delivered by the Parties pursuant to the Agreement for the purposes of the provisions of the Agreement, and the terms hereof shall be read on conjunction with the terms of the Agreement. If there is a conflict between the provisions of the Agreement and this General Conveyance, the provisions of the Agreement shall prevail to the extent of the conflict.

5. Enurement

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

6. Further Assurances

Each Party shall, after the date of this General Conveyance, at the request of the other Party and without further consideration, do all further acts and execute and deliver all further documents which are reasonably required to perform and carry out the terms of this General Conveyance.

7. Governing Law

This General Conveyance will be governed by and construed in accordance with the laws of the Province of Alberta.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Parties have duly executed this General Conveyance.

**FTI CONSULTING CANADA INC., in its
capacity as court-appointed Receiver of
SCOLLARD ENERGY LTD., and not in its
personal or corporate capacity**

Per: _____
Name:
Title:

SANDPOINT RESOURCES INC.

Per: _____
Name:
Title:

BLUE MOON OIL AND GAS INC.

Per: _____
Name:
Title:

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

Attached to and made part of that Asset Purchase and Sale Agreement dated January 9, 2018.

Re: Asset Purchase and Sale Agreement ("**Agreement**") dated January 9, 2018 between FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, undertakings and properties Of Scollard Energy Ltd. and not in its personal or corporate capacity as the Vendor and Sandpoint Resources Inc. and Blue Moon Oil and Gas Inc. as the Purchasers

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

I, [●], [Insert Position], hereby certify on behalf of the [the Receiver, in its capacity as court-appointed receiver of the assets, undertakings and properties of the Debtor Company/the Purchaser] and not in any personal capacity that:

1. Each of the representations and warranties of the [Vendor/Purchaser] contained in Section [10.1/ 10.3] of the Agreement is true and correct in all material respects as of the Closing Date.
2. All Closing conditions for the benefit of the [Vendor/Purchaser], pursuant to Section [9.2/ 9.3] of the Agreement, have been satisfied or waived.
3. This Certificate is made for and on behalf of the [Vendor/Purchaser] and is binding upon it, and I am not incurring and will not incur any personal liability whatsoever with respect to it.
4. This Certificate is made with full knowledge that the [Purchaser/Vendor] is relying on the same for the Closing of the Transaction.

Dated this ● day of ●, 2018.

[INSERT NAME]

Per: _____
Name:
Title:

**SCHEDULE "D"
FORM OF COURT ORDER**

Attached to and made part of that Asset Purchase and Sale Agreement dated January 9, 2018.

COURT FILE NUMBER	1701-05131
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	NATIONAL BANK OF CANADA
DEFENDANT	SCOLLARD ENERGY LTD.
DOCUMENT	APPROVAL AND VESTING ORDER (Sale by Receiver)
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	OSLER, HOSKIN & HARCOURT LLP 2500, 450 – 1 st Street SW Calgary, AB T2P 5H1 Attn: Randal Van de Mosselaer Telephone: 403-260-7060 Facsimile: 403-260-7024 E-mail: rvandemosselaer@osler.com

Clerk's Stamp

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

UPON THE APPLICATION by FTI Consulting Canada Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the assets, properties and undertakings of Scollard Energy Ltd. (the "**Debtor**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Sandpoint Resources Inc. and Blue Moon Oil and Gas Inc. (the "**Purchasers**") dated January 9, 2018 and appended to the First Report of the Receiver dated [•] (the "**Report**"), and vesting in the Purchasers the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**");

AND UPON HAVING READ the Receivership Order dated September 1, 2017 (the "**Receivership Order**"), the Report, all other prior materials filed in the within proceedings, and the Affidavit of Service of [•]; **AND UPON HEARING** the submissions of counsel for the Receiver, the Purchasers, [names of other parties appearing], and no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

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

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's certificate to the Purchasers substantially in the form set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), subject only to the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "B"** hereto (the "**Permitted Encumbrances**"), and approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator (the "**AER**") pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule "C" shall vest absolutely in the name of the Purchasers, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the Receivership Order;
 - (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and
 - (c) those claims listed on Schedule "D" hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances); and

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

4. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims registered against the interests of the Debtor in respect of the Purchased Assets and, without limiting the generality hereof, the

Minister of Energy shall cancel and discharge all security notices and all assignments under section 426 (formerly section 177) of the *Bank Act* (Canada).

5. The Minister of Energy for Alberta, acting pursuant to the *Mines and Minerals Act* (Alberta), shall cancel and discharge all Claims in the nature of builders' liens against the interest of the Debtor in and to the Purchased Assets located in the Province of Alberta.
6. The closing of the Transaction shall be effected in accordance with the terms of the Sale Agreement and such amendments to the Sale Agreement as may be agreed to in writing between the Purchasers and the Receiver.
7. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
8. The Purchasers (and their nominee, if any) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Debtor.
9. The Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Purchased Assets and, to the extent that any such persons remains in possession or control of any of the Purchased Assets, they shall forthwith deliver possession thereof to the Purchasers.
10. The Purchasers shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.
11. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.
12. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchasers.

MISCELLANEOUS MATTERS

13. Notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtor

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

14. The Receiver, the Purchasers and any other interested party, shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
15. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
16. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
17. Service of this Order on any party not attending this Application is hereby dispensed with.

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

Schedule "A"**Form of Receiver's Certificate**

COURT FILE NUMBER	1701-05131	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF	NATIONAL BANK OF CANADA	
DEFENDANT	SCOLLARD ENERGY LTD.	
DOCUMENT	RECEIVER'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	OSLER, HOSKIN & HARCOURT LLP 2500, 450 – 1 st Street SW Calgary, AB T2P 5H1 Attn: Randal Van de Mosselaer Telephone: 403-260-7060 Facsimile: 403-260-7024 E-mail: rvandemosselaer@osler.com	

RECITALS

- A. Pursuant to an Order of the Honourable Justice B. E. C. Romaine of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated September 1, 2017, FTI Consulting Canada Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Scollard Energy Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated **[Date]**, the Court approved the agreement of purchase and sale made as of January 9, 2018 (the "**Sale Agreement**") between the Receiver and Sandpoint Resources Inc. and Blue Moon Oil and Gas Inc. (the "**Purchasers**") and provided for the vesting in the Purchasers of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchasers of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article **[9]** of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers; and (iii) the Transaction has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchasers have paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section **[9]** of the Sale Agreement have been satisfied or waived by the Receiver and the Purchasers; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**.

FTI Consulting Canada Inc., in its capacity as court-appointed receiver of the assets, undertakings and properties of Scollard Energy Ltd., and not in its personal or corporate capacity.

Per: _____

Name:

Title:

Schedule "B"**Permitted Encumbrances**

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

Permitted Encumbrances mean:

- (a) easements, rights of way, servitudes, permits, licenses and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph and cable television conduits, poles wires and cable;
- (b) the right reserved to or vested in any Government Authority by the terms of any Title and Operating Document, lease, license, franchise, grant or permit or by any Applicable Law, to terminate any such Title and Operating Document, lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (c) the right reserved to or vested in any Government Authority to levy taxes on Petroleum Substances or any of them or the income or revenue attributable thereto and governmental requirements and limitations of general application as to production rates on the operations of any property and rights reserved to or vested in any Government Authority to control, limit or regulate production rates or the operation or use of any property in any manner;
- (d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner;
- (e) liens granted in the ordinary course of business to a public utility or Government Authority in connection with operations on or in respect of the Lands;
- (f) the express or implied reservations, limitations, provisos and conditions in any original grants from the Crown of any of the Lands or interests therein and statutory exceptions to title;
- (g) all royalty burdens, liens, adverse claims, penalties, conversions and other Encumbrances identified in the Land Schedule;
- (h) the terms and condition of the Leases and the Title and Operating Documents; and
- (i) any other circumstance, matter or thing disclosed in any Schedule attached to the Sale Agreement.

Schedule "C"

Purchased Assets

All of the Debtor's right, title, estate and interest in the Petroleum and Natural Gas Rights, the Tangibles and the Miscellaneous Interests, as each term is defined in the Sale Agreement.

Schedule "D"

Encumbrances

[None]