COURT FILE NUMBER	1501-13786
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	**NATIONAL BANK OF CANADA, IN ITS CAPACITY AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN AMENDED AND RESTATED CREDIT AGREEMENT DATED JUNE 30, 2015, AS AMENDED**
RESPONDENTS	**SPYGLASS RESOURCES CORP., 1196823 ALBERTA LTD., 1288916 ALBERTA LTD., 1398850 ALBERTA LTD. 1583662 ALBERTA LTD., 1636527 ALBERTA LTD., AVENEX ENERGY PARTNERSHIP, AVENEX REAL ESTATE ACQUISITION CORP., WESTBROOK MARKETING LIMITED PARTNERSHIP (formerly ELBOW RIVER MARKETING LIMITED PARTNERSHIP), 1159002 ALBERTA LTD. (formerly ELBOW RIVER MARKETING CORP.), MEOTA 2000 PARTNERSHIP, PACE OIL & GAS PARTNERSHIP, PACE OIL RESOURCES LTD. AND SEAVIEW ENERGY PARTNERSHIP**
DOCUMENT	FOURTH REPORT OF THE RECEIVER May 3, 2016
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INTRODUCTION

1. Ernst & Young Inc. was appointed as Receiver (the "Receiver") of the property, assets and undertakings (the "Property") of Spyglass Resources Corp., 1196823 Alberta Ltd., 1288916 Alberta Ltd., 1398850 Alberta Ltd., 1583662 Alberta Ltd., 1636527 Alberta Ltd., AvenEx Energy Partnership, AvenEx Real Estate Acquisition Corp., Westbrook Marketing Limited Partnership (formerly Elbow River Marketing Limited Partnership), 1159002 Alberta Ltd. (formerly Elbow River Marketing Corp.), Meota 2000 Partnership, Pace Oil & Gas Partnership, Pace Oil Resources Ltd. and Seaview Energy Partnership (collectively, "Spyglass" or the "Company") pursuant to an Order of this Honourable Court dated November 26, 2015 (the "Receivership Order").

2. The Receivership Order authorized the Receiver, among other things, to carry on the business of Spyglass, to sell, convey, transfer, lease or assign the Property out of the normal course of business, subject to approval of this Honourable Court for any transactions exceeding $1.0 million, or the aggregate of multiple transactions exceeding $5.0 million, and to make such arrangements or agreements as deemed necessary by the Receiver.

3. The purpose of this fourth report (the "Fourth Report") of the Receiver is to provide this Honourable Court with the Receiver's comments on:

    a) The details of the sale and investment solicitation process ("SISP");

    b) The proposed sale transaction;

    c) The Receiver's analysis of the proposed sale transaction; and

    d) The Receiver's recommendation.

TERMS OF REFERENCE

4. Capitalized terms not defined in this Fourth Report are as defined in the Receivership Order.

5. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

6. Prior to the Receivership Order, Spyglass was engaged in the acquisition, enhancement and exploration of conventional oil and gas projects in Alberta and British Columbia. As of the granting of the Receivership Order, Spyglass had a licensed interest in approximately 2,500 producing oil wells in Alberta and participating interest in over 4,500 wells. Spyglass was the operator of its core facilities. The Debtors' operations produced approximately 9,300 barrels of oil equivalent per day in Q3 2015. The particulars of Spyglass' operations are set out at paragraphs 11 to 22 of the Receiver's First Report, dated January 20, 2016.

7. Prior to the granting of the Receivership Order, Spyglass was experiencing financial difficulties due primarily to the extended depressed market prices for oil and gas. Spyglass attempted to alleviate its financial difficulties by engaging in a broad disposition process for core and non-core assets. Due to insufficient liquidity, Spyglass was unable to continue this disposition process and unable to close a transaction, prompting its primary secured lender, the National Bank of Canada as agent for a syndicate of lenders (the "Syndicate"), to successfully petition Spyglass into receivership.

8. Since its appointment, the Receiver has continued to operate Spyglass' business.

9. On January 25, 2016 the Receiver's applications for Court approval of: a) an extensive sales and solicitation process ("SISP") to market for sale certain of Spyglass' oil and gas assets as specified Packages (as defined in the SISP) and b) an agreement between the Receiver and the Alberta Energy Regulator ("AER") with respect to the transfer of Spyglass' licenses pertaining to its Licensed Property (as defined in the SISP) where its LMR (as defined in the SISP) rating is less than 1.0 at the time of the transfer of the licenses, or as a result of the transfer of the licenses (the "AER Agreement"), were approved. Both the SISP and the AER Agreement are attached as Schedules to the Receiver's First Report dated January 20, 2016.

10. The deadline for the receipt of bids under the SISP was March 10, 2016 (the "Bid Deadline").

11. The Receiver received feedback from various potential bidders involved in the SISP that the initial time between the selection of successful bids and the finalization of definitive unconditional purchase and sale agreements ("PSAs") did not allow for enough time for adequate due diligence to be completed. Under the initial SISP timeline bidders would be notified that they were the successful bidders between March 16, 2016 and March 21, 2016.

In order to have the Court approval application heard on April 4, 2016, as initially scheduled, all due diligence conditions were to be waived and definitive PSAs finalized by Friday, March 25, 2016, in order to file and serve the appropriate Court materials on Monday March, 28, 2016. Given the number of bidders involved, the quantum of due diligence requests anticipated and the number of PSAs to negotiate, the Receiver recommended extending the timeline by two weeks to April 8, 2016. Both the Syndicate and the AER approved the extension and the Court consented to this extension. On March 7, 2016 the Court approved this extension to the SISP.

12. The April 8, 2016 deadline was further extended to May 2, 2016 upon approval of the Syndicate and AER.

EXECUTION OF THE SISP

13. The Receiver developed a SISP with a view to maximize the value of the Properties for the benefit of Spyglass's broader stakeholder group. A copy of the SISP is attached as Appendix C to the Receiver's First Report. A high-level summary of the SISP is as follows:

   a) The process commenced on February 1, 2016;

   b) The SISP was advertised in the ***Daily Oil Bulletin*** and the ***Globe and Mail*** on February 4 and 11, 2016;

   c) The Receiver delivered an information package to approximately 364 identified potential bidders ("Potential Bidders") on February 1, 2016 and directly contacted a further 147 Potential Bidders in the following days;

   d) Additional information was made available to Potential Bidders by way of a confidential information memorandum and access to an electronic data room ("Data Room") upon execution of a confidentiality agreement after February 4, 2016;

   e) A total of 164 confidentiality agreements ("CAs") were signed; and

   f) The deadline for bids, in the form of a letter of intent, was March 10, 2016 at 5:00 p.m. MST (the "Bid Deadline").

14. For a Potential Bidder to be considered a qualified bidder under the SISP ("Qualified Bidder"), it must have signed a non-disclosure agreement that indicates the Potential Bidder:

a) Is a Licensee in good standing with the AER or is eligible to obtain or hold an AER license; and

b) Have a current LMR rating of 1.0 or greater.

15. The Property was separated into the following packages (together the "Packages" and each a "Package"):

a) British Columbia;

b) Dixonville;

c) Drumheller;

d) Matziwin;

e) Northern Alberta;

f) Peace River Arch;

g) Pembina;

h) Provost;

i) Southern Alberta - Oil;

j) Southern Alberta - Gas;

k) Proprietary Seismic;

l) Royalty Interests; and

m) Corporate Transaction.

16. Preference was given to Qualified Bidders who submitted bids for Packages and not subsets of the Packages. ***En bloc*** bids for all Packages were considered.

17. A total of 72 companies submitted 121 offers prior to the Bid Deadline.

18. After the Bid Deadline, on March 14, 2016, the Receiver held a meeting at its offices pursuant to the AER Agreement, with the AER and the Syndicate. At this meeting the bids were discussed by the parties and the AER and the Syndicate were in unanimous agreement that the Receiver should pursue the transaction with a third party who had submitted an ***en bloc*** offer.

19. Following this meeting, the Receiver worked with this potential purchaser to negotiate an asset purchase agreement for an ***en bloc*** offer to purchase all of the Spyglass assets. Through the negotiations, the deadline to finalize an asset purchase agreement was extended, with the consent of the Syndicate and the AER, out to April 29, 2016 and ultimately extended to May 2,

2016. Unfortunately, the negotiations with this party did not result in a finalized asset purchase agreement.

20. During the extended timeframe outlined above, the Receiver went back to the only other parties who submitted ***en bloc*** bids by the Bid Deadline, as well as an individual who was previously a financial backer of two of these ***en bloc*** bidders. These parties were asked to submit the following by 12:00 p.m. MST, April 28, 2016:

    a) Marked-up version of the asset purchase agreement with no conditions;

    b) Signed version of the asset purchase agreement with no conditions;

    c) Certified cheque for 15% of the purchase price; and

    d) AER Business Association Code ("BA Code").

PROPOSED SALE TRANSACTION

21. Based on the offers resubmitted on April 28, 2016, the Receiver worked to finalize and execute a definitive asset purchase agreement with Sinopeak Energy Ltd. ("Sinopeak"), or its nominee, on May 2, 2016 (the "APA") for the purchase of substantially all of the Company's assets (the "Transaction"), with the view of maximizing the recovery for its stakeholders. Any nominee selected by Sinopeak for the APA must be acceptable by the AER.

22. The treatment of the Deposit under the APA is subject to the terms of an Escrow Agreement between the Receiver, Sinopeak and Carscallen LLP, dated May 2, 2016 (the "Escrow Agreement"). A copy of the redacted APA, without schedules, is attached as Appendix "A" and a copy of the redacted Escrow Agreement is attached as Appendix "B". Copies of each of the fully executed APA, without schedules, and the fully executed Escrow Agreement, are attached to the Confidential Supplement to the Fourth Report ("Confidential Supplement").

23. It is the view of the Receiver that the details contained in the Confidential Supplement should remain confidential until the closing of the Transaction in order to preserve the integrity of the SISP in the event that the Transaction does not close.

24. The Receiver notes that the Transaction is not subject to any material conditions other than approval by this Court. As a result, should the Court approve the Transaction, the Receiver considers the closing risk associated with the Transaction to be minimal.

25. Although the net proceeds will not exceed the amount owed by the Company to the secured creditors, the Receiver considers the Transaction to be fair, reasonable and in the best interests of its stakeholders.

26. It is also to be noted that the Receiver does not anticipate making payments to the AER under the AER Agreement as a result of the sale of Spyglass' Licensed Property on an ***en bloc*** basis.

RECEIVER'S ANALYSIS OF THE PROPOSED SALE TRANSACTION

27. The Receiver believes that approval of the Transaction is in the best interest of all stakeholders for the following reasons:

    a) It arose from the court approved SISP which was executed by the Receiver. The Receiver acted in good faith and with due diligence in meeting the milestones of the SISP, including the agreed upon extensions to the milestones, and soliciting bids, including the bid resulting in the Transaction;

    b) There was a broad marketing of the assets to a large number of prospective purchasers over a reasonable timeframe;

    c) The Syndicate and AER are supportive of the Transaction;

    d) The Receiver believes that the Transaction was negotiated between the parties at arm's length and in good faith and is commercially reasonable; and

    e) The Receiver determined that the offer submitted by Sinopeak was the highest and best offer, with the least amount of closing risk, in the circumstances.

RAINBOW LAKE OIL SPILL

28. In the evening of Thursday April 28, 2016, Spyglass operators identified a spill west of Spyglass' 06-14-108-07W6 well in the Rainbow Lake area in Northern Alberta. Spyglass immediately activated its Emergency Response Protocol and notified all required parties, including the AER.

29. Spyglass has been working diligently to start the clean-up and determine the root cause of the problem. It is estimated that the initial response efforts will cost approximately $250,000. At this point in time, the cost of abandoning, remediating and reclaiming the oil spill site are

unknown, but the Receiver has obtained an estimate from Spyglass that these costs will be approximately $500,000 to $1 million.

30. The Receiver and its legal counsel, Borden Ladner Gervais LLP, are currently investigating Spyglass' insurance coverage for this incident. The Receiver will provide a further update to the Court on this issue as matters progress.

31. The oil spill was disclosed to Sinopeak and has been addressed in the Sinopeak APA. Further details are discussed in the Confidential Supplement.

RECOMMENDATION

32. The Receiver recommends that this Honourable Court approve the Transaction.

All of which is respectfully submitted this 3rd day of May, 2016.

ERNST & YOUNG INC.
in its capacity as Court Appointed
Receiver of Spyglass

Cassie Riglin

Neil Narfason, CA, CIRP, CBV
Senior Vice-President

Cassie Riglin, CA
Senior Manager

Appendix A

Execution Copy

PURCHASE AND SALE AGREEMENT

THIS AGREEMENT made as of May 2, 2016.

BETWEEN:

ERNST & YOUNG INC., solely in its capacity as the receiver of **SPYGLASS RESOURCES CORP.**, and not in its personal capacity (hereinafter referred to as "**Vendor**")

- and -

SINOPEAK ENERGY LTD., a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as "**Purchaser**")

WHEREAS pursuant to an order of the Honourable Mr. Justice G.C. Hawco of the Alberta Court of Queen's Bench (the "**Court**") dated November 26, 2015 under Court Action Number 1501-13786 (the "**Appointment Order**"), Ernst & Young Inc. ("**Receiver**") was appointed receiver of Spyglass Resources Corp. ("**Spyglass**");

AND WHEREAS Vendor wishes to sell, and Purchaser wishes to purchase, all of the interest of Vendor in and to the Assets, subject to and in accordance with the terms and conditions hereof;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the Parties have agreed as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

(a) "**Abandonment and Reclamation Obligations**" means all past, present and future obligations to:

(i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other Facilities located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith; and

(ii) restore, remediate and reclaim the surface and subsurface locations of the Wells, Tangibles, the Lands, lands pooled or unitized therewith, and any lands used to gain access thereto, including such obligations relating to Wells, Pipelines and Facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;

all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;

(b) "**Affiliate**" means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term "**control**" as used in the preceding sentence 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 ownership or more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;

(c) "**Agreement**" means this purchase and sale agreement between Vendor and Purchaser, including all recitals and schedules attached hereto, and "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this Agreement;

(d) "**Applicable Law**" means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, licence or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;

(e) "**Appointment Order**" has the meaning set out in the recitals;

(f) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests, but excludes the Excluded Assets;

(g) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;

(h) "**Claim**" means any claim, demand, lawsuit, proceeding or arbitration, or any investigation by a Governmental Authority, pertaining to the Assets, in each case whether asserted, threatened, pending or existing;

(i) "**Closing**" means the transfer of possession, legal and beneficial ownership and risks of the Assets from Vendor to Purchaser and payment of the Purchase Price by Purchaser to Vendor, and all other items and considerations required to be delivered on the Closing Date pursuant hereto, including delivery of the Specific Conveyances if applicable;

(j) "**Closing Date**" means the later of:

(i) the date the Vendor delivers to the Purchaser Specific Conveyances representing 95% of the "Net Present Value of Future Net Revenue Before Income Taxes Discounted at 10%/year" attributed in the McDaniel Report to Spyglass's proved developed producing reserves, which is targeted for May 31, 2016;

(ii) three (3) Business Days following the later of: (A) the grant of the Court Order; and (B) the expiration, waiver or exercise of all Preferential Purchase Rights; or

(iii) or another date agreed upon in writing by the Parties,

but in any event, shall be no later than June 30, 2016;

(k) "**Closing Place**" means the office of Spyglass, or such other place as may be agreed upon in writing by the Parties;

(l) "**Court**" has the meaning set out in the recitals;

(m) "**Court Order**" means an order to be granted by the Court substantially in the form of Schedule "F" which authorizes, approves and confirms this Agreement and the sale of the Assets by Vendor to Purchaser in accordance with the terms and conditions contained herein, and vests legal and beneficial title to the Assets in Purchaser free and clear of all encumbrances, liens, security interests or Claims, other than Permitted Encumbrances has the meaning set out in the recitals;

(n) "**Data Room Information**" means all information provided or made available to Purchaser in hard copy or electronic form in relation to Spyglass and/or the Assets;

(o) "**Date of Appointment**" means November 26, 2015;

(p) "**Deposit**" has the meaning as defined in Section 2.9;

(q) "**Effective Date**" means January 1, 2016;

(r) "**Effective Time**" means 12:01 a.m. on the Effective Date;

(s) "**Environment**" means the components of the earth and includes ambient air, land, surface and subsurface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components, and any derivative thereof shall have a corresponding meaning;

(t) "**Environmental Liabilities**" means all past, present and future liabilities, obligations and expenses in respect of the Environment which relate to the Assets (or lands pooled or unitized with Lands which may form part of the Assets), or which arise in connection with the ownership thereof or operations pertaining thereto, including liabilities related to or arising from:

(i) transportation, storage, use or disposal of toxic or hazardous substances;

(ii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances; or

(iii) pollution or contamination of or damage to the Environment;

including liabilities to compensate Third Parties for damages and Losses resulting from the items described in items (i), (ii) and (iii) above (including damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the Environment;

(u) "**Escrow Agent**" means Carscallen LLP;

(v) "**Escrow Agreement**" means the agreement among Vendor, Purchaser and the Escrow Agent in the form attached hereto as Schedule "H";

(w) "**Excluded Assets**" means:

(i) any item or thing owned by Third Parties and licenced to Vendor or Spyglass with restrictions on deliverability or disclosure by Vendor or Spyglass that prevent the conveyance of such item or thing to Purchaser;

(ii) advances and deposits for operations payable to Governmental Authorities or other Persons prior to the Effective Time to secure obligations or as prepayment of costs or expenses;

(iii) legal and title opinions;

(iv) documents, other than Title Documents, prepared by or on behalf of Vendor or Spyglass in contemplation of litigation and any other documents within the possession of Vendor or Spyglass which are subject to solicitor-client privilege under the laws of the Province of Alberta or any other jurisdiction;

(v) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets;

(vi) agreements, documents or data to the extent that:

(A) they pertain to Spyglass' proprietary technology;

(B) they pertain to Spyglass' Third Party seismic data (to the extent that there are any restrictions on disclosure or transfer of such agreements, documents or data in the absence of consent or the payment of any fee);

(C) they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by Spyglass to an assignee;

(D) they comprise Vendor's and Spyglass' tax and financial records, and economic evaluations;

(vii) Excluded Licences; and

(viii) 6-14-108-07W6 well (AER #0126537), AER #22904 – Line 1, AER #23585 – Line 2 and AER #35973 – Line 1 and any directly related surface access agreements and the other assets described in Schedule "K",

but "Excluded Assets" shall not include any property, rights or interests specifically described as Miscellaneous Interests;

(x) "**Excluded Licences**" means the licences listed in Schedule "J";

(y) "**Facilities**" means Vendor's entire interest in and to all unit facilities under any unit agreement applicable to the Leased Substances and all other field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation (including Pipelines), injection, water disposal, measurement, processing, storage, handling or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, production storage facility or warehouse and including those field facilities specifically identified in Schedule "B";

(z) "**Final Statement of Adjustments**" has the meaning set forth in Section 7.2(b);

(aa) "**Governmental 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, commission or department, as well as any government-owned entity, any regulatory authority and any public authority, including any public utility, having jurisdiction over a Party, the Assets or the Transaction;

(bb) "**GST**" means the goods and services tax payable pursuant to the GST Legislation;

(cc) "**GST Legislation**" means Part IX of the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder, all as amended from time to time;

(dd) **"Lands"** means all lands within the Whitemap Area, including the lands set out and described in Schedule "A", and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in Schedule "A" and in the Title Documents as to Petroleum Substances and geological formations);

(ee) **"Leased Substances"** means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);

(ff) **"Licence Transfers"** means, in relation to the Assets, the transfer of any permits, approvals, licences and authorizations (collectively, **"Licences"**) granted by any applicable Governmental Authority but subject to the provisions of Sections 8.5 and 8.7 hereof;

(gg) **"Losses"** means all actions, causes of action, losses, costs, Claims, damages, penalties, assessments, charges, expenses, and other liabilities and obligations which a Party suffers, sustains, pays or incurs, including reasonable legal fees and other professional fees and disbursements on a full-indemnity basis, but notwithstanding the foregoing shall not include any liability for indirect or consequential damages including business loss, loss of profit, economic loss, punitive damages or income tax liabilities;

(hh) **"McDaniel Report"** means the independent engineering report effective December 31, 2015 prepared by McDaniel & Associates Consultants Ltd evaluating the oil, natural gas liquids and natural gas reserves attributable to the properties of Spyglass;

(ii) **"Miscellaneous Interests"** means, subject to any and all limitations and exclusions provided for in this definition, Vendor's entire interest in and to all property, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any and all of the following:

(i) all contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);

(ii) all subsisting rights to carry out operations relating to the Lands or the Tangibles, and without limitation, all easements and other permits, licences and authorizations pertaining to the Tangibles;

(iii) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, and all contracts and agreements related thereto;

(iv) all records, books, documents, Licences (subject to Section 8.7 hereof), reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles;

(v) all proprietary and seismic data; and

(vi) the Wells, including the wellbores thereof and any and all casings therein,

but specifically excluding the Excluded Assets;

(jj) **"Party"** means a party to this Agreement;

(kk) **"Permitted Encumbrances"** means:

(i) all encumbrances, overriding royalties, net profits interests and other burdens identified in Schedule "A";

(ii) any Preferential Purchase Rights or any similar restriction applicable to any of the Assets;

(iii) the terms and conditions of the Title Documents, including the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;

(iv) the right reserved to or vested in any grantor, Governmental Authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;

(v) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;

(vi) taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental Authorities concerning rates of production from the Wells or from operations on any of the Lands, or otherwise affecting recoverability of Petroleum Substances from the Lands, which taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;

(vii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days' notice (without an early termination penalty or other like cost);

(viii) any obligation of Spyglass or Vendor to hold any right or interest in and to any of the Assets in trust for Third Parties;

(ix) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;

(x) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor's or Spyglass' share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;

(xi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;

(xii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;

(xiii) agreements respecting the operation of Wells by contract field operators;

(xiv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and

(xv) liens created in the ordinary course of business in favour of any Governmental Authority with respect to operations pertaining to any of the Assets;

(ll) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;

(mm) "**Petroleum and Natural Gas Rights**" means Vendor's entire right, title and interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including the interests set out and described in Schedule "A";

(nn) "**Petroleum Substances**" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;

(oo) "**Pipelines**" means the pipelines described in Schedule "B";

(pp) "**Preferential Purchase Right**" means any preferential, pre-emptive or first purchase right or agreement that enables any Person to purchase or acquire any Asset or any interest therein or portion thereof as a result of or in connection with the execution or delivery of this Agreement or the consummation of the Transaction, as are set out in Schedule "C";

(qq) "**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of the National Bank as the reference rate used by it to determine rates of interest charged by it on Canadian dollar commercial loans made in Canada and which is announced by such bank, from time to time, as its prime rate, provided that whenever such bank announces a change in such reference rate the "Prime Rate" shall correspondingly change effective on the date the change in such reference rate is effective;

(rr) "**Purchase Price**" has the meaning set out in Section 2.2;

(ss) "**Receiver**" has the meaning set out in the recitals;

(tt) "**Representative**" means, with, respect to any Party, its Affiliates, and its and their respective directors, officers, servants, agents, advisors, employees and consultants;

(uu) "**RMF2 Form**" means Alberta Energy Reassignment of Volume Setup/Change Form with all required attachments that are required to be submitted to Alberta Energy with respect to the transfer of gas production volumes between a vendor and a purchaser;

(vv) "**Sales Taxes**" means all transfer, sales, excise, stamp, licence, production, value-added and other like taxes, assessments, charges, duties, fees, levies or other charges of a Governmental Authority (including additions by way of penalties, interest and other amounts relating to late filings or payments) with respect to the transfer and conveyance to Purchaser of the Assets or the transfer or registration of the Specific Conveyances, but excludes GST, and any income taxes and penalties and interest related thereto;

(ww) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations, RMF2 Forms, and such other documents or instruments as are reasonably required or desirable to convey, assign and transfer the Assets to Purchaser and to novate Purchaser in the place and stead of Vendor with respect to the Assets;

(xx) "**Spyglass**" has the meaning set forth in the recitals;

(yy) **"Tangibles"** means Vendor's entire right, title, estate and interest in and to:

(i) any and all tangible depreciable property, equipment and other assets located within, upon or in the vicinity of the Lands that are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them, including without limitation all office furniture, equipment, office supplies, servers, computers, software licences, (to the extent to which they are assignable or transferable to Purchaser without cost or expense to Vendor), safety equipment and other related supplies wherever located;

(ii) the Pipelines; and

(iii) the Facilities;

(zz) **"Third Party"** means any individual or entity other than Receiver, Spyglass, Vendor and Purchaser, including any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;

(aaa) **"Title Documents"** means, collectively, any and all certificates of title, leases, reservations, Licences (subject to Section 8.7 hereof), assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to: (i) explore for, drill for, produce, take, use or market Petroleum Substances; (ii) share in the production of Petroleum Substances; (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced; and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands and this definition shall include, where applicable, those documents set out in Schedule "A";

(bbb) **"Transaction"** means the transaction for the purchase and sale of the Assets contemplated by this Agreement;

(ccc) **"Vendor's Solicitors"** means Borden Ladner Gervais LLP;

(ddd) **"Wells"** means Vendor's entire interest in and to all wells (including producing, shut-in, suspended, abandoned (including wells that have met all reclamation requirements and a reclamation certificate, certificate of recognition, surface release or other document has been issued by the applicable Governmental Authority), capped, injection and disposal wells), located on or within the Lands, or any lands pooled or unitized therewith, whether or not completed, including the wells listed in Schedule "B"; and

(eee) **"Whitemap Area"** means the area outlined in red on the map attached as Schedule "G".

1.2 Headings

The words "Article", "Section", "subsection" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified Article, Section, subsection and Schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and subsections and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Plurals and Gender

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa*, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

There are appended to this Agreement the following Schedules pertaining to the following matters:

Schedule "A"	-	Lands and Petroleum and Natural Gas Rights
Schedule "B"	-	Wells Pipelines Facilities
Schedule "C"	-	Preferential Purchase Rights
Schedule "D"	-	General Conveyance
Schedule "E"	-	Form of Officer's Certificate
Schedule "F"	-	Form of Court Order
Schedule "G"	-	Whitemap Area
Schedule "H"	-	Escrow Agreement
Schedule "I"	-	Outstanding AFE's
Schedule "J"	-	Excluded Licences
Schedule "K"	-	Excluded Assets

Such Schedules are incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of such Schedules conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.

1.6 Damages

All Losses, costs, Claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement shall include reasonable legal fees and disbursements on a full indemnity basis.

1.7 Derivatives

Where a term is defined in the body of this Agreement, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires. The word "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.8 Interpretation if Closing Does Not Occur

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

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a schedule or a Specific Conveyance, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of a Title Document or any Applicable Law, the term or condition of such Title Document or the Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

1.10 Currency

All dollar ($) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

ARTICLE 2
PURCHASE AND SALE AND CLOSING

2.1 Purchase and Sale

Vendor, exercising the powers of sale granted pursuant to the Appointment Order and in its sole capacity as receiver of Spyglass and not in its personal or corporate capacity, hereby agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser hereby agrees to purchase from Vendor acting in such capacity, all right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, subject to and in accordance with the terms and conditions of this Agreement and the Court Order.

2.2 Purchase Price

The aggregate consideration to be paid by Purchaser to Vendor for Vendor's interest in and to the Assets shall be [redacted] the "**Purchase Price**") plus applicable GST and Sales Taxes, plus or minus (as applicable) the net amount of the adjustments made pursuant to ARTICLE 7, satisfied by Purchaser (or Vendor, to the extent applicable) as follows:

(a) payment of the Deposit paid by Purchaser to the Vendor's Solicitors, to be paid out pursuant to Section 2.9;

(b) payment in the amount of [redacted] adjusted pursuant to Section 7.2(a), payable by Purchaser to Vendor at Closing; and

(c) any payments between the Parties arising from adjustments set forth in the Final Statement of Adjustments, paid in accordance with Section 7.2(b).

The Parties hereby acknowledge and agree that the Purchase Price set forth in this Section 2.2 accurately reflects and takes into proper account both the positive value of all of the Assets as well as the offsetting reductions in value for the Environmental Liabilities and Abandonment and Reclamation Obligations associated therewith and the absolute release of Spyglass and Vendor of all and any responsibility or liability therefor.

2.3 Allocation of Purchase Price

The Parties shall allocate the Purchase Price as follows:

Petroleum and Natural Gas Rights (subject to adjustment)	[redacted]
Tangibles	[redacted]
Miscellaneous Interests	[redacted]
Total	[redacted]

2.4 Assumption of Abandonment and Reclamation Obligations and Environmental Liabilities

In determining the Purchase Price, the Parties have taken into account Purchaser's assumption of responsibility for the payment of all costs for existing or future Abandonment and Reclamation Obligations and Environmental Liabilities associated with the Assets, as set forth in this Agreement, and the absolute release of Spyglass and Vendor of all and any responsibility or liability therefor.

2.5 Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained. Subject to all other provisions of this Agreement, possession, risk, legal and beneficial ownership of Vendor's interest in and to the Assets shall pass from Vendor to Purchaser on the Closing Date.

(a) On the Closing Date, Vendor shall deliver to Purchaser:

(i) the General Conveyance in the form attached as Schedule "D", duly executed by Vendor;

(ii) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Vendor;

(iii) a receipt for the Purchase Price as adjusted herein plus applicable GST and/or Sales Taxes;

(iv) the tax election as contemplated by this Agreement, duly executed by Vendor;

(v) a copy of the Court Order;

(vi) the Specific Conveyances, duly executed by Vendor, to the extent such Specific Conveyances were provided to Purchaser no later than one (1) Business Day prior to Closing; and

(vii) such other documents as may be specifically required hereunder or as may be reasonably requested by Purchaser upon reasonable notice to Vendor.

(b) On the Closing Date, Purchaser shall deliver to Vendor:

(i) the Purchase Price, as adjusted herein plus applicable GST and Sales Taxes;

(ii) the tax election as contemplated by this Agreement, duly executed by Purchaser;

(iii) the General Conveyance in the form attached as Schedule "D", duly executed by Purchaser;

(iv) the Officer's Certificate substantially in the form attached as Schedule "E", duly executed by Purchaser;

(v) where required, the Specific Conveyances, duly executed by Purchaser, to the extent prepared on or before the Closing Date; and

(vi) such other documents as may be specifically required hereunder or as may be reasonably requested by Vendor upon reasonable notice to Purchaser.

2.6 Specific Conveyances

The Parties shall cooperate in the preparation of the Specific Conveyances. Vendor shall use reasonable efforts to prepare and provide to Purchaser for Purchaser's review all Specific Conveyances at Vendor's sole cost and expense as soon as reasonably practicable and in any event shall provide the Specific Conveyances representing 95% of the "Net Present Value of Future Net Revenue Before Income Taxes Discounted at 10%/year" attributed in the McDaniel Report to Spyglass's proved developed producing reserves (being the Dixonville, Matziwin and Southern Alberta Oil packages and the wells, pipelines and facilities included in the Assets or another combination of Specific Conveyances equal to 95% of such value) on or prior to the Closing Date and the remainder of the Specific Conveyances as soon as reasonably practicable thereafter. The Parties shall execute such Specific Conveyances as soon as reasonably practicable. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Purchaser shall promptly register and/or distribute (as applicable) all such Specific Conveyances, and Purchaser shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to Purchaser.

2.7 Title Documents and Miscellaneous Interests

As soon as practicable following Closing, Vendor shall deliver to Purchaser paper originals, paper photocopies where originals are not available, or electronic copies where neither paper originals or photocopies are available, of the Title Documents and any other agreements, files and documents to which the Assets are subject, and such contracts, agreements, records, books, documents, licences, reports and data as comprise the Miscellaneous Interests and which are now in the possession of Spyglass, Vendor or both.

2.8 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by certified cheque, bank draft or wire transfer.

2.9 Deposit

The Parties acknowledge that a deposit in the amount of [redacted] representing fifteen percent (15%) of the Purchase Price, will be delivered by Purchaser to the Escrow Agent, to be held pursuant to the terms of the Escrow Agreement, upon execution of this Agreement, and released only in accordance with the provisions of this Section 2.9 and the Escrow Agreement (the "**Deposit**").

The Deposit shall be held by Escrow Agent until one of the following events occurs:

(a) if Closing occurs, the Deposit, together with interest, if any, shall be paid to Vendor by the Escrow Agent at Closing for Vendor's own account absolutely and be applied as partial payment of the Purchase Price;

(b) if Closing does not occur due to: (i) a failure to fulfill the conditions set forth in Section 3.2; or (ii) a material breach of a material term of this Agreement by Vendor or by failure of Vendor to fulfill the conditions set forth in Section 3.3, the Deposit, together with interest, if any, shall be returned to Purchaser by the Escrow Agent for the account of Purchaser absolutely; and

(c) if Closing does not occur due to any reason other than as addressed by Section 2.9(b) (including the failure by Purchaser to comply with its obligations under Section 2.12), the Deposit shall be forfeited to Vendor for the account of Vendor absolutely and any interest accruing on the Deposit will be delivered to Purchaser.

In the event that this Agreement is terminated as a result of the application of Section 2.9(b) or 2.9(c), each Party shall be released from all obligations under or in connection with this Agreement, other than the provisions with respect to confidentiality (Section 12.12) and the use of personal information Section (12.15).

2.10 Damages

The Parties agree that the amount of the Deposit constitutes their genuine estimate of all damages that will be suffered by Vendor as a result of Closing not occurring and Vendor shall retain the Deposit pursuant to Section 2.9(c) and the Deposit shall constitute liquidated damages to Vendor, and not a penalty of Closing not occurring as described in that subsection.

2.11 Taxes

(a) GST

Each of Purchaser and Vendor is a registrant for GST purposes and will continue to be a registrant at the Closing Date in accordance with the provisions of the GST Legislation.

Their respective GST registration numbers are:

Vendor	84647 6471 RT0002
Purchaser	772 235 693 RT0001

The Parties agree to make an election under subsection 167(1) of the GST Legislation in respect of the GST payable as a result of the transaction contemplated herein. Purchaser, acting reasonably, shall prepare, and each Party agrees to execute and file, such elections in the form and within the time periods prescribed or specified under Applicable Law. Purchaser shall be responsible for the payment of any amount of GST payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect of such additional GST and shall indemnify and save harmless Vendor in respect thereof.

(b) Sales Taxes

The Parties acknowledge that the Purchase Price is exclusive of all Sales Taxes. Purchaser shall be solely responsible for the payment of all Sales Taxes which may be imposed by any Governmental Authority and which pertain to Purchaser's acquisition of the Assets or to the registration of any Specific Conveyances necessitated hereby. Except where Vendor is required under Applicable Law to collect or pay such Sales Taxes, Purchaser shall pay such Sales Taxes directly to the appropriate Governmental Authority within the required time period and shall file when due all necessary documentation with respect to such Sales Taxes. Vendor will do and cause to be done such things as are reasonably requested to enable Purchaser to comply with such obligation in a timely manner. If Vendor is required under Applicable Law to pay any such Sales Taxes, Purchaser shall promptly advance to Vendor, or if Vendor has already paid same, reimburse Vendor the full amount of such Sales Taxes upon delivery to Purchaser of copies of assessments or receipts, as applicable, showing assessment or payment, as applicable, of such Sales Taxes. Purchaser shall be responsible for the payment of any amount of Sales Taxes payable in respect of its purchase of the Assets pursuant hereto and any interest and penalties payable in respect thereto and shall indemnify and save harmless Vendor in respect thereof.

2.12 Alberta Energy Regulator and BC Oil & Gas Commission

(a) Prior to Vendor obtaining the Court Order, Purchaser shall provide Vendor with the Alberta Energy Regulator business associate code and the BC Oil & Gas Commission business associate code for Purchaser.

(b) Purchaser shall deliver to the Alberta Energy Regulator or the BC Oil & Gas Commission any amounts (in such form as is acceptable to the Alberta Energy Regulator or the BC Oil & Gas Commission), as applicable, required by either the Alberta Energy Regulator or the BC Oil & Gas Commission as a result of Purchaser's requirements under the applicable Governmental Authority Licensee Liability Management Program in order to facilitate a timely Closing. Purchaser further undertakes to make any additional payments and lodge any security required by either the Alberta Energy Regulator or the BC Oil & Gas Commission at and subsequent to the time the Licence Transfers, if any, are effected.

(c) Should either the Alberta Energy Regulator or BC Oil & Gas Commission Liability Management Rating of Spyglass be determined by either of the two Governmental Authorities to be less than 1.0 after giving effect to the Licence Transfers, Vendor shall, prior to or concurrently with Closing, make such arrangements (including payments and lodging security) required by either of the Governmental Authorities for Spyglass' account in order to effect the Licence Transfers, if any, and shall provide Purchaser with confirmation of same.

(d) Purchaser agrees to provide to Vendor, within a reasonable time prior to Closing and no later than two (2) Business Days prior to Closing, confirmation that cash or letters of credit required to perform all financial obligations referred to in the above subsection 2.12(b) in form or substance reasonably acceptable to the Alberta Energy Regulator or the BC Oil & Gas Commission have been deposited in trust with the solicitors for Purchaser together with irrevocable instruction to pay and deliver such amounts or letters of credit immediately when due as a result of Closing. Purchaser acknowledges that the financial obligations referred to in subsection 2.12(b) are not included as part of the Purchase Price.

2.13 Whitemap Area

(a) The Parties acknowledge that although Vendor has prepared, and Purchaser has reviewed, the Schedules attached hereto, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include Vendor's entire interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the Whitemap Area, any of such additional unscheduled Assets, being the "Unscheduled Assets", and that the Purchase Price includes consideration for such Unscheduled Assets.

(b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendor's interest in such Unscheduled Assets to Purchaser.

(c) The Parties further acknowledge that all liabilities and obligations associated with the Unscheduled Assets shall likewise be assumed by Purchaser in accordance with the terms hereof applicable to the Assets.

ARTICLE 3
CONDITIONS OF CLOSING

3.1 Required Consents

(a) Before Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law to permit closing of the Transaction. The Parties acknowledge that, except for the Court Order, the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of Purchaser, at Purchaser's sole cost and expense, to provide any and all financial assurances required by Governmental Authorities to permit the transfer to Purchaser, and registration of Purchaser as owner and/or operator, of any of the Assets including, but not limited to, the Facilities and the Wells.

(b) Notwithstanding anything to the contrary herein, except for the Court Order, it is the sole obligation of Purchaser to obtain any Third Party consents, permissions or approvals that are required in connection with the assignment of Vendor's interest in any Miscellaneous Interests. Upon providing prior written notice and sufficient documentary support, all reasonable and necessary costs, fees, expenses, penalties or levies that are incurred by Vendor in order to effect the assignment of the Assets to Purchaser shall be the sole responsibility of Purchaser, and Purchaser agrees to pay on behalf of Vendor any such reasonable and necessary costs, fees, expenses, penalties or levies on a timely basis.

3.2 Mutual Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets, and of Vendor to sell its interest in and to the Assets to Purchaser, is subject to the following conditions precedent:

(a) the Court Order being obtained;

(b) no stay or appeal or application to vary the Court Order shall have been filed with the Court at any time by Vendor or any other Person on or before the Closing; and

(c) there shall not have been instituted any legal proceedings to obtain, nor shall the Court or any Governmental Authority of competent jurisdiction have issued, promulgated, enforced or entered any judgment, decree, injunction or other order, whether temporary, preliminary or permanent, that restrains, enjoins or otherwise prohibits the consummation of this Transaction.

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 3.2 have not been performed, satisfied or waived before the Closing Date, this Agreement and the obligations of Vendor and Purchaser under this Agreement shall automatically terminate without any further action on the part of either Vendor or Purchaser.

3.3 Purchaser's Conditions

The obligation of Purchaser to purchase Vendor's interest in and to the Assets is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Purchaser and may be waived by Purchaser:

(a) the representations and warranties of Vendor herein contained shall be true in all material respects when made and shall remain true as of the Closing Date; and

(b) all obligations of Vendor contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Purchaser, at or before the Closing Date, Purchaser may rescind this Agreement by written notice to Vendor. If Purchaser rescinds this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.9, 12.12 and 12.15.

3.4 Vendor's Conditions

The obligation of Vendor to sell its interest in and to the Assets to Purchaser is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of Vendor and may be waived by Vendor:

(a) the representations and warranties of Purchaser herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;

(b) all obligations of Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects;

(c) prior to Closing occurring (but subject to Purchaser being in full compliance with Section 2.12), the Alberta Energy Regulator and the BC Oil & Gas Commission shall have provided positive indications of approval of the Licence Transfers by Vendor and Purchaser, and that the Liability Management Rating of Purchaser shall be not less than 1.0 immediately following Closing; and

(d) all amounts to be paid by Purchaser to Vendor at Closing, including the Purchase Price, shall have been paid to Vendor in the form stipulated in this Agreement.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by Vendor, at or before the Closing Date, Vendor may rescind this Agreement by written notice to Purchaser. If Vendor rescinds this Agreement, Vendor and Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 2.9, 12.12 and 12.15.

3.5 Efforts to Fulfil Conditions Precedent

Purchaser and Vendor shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendor

Vendor makes only the following representations to Purchaser, which representations shall not survive Closing:

(a) Receiver has been appointed by the Court as receiver of Spyglass and such appointment is valid and subsisting as of the Effective Date and has remained valid and subsisting up to and including the Closing Date;

(b) subject to obtaining the Court Order, Vendor has the right to enter into this Agreement and to complete this Transaction;

(c) this Agreement is, and all documents executed and delivered pursuant to this Agreement will be, legal, valid and binding obligations of Vendor enforceable against it in accordance with their terms; and

(d) to its knowledge, without any inquiry or investigation, there are no authorizations for expenditures pursuant to which expenditures are or may be made, other than those described in Schedule "I", those to which Purchaser has given its consent and those for which no consent was required pursuant to the Leases and operating agreements relating to the Lands.

4.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendor, no claim in respect of which shall be made or be enforceable by Vendor unless written notice of such Claim, with reasonable particulars, is given by Vendor to Purchaser within a period of six (6) months following the Closing Date:

(a) Purchaser is a corporation duly organized, validly existing and is authorized to carry on business in the provinces in which the Lands are located;

(b) Purchaser has good right, full power and absolute authority to purchase and acquire the interest of Vendor in and to the Assets according to the true intent and meaning of this Agreement;

(c) the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which Purchaser is bound;

(d) the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which Purchaser is party or by which Purchaser is bound, nor under any judgement, decree, order, statute, regulation, rule or licence applicable to Purchaser;

(e) this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms;

(f) no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirements previously obtained and currently in force or to be obtained prior to or after Closing;

(g) Purchaser has adequate funds available in an aggregate amount sufficient to pay: (i) all amounts required to be paid by Purchaser under this Agreement; and (ii) all expenses which have been or will be incurred by Purchaser in connection with this Agreement and the Transaction;

(h) Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the Transaction for which Vendor shall have any obligation or liability;

(i) Purchaser is acquiring the Assets in its capacity as principal and is not purchasing the Assets for the purpose of resale or distribution to a Third Party, and is dealing at arm's length with Vendor (as such term is interpreted by the Alberta Energy Regulator and the BC Oil & Gas Commission);

(j) Purchaser holds, or is eligible to hold and at Closing will hold a business associate code from the Alberta Energy Regulator and the BC Oil & Gas Commission making it eligible to hold the licences which are the subject of the Licence Transfers, if any, in the province in which they are situated;

(k) Purchaser has and at Closing will have, an Alberta Energy Regulator and BC Oil & Gas Commission Liability Management Rating of at least 1.0, and Purchaser is not aware of any fact or circumstance that could prevent or delay the transfer of any permits or licenses relating to or forming part of the Assets as contemplated in this Agreement;

(l) Purchaser is in compliance with all the requirements of all Governmental Authorities, including the Alberta Energy Regulator, the BC Oil & Gas Commission, BC Minister Energy and Mines, Title Division and the Department of Energy;

(m) Purchaser is not a non-resident of Canada within the *Income Tax Act* (Canada); and

(n) Purchaser is not a non-Canadian person for the purposes of the *Investment Canada Act*.

4.3 Limitation of Representations by Vendor

(a) Subject to Section 4.1, Vendor expressly negates any representations or warranties, whether written or verbal, made by Vendor or its Representatives and in particular, without limiting the generality of the foregoing, Vendor disclaims all liability and responsibility for any such representation, warranty, statement or information made or communicated, whether verbal or in writing, to Purchaser or any of its Representatives. Vendor's interest in and to the Assets shall be purchased on a strictly "as is, where is" basis and there are no collateral agreements, conditions, representations or warranties of any nature whatsoever made by Vendor, express or implied, arising at law, by statute, in equity or otherwise, with respect to the Assets and in particular, without limiting the generality of the foregoing, there are no collateral agreements, conditions, representations or warranties made by Vendor, express or implied, arising at law, by statute, in equity or otherwise with respect to:

(i) any engineering, geological or other interpretation or economic evaluations respecting the Assets;

(ii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;

(iii) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;

(iv) the rates of production of Petroleum Substances from the Lands;

(v) the quality, condition, fitness or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles);

(vi) the accuracy or completeness of the Data Room Information or any other data or information supplied by Vendor or Spyglass, or any of their Representatives in connection with the Assets;

(vii) the suitability of the Assets for any purpose;

(viii) compliance with Applicable Laws; or

(ix) the title and interest of Vendor in and to the Assets.

(b) Without restricting the generality of the foregoing, Purchaser acknowledges that it has made its own independent investigation, analysis, evaluation and inspection of Vendor's interests in the Assets and the state and condition thereof and that it is satisfied with, and has relied solely on, such investigation, analysis, evaluation and inspection as to its assessment of the condition, quantum and value of the Assets.

(c) Except with respect to the representations and warranties in Section 4.1 or in the event of fraud, Purchaser forever releases and discharges Vendor and its Representatives from any Claims and all liability to Purchaser or Purchaser's assigns and successors, as a result of the use or reliance upon advice, information or materials pertaining to the Assets which was delivered or made available to Purchaser by Vendor or its Representatives prior to or pursuant to this Agreement, including any evaluations, projections, reports, assessments and interpretive or non-factual materials prepared by or for Vendor, or otherwise in Vendor's possession.

ARTICLE 5
INDEMNITIES FOR REPRESENTATIONS AND WARRANTIES

5.1 Purchaser's Indemnities for Representations and Warranties

Purchaser shall be liable to Vendor for and shall, in addition, indemnify Vendor and Vendor's Representatives from and against, all Losses suffered, sustained, paid or incurred by Vendor or its Representatives which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in Section 4.2 been accurate and truthful; provided, that nothing in this Section 5.1 shall be construed so as to cause Purchaser to be liable to or indemnify Vendor in connection with any representation or warranty contained in Section 4.2 if and to the extent that Vendor did not rely upon such representation or warranty. Notwithstanding anything herein to the contrary, Purchaser will not be liable for any consequential damages suffered by Vendor or Vendor's Representatives.

5.2 Survival of Claim for Representations and Warranties

The representations and warranties in Section 4.2 shall be true as of the date hereof and shall remain true on the Closing Date, for the benefit of Vendor. In the absence of fraud, however, no Claim or action shall be commenced with respect to a breach of any such representation and warranty, unless, within the six (6) month period following the Closing Date, written notice specifying such breach in reasonable detail is provided to Purchaser.

ARTICLE 6
INDEMNITIES

6.1 Post-Closing Date Indemnity

Provided that Closing has occurred, Purchaser shall:

(a) be solely liable and responsible for any and all Losses which Vendor may suffer, sustain, pay or incur; and

(b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, expenses, Claims, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which it may sustain, pay or incur,

as a result of any matter or thing resulting from, attributable to or connected with the Assets and arising or accruing after the Closing Date, other than consequential damages.

6.2 Environmental Matters and Abandonment and Reclamation Obligations

Purchaser acknowledges that, insofar as the Environmental condition of the Assets is concerned, Purchaser is acquiring the Assets pursuant hereto on an "as is, where is" basis. Purchaser acknowledges that it is familiar and satisfied with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not relying upon any representation or warranty of Vendor as to the Environmental condition of the Assets, or as to any Environmental Liabilities or Abandonment and Reclamation Obligations. Provided that Closing has occurred, Purchaser shall:

(a) be solely liable and responsible for any and all Losses which Vendor and its Representatives may suffer, sustain, pay or incur; and

(b) indemnify, release and save harmless Vendor and its Representatives from any and all Losses, actions, proceedings and demands, whatsoever which may be brought against or suffered by Vendor or which Vendor may sustain, pay or incur,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations both to Third Parties and as between Vendor and Purchaser (whether such Environmental Liabilities and Abandonment and Reclamation Obligations occur or accrue prior to, on or after the Closing Date), and hereby releases Vendor from any Claims Purchaser may have against Vendor with respect to all such liabilities and responsibilities. Without restricting the generality of the foregoing, Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (whether such Environmental Liabilities and all Abandonment and Reclamation Obligations occur or accrue prior to, on or after the Closing Date) in respect of the Lands, Wells and Facilities. This assumption of liability and indemnity by Purchaser 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 or recklessness of any or all of Vendor, its Representatives and their respective successors and assigns or any other Person or otherwise. Purchaser further acknowledges and agrees that it shall not be entitled to any rights or remedies as against Vendor or its Representatives, or their respective successors and assigns under the common law or statute pertaining to any Environmental Liabilities and Abandonment and Reclamation Obligations, including the right to name any or all of Vendor, its Representatives, and their respective successors and assigns as a 'third party' to any action commenced by any Person against Purchaser. Purchaser's assumption of liability and the indemnity obligation set forth in this Section 6.2 shall survive the Closing Date indefinitely.

6.3 Third Party Claims

The following procedures shall be applicable to any Claim by Vendor (the "**Indemnitee**") for indemnification pursuant to this Agreement from Purchaser (the "**Indemnitor**") in respect of any Losses in relation to a Third Party (a "**Third Party Claim**"):

(a) upon the Third Party Claim being made against or commenced against the Indemnitee, the Indemnitee shall within thirty (30) Business Days of notice thereof provide written notice thereof to the Indemnitor. The notice shall describe the Third Party Claim in reasonable detail and indicate the estimated amount, if practicable, of the indemnifiable Losses that have been or may be sustained by the Indemnitee in respect thereof. If the Indemnitee does not provide notice to the Indemnitor within such thirty (30) Business Day period, then such failure shall only lessen or limit the Indemnitee's rights to indemnity hereunder to the extent that the defence of the Third Party Claim was prejudiced by such lack of timely notice;

(b) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of the Third Party Claim pursuant hereto, the Indemnitor shall have the right to take either or both of the following actions:

(i) assume carriage of the defence of the Third Party Claim using legal counsel of its choice and at its sole cost; and/or

(ii) settle the Third Party Claim, provided the Indemnitor pays the full monetary amount of the settlement and the settlement does not impose any restrictions or obligations on the Indemnitee, and provided a full and final unconditional release in favour of Vendor and its Representatives is obtained in form and substance satisfactory to Vendor;

(c) if the Indemnitor acknowledges to the Indemnitee in writing that the Indemnitor is responsible to indemnify the Indemnitee in respect of a Third Party Claim pursuant hereto, the Indemnitee shall not enter into any settlement, consent order or other compromise with respect to the Third Party Claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld, conditioned or delayed), unless the Indemnitee waives its rights to indemnification in respect of the Third Party Claim;

(d) each Party shall co-operate with the other Party in the defence of the Third Party Claim, including making available such of its personnel to the other Party and its Representatives whose assistance, testimony or presence is of material assistance in evaluating and defending the Third Party Claim;

(e) upon payment of the Third Party Claim, the Indemnitor shall be subrogated to all Claims the Indemnitee may have relating thereto. The Indemnitee shall give such further assurances and do such things to co-operate with the Indemnitor to permit the Indemnitor to pursue such subrogated Claims as reasonably requested from it; and

(f) if the Indemnitor has paid an amount pursuant to the indemnification obligations herein and the Indemnitee shall subsequently be reimbursed from any source in respect of the Third Party Claim from any Third Party which results in the Indemnitee receiving, in the aggregate, more than the amount of the Third Party Claim, the Indemnitee shall promptly pay the amount of the reimbursement (including interest actually received) in excess of the Third Party Claim to the Indemnitor, net of taxes required to be paid by the Indemnitee as a result of any such receipt.

ARTICLE 7
ADJUSTMENTS

7.1 Costs and Revenues to be Apportioned

(a) Subject to Section 7.1(b) below and except as otherwise provided in this Agreement, all costs and expenses relating to the Assets (including maintenance, development, capital and operating costs) and all revenues relating to the Assets (including proceeds from the sale of production and fees from processing, treating or transporting Petroleum Substances on behalf of Third Parties) shall be apportioned as of the Effective Time between Vendor and Purchaser on an accrual basis in accordance with generally accepted accounting principles, provided that:

(i) advances made by Vendor in respect of the costs of operations on Lands (or lands pooled or unitized therewith) or the Wells, Pipelines or Facilities included in the Assets which advances have not been applied to the payment of costs prior to the Closing Date and still stand to the credit of Spyglass or Vendor as at the Closing Date, shall be transferred to Purchaser at Closing and an adjustment will be made in favour of Vendor equal to the amount of such transferred advance;

(ii) deposits made by Spyglass or Vendor relative to operations on the Lands shall be returned to Vendor;

(iii) costs and expenses of work done, services provided and goods supplied shall be deemed to accrue for the purposes of this Article when the work is done or the goods or services are provided, regardless of when such costs and expenses become payable;

(iv) no adjustments shall be made in respect of Spyglass' or Vendor's income taxes;

(v) Petroleum Substances that were produced and beyond the wellhead, but not sold, as of the Effective Time shall be credited to Vendor; and

(vi) all rentals and similar payments in respect of the Leased Substances or surface rights comprised in the Assets and all taxes (other than income taxes) levied with respect to the Assets or operations in respect thereof shall be apportioned between Vendor and Purchaser on a per diem basis as of the Closing Date.

(b) Vendor and its Representatives shall not be liable to make any adjustment in favour of, or make any payment to, Purchaser pursuant hereto in respect of any cost or expense which relates to the period which arose prior to the later of the Date of Appointment and the Effective Date, and which cost or expense will not constitute a liability of Purchaser.

7.2 Adjustments to Account

(a) An interim accounting of the adjustments pursuant to Section 7.1 shall be made at Closing, based on Vendor's good faith estimate of the costs and expenses paid by Vendor prior to Closing and the revenues received by Vendor prior to Closing. Vendor and Purchaser shall cooperate in preparing such interim accounting and Vendor shall provide an interim statement of adjustment setting forth the adjustments to be made at Closing not later than three (3) Business Days prior to Closing and shall assist Purchaser in verifying the amounts set forth in such statement.

(b) A final accounting of the adjustments pursuant to Section 7.1 shall be conducted within ninety (90) days following the Closing Date (the "**Final Statement of Adjustments**") by Vendor, and no further or other adjustments whatsoever will be made thereafter. All adjustments after Closing shall be settled by payment by the Party required to make payment to the other Party hereunder within fifteen (15) Business Days of being notified of the determination of the amount owing.

(c) All adjustments provided for in this Article shall be adjustments to the Purchase Price and shall be allocated to the Petroleum and Natural Gas Rights.

ARTICLE 8
MAINTENANCE OF ASSETS

8.1 Maintenance of Assets

From the date hereof until the Closing Date, Vendor shall use reasonable commercial efforts, to the extent that the nature of its interest permits, and subject to the Appointment Order, Title Documents and any other agreements and documents to which the Assets are subject:

(a) maintain the Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and

(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;

provided that nothing contained in the foregoing or elsewhere in this Agreement shall obligate Vendor to post security, make any other financial contribution or file any undertaking with the Alberta Energy Regulator or the BC Oil & Gas Commission with respect to the Licensee Liability Rating Program or any like program.

8.2 Consent of Purchaser

Notwithstanding Section 8.1, Vendor shall not from the date hereof to the Closing Date, without the written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed:

(a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Assets of which Vendor's share is in excess of $25,000.00, except: (i) in case of an emergency; (ii) as may be reasonably necessary to protect or ensure life and safety; (iii) to preserve the Assets or title to the Assets; or (iv) in respect of amounts which Vendor may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Assets results, there shall be no abatement or reduction in the Purchase Price;

(b) surrender or abandon any of the Assets, unless an expenditure of money is required to avoid the surrender or abandonment and Purchaser does not provide same to Vendor in a timely fashion, in which event the Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;

(c) other than in ordinary course of business, materially amend or terminate any Title Document or enter into any new material agreement or commitment relating to the Assets; or

(d) sell, encumber or otherwise dispose of any of the Assets or any part or portion thereof excepting: pursuant to Preferential Purchase Rights; sales of non-material obsolete or surplus equipment; or sales of the Leased Substances in the normal course of business.

8.3 Proposed Actions

If an operation or the exercise of any right or option respecting the Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in Purchaser incurring an obligation pursuant to Section 8.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the "**Proposal**"):

(a) Vendor shall promptly give Purchaser notice of the Proposal, describing the particulars in reasonable detail;

(b) Purchaser shall, not later than forty eight (48) hours prior to the time Vendor is required to make its election with respect to the Proposal, advise Vendor, by notice, whether Purchaser wishes Vendor to exercise Vendor's rights with respect to the Proposal on Purchaser's behalf, provided that Purchaser's failure to make such election within such period shall be deemed to be Purchaser's election to participate in the Proposal;

(c) Vendor shall make the election authorized (or deemed to be authorized) by Purchaser with respect to the Proposal within the period during which Vendor may respond to the Proposal; and

(d) Purchaser's election (including its deemed election) to not participate in any Proposal required to preserve the existence of any of the Assets shall not entitle Purchaser to any reduction of the Purchase Price if Vendor's interest therein is terminated as a result of such election.

8.4 Post-Closing Transition

Following Closing and to the extent to which Purchaser must be novated into operating agreements and other agreements or documents to which the Assets are subject, until the novation has been effected:

(a) Vendor shall not initiate any operation with respect to the Assets, except upon receiving Purchaser's written instructions, or if Vendor reasonably determines that such operation is required for the protection of life or property, in which case Vendor may take such actions as it reasonably determines are required, without Purchaser's written instructions, and shall promptly notify Purchaser of such intention or actions and of Vendor's estimate of the costs and expenses therewith associated;

(b) Vendor shall forthwith deliver, or cause to be delivered, to Purchaser all revenues, proceeds and other benefits received by Vendor with respect to the Assets, provided that Vendor shall be permitted to deduct from such revenues, proceeds and other benefits, any other costs and expenses which it incurs as a result of such delivery to Purchaser;

(c) Vendor shall, in a timely manner, deliver to Purchaser all Third Party notices and communications, including authorizations for expenditures and mail ballots and all notices and communications received in respect of the Assets or events and occurrences affecting the Assets, and Vendor shall respond to such notices pursuant to Purchaser's written instructions, if received on a timely basis, provided that Vendor may refuse to follow any instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract, and provided that nothing shall preclude Vendor from taking such actions as Vendor reasonably determines are necessary for the protection of life or property, or as are required by all Applicable Laws, rules, regulations, orders and directions of Governmental Authorities and other competent authorities; and

(d) Vendor shall, in a timely manner, deliver to Third Parties all such notices and communications which Purchaser may reasonably request and all such monies and other items as Purchaser may reasonably provide in respect of the Assets, provided that Vendor may (but shall not be obligated to) refuse to follow instructions which it reasonably believes to be unlawful, unethical or in conflict with any applicable agreement or contract.

8.5 Licence Transfers

(a) Subject to the provisions of Section 8.7 hereof, to the extent applicable, within two (2) Business Days following Closing, Vendor shall prepare and, where applicable, electronically submit, to the applicable Governmental Authorities the Licence Transfers (other than in respect of the Excluded Licences), if any, and Purchaser or its nominee shall, where applicable, electronically ratify and concur to such Licence Transfers.

(b) If a Governmental Authority denies a Licence Transfer because of misdescription or other minor deficiencies in the application, Vendor shall, as soon as practicable, correct the application and amend and re-submit the Licence Transfer application. Purchaser or its nominee shall, where applicable, electronically ratify and concur to such Licence Transfer.

(c) If for any reason, a Governmental Authority requires a Party or its nominee to make a deposit or furnish any other form of security to approve or give effect to a Licence Transfer, Purchaser shall make such deposit or furnish such other form of security as is required. All Licence Transfer processing fees (including any fees required to be paid for expedited service) shall be for Purchaser's account.

8.6 Vendor Deemed Purchaser's Agent

(a) Insofar as Vendor maintains the Assets and takes actions in relation thereto on Purchaser's behalf pursuant to this ARTICLE 8, Vendor shall be deemed to have been Purchaser's agent hereunder. Purchaser ratifies all actions taken by Vendor or refrained from being taken by Vendor pursuant to this ARTICLE 8 in such capacity during such period, with the intention that all such actions shall be deemed to be Purchaser's actions.

(b) Insofar as Vendor participates in either operations or the exercise of rights or options as Purchaser's agent pursuant to this ARTICLE 8, Vendor may require Purchaser to secure costs to be incurred by Vendor on Purchaser's behalf pursuant to such election in such manner as may be reasonably appropriate in the circumstances.

(c) Purchaser shall indemnify Vendor and its Representatives against all Losses which Vendor or its Representatives may suffer or incur as a result of Vendor maintaining the Assets as Purchaser's agent pursuant to this ARTICLE 8, insofar as such Losses are not a direct result of the gross negligence or wilful misconduct of Vendor or its Representatives. An action or omission of Vendor or of its Representatives shall not be regarded as gross negligence or wilful misconduct to the extent to which it was done or omitted from being done in accordance with Purchaser's instruction (including any election deemed to be made pursuant to Section 8.3(b)) or concurrence, or otherwise in accordance with this Agreement.

8.7 Transfer of Operatorship

Insofar as Vendor operates any of the Assets, Purchaser acknowledges that Vendor is not able to transfer operatorship of some or all of such Assets to Purchaser at or after Closing. Should a Third Party take over operatorship of some or all of the Assets whether after receiving change of operatorship notices from Vendor of the sale of its interest, or otherwise, Purchaser acknowledges that such Licences (including without limitation the Excluded Licences) will be transferred to the successor operator at or following Closing and that Purchaser shall not contest any such succession of operatorship or transfer of Licences except as otherwise provided in the applicable operating agreements after Closing and such succession and transfer.

8.8 Transfer of Tax Pools

To the extent to which any and all unutilized tax pools of Spyglass are transferrable to Purchaser, Vendor will cooperate with Purchaser to transfer such tax pools to Purchaser (at Purchaser's sole cost and expense). For greater certainty, Purchaser agrees that it will not receive any of the corporate tax losses of Spyglass.

8.9 Transfer of Furniture

Purchaser acknowledges that Vendor will need to retain a reasonable amount of office furniture, computers, servers and related items (the "**Post-closing Furniture**") following Closing to allow Vendor to complete the transfer of any Assets and the Final Statement of Adjustments and other matters related to this Agreement. Vendor and Purchaser shall work together to facilitate the transfer of such Post-closing Furniture to Purchaser (at Purchaser's cost and without cost or expense to Vendor) as soon as reasonably practicable following the completion of the Final Statement of Adjustments and transfer of all other Assets.

8.10 Option to Acquire 6-14-108-07W6 well and related pipelines

Until June 10, 2016, Purchaser has the exclusive option to acquire all, but not less than all of the 6-14-108-07W6 well (AER #0126537), AER #22904 – Line 1, AER #23585 – Line 2 and AER #35973 – Line 1 (collectively, the "**Option Assets**") from Vendor for total consideration of [redacted] Such option must be exercised by a notice in writing from the Purchaser to the Vendor on or before 4:00 pm (Calgary time) on June 10, 2016. If the Purchaser exercises such option, the provisions of this Agreement apply *mutatis mutandis* to the transfer of the Option Assets.

ARTICLE 9
PREFERENTIAL PURCHASE RIGHTS

9.1 Preferential Purchase Rights

(a) Schedule "C" provides a description of which, if any, of the Assets are subject to Preferential Purchase Rights.

(b) Purchaser shall, immediately following execution of this Agreement, provide its good faith estimate of the value of the applicable Asset(s) to Vendor, and such value shall be set forth in the notices.

(c) Vendor shall, within two (2) Business Days of receipt of the good faith estimates described in Section 9.1(b), serve all notices as are required in conjunction with any Preferential Purchase Rights

(d) Purchaser shall be liable to Vendor and Spyglass for, and shall, in addition, save and hold harmless and indemnify Vendor and Spyglass from and against, all Losses that may be brought against, suffered, sustained, paid or incurred by Vendor or Spyglass in connection with or that relate in any way directly or indirectly to the use of Purchaser's allocation of value.

(e) If a Preferential Purchase Right is exercised, the Assets that are subject thereto shall not be sold to Purchaser pursuant hereto but shall be deleted from and cease to be subject to this Agreement and the Purchase Price shall be reduced by the amount allocated to such Asset. Purchaser shall nevertheless purchase the Assets that are not subject to exercised Preferential Purchase Rights.

ARTICLE 10
PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

10.1 Vendor to Provide Access

Prior to Closing, Vendor shall, subject to all contractual and fiduciary obligations, at the Calgary offices of Vendor during normal business hours, provide reasonable access for Purchaser and its Representatives to Vendor's records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Assets, as well as physical access to the Assets (insofar as Vendor can reasonably provide such access, with such access to be at Purchaser's sole risk, expense and liability) to facilitate Purchaser's review of the Assets and title thereto for the purpose of completing this Transaction.

10.2 Access to Information

After Closing and subject to contractual restrictions in favour of Third Parties relative to disclosure, Purchaser shall, on request from Vendor, provide reasonable access to Vendor or Vendor's Representative at Purchaser's offices, during its normal business hours, to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licences, reports and data included in the Miscellaneous Interests and the Title Documents which are then in the possession or control of Purchaser and to make copies thereof, as Vendor may reasonably require, including for purposes relating to:

(a) Spyglass' or Vendor's ownership of the Assets (including taxation matters and liabilities and Claims that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);

(b) enforcing its rights under this Agreement;

(c) compliance with Applicable Law; or

(d) any Claim commenced or threatened by any Third Party against Spyglass or Vendor.

10.3 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Purchaser for a period of two (2) years from the Closing Date.

ARTICLE 11
EMPLOYEE MATTERS

11.1 Employee Matters

(a) Vendor acknowledges and agrees that Purchaser shall have no obligations to employ any employees of Spyglass or Vendor. All responsibility for the termination of employees of Spyglass or Vendor and any and all costs associated with the termination of any such employees are the sole responsibility of Vendor, including, without limiting the generality of the foregoing, any obligation to pay vacation pay, termination pay, pay in lieu of notice, or accrued bonuses or benefits of any kind, whether prescribed by the Employment Standards Code or at common law. Should Purchaser subsequently employ any of the former employees of Spyglass or Vendor Purchaser will not have any obligation to recognize the tenure such employees with Spyglass or Vendor for the purposes of benefits or severance. Vendor or Purchaser shall not represent to any employee that their seniority or benefits will or may be recognized by Purchaser as part of subsequent employment.

(b) Notwithstanding any provision in this Agreement to the contrary, Purchaser shall have the right to conduct interviews of any employees of Spyglass with the view of making offers of employment with Purchaser following Closing. Vendor shall provide Purchaser with a list of all employees, consultants and contractors of Spyglass as at the date of this Agreement and reasonable access to meet any of the employees, consultants and contractors of Spyglass. Such access shall be provided at the offices of Vendor, or such other location as may be specified by Vendor, during normal business hours.

ARTICLE 12
GENERAL

12.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

12.2 Receiver

Purchaser acknowledges that Receiver is acting solely in its capacity as the Court-appointed receiver of Spyglass, and not in its personal or corporate capacity. Under no circumstances shall Receiver or any of its Representatives have any liability pursuant to this Agreement, or in relation to the Transaction whether such liability be in contract, tort or otherwise.

12.3 Entire Agreement

Except for the Appointment Order and the Court Order, the provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, except for the Appointment Order and the Court Order, the provisions of this Agreement shall prevail. In the event that Closing occurs, except for the Appointment Order and the Court Order, this Agreement supersedes all other agreements (other than the Confidentiality Agreement dated March 4, 2016 between Vendor and Purchaser), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the Transaction herein.

12.4 Governing Law

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

12.5 Signs and Notifications

Within sixty (60) days following Closing, Purchaser shall remove any signage which indicates Spylgass' ownership or operation of the Assets. It shall be the responsibility of Purchaser to erect or install any signage required by applicable Governmental Authorities indicating Purchaser to be the owner or operator of the Assets.

12.6 Assignment and Enurement

This Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may be unreasonably and arbitrarily withheld, provided that Purchaser may assign this Agreement to an Affiliate that is acceptable to the Alberta Energy Regulator. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

12.7 Time of Essence

Time shall be of the essence in this Agreement.

12.8 Notices

The addresses and fax numbers of the Parties for delivery of notices hereunder shall be as follows:

Vendor - **Ernst & Young Inc.**
As Court-appointed receiver of Spyglass Resources Inc.
1000, 440 - 2nd Avenue SW
Calgary, AB T2P 5E9

Attention: Neil Narfason/Cassie Riglin
Fax: (403) 206-5075

Purchaser - **Sinopeak Energy Ltd.**
Suite 650, 717 - 7th Ave SW
Calgary, AB T2P 0Z3

Attention: Jeremy Song
Fax: 403 719-7680

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

(a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;

(b) by facsimile to a Party to the facsimile number of such Party for notices, in which case, if the notice was faxed prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was faxed and if it is faxed on a day which is not a Business Day or is faxed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or

(c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth (4th) Business Day following the date of mailing.

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

12.9 Invalidity of Provisions

In 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.

12.10 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and made in accordance with the Agreement. 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.

12.11 Amendment

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

12.12 Confidentiality and Public Announcements

Until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Assets and this Agreement, and shall not release any information concerning this Agreement and the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information: (i) to any Governmental Authority or to the public if required by Applicable Law; (ii) in connection with obtaining the Court Order; or (iii) as required to Spyglass' secured creditors.

12.13 Sealing Order

Vendor may, at its discretion, apply to the Court for a sealing order with respect to a report prepared by Vendor containing the financial and other confidential details of this Transaction (the "**Confidential Report**"), such order sealing Vendor's Confidential Report and the confidential information contained therein from the public court file for the period directed by the Court. Pursuant to the terms of such sealing order applied for by Vendor, only the judge presiding over the receivership proceedings of Spyglass, Vendor, Purchaser and their respective Representatives and the secured creditors of Spyglass who have executed confidentiality agreements, and subject to the terms of those confidentiality agreements, shall have access to Vendor's Confidential Report and the confidential information contained therein.

12.14 Termination

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

(a) by mutual written agreement of Vendor and Purchaser; or

(b) by either Vendor or Purchaser pursuant to the provisions of Sections 3.2, 3.3 or 3.4, as applicable.

12.15 Personal Information

Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or flies transferred to Purchaser or otherwise obtained or reviewed by 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, unless:

(a) Vendor or Purchaser has first notified such individual of such additional purpose, and where required by the Applicable Laws, obtained the consent of such individual to such additional purpose; or

(b) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual.

Purchaser's obligations set forth in this Section 12.15 shall survive the Closing Date indefinitely.

(Remainder of page intentionally left blank)

12.16 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **SPYGLASS RESOURCES CORP.**, and not in its personal capacity

Per: ______________________________
Name: **Neil Narfason**
Title: **Senior Vice President**

SINOPEAK ENERGY LTD.

Per: ______________________________
Name: **Jeremy Song**
Title: **President**

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Per: ______________________________
Name: **Neil Narfason**
Title: **Senior Vice President**

SINOPEAK ENERGY LTD.

Per: ______________________________
Name: **Jeremy Song**
Title: **President**

Appendix B

ESCROW AGREEMENT

THIS AGREEMENT made as of May 2, 2016.

AMONG:

ERNST & YOUNG INC., solely in its capacity as the receiver of **SPYGLASS RESOURCES CORP.**, and not in its personal capacity (hereinafter referred to as "**Vendor**")

- and -

SINOPEAK ENERGY LTD., a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as "**Purchaser**")

- and-

CARSCALLEN LLP, a limited liability partnership formed under the laws of the Province of Alberta for the practice of law and having an office in the City of Calgary, in the Province of Alberta ("**CARSCALLEN**")

(Each of Vendor, Purchaser and Carscallen may be referred to as a "**Party**" and, as the context requires, any two or all three of them may be referred to collectively as "**Parties**".)

WHEREAS pursuant to an Agreement of Purchase and Sale (the "Sale Agreement") dated May 2, 2016 between Purchaser and Vendor, Vendor agreed to sell and Purchaser agreed to buy the Assets on the terms and conditions set out therein; and

AND WHEREAS, in connection with the Sale Agreement, Purchaser and Vendor desire that certain funds be paid by Purchaser to the Escrow Agent and that such funds, together with any interest earned thereon while held by the Escrow Agent, be held and disbursed by the Escrow Agent as provided herein; and

AND WHEREAS, in connection with the Sale Agreement, Purchaser and Vendor desire that Carscallen act as Escrow Agent hereunder and Carscallen has agreed to act in such capacity.

NOW THEREFORE the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) When used in this Agreement "**Deposit**" has the meaning specified in Clause 3.1.

(b) In addition to the terms and expressions defined elsewhere in this Agreement, capitalized terms and expressions that are used herein, but are not expressly defined herein, shall have the same meanings as were ascribed to such terms and expressions in the Sale Agreement, as amended up to the date hereof.

1.2 Headings

The use of "Article", "Clause", "sub-clause", "paragraph" and "Schedule", whether or not followed by a number or letter or combination thereof, refers to the applicable article, clause, sub-clause, paragraph or schedule of or to this Agreement, unless the contrary is specified.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, clauses, sub-clauses, paragraphs and other sub-divisions and the insertion of headings for any of the foregoing are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Words Importing Number or Gender

When the context reasonably permits, words in this Agreement that suggest the singular shall be construed to suggest the plural and vice versa, and words in this Agreement that suggest gender or gender neutrality shall be construed to suggest the masculine, feminine and neutral genders.

1.5 Use of Derivative Terms

If a derivative form of a term or expression that is already specifically defined in this Agreement is also used in this Agreement, then such derivative form shall have a meaning that corresponds to the applicable defined term or expression.

1.6 Use of "Including"

The use of "including", "includes" or similar words in this Agreement, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items immediately following such word to those or similar items, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words or phrases of similar import) is used, but rather such references shall be construed to refer to all items that could reasonably fall within the broadest possible scope of such general statement, term or matter.

1.7 Monetary References

Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "$", shall mean the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.

1.8 References to Time

Any reference in this Agreement to any particular time shall mean the local time in Calgary, Alberta on the relevant day.

1.9 Date for Payments or Other Actions

Where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, that payment or calculation is to be made, or that other action is to be taken, as applicable, on or as of the next following Business Day.

1.10 Calculation of Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which such periods ends.

ARTICLE 2
DESIGNATION OF ESCROW AGENT

2.1 Designation of Escrow Agent

Vendor and Purchaser hereby designate and appoint Carscallen to act as the Escrow Agent on the terms and conditions set forth in this Agreement and Carscallen hereby accepts such designation and appointment and agrees to act in such capacity subject to and in accordance with the terms of this Agreement.

ARTICLE 3
ESCROW AND DISBURSEMENT

3.1 Receipt of Deposit

The Escrow Agent hereby acknowledges receipt of the sum of $[redacted] from Purchaser (the "**Deposit**") and agrees to hold and disburse the Deposit on and subject to the terms of this Agreement.

3.2 Investment of Deposit

The Escrow Agent shall deposit the Deposit in an interest bearing account at a chartered bank in accordance with its practices for handling trust funds.

3.3 Release of Deposit

(a) Subject to the provisions of Clauses 4.5, 4.6 and 4.7, the Escrow Agent shall hold the Deposit in trust and shall disburse the Deposit and any interest earned thereon (the "**Deposit Interest**") as (i) directed by an order of the Court of Queen's Bench of Alberta; or (ii) as instructed pursuant to a joint direction in writing, in the form attached as Exhibit "A", and executed by Purchaser and Vendor in accordance with Clause 2.2 of the Sale Agreement.

(b) Notwithstanding the foregoing in this Clause 3.3, if Escrow Agent is of the view that the directions provided to it in connection with the Deposit and any Deposit Interest by either or both of Vendor and Purchaser are unclear, incomplete or contradictory or may be contrary to the provisions of this Agreement, the Escrow Agent shall be entitled to make an application to the Court of Queen's Bench of Alberta for advice and direction and, to the extent the Escrow Agent acts in accordance with such advice and direction, neither the Escrow Agent nor its partners, associates or employees will have any liability to Purchaser or Vendor for any claim, proceeding, loss, damages, liability or expense arising from such actions.

3.4 Obligation to Execute Joint Direction

Upon the occurrence of any of the events set out in subsection 2.9(a), (b) or (c) of the Sale Agreement, Purchaser and Vendor shall execute and deliver to the Escrow Agent a written joint direction in the form attached as Exhibit "A" hereto instructing the Escrow Agent to release the Deposit in accordance with such subsection of the Sale Agreement. For greater certainty, the Escrow Agent is not a party to the Sale Agreement and shall have no obligation or liability with respect to interpreting the Sale Agreement in connection with this Section 3.4.

ARTICLE 4
ESCROW AGENT

4.1 Limitation of Liability

Neither the Escrow Agent nor its partners, associates or employees shall be liable for any claim, proceeding, loss, damages, liability or expense of any kind or nature caused directly or indirectly by any action taken or omitted to be taken by any of them under or in connection with this Agreement or as a result of relying on any communication or document believed by any of them to be genuine and correct and to have been communicated or signed by or on behalf of the Person by whom it purports to be communicated or signed, unless caused by the Gross Negligence or Wilful Misconduct of the Escrow Agent or its partners, associates or employees. The Escrow Agent shall be under no duty or obligation to ascertain the identity, authority, or rights of the parties hereto (or their agents) executing or delivering or purporting to execute or deliver this Agreement, or any instruments, documents, or papers related hereto or funds deposited or called for hereunder.

4.2 Payment of Fees and Disbursements of Escrow Agent

The Escrow Agent shall be entitled to be paid its usual fees for the performance of its duties as escrow agent hereunder and to be reimbursed for any disbursements incurred in connection with the performance of such duties. Such disbursements shall be borne and paid by Purchaser.

4.3 No Conflict

(a) Vendor and Purchaser acknowledge that Carscallen entered into and is acting under and pursuant to this Agreement for the convenience of Vendor and Purchaser and shall not be liable or accountable because of any conflicting or potentially conflicting duty to, or any advice provided by Carscallen (acting in that capacity) to, any Person.

(b) Notwithstanding this Agreement and the rights and obligations of Vendor and Purchaser hereunder, Carscallen may continue to act for, represent and advise Purchaser and its Affiliates with respect to the Sale Agreement, including all agreements and transactions contemplated therein, this Agreement and related matters, including any dispute between Vendor and Purchaser respecting the disbursement of any amounts hereunder.

4.4 Indemnity

Purchaser shall indemnify the Escrow Agent and its partners, associates and employees from and against all claims, proceedings, losses, damages, liabilities and expenses of every description which may be incurred by the Escrow Agent or its partners, associates or employees and which in any way relate to or arise out of this Agreement, including any such claims, proceedings, losses, damages, liabilities and expenses arising from the negligence of the Escrow Agent or its partners, associates or employees, except to the extent resulting from the gross negligence or wilful misconduct of the Escrow Agent or its partners, associates or employees. This indemnity shall survive the resignation of the Escrow Agent from its duties and liabilities hereunder as provided herein or termination of this Agreement or the escrow arrangements provided for in this Agreement.

4.5 Resignation

(a) Subject to Clause 4.5(b), the Escrow Agent may at any time resign and be discharged from all of its duties and liabilities hereunder.

(b) If the Escrow Agent wishes to resign, it shall use all reasonable efforts to provide Vendor and Purchaser with reasonable notice of such resignation so that a replacement Escrow Agent may be appointed by Vendor and Purchaser and, failing such appointment within a period that is reasonable in the circumstances, the Escrow Agent may apply to the Court of Queen's Bench of Alberta, in the Judicial District of Calgary, on such notice as such Court may direct for the appointment of a replacement Escrow Agent. Either Vendor or Purchaser may at any time appoint a replacement Escrow Agent with the consent of the other, which consent shall not be unreasonably withheld or delayed.

4.6 Payment Into Court

If any process is commenced in respect of the subject matter of this Agreement, including court orders, garnishees or any other processes, or any dispute arises out of this Agreement or if the Escrow Agent otherwise becomes aware of any dispute as to entitlement to all or part of the Deposit and any Deposit Interest, the Escrow Agent is hereby empowered and entitled to comply with any such orders, writs, judgments or decrees, or if it sees fit, to pay the Deposit and any Deposit Interest into court with the Court of Queen's Bench of Alberta.

4.7 Joint Directions

The Escrow Agent agrees to comply with all lawful joint directions in writing executed by Vendor and Purchaser that may be received by the Escrow Agent from time to time regarding the investment or disbursement of the Escrow Deposit held by the Escrow Agent pursuant to this Agreement.

ARTICLE 5
MISCELLANEOUS

5.1 Assignment

Neither this Agreement nor any of the rights of a Party hereunder may be sold, assigned, transferred, exchanged, alienated or disposed of in any way without the prior consent in writing of each other Party, with such consent being within the discretion of each such Party, provided that Purchaser may assign this Agreement to an Affiliate that is acceptable to the Alberta Energy Regulator.

5.2 Further Assurances

Each Party will, from time to time and at all times after the execution hereof, without further consideration, at the reasonable request of a Party, do such further acts and deliver all such further assurances, deeds, instruments and documents as required in order to fully perform and carry out the terms of this Agreement or better evidence or perfect the full intent of the Parties, provided that any such request made to the Escrow Agent shall only be performed at the joint direction of Vendor and Purchaser.

5.3 Entire Agreement

Except for the Sale Agreement, in the case of Vendor and Purchaser, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements (other than the Sale Agreement) among the Parties hereto with respect to the subject matter hereof.

5.4 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein, excluding any conflict of laws, principles or rules embodied therein that would permit or require the application of the laws of another jurisdiction.

The Parties shall attorn and submit to the jurisdiction of the Court of Queen's Bench in the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement and shall commence all proceedings in such courts in the Judicial District of Calgary.

5.5 Enurement

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

5.6 Time of Essence

Time shall be of the essence in this Agreement.

5.7 Notices

(a) All notices, communications and statements required, permitted or contemplated in this Agreement shall be in writing, and shall be delivered as follows:

(i) by personal delivery or courier service to the applicable Party at the address of such Party set out below, in which case the notice shall be deemed to have been received on the day on which it is actually delivered; or

(ii) by facsimile transmission to the applicable Party at the fax number of such Party set out below, in which case the notice so transmitted shall be deemed to have been received on the day on which it is received in its entirety in a legible form;

provided that, if any notice is delivered or transmitted after 4:00 p.m. on a Business Day or at any time on a day that is not a Business Day, then such notice shall be deemed to have been received on the first Business Day following the day on which such notice was delivered or transmitted.

(b) The respective addresses and fax numbers for delivery of notices to Vendor and Purchaser are set forth hereunder.

If to Purchaser:

Sinopeak Energy Ltd.
Suite 650, 717 - 7th Ave SW
Calgary, AB T2P 0Z3

Attention: Jeremy Song
Fax: 403 719-7680

If to Vendor:

Ernst & Young Inc.
As Court-appointed receiver of Spyglass Resources Inc.
1000, 440 - 2nd Avenue SW
Calgary, AB T2P 5E9

Attention: Neil Narfason/Cassie Riglin
Fax: (403) 206-5075

(c) The following address and the fax number shall be used for the delivery of notices to the Escrow Agent under this Agreement:

Carscallen LLP
1500, 407 – 2nd Street S.W.
Calgary, Alberta, T2P 2Y3
Attention: George Tai, Solicitor
Fax No.: (403) 262.2952

(d) A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to each other Party.

5.8 Invalidity of Provisions

If any of the provisions of this Agreement are found to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby and the Parties shall negotiate in good faith to endeavour to agree upon provisions to replace such invalid, illegal or unenforceable provisions in order to give effect to the intentions of the Parties with respect to the original provision.

5.9 Waiver

(a) No failure or delay on the part of any Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any right, power or remedy in law or in equity or by other Applicable Law or otherwise conferred. No waiver of any provision of this Agreement, including this Clause 5.9, shall be effective otherwise than by an instrument in writing dated subsequent to the date of this Agreement, executed by the Party making such waiver.

(b) No purported oral waiver or amendment of any requirements or provisions of this Agreement shall be effective or enforceable and no waiver or amendment of any requirements or provisions of this Agreement based on course of conduct, course of dealing or course of performance shall be effective or enforceable.

5.10 No Merger

The respective representations, warranties, covenants and indemnities of the Parties contained in this Agreement, including all qualifications thereof and limitations thereon, shall not be merged in any assignments, conveyances, transfers and other documents provided for under this Agreement.

5.11 Amendment

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

5.12 Counterpart Execution

This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document. All such counterparts shall together constitute and be construed as one instrument. For avoidance of doubt, a signed counterpart provided by way of facsimile transmission or other electronic means shall be as binding upon the Parties as an originally signed counterpart.

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

ERNST & YOUNG INC., solely in its capacity as the receiver of **SPYGLASS RESOURCES CORP.**, and not in its personal capacity

Per: __________________________
Name: **Neil Narfason**
Title: **Senior Vice President**

SINOPEAK ENERGY LTD.

Per: __________________________
Name: **Jeremy Song**
Title: **President**

CARSCALLEN LLP

Per: __________________________
David L. Sevalrud
Solicitor

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SINOPEAK ENERGY LTD.

Per: ____________________
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Title: **President**

CARSCALLEN LLP

Per: ____________________
David L. Sevalrud
Solicitor

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Name: **Jeremy Song**
Title: **President**

CARSCALLEN LLP

Per: ______________________
David L. Sevalrud
Solicitor

EXHIBIT "A"
FORM OF JOINT DIRECTION

TO: Carscallen LLP
1500, 407 – 2nd Street S.W.
Calgary, Alberta T2P 2Y3

Attention: George C. Tai

RE: Escrow Agreement dated May 2, 2016 (the "**Escrow Agreement**") among Ernst & Young Inc. ("**Vendor**"), Sinopeak Energy Ltd. ("**Purchaser**") and Carscallen LLP (the "**Escrow Agent**"); and

Agreement of Purchase and Sale dated May 2, 2016 between Ernst & Young Inc. as Vendor, and Sinopeak Energy Ltd. as Purchaser (the "**Sale Agreement**")

This Escrow Direction is being provided pursuant to Section 3.3(a) of the Escrow Agreement. All capitalized terms used herein have the meanings ascribed to them in the Escrow Agreement.

In accordance with the provisions of Section 3.3(a) of the Escrow Agreement and Section 2.2 of the Sale Agreement, the undersigned hereby jointly, unconditionally and irrevocably authorize and direct the Escrow Agent to release the following funds to •.

Deposit [and Deposit Interest]

The sum of $•.

The undersigned certify that this Joint Direction is being made and provided to the Escrow Agent in compliance with the Escrow Agreement.

DATED this •day of •, 2016.

ERNST & YOUNG INC., solely in its capacity as the receiver of **SPYGLASS RESOURCES CORP.**, and not in its personal capacity

Per: ____________________
Name: **Neil Narfason**
Title: **Senior Vice President**

SINOPEAK ENERGY LTD.

Per: ____________________
Name: **Jeremy Song**
Title: **President**